



City of Atlanta



Results of the 2019 audits

February 26, 2020

Introduction

To The City of Atlanta

We are pleased to have the opportunity to meet with you on February 26, 2020 to discuss the results of our audit of the financial statements of the City of Atlanta, Georgia (the City) as of and for the year ended June 30, 2019. Our audits were conducted in accordance with the terms established in the audit engagement letter dated May 9, 2019.

We are providing this document in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This document should be read in conjunction with our audit plan, presented on April 23, 2019. We will be pleased to elaborate on the matters covered in this document when we meet.

We draw your attention to the following communications included in this document:

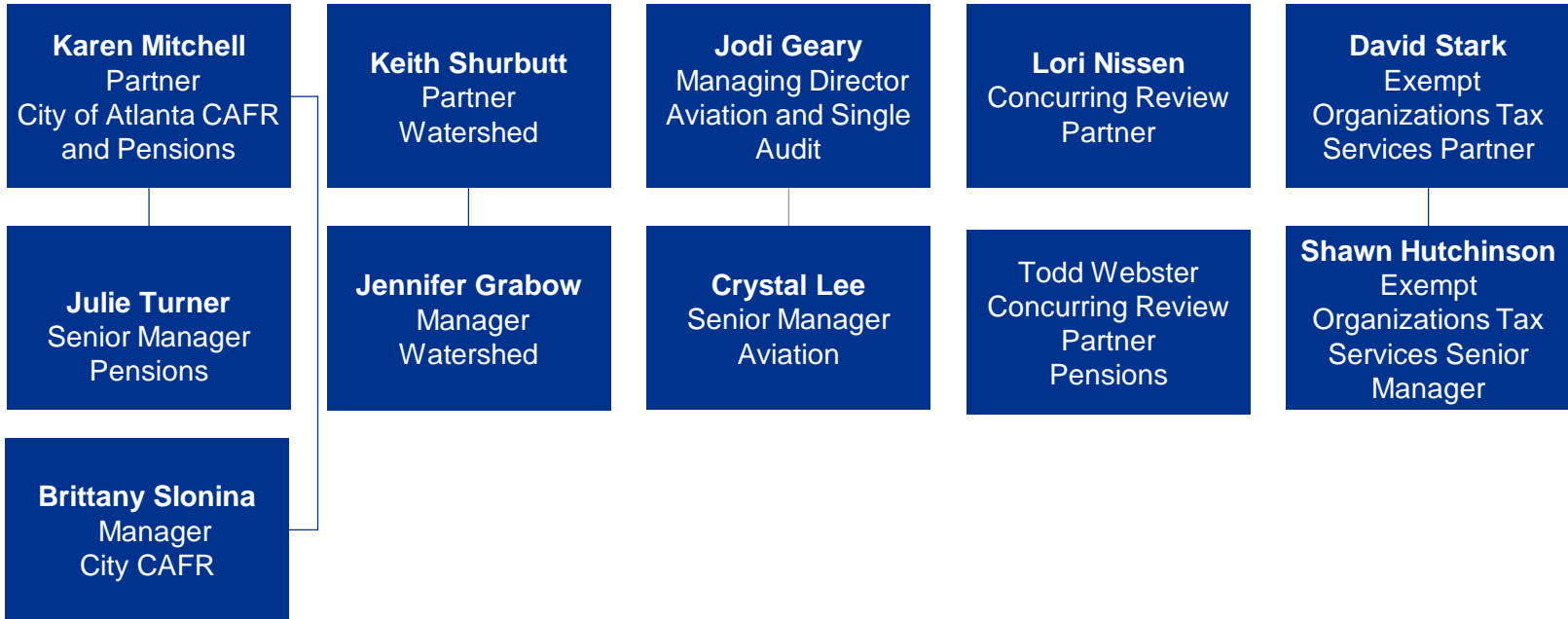
- Summary of audit misstatements
- Material weaknesses
- Responsibilities

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KPMG client service team

Core KPMG Engagement Team



Subcontractors

PJC Group
Long & Associates
Tabb & Tabb
Carmichael, Brasher,
Tuvell & Co.

Other KPMG Specialists

Karen King
IT Advisory
Specialists

Todd Peterson
Actuarial Specialist
George Levine
Risk Management

Hamel Patel
Valuation Specialists

Glen Moyers
Forensics Specialist

Summary of professional services provided

- Audits of Comprehensive Annual Financial Report (CAFR) of the City and standalone reports for the Department of Aviation and Department of Watershed Management as of and for the year ended June 30, 2019
- Audits of the General Employees', Police Officers, and Firefighters Pension Plans as of and for the year ended June 30, 2019
- Reports required under Uniform Guidance (Single Audit)
- Hotel/Motel Tax report
- Motor Vehicle Excise Tax report
- MOST report
- TSPLOST report
- Landfill AUP and compliance report
- Passenger Facilities Charges report (Aviation)
- Letter of Recommendations to Management
- Required communications to the audit committee concerning the conduct of the audits

Audit results required communications and other matters summary

Communication topic	Response
Scope of audit	Our audit of the City's Comprehensive Annual Financial Report (CAFR) as of and for the year ended June 30, 2019, was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States.
Changes to our planned risk assessment and planned audit strategy	There were no significant changes to our planned risk assessment and planned audit strategy presented to you on April 23, 2019.
Auditors' report	We expect to issue unmodified opinions on the City's CAFR as well as on the standalone reports.
Outstanding matters	None
Significant accounting policies	The City's significant accounting policies are listed in footnote I.in the CAFR.

Audit results required communications and other matters summary (continued)

Communication topic	Response
Significant accounting estimates	Significant accounting estimates relate to <ul style="list-style-type: none"> • Net Pension liability • Net OPEB liability • General claims payable • Workers compensation liability • Health and dental claims- incurred but not reported “Refer to slides [13-16] for further detail and our response.”
Significant financial statement disclosures	Significant financial statement disclosures relate to: <ul style="list-style-type: none"> • Investments • Capital Assets • Long-term Obligations • Pensions and Other Post-employment Benefits • Tax Abatement
Significant risks and other significant audit matters	Significant risks and other significant audit matters relate to the City’s CAFR: <ul style="list-style-type: none"> • Management override of controls • Various subpoenas and investigations by Federal agencies
New accounting pronouncements	The following new accounting pronouncements are applicable to the City in 2019: <ul style="list-style-type: none"> • GASB 83, <i>Certain Asset Retirement Obligations</i> • GASB 88, <i>Certain Disclosures Related to Debt</i>

Audit results required communications and other matters summary (continued)

Communication topic	Response
Uncorrected misstatements	Uncorrected misstatements by opinion unit are included in Appendix A
Corrected misstatements	Corrected misstatements by opinion unit are included in Appendix B
Financial presentation and disclosure omissions	No matters to report.

