



City of Phoenix Deferred Compensation Board  
City of Phoenix Deferred Compensation Plan – Section 457 and  
City of Phoenix Defined Contribution Plan – Section 401(a)  
Phoenix, Arizona

We have audited the financial statements of the City of Phoenix - Section 401(a) (the Plans) for the years ended December 31, 2021 and 2020 have issued our reports thereon dated June 6, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audits in our engagement letter dated February 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

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

No new accounting policies were adopted and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were related to the valuation of the City of Phoenix Stable Income Fund. The City of Phoenix Stable Income Fund includes investments in guaranteed investment contracts. The City of Phoenix Stable Income Fund is valued at contract value as estimated by the Morley Financial Services, Inc. The contract value is guaranteed through a related contract with a separate provider. The credited interest rates are reset periodically according to terms set forth in the contract and are actuarially determined. We evaluated the key factors and assumptions used to develop the estimate of the Phoenix Stable Income Fund in determining that it is reasonable in relation to the financial statements taken as a whole.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Significant unusual transactions***

We identified no significant unusual transactions.

***Difficulties encountered in performing the audit***

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

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on 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. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated June 6, 2022.

***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 entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

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

During the planning stage of the audit, we communicated to management areas identified as having a higher risk of material misstatement in order to design our audit procedures; however, we identified the following significant risk of material misstatement that was not been previously communicated to you:

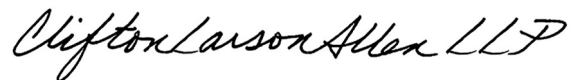
- Management override of controls

**Other Information in documents containing audited financial statements**

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

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

This communication is intended solely for the information and use of the City of Phoenix Deferred Compensation Board and management of the Plans and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
June 6, 2022



**Nationwide<sup>®</sup>**  
**Retirement Solutions**  
a Nationwide Financial company

June 6, 2022

CliftonLarsonAllen LLP  
20 East Thomas Road, Suite 2300  
Phoenix Arizona 85012

This representation letter is provided in connection with your audits of the financial statements of the City of Phoenix 457 Deferred Compensation Plan and the City of Phoenix 401(a) Defined Contribution Plan (the Plans), which comprise the respective financial position the Plans as of December 31, 2021 and 2020, and the respective changes in financial position for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 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 June 6, 2022, the following representations made to you during your audit.

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 3, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all financial information of the Plans required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for the 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

June 6, 2022  
CliftonLarsonAllen LLP  
Page 2

6. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
7. We have not identified or been notified of any uncorrected financial statement misstatements.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
10. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
11. We believe the plan and trust established under the plan are qualified under the appropriate section of the Internal Revenue Code, and we intend to continue them as a qualified plan and trust.
12. We are not aware of any present legislative intentions to terminate the plans.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

#### **Information Provided**

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. 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.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

June 6, 2022  
CliftonLarsonAllen LLP  
Page 3

- a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
  6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
  7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
  8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
  9. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
  10. The entity 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, except as made known to you and disclosed in the financial statements.
  11. We have a process to track the status of audit findings and recommendations.
  12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
  13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Plans, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
  14. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  15. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
  16. The financial statements properly classify all funds and activities.
  17. Investments are properly valued.

June 6, 2022  
CliftonLarsonAllen LLP  
Page 4

18. The values of non-readily marketable investments represent good faith estimates of fair value determined by Management. The methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes.
19. Deposits and investment securities are properly classified as to risk and are properly disclosed.
20. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI
21. We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.
22. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We also have ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  \_\_\_\_\_  
Elizabeth Kitto  
Nationwide Retirement Solutions, Inc.