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City Council
City of Shady Cove
Shady Cove, Oregon

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Shady (City) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City's system of 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, 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. **We consider the following deficiencies in internal control to be material weaknesses:**

Financial information and records related to the year ending June 30, 2022 were unable to be located and balances could not be supported. Internal controls in place during the 2022 fiscal year were unable to be evaluated for proper design, implementation, and operating effectiveness as a result of turnover in City staff and lack of documentation of procedures and processes in place during FY 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Gatlin C. Hawkins".

Gatlin C. Hawkins
Member, Isler CPA