Audit results required communications and other matters summary (continued)

Communication topic	Response
Control deficiencies	Refer to slides [19-21] for further details pertaining to the material weakness identified.
Related parties	No significant findings or issues arose during the audit in connection with the City's related parties.
Other information in documents containing audited financial statements	Our responsibility with respect to information in a document does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. However, we do have a responsibility to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the CAFR. As a result of our consideration of the other information, no material inconsistencies or material misstatements of facts were identified related to other information.

Audit results required communications and other matters summary (continued)

Communication topic	Response
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles in City internal control, or instances where fraud results in a material misstatement in the financial statements were identified during the audit.
Noncompliance with laws and regulations	We consulted with our National Office regarding matters related to the subpoenas from U.S. Attorney's Office for the Northern District of Georgia, SEC and HUD.
Going concern	No matters to report.
Non-GAAP	If significant, they are included as part of summary of uncorrected misstatements
Subsequent events	Events have been disclosed in footnotes to the financial statements
Group audit considerations (for group audit engagements only)	No matters to report
Other findings or issues	No matters to report.

Communication topic	Response
Significant difficulties encountered during the audit	No matters to report.
Disagreements with management	No matters to report.
Significant findings or issues discussed, or the subject of correspondence, with management	No matters to report.
Management's consultation with other accountants	No matters to report.
Material written communications	Engagement letter, management representation letter(s), including summary of uncorrected misstatements, internal control deficiency letter to be distributed under a separate cover.

Audit results required communications and other matters summary (continued)

Communication topic	Response
Independence	Refer to slide 23 for detail pertaining to independence communications
Fees	Refer to slide 24 for audit, audit-related, tax, and all other services and related fee information.

Required inquiries

The following inquiries are required in accordance with AU-C 260:

Audit Committee inquiries	<ul style="list-style-type: none">— Is the Audit Committee aware of matters relevant to the audit, including, but not limited to, violations or possible violations of laws and regulations?— What are the Audit Committee’s views about fraud risks in the City?— Does the Audit Committee have knowledge of fraud, alleged fraud, or suspected fraud affecting the City?— Who is the appropriate person (Audit Committee chair or full committee) for communication of audit matters during the audit?— How are responsibilities allocated between management and the Audit Committee?— What are the City’s objectives and strategies and related business risks that may result in material misstatements?— Are there any areas that warrant particular attention during the audit and additional procedures to be undertaken?— Is the Audit Committee aware of any significant communications with regulators?— What are the Audit Committee’s attitudes, awareness, and actions concerning (a) the City’s internal controls and their importance in the entity, including oversight of effectiveness of internal controls, and (b) detection of or possibility of fraud?— Is the Audit Committee aware of any developments in financial reporting, laws, accounting standards, corporate governance, and other related matters?— Have there been any actions taken based on previous communications with the auditor?
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Supporting slides

City of Atlanta, Georgia

Significant accounting estimates

Description of significant accounting estimates

- Net Pension liability and related deferred inflows/outflows of resources.

Audit findings

Management's process used to develop the estimates

- Management utilized the services of an independent actuary in order to estimate the amounts in accordance with GASB No. 67 and 68.

Significant assumptions used that have a high degree of subjectivity

- The estimate is based upon key inputs including census data, discount rate, long-term rate of return and mortality tables.

Conclusions

- KPMG utilized a reviewing actuary and tested the various inputs used to estimate the amounts under GASB No. 68 and determined management's judgements were reasonable. When testing the inputs used under GASB No. 67 (Police and Fire) disclosures, we determined that the mortality tables used were not the best available information and required revision to the Pension Plan disclosures.

Significant accounting estimates

Description of significant accounting estimates

- Net OPEB liability and related deferred inflows/outflows of resources.

Audit findings

Management's process used to develop the estimates

- Management utilized the services of an independent actuary in order to estimate the amounts in accordance with GASB No. 75.

Significant assumptions used that have a high degree of subjectivity

- The estimate is based upon key inputs including census data, discount rate, mortality tables and participation rates.

Conclusions

- KPMG utilized a reviewing actuary and tested various inputs used in the estimate and determined management's judgements were reasonable.

Significant accounting estimates

Description of significant accounting estimates

- General Claims Payable

Audit findings

Management's process used to develop the estimates

- Management establishes a reserve based upon an estimate of the expected costs for cases with a potential exposure of \$50,000

Significant assumptions used that have a high degree of subjectivity

- Management's reserve is dependent upon the completeness and accuracy of the claims listing.

Conclusions

- KPMG tested completeness and accuracy of reserve based upon City Council minutes and attorney inquiry responses. KPMG determined management's judgement was reasonable.

Significant accounting estimates

Description of significant accounting estimates

- Self-insurance reserve – worker’s compensation and employee health and dental.

Audit findings

Management’s process used to develop the estimates

- Management utilized the services of independent actuaries to estimate the applicable reserve amount.

Significant assumptions used that have a high degree of subjectivity

- The estimates are based on inputs including claims logs and discount rate.

Conclusions

- KPMG tested completeness of claims logs and utilized a reviewing actuary for the worker’s compensation reserve and determined that the reserves were reasonable.

Significant financial statement disclosures

Description of significant financial statement disclosures

- Long-term obligations
- Pension
- OPEB
- Investments (GASB 72)
- Capital Assets
- Tax Abatements (GASB 77)

Audit findings

Qualitative aspects

- KPMG utilized disclosure checklists applicable to State and Local governments and determined that management's disclosures were reasonable

Significant risks and other significant audit matters

Our audit response and findings

Significant risks	Our audit response and findings
Management override of controls	Performed substantive test of details with an elevated risk of material misstatement and internal control risk as high. In addition, the auditor included elements of unpredictability in test work. No findings noted.

Other significant audit matters	Our audit response and findings
The City has received subpoenas from the U.S. Attorney's Office District of Northern Georgia, SEC and HUD	<p>The engagement team interviewed senior leadership at the City and the Department of Aviation, including: Mayor, CFO, Deputy CFO, City Attorney, Ethics Officer, Director of Internal Audit.</p> <p>The engagement team consulted with the KPMG National Office.</p>
Information technology matters	No reliance on general IT controls due to a material weakness from the prior year that was not remediated during the first half of fiscal year 2019. The engagement team assessed internal control risk as high.

