

Posted on May 11, 2021 at: _____



**TOWN OF WIGGINS
SPECIAL BOARD MEETING
AGENDA**

**May 12, 2021 at 8:30 P.M.
(Following Work Session)**

**304 CENTRAL AVENUE
WIGGINS, CO 80654**

***NOTE: THE PUBLIC IS HIGHLY ENCOURAGED TO ATTEND THE MEETING VIA
ZOOM DUE TO LIMITED SEATING CAPACITY***

GO TO THE FOLLOWING SITE <https://zoom.us/j/96803600682> FOR THE MEETING LINK

SPECIAL MEETING AGENDA

I. INTRODUCTIONS

1. Call the Meeting to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of Agenda

II. CONSIDERATION OF RESOLUTION NO. 15-2021 - A Resolution Approving and Authorizing the Mayor to Sign the Engagement Letter for the 2020 Year end Audit of the Town of Wiggins Financials

1. Resolution No. 15-2021
2. Audit Engagement Letter

III. ADJOURNMENT

1. Closing Remarks by Mayor and Adjournment of Meeting



STAFF SUMMARY
Board of Trustees Special Meeting

May 12, 2021

DATE: May 9, 2021

AGENDA ITEM NUMBER: 2

TOPIC: Resolution No. 15-2021 - A Resolution Authorizing the Mayor to Sign the 2020 Year End Audit Engagement Letter

STAFF MEMBERS RESPONSIBLE: Tom Acre, Town Manager
Deborah Lee, Town Clerk/Treasurer

BACKGROUND

As the 2019 Audit was being completed, the Board of Trustees expressed interest to staff regarding utilizing the services of a different audit firm for the 2020 audit.

SUMMARY

Staff prepared a Request for Proposal (RFP) in March 2021 and sent it out to a list of 13 qualified audit firms. We received inquiries from several firms regarding the RFP. Three audit firms provided responses to the RFP.

Staff reviewed each response, called references and asked clarifying questions/interviewed each responding firm. Each of the three firms are very qualified and those clients we spoke with had high regard for each firm. Based on staff's analysis of the three firms' capabilities, including proposed schedule and cost, we selected Prospective Business Solutions, LLC as the best fit to meet the Town of Wiggins needs to perform the 2020 Audit.

FISCAL IMPACT

Adoption of this resolution will not significantly impact the adopted 2021 budget as the 2020-year end audit is a budgeted item. However, the cost is slightly above what was budgeted.

APPLICABILITY TO TOWN OBJECTIVES AND GOALS TO PROVIDE SERVICES

Having an annual audit of the Town's finances supports the Town of Wiggins goals of being a good steward of financial resources and providing transparency in government.

OPTIONS AVAILABLE TO TOWN TRUSTEES

The Board of Trustees could adopt this Resolution as presented, request an amendment, or not adopt the Resolution.

MOTION FOR APPROVAL

I make a motion to adopt Resolution 15-2021 – A Resolution Approving and Authorizing the Mayor to Sign the Engagement Letter for the 2020 Year end Audit of the Town of Wiggins Financials

ACTION REQUESTED

MOTION, SECOND, ROLL-CALL VOTE

(Resolutions require affirmative votes from the majority of Trustees present)

RESOLUTION NO. 15-2021

A RESOLUTION APPROVING AND AUTHORIZING THE MAYOR TO SIGN THE ENGAGEMENT LETTER FOR THE 2020 YEAR END AUDIT OF THE TOWN OF WIGGINS FINANCIALS

WHEREAS, the Town of Wiggins is required to have a yearly audit of Town Finances each year; and

WHEREAS, the Town of Wiggins is required to submit the results of this year end audit to the Colorado Office of the State Auditor by July, 31st of each year; and

WHEREAS, Prospect Business Solutions, LLC submitted the most responsive proposal in response to the Town's Request for Proposals (RFP) for Audit Services; and

WHEREAS, the Board of Trustees, by this resolution desires to authorize the Mayor to sign the Engagement Letter attached to this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF WIGGINS, COLORADO:

Section 1. The Board of Trustees hereby approves the Audit Engagement Letter presented by Prospect Business Solutions, LLC and authorizes the Mayor to sign such Engagement Letter.

Section 2. The Town Manager, Town Clerk and Town staff are further authorized to do all things necessary on behalf of the Town to perform the obligations of the Town related to such Audit.

Section 3. This Resolution shall be in full force and effect from and after the date of its passage and approval.

INTRODUCED, ADOPTED AND RESOLVED THIS 12th DAY OF MAY, 2021.

TOWN OF WIGGINS, COLORADO

Jeffrey W. Palmer, Mayor

ATTEST:

Deborah Lee, Town Clerk

May 7, 2021

Town Board of Trustees and Management
Town of Wiggins
Wiggins, Colorado

We are pleased to confirm our understanding of the services we are to provide the Town of Wiggins for the year ended December 31, 2020.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Town of Wiggins as of and for the year ended December 31, 2020. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement The Town of Wiggins 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 The Town of Wiggins 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 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 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 – General Fund and Major Revenue Funds
- 3) Schedule of the Town's Proportionate Share of the Net Pension Liability – FPPA Statewide Defined Benefit Plan
- 4) Schedule of the Town's Contributions – FPPA Statewide Defined Benefit Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Wiggins 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 GAAS, and we 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) Individual Fund Schedules
- 2) Local Highway Finance Report

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; 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 government 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 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 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 comes 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.

We will also conclude, 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 direct confirmation of certain assets and liabilities by correspondence with selected customers, 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.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and 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.

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 Town of Wiggins compliance with the provisions of applicable laws, regulations, 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 the Town of Wiggins in conformity with 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 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.

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 accounting principles generally accepted in the United States of America.

Management is 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 of 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 all related parties and all 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 government complies with applicable laws and regulations.

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.

Engagement Administration, Fees, and Other

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

The audit documentation for this engagement is the property of Prospective Business Solutions LLC 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. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Prospective Business Solutions personnel. Furthermore, upon request, we may provide copies of selected audit documentation.

Uli Keeley, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for services will be our quoted fee of \$15,000. 30% of the audit fee will be invoiced after completion of interim field work and the balance of the fee will be billed after issuance of the audit report. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. 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.

Reporting

We will issue a written report upon completion of our audit of the Town of Wiggins financial statements. Our report will be addressed to Town Board of Trustees and Management of the Town of Wiggins. 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 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 the Town of Wiggins 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 attached copy, and return it to us.

Very truly yours,

PB Solutions LLC

Prospective Business Solutions LLC

RESPONSE:

This letter correctly sets forth the understanding of The Town of Wiggins.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____