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May 28, 2025

To the City Council and Management
City of Evans, Colorado

We have audited the financial statements of City of Evans, Colorado (the “City”) for the year ended December 31, 2024, and have issued our report thereon dated June 3, 2025. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S Generally Accepted Auditing Standards was provided to you in the engagement letter dated November 8, 2024. This letter also communicated the general scope and timing of our audit; any significant updates have been verbally communicated.

We have also requested and received written representations from management regarding the financial statements. A copy of this letter can be provided to you upon request.

Significant Accounting Policies

The significant accounting policies used by the City are described in Note 1 to the financial statements. Governmental Accounting Standards Board Standard 101 (“GASB 101, Compensated Absences” was newly adopted effective January 1, 2024, resulting in an additional liability recorded for earned and expected to be used employee sick time. The application of other existing policies did not materially change during 2024.

We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant 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:

- Management’s estimate of the depreciable lives and estimated residual value of property and equipment is based on prior management experience. We evaluated the key factors and assumptions used to develop the depreciable lives and estimated residual value in determining that it is reasonable in relation to the financial statements taken as a whole.

- The estimate of the net pension liability is based on an actuarial valuation, which makes certain assumptions and estimations. We reviewed the valuation and key assumptions and found them to be reasonable.
- The estimate of employee sick time accrued, and expected to be used or paid in cash in future periods was based on a lookback of historical averages to develop the estimate. We reviewed the estimate of historical time taken and key assumptions and found them to be reasonable.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 3, 2025.

Consultations with Other Independent Accountants

None of which we are aware.

Significant Issues Discussed Prior to Retention of Independent Auditors

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

Significant Difficulties Encountered in Performing the Audit

None.

Other Matters

During our audit procedures, we noted that the sale of water rights and current subscription based IT arrangements were not reflected in the depreciation schedule or the capital asset roll forward for several years. We recommend reviewing the year-end capital asset processes to ensure all additions and disposals, including intangible assets such as water rights and subscription based IT arrangements, are consistently captured and recorded in one master schedule.

During our audit procedures, we noted that certain developer and escrow payables have remained outstanding for an extended period. We recommend that management continue to monitor procedures over these payables to ensure they are regularly reviewed, appropriately resolved, and do not become aged or stagnant. Timely review can help prevent potential misstatements, ensure proper use of funds, and maintain accountability to developers and other stakeholders.

As part of the implementation of GASB Statement No. 101, *Compensated Absences*, we recommend that management evaluate whether salary-related payments—such as the City's contributions to defined contribution retirement plans—should be included in the accrual for compensated absences. GASB 101

requires governments to consider certain salary-related payments that are directly and incrementally associated with compensated absences in the measurement of the liability.

We applied certain limited procedures to Management's discussion and analysis, certain budgetary schedules, and certain pension and OPEB schedules, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

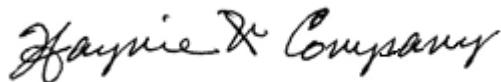
We were engaged to report on the combining statements and certain budgetary schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

We were not engaged to report on the transmittal letter and the Local Highway Finance Report, which accompany the financial statements but are not RSI. 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.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Evans 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 "Haynie & Company". The ink is dark and the signature is fluid, with a large, stylized 'H' and 'C'.

Haynie & Company

Client: CITY OF EVANS
Engagement: Audit 2024
Current Period: 12/31/2024
Workpaper: Adjusting Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
AJE#1					
To roll prior year fund balances					
11-00-0000-5100	Fd Balance		588.00	0.00	
11-00-0000-6999	Misc		0.00	588.00	
Total			588.00	588.00	588.00
AJE#2					
		3255			
Record initial entries for new SBITAs and reclass payments to P&L					
11-12-1200-8325	IT Services		0.00	19,950.00	
11-17-1780-8601	IT Capital Outlay		43,490.40	0.00	
11-00-0000-6970	SBITA Proceeds		0.00	23,540.40	
11-31-3100-8320	Pro Services		0.00	128,340.66	
11-91-9006-8410	SBITA Principle		128,340.66	0.00	
11-31-3180-8601	Equip & FA		722,345.99	0.00	
11-00-0000-6970	SBITA Proceeds		0.00	722,345.99	
11-14-1400-8320	Pro Services		0.00	9,600.00	
11-91-9006-8410	SBITA Principle		9,056.60	0.00	
11-14-1480-8601	Equip & FA		27,169.81	0.00	
11-00-0000-6970	SBITA Proceeds		0.00	27,169.81	
11-17-1700-8325	IT Services		0.00	6,600.00	
11-91-9006-8410	SBITA Principle		6,241.13	0.00	
11-91-9006-8420	SBITA Interest Expense		358.87	0.00	
11-17-1700-8325	IT Services		0.00	7,192.00	
11-91-9006-8410	SBITA Principle		6,800.95	0.00	
11-91-9006-8420	SBITA Interest Expense		391.05	0.00	
11-91-9006-8420	SBITA Interest Expense		543.40	0.00	
Total			944,738.86	944,738.86	151,732.66
PBCJE#1					
PBC to record compensated absences 2024 correction					
61-00-0000-3301	Accrued Compensated		122.00	0.00	
61-61-6101-8110	Regular		0.00	122.00	
62-00-0000-3301	Accrued Compensated		98.00	0.00	
62-62-6200-8110	Regular		0.00	98.00	
63-00-0000-3301	Accrued Compensated		24.00	0.00	
63-63-6300-8110	Regular		0.00	24.00	
Total			244.00	244.00	244.00
PBCJE#2					
PBC = Reclass entry to clean up expenses					
11-21-2104-8320	Professional Services		73,000.00	0.00	
27-40-4100-8320	Pro Services		0.00	73,000.00	
11-00-0000-1101	Pooled Cash		0.00	73,000.00	
27-00-0000-1101	Pooled Cash		73,000.00	0.00	
63-97-9700-7011	Tsfr from Gen Fund		0.00	1,587,250.00	
63-00-0000-1101	Pooled Cash		1,587,250.00	0.00	
11-99-9000-9063	Tsfr to Storm		1,587,250.00	0.00	
11-00-0000-1101	Pooled Cash		0.00	1,587,250.00	
Total			3,320,500.00	3,320,500.00	0.00
PBCJE#3					
PBC Entry for work completed in 2024 that will be paid by grant funds.					
11-00-0000-1227	AR - Grants		58,519.44	0.00	
11-00-0000-3602	Deferred Revenue		0.00	58,519.44	
Total			58,519.44	58,519.44	0.00
GRAND TOTAL			4,324,590.30	4,324,590.30	152,564.66