Internal control related matters

KPMG responsibilities

- The purpose of our audit was to express an opinion on the City's basic financial statements.
- Our audit included consideration of internal control over financial reporting 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 internal control.
- We are not expressing an opinion on the effectiveness of internal control.
- Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Material weakness

A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable. Reasonably possible is defined as the chance of the future event or events occurring is more than remote but less than likely. Probable is defined as the future event or events are likely to occur.

Significant deficiency

A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Material weaknesses in internal control

Material weaknesses

Description	Potential effects	Status
Information Technology Monitoring Access	Delay in the City identifying inappropriate access into the system.	Material weakness communicated in previous audit that had not been remediated during first half of fiscal year 2019.

Description	Potential effects	Status
Pension Plan Census Data	Inaccurate computation related to contributions, net pension liability and payments to individual retirees/beneficiaries.	Material weakness communicated in previous audit that has not yet been remediated.

Material weaknesses in internal control

Material weaknesses

Description	Potential effects	Status
Pension Plan Benefit Payments	Possible overpayments and/or underpayments to retirees and beneficiaries.	Material weakness communicated in previous audit that has not yet been remediated.

Description	Potential effects	Status
Actuarial Assumptions	Misstatement in pension plan disclosures (Police Officers and Firefighters' Plans)	Material weakness identified in 2019.

Related parties

Related party transactions

- No matters to report.

Independence

Relationships that may reasonably be thought to bear on independence include:

Relationship	Description of relationship / service	Fees (for services)
None		

In our professional judgment, we are independent with respect to the City, as that term is defined by the professional standards.

Fees

	2019
Audit	\$1,545,749
Audit-related services	-
Tax services	-
All other services	-
Total fees	\$1,545,749

Payment of Fees – Audit and All Other Professional Services

Professional standards require that fees for any previously rendered professional service provided more than one year prior to the date of the current year audit report have been paid.

Responsibilities

Management responsibilities – Financial statements	<ul style="list-style-type: none"> — Fairly presenting the financial statements, including disclosures in conformity with U.S. GAAP — Adjusting the financial statements to correct material misstatements and affirming in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements as a whole
Management responsibilities – ICFR	<ul style="list-style-type: none"> — 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 fraud or error
Management responsibilities – Other	<ul style="list-style-type: none"> — To provide us with: <ol style="list-style-type: none"> 1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters; 2) additional information that we may request from management for the purpose of the audit; and 3) unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence — Identifying and ensuring that the City complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations — Providing us with a letter confirming certain representations made during the audit, that includes but is not limited to management's: <ol style="list-style-type: none"> 1) disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's financial reporting 2) acknowledgement of their responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud
Audit Committee responsibilities	<ul style="list-style-type: none"> — Oversight of the financial reporting process and internal control over financial reporting (ICFR) — Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud

The financial statement audit does not relieve management or the Audit Committee of their responsibilities.

Responsibilities (continued)

Management and the Audit Committee responsibilities	<ul style="list-style-type: none"> — Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards — Ensuring that the City's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the City's financial statements.
KPMG – Audit objectives	<ul style="list-style-type: none"> — Forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are prepared, in all material respects, in accordance with U.S. GAAP
KPMG responsibilities – Audit	<ul style="list-style-type: none"> — Performing the audit in accordance with U.S. GAAS and that the audit is designed to obtain reasonable, rather than absolute, assurance about whether the financial statements as a whole are free from material misstatement — Performing an audit of financial statements includes consideration of ICFR as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's ICFR
KPMG responsibilities – Other information in documents containing financial statements	<ul style="list-style-type: none"> — The auditors' report on the financial statements does not extend to other information in documents containing audited financial statements, excluding required supplementary information — Our responsibility is to make appropriate arrangements with management or the Audit Committee to obtain information prior to the report release date and to read the other information to identify material inconsistencies with the audited financial statements or misstatement of facts — Any material inconsistencies or misstatement of facts that are not resolved prior to the report release date, and that require revision of the other information, may result in us modifying or withholding the auditors' report or withdrawing from the engagement — Communicate any procedures performed relating to the other information and the results of those procedures.

Responsibilities (continued)

KPMG responsibilities – Communications	<ul style="list-style-type: none">— Communicating significant matters related to the financial statement audit that are in our professional judgment, relevant to the responsibilities of the Audit Committee in overseeing the financial process. U.S. GAAS does not require us to design procedures for the purpose of identifying matters to communicate to the Audit Committee— Communicating if we suspect or identify noncompliance with laws and regulations exist, unless matters are clearly inconsequential— Communicating to management and the Audit Committee in writing all significant deficiencies and material weaknesses in internal control identified during the audit, including those that were remediated during the audit and reporting to management in writing all deficiencies noted during our audit that, in our professional judgment, are of sufficient importance to merit management’s attention. The objective of our audit of the financial statements is not to report on the City’s internal control— Conducting the audit in accordance with professional standards and complying with the rules and responsibility of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the official standards of relevant CPA Societies, and relevant state boards of accountancy— Communicating to the Audit Committee circumstances, if any, that affect the form and content of the auditors’ report— Communicating if we plan to withdraw from the engagement and the reasons for the withdrawal— Communicating to the Audit Committee if we conclude no reasonable justification for a change of the terms of the audit engagement exists and we are not permitted by management to continue the original audit engagement— When applicable, we are also responsible for communicating particular matters required by law or regulation, by agreement with the City, or by additional requirements applicable to the engagement— Communicating if we have identified or suspect fraud involving: (a) management, (b) employees who have significant roles in internal control, (c) others, when the fraud results in a material misstatement in the financial statements, and (d) other matters related to fraud that are, in our professional judgment, relevant to the responsibilities of the Audit Committee— Communicating significant findings and issues arising during the audit in connection with the City’s related parties— Communicating conditions and events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time
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Appendix A

City of Atlanta, Georgia

Appendix A



KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Audit Committee
City of Atlanta, Georgia
Atlanta, Georgia

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Atlanta, Georgia (the City) as of June 30, 2019 and for the year then ended, and expect to issue our report thereon under date of December 17, 2019. Under our professional standards, we are providing you with the accompanying information related to the conduct of our audit.

Our Responsibility Under Professional Standards

We are responsible for forming and expressing opinions about whether the financial statements, that have been prepared by management with the oversight of the audit committee, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We have a responsibility to perform our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (AICPA) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected. Our audit does not relieve management or the audit committee of their responsibilities.

In addition, in planning and performing our audit of the financial statements, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. However, our required communications have been provided to you in writing, over any significant deficiencies and material weaknesses in internal control identified during our audit and have been provided to you under separate cover.

