

Diehl Banwart Bolton

Certified Public Accountants PA

March 6, 2024

City of Uniontown, Kansas
Sally Johnson, City Clerk
PO Box 51
Uniontown, Kansas 66779

Dear Sally,

Enclosed are two copies of a contract for our firm to audit the financial statement of the City of Uniontown, Kansas as of and for the year ended December 31, 2023. Please review the contract and present at the next City Council meeting for approval. A signed copy should be returned to us in the enclosed business return envelope after approval by the City Council.

It has been our pleasure to work with you and the City in the past. We would appreciate the opportunity to continue to be of service to the City. If you have any questions regarding the contract, or any other matter, please feel free to contact me.

Very truly yours,

DIEHL, BANWART, BOLTON, CPAs PA

Amanda J. Lancaster, CPA

Amanda J. Lancaster
Certified Public Accountant

AJL:gns
Enclosures

RECEIVED
3/7/24

Diehl Banwart Bolton

Certified Public Accountants P.A.

March 6, 2024

CONTRACT FOR AUDITING SERVICES

To the City Council of the City of Uniontown, Kansas

We are pleased to confirm our understanding of the services we are to provide the City of Uniontown, Kansas (the City) for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the regulatory basis financial statement and the disclosures, which collectively comprise the basic financial statement of the City as of and for the year ended December 31, 2023.

It is agreed that the basis of presentation of the financial statement will be the format required by the **Kansas Municipal Audit and Accounting Guide**. It is further agreed that the City has or will pass a resolution to waive the requirements of law relating to the preparation of financial statements and financial reports that confirm to generally accepted accounting principles as provided by K.S.A. 75-1120a(c).

We have also been engaged to report on the regulatory required supplementary information that accompanies the City's financial statement. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statement 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 statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statement as a whole in a report combined with our auditor's report on the financial statement:

- 1) Summary of Expenditures - Actual and Budget – Regulatory Basis
- 2) Schedule of Receipts and Expenditures - Actual and Budget – Regulatory Basis (Budget included only for budgeted funds)

The objectives of our audit are to obtain reasonable assurance as to whether the financial statement as a whole is free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statement is fairly presented, in all material respects, in conformity with the regulatory basis of accounting; and report on the fairness of the supplementary information referred to above 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 omission, 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 statement.

Auditors' Responsibilities for the Audit of the Financial Statement

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.

7 1/2 East Wall Street ● P.O. Box 469 ● Fort Scott, Kansas 66701

Phone (620) 223-4300 ● Fax (620) 223-2242

www.cpadbb.com

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 statement, 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 statement is 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 City or to acts by management or employees acting on behalf of the City.

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 statement. 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 City'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, direct confirmation of cash and debt, and may include direct confirmation of certain other receipts and expenditures by correspondence with selected individuals, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

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.

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

Audit Procedures—Internal Control

We will obtain an understanding of the City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statement, 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 risks of material misstatement as part of our audit planning:

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we will perform tests of the City's 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 assist in preparing the financial statement of the City in conformity with the regulatory basis of accounting 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 judgement, 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 Statement

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls related to the preparation and fair presentation of a financial statement that is free from 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 statement in conformity with the regulatory basis of accounting with the oversight of those charged with governance.

Management is responsible for making drafts of the financial statement, 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 statement, 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 statement and related matters.

Your responsibilities include adjusting the financial statement 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 statement 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 City 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 statement. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with the regulatory 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 statement 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 the regulatory basis of accounting; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the regulatory 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.

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.

The audit documentation for this engagement is the property of Diehl, Banwart, Bolton, CPAs, PA 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 certain regulators or their designees. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Diehl, Banwart, Bolton, CPAs, PA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to certain regulators or their designees. Certain regulators or their designees may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Amanda J. Lancaster, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit in the spring of 2024 and to issue our reports no later than July 31, 2024.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, confirmation service provider fees, etc.) except that we agree that our gross fee, including expenses will not exceed \$5,990. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of our engagement and is payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 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. The following are examples of circumstances, which could result in an increase in fees:

- a significant change in the amount or type of accounting records maintained,
- change in personnel with a corresponding change in level and quality of work performed,
- significant state and/or federal grants requiring additional audit work, including a Single Audit,
- issuance of long-term debt not identified previously for the purposes of new financing or refunding of previously issued long-term debt.
- change in audit or reporting requirements due to changes in the **Kansas Municipal Audit and Accounting Guide**, accounting principles generally accepted in the United States of America, or generally accepted auditing standards,
- evidence of fraud requiring additional procedures.

Disputes arising under this agreement (including the scope, nature and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

It is our understanding that your intent in engaging us is that the financial statement we render to you under this agreement will be made available to the State of Kansas Municipal Accounting Section. Moreover, as of the time of this engagement, we have not been notified, in writing or otherwise, that the professional accounting services rendered under this agreement will be made available to any other person, firm or corporation for any purpose not specified hereinabove. Consequently, no other person, firm or corporation is entitled to rely upon these professional services for any purpose without our express, written agreement. This engagement letter embodies the entire agreement and understanding between the parties hereto and there are no promises, warranties, covenants or conditions made by any of the parties except as herein expressly contained. The terms and conditions of this engagement shall be governed and construed in accordance with the laws of the State of Kansas and may only be modified in a writing signed by all the parties. It is agreed that venue and jurisdiction involving any matters arising out of this engagement letter is in the State of Kansas.

Reporting

We will issue a written report upon completion of our audit of the City's financial statement. Our report will be addressed to the City Council and management of the City. 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 opinion, add a separate section, 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 opinion is 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 the City, 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,

Diehl, Banwart, Bolton, CPAs, PA

Diehl, Banwart, Bolton, CPAs, PA

RESPONSE:

This letter correctly sets forth the understanding of the City of Uniontown, Kansas.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____