

RESOLUTION NO. 22.45

**A RESOLUTION AUTHORIZING THE ACCEPTANCE OF BID
FOR 2021 ENTERPRISE FUNDS AUDIT**

WHEREAS, the City of Monticello has advertised for bids for the 2021 Enterprise Funds Audit consistent with law;

WHEREAS, the following bid was received:

Richard L. Maxwell & Associates, PLLC. \$18,000.00

WHEREAS, the Mayor has recommended to the City Council the acceptance of the bid of Richard L. Maxwell & Associates, PLLC, for \$18,000.00 for the 2021 Enterprise Funds Audit related to said bid advertisement.


NOW, THEREFORE BE IT RESOLVED by the City Council of Monticello, Arkansas that the City of Monticello is authorized and directed to accept the bid of Richard L. Maxwell & Associates, PLLC, in the sum of \$18,000.00 for the 2021 Enterprise Funds Audit consistent with the bid specifications as advertised by City of Monticello.

(END OF RESOLUTION)

ADOPTED on this 24 day of May, 2022.



Mayor



City Clerk

4/14/22 2:00 PM

Bid Opening

2021 waterworks - (water, sewer, solid waste) - Audit

Present:

Nichie Norris

Kirstin Garrison

(1) Bid Received

1. Richard L. Maxwell & Associates, PLLC

Fee not to exceed \$ 18,000.00

RICHARD L. MAXWELL & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CRAIG G. KAMINICKI, CPA
RICHARD L. MAXWELL, CPA (1952-2008)
(870) 364-8992 Phone
(870) 364-4508 Fax

101 Cherrywood Lane
P. O. Box 548
Crossett, Arkansas 71635

April 4, 2022

Mayor Paige Chase
City of Monticello
P. O. Box 505
Monticello, Arkansas 71657

We are pleased to confirm our understanding of the services we are to provide for Monticello Waterworks Funds for the year ending December 31, 2021. We will audit the statement of net assets of Monticello Waterworks Funds as of December 31, 2021, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Monticello Waterworks Funds' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Monticello Waterworks Funds' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by accounting principles generally accepted in the United States of America and will be subjected to certain limited procedures but will not be audited.

1) Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies Monticello Waterworks Funds' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

- 1) Schedule of Revenues and Expenses – Budget vs. Actual
- 2) Schedule of Water and Sewer Rates
- 3) Summary of Insurance Coverage

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Monticello Waterworks Funds and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit, or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Monticello Waterworks Funds is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with accounting principles generally accepted in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or

Mayor Paige Chase
City of Monticello
April 4, 2022
Page 3

employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on the internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Monticello Waterworks Fund's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Monticello Waterworks Funds in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation in the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the System involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the System received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior

Mayor Paige Chase
City of Monticello
April 4, 2022
Page 6

management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Monticello City Council; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Richard L. Maxwell and Associates, PLLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Legislative Joint Auditing Committee or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Richard L. Maxwell and Associates, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

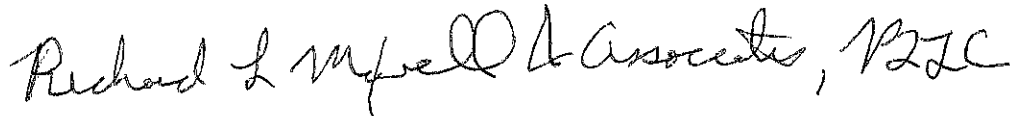
The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Legislative Joint Auditing Committee. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2022 and to issue our reports no later than October 13, 2022. Craig Kaminicki is the engagement partner and is responsible for supervising the engagement and signing the reports. Our fee for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs (such as report production, typing, postage, copies, etc.) except that we agree that our gross fee, including expenses, will not exceed \$18,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Mayor Paige Chase
City of Monticello
April 4, 2022
Page 7

We appreciate the opportunity to be of service to Monticello Waterworks Funds and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Regards,



Richard L. Maxwell & Associates, P.L.L.C.

RESPONSE:

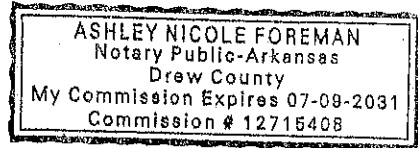
This letter correctly sets forth the understanding of Monticello Waterworks Funds.

Authorized Signature: _____

Title: _____

Date: _____

Proof of Publication



STATE OF ARKANSAS

COUNTY OF DREW

I, Tom White; do swear that I am Publisher of the ADVANCE MONTICELLONIAN, a newspaper published in Drew County, Arkansas, having an actual and bona fide circulation in the City of Monticello and in said County and that the NOTICE, of which the annexed and attached is a true copy, was published for 2 consecutive weeks, as follows, to wit 3-30-22 and 4-6-22

[Signature]

Subscribed and sworn to me this 7 day of April 2022

[Signature]

Notary Public Clerk

My Commission Expires 07/09/2031

**THE CITY OF MONTICELLO
REQUESTS FOR QUALIFICATIONS
FOR AUDIT SERVICES**

AUDIT PROPOSAL REQUIREMENTS

- 1. Estimated Cost
- 2. Firm Qualifications

Please mail or deliver your information to:

City of Monticello
P.O. Box 505, Monticello, AR 71657

Only Waterworks (Water, Sewer and Solid Waste) will be audited for the fiscal year 1-1-21 to 12-31-21 in accordance with governmental auditing standards. The requests must be received by Thursday, April 14, 2022 at 2:00 p.m. For more information contact Vickie Norris at City Hall 870-367-4400 ext. 223. The City of Monticello reserves the right to reject any and/or all proposals.

Paid for by the City of Monticello in the amount of \$30.24.

#103876 3/30 4/6

**THE CITY OF MONTICELLO
REQUESTS FOR QUALIFICATIONS
FOR AUDIT SERVICES**

AUDIT PROPOSAL REQUIREMENTS

- 1. Estimated Cost
- 2. Firm Qualifications

Please mail or deliver your information to:

City of Monticello
P.O. Box 505, Monticello, AR 71657

Only Waterworks (Water, Sewer and Solid Waste) will be audited for the fiscal year 1-1-21 to 12-31-21 in accordance with governmental auditing standards. The requests must be received by Thursday, April 14, 2022 at 2:00 p.m. For more information contact Vickie Norris at City Hall 870-367-4400 ext. 223. The City of Monticello reserves the right to reject any and/or all proposals.

Paid for by the City of Monticello in the amount of \$30.24.

#103876 3/30 4/6