We also have a responsibility to communicate significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of the audit committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the City's Comprehensive Annual Financial Report and

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Appendix A (continued)



Audit Committee
City of Atlanta, Georgia
Page 2 of 4

no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Accounting Practices and Alternative Treatments

Significant Accounting Policies are Described in Note 1 to the Financial Statements

Qualitative Aspects of Accounting Practices

We have discussed with the audit committee and management our judgments about the quality, not just the acceptability, of the City's accounting principles as applied in its financial reporting. The discussions generally included such matters as the consistency of the City's accounting policies and their application, and the understandability and completeness of the City's financial statements, which include related disclosures.

Management Judgments and Accounting Estimates

The preparation of the financial statements requires management of the City to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Management's estimate of the net pension liability and related deferred inflows/outflows of resources under Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, is based upon an independent actuarial analysis. We evaluated the key factors and assumptions used to develop the amounts, including possible management bias in developing the estimate, in determining that the amounts are reasonable in relation to the financial statements as a whole. We also evaluated the key factors and assumptions used to develop the pension liability under GASB Statement No. 67, *Financial Reporting for Pension Plans*, and determined that the mortality tables used for the Police Officers' Plan and the Firefighters' Plan were not the best available information and required revision.

Management's estimate of the net OPEB liability and related deferred inflows/outflows of resources is based upon an independent actuarial analysis. We evaluated the key factors and assumptions used to develop the amounts, including possible management bias in developing the estimate, in determining that the amounts are reasonable in relation to the financial statements as a whole.

Management's estimate of the self-insurance reserves- workers' compensation and health and dental claims are based upon an independent actuarial analysis. We evaluated the key factors and assumptions used to develop the amounts, including possible management bias in developing the estimate, in determining that the amounts are reasonable in relation to the financial statements as a whole.

Management's estimate of the general claims payable is based upon a claims log of the expected cost per cases. We evaluated the key factors and assumptions used to develop the amounts, including possible management bias in developing the estimate, in determining that the amounts are reasonable in relation to the financial statements as a whole.

Uncorrected and Corrected Misstatements

Uncorrected Misstatements

In connection with our audit of the City's basic financial statements, we have discussed with management certain financial statement misstatements that have not been corrected in the City's books and records as of and for the year ended June 30, 2019. We have reported such misstatements to management on a Summary of Audit Misstatements and have received written representations from management that management



Appendix A (continued)



Audit Committee
City of Atlanta, Georgia
Page 3 of 4

believes that the effects of the uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Attached is a copy of the summary that has been provided to, and discussed with, management.

Corrected Misstatements

Attached is a copy of the adjustment schedule (and other immaterial corrected misstatements) that have been discussed with management and corrected by the City.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that would have caused a modification of our auditors' report on the City's basic financial statements.

Management's Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended June 30, 2019.

Significant Issues Discussed, or Subject to Correspondence, with Management

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with you and management each year prior to our retention by you 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 retention.

Material Written Communications

Attached to this letter please find copies of the following material written communications between management and us:

1. Engagement letter;
2. Management representation letter; and
3. Internal control deficiencies letter.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Independence

We have summarized the fees paid or payable to our firm relating to our audit of the 2019 financial statements are \$1,545,749.

Secondary Auditors

This letter includes all relationships between our firm and the City that may reasonably be thought to bear on independence. With respect to other auditors (which collectively audited 100% of the assets and 100% of the revenues of the Atlanta-Fulton County Recreational Authority and the Atlanta Development Authority reflected in the financial statements), we, pursuant to professional standards among other things, satisfied ourselves as to their professional reputation and independence, including obtaining a confirmation from the other auditors that they are independent under applicable professional standards. We have not requested from the other



Appendix A (continued)



Audit Committee
City of Atlanta, Georgia
Page 4 of 4

auditors and our letter does not provide information about relationships of the other auditors. Those charged with governance may wish to obtain more information from the other auditors and have discussions with them about independence matters.

Confirmation of Audit Independence

We hereby confirm that as of December 17, 2019, we are independent accountants with respect to the City under relevant professional and regulatory standards.

This letter to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Appendix A (continued)



KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Telephone +1 404 222 3000
Fax +1 404 222 3050
kpmg.com

May 1, 2019

Ms. Amanda Noble
City Auditor
City of Atlanta
68 Mitchell Street
Atlanta, GA 30303

Dear Amanda:

This letter amends our engagement letter dated October 28, 2016, confirming our understanding to provide professional audit services to the City of Atlanta (the City) by substituting the attached Appendix I for the Appendix I originally attached to our engagement letter.

Use of Internal Audit

Management acknowledges and understands that internal auditors providing direct assistance to us will be allowed to follow our instructions and that personnel of the City will not intervene in the work the internal auditor performs for us. Further, management acknowledges and understands that if, in our sole judgment, we believe the objectivity of internal auditors providing direct assistance to us has been impaired, we will be unable to use the work performed or planned to be performed.

Government Auditing Standards require external and internal auditors to meet minimum Continuing Professional Education (CPE) hours. Therefore, management is responsible for monitoring and documenting the compliance with the Government Auditing Standards CPE hours of those internal auditors assigned to the audit in direct assistance roles.

Except as otherwise provided for in the engagement letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to the engagement letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

The attached Appendix I lists the services to be rendered and related fees to provide each specified service for the identified time period. Except as specified in this letter and in the Appendix I attached to this letter, all provisions of the aforementioned engagement letter remain in effect until either the audit committee or we terminate this agreement or mutually agree to the modification of its terms.

In accordance with your instructions, we have forwarded a copy of this letter to the audit committee.

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Appendix A (continued)



City of Atlanta
May 1, 2019
Page 2 of 4

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign in the space provided and return the copy to us.

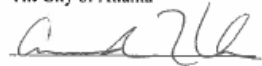
Very truly yours,
KPMG LLP


Karen A. Mitchell
Partner

cc: Members of the Audit Committee of the City of Atlanta

ACCEPTED:

The City of Atlanta



Authorized Signature

City Auditor

Title

5/9/19

Date



Appendix A (continued)



City of Atlanta
May 1, 2019
Page 3 of 4

Appendix I

Fees for Services

In accordance with our Cost Proposal dated September 7, 2016, our fees for services we will perform are estimated as follows:

