

IN THE CITY OF META, MISSOURI

BILL NO. 2020-08

ORDINANCE NO. 558

AN ORDINANCE AUTHORIZING THE MAYOR PRO-TEM TO ENTER INTO A CONTRACT/AGREEMENT WITH GERDING, KORTE AND CHITWOOD AUDITING FIRM, FOR AUDITING SERVICES FOR THE FISCAL YEAR OF 2019-2020.

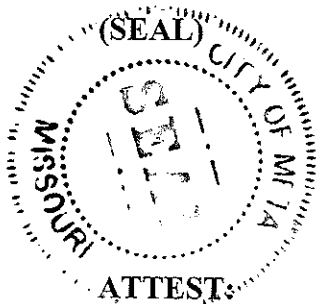
BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF META, MISSOURI, AS FOLLOWS:

- Section 1. The Board of Aldermen for the City of Meta, Missouri, hereby authorizes Mayor Pro-Tem, Lawrence Hoffman to enter into a contract/agreement between the City and Girding, Korte and Chitwood Auditing Firm, for auditor services for the Fiscal Year 2019-2020.
- Section 2. The contract/agreement shall be in substantially the form and upon the terms as the attached form.
- Section 3. This ordinance shall be in full force and effect upon final passage and approval.

FIRST READING HELD THIS 13th DAY OF MAY, 2020.

SECOND READING HELD THIS 13th DAY OF MAY 2020.

ALDERMEN	AYE	NAY
Lawrence Hoffman	_____	_____
Ivie Helton	_____✓_____	_____
Otto Wankum	_____✓_____	_____
Steven Sherrell	_____✓_____	_____
Mayor Harold Libbert (in case of a tie vote)	_____	_____



Lawrence Hoffman

 Lawrence Hoffman, Mayor Pro-Tem

Deidra Buechter

 Deidra Buechter, City Clerk

April 14, 2020

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765
www.gkccpas.com

City of Meta
Deidra Buechter, Clerk
PO Box 65
Meta, MO 65058

Dear Deidra:

Enclosed are two copies of the engagement letter for this year's audit. Please review, sign and return as indicated by the stickers, to our office at your earliest convenience. Once we receive the signed engagement letter from you, we will send you confirmation letters to prepare as well as the normal list of documents we will need to review as part of the audit process.

As the COVID-19 situation continues to disrupt our daily lives, our firm is planning procedures to protect our staff and audit clients. We are still several months away from audit fieldwork, but would like to reassure you that as always, we will get the audit completed in a timely manner. We are working on/thinking of several different scenarios that would best fit each client and encourage you to think about these as well to see what you think will work best in your situation, should the COVID-19 situation not change in the next several months:

1. It could be the case that we have documents sent to our office (or we come and pick them up from you once they are gathered together) and perform the fieldwork here in our office
2. We could perform some of the fieldwork from our office and some at your location
3. We could perform the fieldwork as normal at your location (provided the COVID-19 situation improves)

As we get closer to audit fieldwork, we will be in touch with you to work together to determine the best way to proceed so that we not only keep everyone safe, but are able to complete the audit with as little disruption to you and your staff as possible. Thank you and please let me know if you have any questions.

Sincerely,


Jeffrey A. Chitwood, CPA

April 15, 2020

City of Meta, Missouri
Deidra Buechter, City Clerk
P.O. Box 65
Meta, Missouri 65058

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765

www.gkccpas.com

Dear Ms. Buechter:

We appreciate your confidence in Gerding, Korte & Chitwood, P.C., and are pleased to confirm our understanding of the services we are to provide the City of Meta, Missouri (the "City"), for the year ended June 30, 2020.

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended June 30, 2020.

We have also been engaged to report on supplementary information other than required supplementary information that accompanies the City's 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 statement or to 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 in a report combined with our auditor's report on the financial statements:

1. Non-Major Funds Combining Statements;
2. Schedule of Revenues Collected, Expenditures Paid, Changes in Fund Balance – Budget and Actual – Governmental Funds.

PARTNERS
Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

PARTNER EMERITUS
Robert A. Gerding

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with the cash basis of accounting and to report on the fairness of the supplementary information referred to above 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 the City and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the City Council of the City. 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 issue reports or may withdraw from 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 the provisions of laws, regulations, contracts, and 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 and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control 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 the City 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 U.S. generally accepted auditing standards and the standards for financial audits contained in *Government 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 government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and 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, an unavoidable

risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards 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, 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 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 direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may 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 your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the government 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 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. Accordingly, we will express no such opinion. 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 the City'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 the City in conformity with the cash basis of accounting based on information provided by you. These nonaudit 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 designing, implementing, and maintaining effective internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for 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 of the financial statements and all accompanying information in conformity with the cash basis of accounting, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are responsible for including all informative disclosures that are appropriate for the cash basis of accounting. Those disclosures will include (1) a description of the cash basis of accounting, including a summary of significant accounting policies and how the cash basis of accounting differs from GAAP; (2) informative disclosures similar to those required by GAAP; and (3) additional disclosures beyond those specifically required that may be necessary for the financial statements to achieve fair presentation.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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 including identification of related parties and all related party relationships and transactions, (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 of each opinion unit 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 government 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 government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with the cash basis of accounting. 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 include the audited financial statements with any presentation of the supplementary information that includes 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 the cash basis of accounting; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the cash basis of accounting; (3) 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 and providing report copies of 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 nonaudit 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 nonaudit services by designating an individual, preferably from senior 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 may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will perform the following procedures for us:

- Document internal control procedures for our review and consideration.
- Type all confirmation letters.
- Assist us in tracking down any exceptions noted in the returned confirmation letters.
- Pull all invoices selected in our test selection, and subsequently refile those invoices.
- Pull all other items in our test selections and subsequently refile those items.
- Perform detailed account analysis as directed by our staff.

In the interest of facilitating our services to your City, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to your City. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

We will provide copies of our reports to the City; 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 Gerding, Korte & Chitwood and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a Cognizant or Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. General Accounting 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 Gerding, Korte & Chitwood 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.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement. The balance of our engagement file, other than the financial statement, which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we become obligated to pay any judgment or similar award, agree to pay any amount in settlement, and/or incur any costs as a result of any inaccurate or incomplete information

that you provide to us during the course of this engagement, you agree to indemnify us, defend us, and hold us harmless against such obligations, agreements, and/or costs.

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within the County of Cooper, State of Missouri, by the American Arbitration Association, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Missouri law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report production, typing, postage, travel, copies, and telephone, etc.). We estimate our gross fee, will not exceed \$6,100. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. This estimate 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 additional costs.

Our fees for consultation during the year will be based upon the hourly rate of the person performing the services. Our rates vary among our staff, but generally our partners charge from \$100 to \$200 per hour and our staff rates range from \$75 to \$125 per hour. There will be no charge for infrequent, insignificant contact throughout the year.

The proposed fee does not include additional audit work that would be required for any new debt or debt refunding. The additional time required would be billed at our standard rates.

The proposed fee does not include a Uniform Guidance Audit which is required if expenditures of federal awards exceed \$750,000. If a Uniform Guidance Audit is required, additional time will be necessary and we will discuss it with you and arrive at a new mutually agreeable fee.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.