

# Ellis County Kansas Public Building Commission

Regular Agenda

Monday, March 12, 2018 5:00 PM

Ellis County Administrative Center- Commission Room

## Order of Business

- I. Opening
  - A. Call to Order
  - B. Secretary Calls the Roll
  - C. Agenda
    - Consideration of Changes
- II. Approval of Prior Minutes  
March 5, 2018
- III. Consideration of Accounts Payable
- IV. Audit Engagement Letter [Enclosure](#)
- V. Executive Session(s)
- VI. Adjournment

Certified  
Public  
Accountants

February 28, 2018

To the Commission  
**Ellis County, Kansas Public Building Commission**  
1204 Fort St.  
Hays, Kansas 67601

We are pleased to confirm our understanding of the services we are to provide **Ellis County, Kansas Public Building Commission** for the year ended December 31, 2017. We will audit the regulatory basis financial statement and the related notes to the financial statement of **Ellis County, Kansas Public Building Commission** as of and for the year ended December 31, 2017.

We have also been engaged to report on supplementary information that accompanies **Ellis County, Kansas Public Building Commission**' 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, and we will provide an opinion on it in relation to the financial statement as a whole, in a report combined with our auditors' report on the financial statement:

- Schedule of receipts and expenditures

#### **Audit Objective**

The objective of our audit is the expression of an opinion as to whether your financial statement is fairly presented, in all material respects, in conformity with the regulatory basis of accounting and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statement as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide* and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of **Ellis County, Kansas Public Building Commission**' financial statement. Our report will be addressed to the commission of **Ellis County, Kansas Public Building Commission**. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of matter or other-matter paragraphs. If our opinion on the financial statement 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 an opinion, we may decline to express an opinion or may withdraw from this engagement.

#### **Audit Procedures — General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; therefore, our audit will involve judgment about the number of transactions to be

## **Ellis County, Kansas Public Building Commission**

Page 2

February 28, 2018

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 statement. 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 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 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 U.S. generally accepted 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 statement. 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 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 direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, 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. At the conclusion of our audit, we will require certain written representations from you about the financial statement and related matters.

### **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 statement and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. 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 statement is free of material misstatement, we will perform tests of **Ellis County, Kansas Public Building Commission**' 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 statements of **Ellis County, Kansas Public Building Commission** 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.

## **Ellis County, Kansas Public Building Commission**

Page 3

February 28, 2018

### **Management Responsibilities**

Management is responsible for designing, implementing, and maintaining effective internal controls, 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.

You are responsible for including all informative disclosures that are appropriate for the regulatory basis of accounting. Those disclosures will include (1) a description of the regulatory basis of accounting, including a summary of significant accounting policies, and how the regulatory 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 statement 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 statement, (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 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 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 statement. 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, regulators, or others. In addition, you are responsible for identifying and ensuring that the government 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 management 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.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably

**Ellis County, Kansas Public Building Commission**

Page 4

February 28, 2018

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**

Melissa A. Romme 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 this service will not exceed \$4,295. It 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.

We appreciate the opportunity to be of service to **Ellis County, Kansas Public Building Commission** 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.

*Adams, Brown, Beran & Ball, Chartered*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

**RESPONSE:**

This letter correctly sets forth the understanding of **Ellis County, Kansas Public Building Commission**.

By: \_\_\_\_\_

Title: \_\_\_\_\_