Comprehensive Annual Financial Report for the year ending June 30, 2019	\$694,987
Report on Compliance and on Internal Control in accordance with <i>Government Auditing Standards</i>	8,271
Uniform Guidance audit as of and for the year ending June 30, 2019	148,881**
Audit of the Comprehensive Annual Financial Report for Department of Aviation as of and for the year ending June 30, 2019	186,492
Audit of the Comprehensive Annual Financial Report for Department of Watershed Management as of and for the year ending June 30, 2019	222,333
Audit of the financial statements for the General Employees' Pension Plan as of and for the year ending June 30, 2019	54,465
Audit of the financial statements for the Firemen's Pension Plan as of and for the year ending June 30, 2019	54,465
Audit of the financial statements for the Policemen's Pension Plan as of and for the year ending June 30, 2019	54,465
Independent Auditors' Report on Hotel/Motel Tax as of and for the year ending June 30, 2019	16,308
Independent Auditors' Report on Motor Vehicle Excise Tax as of and for the year ending June 30, 2019	16,308
Independent Auditor's Report on Municipal Option Sales Tax (MOST) as of and for the year ending June 30, 2019	16,308
Independent Auditors' Report on Transportation Special Purpose Local Option Sales Tax (TSPLOST) as of and for the year ended June 30, 2019	16,308
Independent Auditors' Report on Passenger Facilities Charges	17,167



Appendix A (continued)



City of Atlanta
May 1, 2019
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Independent Auditors' Report on Compliance and Independent Accountants' Report on Agreed Upon Procedures for Landfill as of and for the year ending June 30, 2019	7,621
Independent Auditors' Report on the Schedule of Changes in Fiduciary Net Position by Employer for General Employees' Pension	10,400
Examination of Management's Assertion related to APS census data for the year ended June 30, 2018, and rolled forward to measure the total pension liability for the System as of June 30, 2019.	<u>5,200</u>
Incremental fee related to audit of OPEB Liability in accordance with GASB Statement No. 75	15,500
Total fees	<u>\$1,545,479</u>

**Fees are for the audits of 7 major programs as determined under the Uniform Guidance.

The above estimates are based on the level of experience of the individuals who will perform the services. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed. The fees and billing structure detailed above are subject to adjustment based on potential scope modifications related to any additional major federal programs under Uniform Guidance. Each additional major program will be billed in the range of \$13,000-\$17,000 depending on the related compliance requirements of the additional major programs.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be the City's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



Appendix A (continued)



KEISHA LANCE BOTTOMS
MAYOR

CITY OF ATLANTA
DEPARTMENT OF FINANCE
68 MITCHELL STREET, S.W. SUITE 11100
ATLANTA, GEORGIA 30303-0312
TEL (404) 330-6453 · FAX (404) 546-2062

ROOSEVELT COUNCIL, JR.
CHIEF FINANCIAL OFFICER
roccouncil@atlantaga.gov

December 17, 2019

KPMG LLP
303 Peachtree St., NE
Suite 2000
Atlanta, GA 30308

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the related notes to the financial statements of the City of Atlanta, (the City) as of and for the year ended June 30, 2019, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and, where applicable, cash flows thereof in accordance with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 17, 2019, the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 1, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence; and

Appendix A (continued)

- d. All minutes of the meetings of City Council and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. Except as disclosed to you, there have been no communications from regulatory agencies, governmental representatives, employees or others concerning noncompliance with laws and regulations in any jurisdiction, or deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.
4. We have disclosed to you, in writing, all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. There are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
9. We have disclosed to you all known actual or litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
10. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
11. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. We understand that the term "fraud" is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
12. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the City's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Appendix A (continued)

14. We have no knowledge of any fraud or suspected fraud affecting the City involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of any officer or member of City Council of the City, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
17. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
18. We have disclosed to you the identity of our related parties and all the related party relationships and transactions of which we are aware.
19. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions of which we are aware in accordance with U.S. generally accepted accounting principles, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments, and amounts receivable from or payable to related parties. The term "related party" refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests
 - b. Guarantees, whether written or oral, under which the City is contingently liable.
 - c. The existence of and transactions with joint ventures and other related organizations.
20. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
21. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. The City's reporting entity includes all entities that are component units of the City.

Appendix A (continued)

23. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with U.S. generally accepted accounting principles. We have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the City's current period financial statements, and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.
24. We acknowledge our responsibility for the presentation of the required supplementary information which includes, management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit (OPEB) information, in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
 - a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
25. In accordance with Government Auditing Standards, we have identified to you all previous audits, attestation engagements, and other studies that relate to the objectives of this audit, including whether related recommendations have been implemented.
26. The City has disclosed all tax abatement agreements required to be disclosed under GASB Statement No. 77, Tax Abatement Disclosures.
27. Deposits and investment securities are properly classified and reported.
28. We are responsible for making the fair value measurements and disclosures included in the financial statements in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, including determining the fair value of assets and liabilities for which there has been a significant decrease in the volume and level of activity in relation to the normal market activity for those assets or liabilities (or similar assets or liabilities) or for which transactions are deemed not orderly. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation techniques (including circumstances in which a practical expedient may be used to estimate fair value), adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. generally accepted accounting principles, including the disclosure requirements of GASB 72. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are in accordance with the definition of fair value in GASB 72 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.
29. Capital assets, including infrastructure assets, are properly capitalized, reported and, if applicable, depreciated.

Appendix A (continued)

30. The City has complied with all tax and debt limits and with all debt related covenants.
31. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.
32. We agree with the findings of our consulting actuaries in evaluating the valuation of pension liabilities and have adequately considered the qualifications of the consulting actuaries in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the consulting actuaries with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the consulting actuaries.
33. We agree with the findings of our consulting actuaries in evaluating the valuation of post-employment benefit liabilities and have adequately considered the qualifications of the consulting actuaries in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the consulting actuaries with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the consulting actuaries.
34. For each defined benefit pension plan in which the City is a participating employer:
 - a. The net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense has been properly measured and recorded as of the measurement date in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
 - b. All relevant plan provisions in force as of the measurement date have been properly reflected in the measurement of the net pension liability and pension expense.
 - c. The participants' data provided to the actuary for purpose of determining the net pension liability and pension expense is accurate and complete.
 - d. The basis for our proportion of the collective pension amounts is appropriate and consistent with the manner in which contributions to the pension plan are determined.
35. The City has identified and properly accounted for and presented all deferred outflows of resources and deferred inflows of resources.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and fund balance components (non-spendable; restricted; committed; assigned; and unassigned) are properly classified and, if applicable, approved.
37. We confirm that all relevant information relating to the facts and circumstances, which are subject of the internal investigations conducted by the City Attorney, and or with support from outside counsel have been disclosed by us, to the investigation team, and to you. We also confirm that, where necessary, we have taken, or are taking, timely and appropriate remedial action

no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the City's Comprehensive Annual Financial Report and

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



Appendix A (continued)

Very truly yours,

The City of Atlanta, Georgia



Keisha Lance Bottoms

Mayor



Roosevelt Council

Chief Financial Officer



Youlanda Carr

Controller

Appendix A (continued)

