

**CITY OF SANDY OAKS, TEXAS**

**RESOLUTION NO. 2018-90**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANDY OAKS, TEXAS RETAINING BEYER & COMPANY TO PERFORM THE ANNUAL AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017 FOR THE CITY.**

**WHEREAS**, section 103.001 of the Local Government Code requires that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit; and

**WHEREAS**, section 103.002 of the Local Government Code requires that a municipality shall employ at its own expense a certified public accountant who is licensed in this state or a public accountant who holds a permit to practice from the Texas State Board of Public Accountancy to conduct the audit and to prepare the annual financial statements, and

**WHEREAS**, the City Council is committed to the financial stability of the City of Sandy Oaks ("City") and finds it is in the best interest of the citizens to obtain the services of Beyer & Company to perform the City's audit as set forth above;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANDY OAKS, TEXAS AS FOLLOWS:**

**SECTION 1:** That the recitals set forth above in this Resolution are true and correct and are hereby adopted as findings of the City Council and are incorporated into the body of this Resolution as if fully set forth herein.

**SECTION 2:** The City Council of the City, does hereby approve of Beyer & Company to perform the City's audit for the fiscal year ending September 30, 2017, approves the agreement with Beyer & Company for the performance of such audit attached hereto as Exhibit "A," and authorizes the Mayor to execute such agreement.

**SECTION 3:** If any portion of this Resolution shall, for any reason, be declared invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining provisions hereof and the Council hereby determines that it would have adopted this Resolution without the invalid provision.

**SECTION 4:** This Resolution shall take effect immediately from and after the passage and approval of this Resolution.

**PASSED AND APPROVED** on this 8<sup>th</sup> day of November, 2018.

**CITY OF SANDY OAKS, TEXAS**

Karen Mendiola Tanguma  
Karen Mendiola Tanguma, Mayor

**ATTEST:**

Kathy Yelton  
Katherine Yelton, City Clerk



**BEYER & Co.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Wayne R. Beyer, C.P.A.

---

P.O. Box 366 / 442 West Oaklawn  
Pleasanton, Texas 78064  
Phone: (830) 569-8781 ~ Fax: (830) 569-6776  
E-mail: beyerandco@sbcglobal.net

---

111 North Odem  
Sinton, Texas 78387

***Please reply to Pleasanton address***

October 1, 2018

To the Honorable Mayor  
and City Council  
City of Sandy Oaks, Texas

We are pleased to confirm our understanding of the services we are to provide the City of Sandy Oaks, Texas for the year ended September 30, 2017. We will audit the financial statements of the governmental activities, 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 of Sandy Oaks, Texas as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Sandy Oaks, Texas' 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 City of Sandy Oaks, Texas' RSI in accordance with auditing standards generally accepted in the United States of America. 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 generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Sandy Oaks, Texas' 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 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) Combining Statements.



## **Audit Objective**

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 generally accepted accounting principles and to 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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records 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 of Sandy Oaks, Texas' financial statements. Our report will be addressed to the Honorable Mayor and City Council of the City of Sandy Oaks, Texas. 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 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 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 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 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 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 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.

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, 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 statements 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 statements 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 statements are free of material misstatement, we will perform tests of the City of Sandy Oaks, Texas' 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 and audit adjustments necessary to convert your financial statements to both the modified accrual and full accrual basis (including preparing adjustments, the conversion schedule, and the audit report) of the City of Sandy Oaks, Texas in conformity with U.S. generally accepted accounting principles 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.

## **Management Responsibilities**

Management is responsible for establishing 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 statements in conformity with U.S. generally accepted accounting principles.

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, (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 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 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, 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 U.S. generally accepted accounting principles. 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 in 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. 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 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 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.

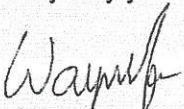
The audit documentation for this engagement is the property of Beyer & Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the City or its designee.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

We expect to begin our audit in approximately February 2019 and to issue our reports no later than July 2019. Wayne R. Beyer 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 these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$12,000.00. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. 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.

We appreciate the opportunity to be of service to the City of Sandy Oaks, Texas 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,



BEYER & COMPANY  
Certified Public Accountants

#### RESPONSE:

This letter correctly sets forth the understanding of the City of Sandy Oaks, Texas.

Management signature: Kathy Yelton  
Title: City Clerk  
Date: 11/9/18

Governance signature: Karon Mendola Tanguma  
Title: Mayor  
Date: 11/9/18



**Addendum to October 1, 2018 Engagement Letter to the City of Sandy Oaks from Beyer & Company**

In accordance with Chapter 2270, Texas Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.

The signatory executing this agreement on behalf of Beyer & Company verifies that the Beyer & Company does not boycott Israel and will not boycott Israel during the term of this agreement.

Beyer & Company hereby certifies that it has filed Form 1295 pursuant to section 2252.908 of the Texas Government Code and shall furnish a copy of such form to the City of Sandy Oaks at the time of execution of this contract.

By: Wayne R. Beyer  
(Name and Title)  
Beyer and Company

Date: 10/25/18

By: Karen Mendiola Tanguma Date: 11/9/18  
Karen Mendiola Tanguma, Mayor  
City of Sandy Oaks