

RESOLUTION NO. 2023-19

**A RESOLUTION OF THE TWIN OAKS BOARD OF ALDERMEN
APPROVING AN AUDITING SERVICES AGREEMENT WITH BOTZ,
DEAL & COMPANY, P.C.**

WHEREAS, the City of Twin Oaks (the "City") advertised a Request for Proposal for audit services; and

WHEREAS, in response the City received one proposal which was from Botz, Deal & Company, P.C.; and,

WHEREAS, the Board of Aldermen reviewed the proposal received; and

WHEREAS, the Board of Aldermen has determined that the proposal of Botz, Deal & Company, P.C., attached hereto as Exhibit A and incorporated herein by reference (the "Proposal") meets the needs of the City at this time.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF TWIN OAKS, MISSOURI, AS FOLLOWS:

Section 1. The Board of Aldermen hereby accepts the Proposal from and approves the appointment of Botz, Deal & Company, P.C. as auditors of the City's financial statements for a period of three (3) years, beginning with the fiscal year ended on December 31, 2023 and ending fiscal year ended on December 31, 2025 (the "Audit Term").

Section 2. The Board of Aldermen hereby authorizes the Mayor to execute the agreement substantially in the form of the agreement attached as Exhibit B hereto and incorporated herein by reference (the "Agreement") to engage Botz, Deal & Company, P.C. as the auditor of the city's financial statements for the Audit Term pursuant to the terms as the Agreement at a rate of \$18,750 for year ending December 31, 2023, \$19,750 for year ending December 31, 2024, and \$20,750 for year ending December 31, 2025 for a total charge for the Audit Term of \$59,250.

Section 3. This Resolution is adopted and shall be in full force and effect on and after its passage and approval.

THIS RESOLUTION WAS PASSED AND APPROVED THE 4th DAY OF OCTOBER 2023, BY THE BOARD OF ALDERMEN OF THE CITY OF TWIN OAKS, MISSOURI.



Russ Fortune, Mayor

Attest:



Frank Johnson, City Clerk

Exhibit A

Botz, Deal & Company, P.C. Proposal

CITY OF TWIN OAKS, MISSOURI

PROPOSED SCHEDULE OF COMPENSATION

**Audit Services
2023-2024-2025**

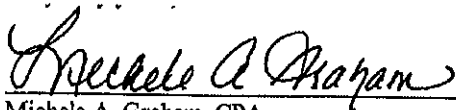
Name of Firm Submitting RFP: Botz, Deal and Company PC
Name of Person Submitting RFP: Michele Graham
Address: Two Westbury Drive, St. Charles, MO 63301
Telephone Number: 636-946-2800
Email: mgraham@botzdeal.com

Proposes Compensation

| YEAR | AUDIT FEE |
|--|------------------|
| 1. Audit for year ending December 31, 2023 | \$18,750 |
| 2. Audit for year ending December 31, 2024 | \$19,750 |
| 3. Audit for year ending December 31, 2025 | \$20,750 |
| Total Charges for 2023, 2024, 2025 | \$59,250 |

The above fee is based upon a reasonable amount of assistance and cooperation from the City's staff and the assumption we will not encounter unusual circumstances or fraud. If we encounter such a situation, we will discuss this with you before proceeding.

The fee includes routine calls and assistance to your staff with any accounting issues, which may arise during the year. If considerable time and/or research is involved, there is a charge for this service, and we will inform management of this prior to providing the service. We may issue another engagement letter for additional services, if the engagement is extensive. Additional services provided to the City will be billed based on time involved in accordance with our standard billing rates.


Michele A. Graham, CPA

September 18, 2023
Date

Exhibit B

Botz, Deal & Company, P.C. Agreement



October 1, 2023

Board of Aldermen of
City of Twin Oaks, Missouri
1393 Big Bend Road, Suite F
Twin Oaks, MO 63021

We are pleased to confirm our understanding of the services we are to provide for City of Twin Oaks for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of governmental activities, each major fund, and the aggregate remaining fund information and the disclosures, which collectively comprise the basic financial statements of City of Twin Oaks as of and for the year ended December 31, 2023. Accounting standards generally accepted in the United States (GAAS) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement City of Twin Oaks’ 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 statement in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Twin Oaks’ RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for the 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 the sufficient evidence to express an opinion or provide any assurance. The following RSI is required by the U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures but will not be audited.

1. Management’s discussion and analysis
2. Budgetary comparison schedules
3. Schedule of Changes In Net Pension Liability and Related Ratios
4. Schedule of Employer Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies City of Twin Oaks' 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 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 auditors' report on the financial statements:

1. Budgetary Comparison Schedules

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other exists, we are required to describe it in our report.

1. Transmittal letter
2. Statistical information

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable 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 employees acting on behalf of the government.

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 an unavoidable risk that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct or 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 comes 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.

We will also conduct, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

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, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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.

We have identified the following significant risk of material misstatement as part of our audit planning.

- Improper revenue recognition, which is inherent in all audits.
- Management override of internal controls.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we will perform tests of City of Twin Oaks's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of City of Twin Oaks in conformity with U.S. generally accepted accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services precisely 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.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with the accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is also responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside the general and subsidiary ledgers). 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, such as records, documentation, identification of related parties and related-party relationships and transactions, and other matters; (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. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management 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 entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented to accordance with GAAP; (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.

Engagement Administration, Fees, and Other

We understand you will reconcile all balance sheet accounts and provide the underlying documents and ledgers to support those balances. We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing.

Michele A. Graham is the engagement partner and is responsible for supervising the engagement and signing the reports.

The audit documentation for this engagement is the property of Botz, Deal and Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulators or their designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Botz, Deal and Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators or their designee. The regulators or their designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, and postage, except that we agree that our gross fee per our proposal, including expenses will not exceed \$18,750 (2023); \$19,750 (2024); \$20,750 (2025). In addition to the services, we will prepare the Comprehensive Annual Financial Report for Submission to the Government Finance Officers Association. This service is included in the above fee. Bills for services will be due net 20 days. A fee of 1 1/2% per month is charged on all accounts unpaid in excess of 30 days. You agree that the amount invoiced is not in dispute after 30 days of invoicing unless such dispute is received in writing prior to the end of that 30-day period. You further agree to pay all costs of collection incurred should it become necessary, to include reasonable attorney's fees, court, and related costs.

Our fees are based on anticipated cooperation and the preparation of workpapers 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 before we incur the additional costs.

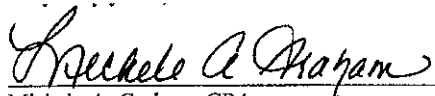
Reporting

We will issue a written report upon completion of our audit of City of Twin Oaks' financial statements. Our report will be addressed to the City Council of Twin Oaks, Missouri. Circumstances may arise in

which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions 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 withdraw from this engagement.

We appreciate the opportunity to be of service to City of Twin Oaks 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.

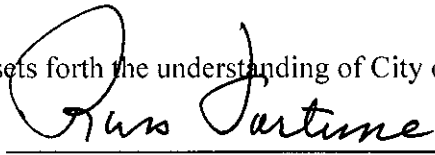
Very truly yours,


Michele A. Graham, CPA

RESPONSE:

This letter correctly sets forth the understanding of City of Twin Oaks.

Officer signature:



Title:

Mayor

Date:

Oct 11, 2023