City of Atlanta Government Wide Governmental activities
 Summary of Uncorrected Audit Misstatements
 For Year Ended June 30, 2019

Corrections Taken Required at Current Period End				Income Statement Effect - Debit/(Credit)			Balance Sheet Effect - Debit/(Credit)						Cash Flow Effect - Increase/(Decrease)			Statement of Corrections vs Income - Debit/(Credit)				
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income effect of correcting the balance sheet in prior period (carryforward from prior period)	Income effect of correcting the current period balance sheet	Income effect according to Auditor (Income Statement) method	Equity	Current Assets	Noncurrent Assets	Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Deferred Inflows	Operating Activities	Investing Activities	Financing Activities	Congressional Income	
				A	B	C	C-A (Only Income Statement accounts)	C-B												
1	To reverse PY entry to record claims paid/settled after June 30 that related to fiscal year 2018	Factual	Beginning Net Position General Government Expense	2,200,000	(2,200,000)	2,200,000	(2,200,000)													
2	To reverse PY entry to allocate liability related to IBNR health claims that are recorded in governmental funds but not in business type activities	Factual	General Government expense Beginning Net Position	2,688,423	(2,688,423)	(2,688,423)	2,688,423													
3	To correct understatement of revenue	Factual	Accounts receivable Public Utilities, Alcoholic Beverages and other revenue	765,250	(765,250)	(765,250)	(765,250)	(765,250)	765,250											
4	To correct overstatement of revenue	Factual	Property taxes Accounts receivable	762,962	(762,962)	762,962	762,962	762,962	(762,962)											
6	To reverse PY entry for items paid subsequent to year end that were related to fiscal year 2018	Factual	Beginning Net Position General Government Expenses	966,544	(966,544)	966,544	(966,544)													
7	To reverse PY entry for items paid subsequent to year end that were related to fiscal year 2018	Factual	Beginning Net Position Public Works Expense	695,156	(695,156)	695,156	(695,156)													
9	To reflect impact of not recording accrued interest in the prior year	Factual	Beginning Net Position Interest expense	9,743,355	(9,743,355)	9,743,355	(9,743,355)													
Aggregate of uncorrected audit differences (before tax)						10,916,632	(2,288)	(10,918,920)	(2,288)	2,288	-	-	-	-	-	-	-	-	-	
Tax effect of uncorrected audit differences						-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Aggregate of uncorrected audit differences (after tax)						(10,916,920)	(2,288)	(10,919,208)	(2,288)	2,288	-	-	-	-	-	-	-	-	-	
Financial statement amounts (per final financial statements)						189,467,000	(1,083,601,000)	1,085,655,000	1,151,585,000	243,603,000	243,603,000	243,603,000	(275,695,000)	(2,629,420,000)	(469,862,000)					
Uncorrected audit differences after tax effect as a percentage of financial statement amounts						-5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Appendix A (continued)

City of Atlanta Government Wide Governmental activities
 Summary of Uncorrected Audit Misstatements
 For Year ended June 30, 2019

Corrective Entry Required at Current Period End				Income Statement Effect - Debit (Credit)			Balance Sheet Effect - Debit (Credit)						Cash Flow Effect - Increase (Decrease)			Statement of Comprehensive Income - Debit (Credit)					
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income effect of correcting the balance sheet in prior period (carried forward from prior period)	Income effect of correcting the current period balance sheet	Income effect according to Roll-over (Income Statement) method	Equity	Current Assets	Noncurrent Assets	Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Deferred Inflows	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income		
				A		B	C=A (Only Income Statement accounts)	C=A													
1	To reverse PY entry to record claims paid/settled after June 30 that related to fiscal year 2018	Factual	Beginning Net Position General Government Expense	2,200,000	(2,200,000)	2,200,000		(2,200,000)													
2	To reverse PY entry to allocate liability related to IBNR health claims that are recorded in governmental funds but not in business type activities	Factual	General Government expense Beginning Net Position	2,688,423	(2,688,423)	(2,688,423)		2,688,423													
3	To correct understatement of revenue	Factual	Accounts receivable Public Utilities, Alcoholic Beverages and other revenue	765,250	(765,250)		(765,250)	(765,250)	(765,250)	765,250											
4	To correct overstatement of revenue	Factual	Property taxes Accounts receivable	762,962	(762,962)		762,962	762,962	762,962	(762,962)											
6	To reverse PY entry for debts paid subsequent to year end that were related to fiscal year 2018	Factual	Beginning Net Position General Government Expenses	966,544	(966,544)	966,544		(966,544)													
7	To reverse PY entry for items paid subsequent to year end that were related to fiscal year 2018	Factual	Beginning Net Position Public Works Expense	695,156	(695,156)	695,156		(695,156)													
9	To reflect impact of not recording accrued interest in the prior year	Factual	Beginning Net Position Interest expense	9,743,355	(9,743,355)	9,743,355		(9,743,355)													
Aggregate of uncorrected audit differences (before tax)						10,916,632	(2,288)	(10,916,920)	(2,288)	2,288	-	-	-	-	-	-	-	-	-	-	
Tax effect of uncorrected audit differences																					
Aggregate of uncorrected audit differences (after tax)						(10,916,920)	(2,288)	(10,916,920)	(2,288)	2,288	-	-	-	-	-	-	-	-	-	-	
Financial statement amounts (per final financial statements)						189,467,000	(1,083,601,000)	1,085,655,000	1,151,585,000	243,603,000	243,603,000	243,603,000	243,603,000	(275,695,000)	(2,629,420,000)	(469,862,000)					
Uncorrected audit differences after tax effect as a percentage of financial statement amounts						-5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					

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Appendix A (continued)

City of Atlanta Business Type Activities
 Summary of Uncorrected Audit Misstatements
 For Year Ended June 30, 2019

