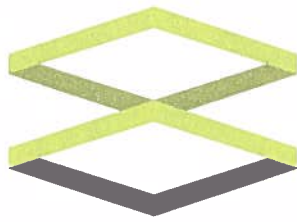


---

**CITY OF SHELDON  
COMMUNICATION WITH THOSE  
CHARGED WITH GOVERNANCE  
JUNE 30, 2019**



**WINTHER STAVE & CO | LLP**  
Certified Public Accountants

1316 West 18th Street  
P.O. Box 175  
Spencer, Iowa 51301-0175  
Phone 712-262-3117  
FAX 712-262-3159

[www.winther-stave.com](http://www.winther-stave.com)

1004 21st Street #4  
P.O. Box 187  
Milford, Iowa 51351-0187  
Phone 712-338-2488  
FAX 712-338-2510

The Honorable Mayor and  
Members of the City Council  
City of Sheldon  
Sheldon, IA 51201

We have audited the financial statements of the primary government of the City of Sheldon for the year ended June 30, 2019 and have issued our report thereon dated February 24, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 17, 2019. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Sheldon are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of other existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the respective financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, we believe there are no sensitive estimates affecting the City of Sheldon's financial statements prepared on the basis of cash receipts and disbursements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the respective financial statements are bonds and notes payable, disclosed in Note 3, Iowa Public Employees' Retirement System (IPERS), disclosed in Note 6, and developer agreements and tax abatements, disclosed in Notes 15 and 16.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit. Due to some medical problems of the Manager in charge of the audit, the timing of the report issuance was delayed.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No uncorrected misstatements were detected as a result of audit procedures that were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. The only disagreement with management was due to the delay in the issuance of the report.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 24, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

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

The primary government financial statements referred to above do not include the financial data for the City's legally separate component units. Because of the significance of this matter, we issued an adverse opinion on the discretely presented component units.

*Other Matters*

We were engaged to report on the supplementary information in Schedules 1 through 5, on pages 31 through 39, including the Schedule of Expenditures of Federal Awards, which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the basis of cash receipts and disbursements, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. However, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information.

We were not engaged to report on the information included in Schedules 6 through 8 on pages 40 through 47 of the audit report, which accompany the financial statements but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

*Wintku, Stone + Co., LLP*

February 24, 2020  
Spencer, Iowa