Corrective Entry Required at Current Period End					Income Statement Effect - Debit/Credit			Balance Sheet Effect - Debit/Credit						Cash Flow Effect - Increase/Decrease			Balance of Comprehensive Income	
ID	Description of misstatement	Type of misstatement	Accounts	Debit	Credit	Income effect of correcting the balance sheet in prior period (over/understatement from)	Income effect of correcting the current period balance sheet	Income effect according to auditor (Income Statement)	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Deferred inflows	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income
				A		B		C-A		C-B								
1	To properly accrue for interest expense on commercial paper	Factual	Interest expense Accrued interest payable	1,643,726	(1,643,726)		1,643,726	1,643,726	1,643,726						(1,643,726)			
2	To properly reflect cash in accordance with the Assignment, Assumption and Claim Resolution dated February 15, 2011 and the related settlement agreements	Factual	Restricted cash (non-current) Restricted cash	5,109,911	(5,109,911)					(5,109,911)	5,109,911							
3	To properly state capitalized interest to include portions of commercial paper and BNA interest	Factual	Capital assets, net Interest expense	4,543,877	(4,543,877)		(4,543,877)	(4,543,877)	(4,543,877)		4,543,877					(4,543,877)	4,543,877	
4	To properly allocate a portion of the AG12 accrual entry to Contract retention	Factual	Accounts payable Contract retention	2,577,263	(2,577,263)							2,577,263						
5	To properly accrue invoices identified but not recorded by management	Factual	Operating expenses Accounts payable	4,000,186	(4,000,186)		4,000,186	4,000,186	4,000,186									
6	To revert to project error of \$9,331 in sample to population	Projected	Beginning fund balance Operating expenses	7,028,646	(7,028,646)	(2,028,646)		2,028,646							2,028,646			
7	To reverse the FY impact of a adjustment related to BNA claims	Factual	Beginning net position Employee Salaries & benefits	921,067	(921,067)	921,067		(921,067)										
8	To properly allocate retainage to a completed project/capital asset	Factual	Contract retention Capital assets	2,063,238	(2,063,238)						(2,063,238)	2,063,238						2,063,238
9	To reverse the impact of current year depreciation related to assets placed in service in FY 2018	Factual	Beginning net position Depreciation expense	7,711,841	(7,711,841)	7,711,841		(7,711,841)										
10	To reverse impact of prior year adjustment to write off contract retainage on closed projects	Factual	General services expense Beginning net position	872,473	(872,473)	(872,473)		872,473								872,473		
11	To reverse the FY impact of adjustment related to BNA claims	Factual	Net position (beginning) Employee Salaries & Benefits	1,359,574	(1,359,574)	1,359,574		(1,359,574)										
12	To properly record capital asset cost as incurred in the current period	Factual	Capital Assets Accounts Payable	4,666,636	(4,666,636)						4,666,636							4,666,636
Aggregate of uncorrected audit differences (before tax)						7,091,363	1,100,035	(5,991,328)	1,100,035	(5,109,911)	12,257,186	(8,247,319)			(8,735,089)	(4,543,877)	6,607,115	
Tax effect of uncorrected audit differences																		
Aggregate of uncorrected audit differences (after tax)								(5,991,328)	1,100,035	(5,109,911)	12,257,186	(8,247,319)						
Financial statement amounts (per final financial statements)								524,374,000	8,192,810,000	2,401,941,800	13,419,977,000	(1,351,177,000)	(6,419,852,000)	393,670,000	549,265,000	(113,181,000)	(726,162,000)	
Uncorrected audit differences after tax effect as a percentage of financial statement amounts								-1.1%	0.0%	-0.2%	0.1%	0.6%	0.0%	0.0%	-1.6%	-4.0%	-0.9%	

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Appendix A (continued)

City of Johns Hopkins
 Summary of Uncorrected Audit Adjustments
 For Year Ended June 30, 2018

Corrective Entry Based on Current Period Data					Income Statement Effect (Profit/Loss)			Balance Sheet Effect (Assets/Liabilities)				Cash Flow Effect (Business Operations)			Statement of Comprehensive Income		
ID	Description of Adjustment	Type of Adjustment	Account	Debit	Credit	Income effect of reversing the balance sheet in prior period (carried forward from prior period)	Income effect of reversing the current period balance sheet	Income effect according to Balance Sheet Statement	Equity	Total Assets	Enforced outflow	Total Liabilities	Deferred Inflows	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income
				A		B		C-A (Only Income Statement accounts)									
1	To reverse the prior year impact of recording items paid subsequent to year end that were related to fiscal year 2018	Factual	Beginning Net Position	966,544		966,544		(966,544)									
			General Government expenditure		(966,544)												
2	To correct understatement of revenue	Factual	Accounts receivable	765,250			(765,250)	(765,250)	(765,250)	765,250							
			Public Utilities, Alcoholic Beverages and other revenue														
3	To correct overstatement of revenue	Factual	Property taxes	762,962			762,962	762,962	762,962	(762,962)							
			Accounts receivable		(762,962)												
Aggregate of uncorrected audit differences (before tax)						506,544	(2,288)	(968,632)	(2,288)	2,288	-	-	-	-	-	-	-
Tax effect of uncorrected audit differences						-	-	-	-	-	-	-	-	-	-	-	-
Aggregate of uncorrected audit differences (after tax)						506,544	(2,288)	(968,632)	(2,288)	2,288	-	-	-	-	-	-	-
Financial statement amounts (per final financial statements)						15,322,000	(184,212,000)	272,339,000	-	-	(71,535,000)	(6,582,000)	-	-	-	-	-
Uncorrected audit difference after tax effect as a percentage of financial statement amounts						-3.29%	0.12%	-0.35%	0.83%	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Appendix A (continued)

City of Atlanta Other Agencies Remaining
 Summary of Uncorrected Audit Misstatements
 For Year Ended June 30, 2018

Corrected Entry Recorded at Current Period End					Income Statement Effect - (Debit/Credit)			Balance Sheet Effect - (Debit/Credit)				Cash Flow Effect - (Increase/Decrease)			Statement of Comprehens- ive Income - (Debit/Credit)		
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income effect of correcting the balance sheet in prior period (as reported from prior period)	Income effect of correcting the current period balance sheet	Income effect according to Rollback (Income Statement) method	Equity	Total Assets	Deferred Outflows	Total Liabilities	Deferred Inflows	Operating Activities	Investing Activities	Financing Activities	Comprehens- ive Income
				A		B	C (Only Income Statement accounts)	C-B									
1	To record the benefit overpayments made in the Police Officer's Pension Plan to deceased persons	Factual	Other assets/receivable	521,267						521,267							
			Benefit Payments		(521,267)		(521,267)	(521,267)	(521,267)								
2	To record the benefit overpayments made in the Police Officer's Pension Plan to deceased persons	Factual	Other assets/receivable	1,414,757						1,414,757							
			Benefit Payments		(1,414,757)		(1,414,757)	(1,414,757)	(1,414,757)								
3	To record errors identified in distribution payments	Projected	Other assets/receivable	458,708						458,708							
			Other liabilities		(137,978)							(137,978)					
			Benefit Payments		(320,730)		(320,730)	(320,730)	(320,730)								
Aggregate of uncorrected audit differences (before tax)						-	(2,258,754)	(2,258,754)	(2,258,754)	2,304,732	-	(137,978)	-				
Tax effect of uncorrected audit differences						-	-	-	-	-	-	-	-	-	-	-	-
Aggregate of uncorrected audit differences (after tax)						-	(2,258,754)	(2,258,754)	(2,258,754)	2,304,732	-	(137,978)	-				
Financial statement amounts (per final financial statements)						-	(181,358,000)	(3,983,528,000)	(3,983,528,000)	4,370,435,000	-	(350,998,000)	-				
Uncorrected audit differences after tax effect as a percentage of financial statement amounts						-	1.2%	0.1%	0.1%	0.1%	ND/ND	0.0%	ND/ND				

YJC



Appendix A (continued)

Comptroller City of Denver October 31, 2019
 Summary of Uncorrected Audit Misstatements
 For Year 1
 Amounts in Millions unless otherwise indicated
 Auditor and
 Institute Method (Fiscal Over)
 Total Misstatements
 \$6,900,000

Detailed instructions on automatically identifying the audit misstatements from the Tracker are provided in the "Instructions" tab.

General Entry Recorded at Current Fiscal End					Balance Sheet Effect - Debit/Credit			Balance Sheet Effect - Debit/Credit				Cash Flow Effect - Increase/Decrease			Balance Sheet Effect - Debit/Credit			
ID	Description of misstatement	Type of misstatement	Account	Debit	Credit	Income effect of correcting the balance sheet to prior period jurisdiction base	Income effect of correcting the current period balance sheet	Income effect according to Institute (Balance Sheet/Income) method	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income	
1	To properly reflect the interest expense and components of equity	Factual	Interest expense Accrued interest payable	3,643,728			3,643,728	3,643,728	3,643,728			0					(3,643,728)	
2	To properly reflect cash in accordance with the Department, Respite and Care Provider Agreement (February 23, 2018), and the related settlement agreements	Factual	Restricted cash (in extent) Restricted cash	5,109,911	(5,109,911)					5,109,911							5,109,911	
3	To properly state capitalized interest to include portions of commercial tower and debt leases	Factual	Capital assets, net Interest expense	4,543,877	(4,543,877)		(4,543,877)	(4,543,877)	(4,543,877)		4,543,877						(4,543,877)	
4	To properly reflect a portion of the ADU1 accrual entry for contract revenue	Factual	Accounts payable Contract revenue	2,577,263	(2,577,263)									2,577,263	(2,577,263)			
5	To properly state revenues identified but not recorded by management	Factual	Operating expenses Accounts payable	4,000,185	(4,000,185)		4,000,185	4,000,185	4,000,185								(4,000,185)	
7	To correct sampling error of \$9,882 to the obligation	Projected	Beginning Fund balance Special AE revenues	2,028,646	(2,028,646)			2,028,646						2,028,646				
8	To reverse the PF impact of adjustment related to 8000 claims	Factual	Beginning net position Employee Salaries & benefits	973,067	(973,067)		973,067	973,067							973,067			
Aggregate of uncorrected audit differences (in flow tax)					14,307,579	1,109,075		2,207,614	1,109,075	(5,199,513)	4,632,748	(6,543,913)			(536,147)	(4,543,877)	4,543,877	
Aggregate of uncorrected audit differences					(1,107,579)	1,109,075		2,207,614	1,109,075	(5,199,513)	4,632,748	(6,543,913)			(536,147)	(4,543,877)	4,543,877	
Financial statement amounts (per Audit Financial statements)					232,726,000	5,119,874,000		1,218,170,000	7,174,505,000	1,103,746,000	3,381,189,000	3,381,189,000			244,187,000	(48,271,000)	(172,044,000)	
Uncorrected audit differences other tax effect as a percentage of financial statement amounts					0.52%	0.21%		-0.18%	0.13%	-0.45%	0.13%	-0.19%			-0.20%	0.14%	-0.13%	

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Appendix A (continued)

Company Waterford FYS9
 Summary of Corrected Audit Misstatements
 For Year Ended 6/30/2019
 Amounts In Currency Unit
 Method Used to Quantify Audit MIs Income Statement Method (Roll Over)

Detailed instructions on automatically populating the audit misstatements from the Tracker are provided in the "Instructions" tab.

ID	Description of misstatement	Type of misstatement	Identified During	Accounts	Debit	[Credit]	Income Statement Effect - Debit / Credit	Balance Sheet Effect - Debit / Credit					Cash Flow Effect - Increase / Decrease			Statement of Comprehensive Income - Debit / Credit		
							Income Effect Debit / Credit	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income		
							0	0	0	0	0	0	0	0	0	0	0	0
AM2	As a result of our procedures over the search for unrecorded liabilities, the engagement team identified a capital amount paid subsequent to year-end which should have been accrued as of June 30, 2019. The individually significant understatement of AP and CIP totaled \$3.4M.	Factual	Final	Accounts payable	0	(3,462,555)	0	0	0	0	(3,462,555)	0	0	0	0	0	0	0
				Construction in Progress	3,462,555	0	0	0	0	3,462,555	0	0	0	0	0	0	0	0
				Total effect of corrected audit misstatements - Final			0	0	0	0	3,462,555	(3,462,555)	0	0	0	0	0	0

Appendix A (continued)

City of Atlanta Aviation FY
2019

Company

Summary of Corrected Audit Misstatements

For Year Ended 6/30/2019

Amounts In

Currency unit

Method Used to Quantify Audit MI Income Statement Method (Roll Over)

Detailed instructions on automatically populating the audit misstatements from the Tracker are provided in the "Instructions" tab.

ID	Description of misstatement	Type of misstatement	Identified During	Accounts	Debit	(Credit)	Income Statement Effect - Debit (Credit)	Balance Sheet Effect - Debit (Credit)					Cash Flow Effect - Increase (Decrease)			Statement of Comprehensive Income - Debit (Credit)		
							Income Effect Debit (Credit)	Equity	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Operating Activities	Investing Activities	Financing Activities	Comprehensive Income		
AM 9	Unearned Revenue related to prepayment of tenant improvements was incorrectly classified as Accrued expenses	Known	Final	Current Accrued Expenses	32,815,000		0	0	0	0	(29,036,000)	0	0	0	0	0	0	0
				Unearned Revenue- Current		(3,779,000)	0	0	0	0	0	0	0	0	0	0	0	0
				Unearned Revenue- Non-Current		(29,036,000)	0	0	0	0	0	29,036,000	0	0	0	0	0	0
				Total income effect of corrected audit misstatements - Final				0	0	0	0	0	0	0	0	0	0	0



Questions?

For additional information and Audit Committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, please visit KPMG's Audit Committee Institute (ACI) at www.kpmg.com/ACI.

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