



RIVERBEND RESOLUTION NO. 20180523-01

AUTHORIZING THE EXECUTIVE DIRECTOR/CEO/ELIZABETH FAZIO HALE, TO EXECUTE A LETTER OF ENGAGEMENT FOR SERVICES WITH HOLLIDAY, LEMONS AND COX; PC FOR NON-AUDIT ACCOUNTING SERVICES

WHEREAS, Riverbend Water Resources District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59 Article XVI, Texas Constitution, existing pursuant to and having the powers set forth in Chapter 9601 of the Special District Local Laws Code of the State of Texas; and

WHEREAS, Riverbend Water Resources District has a need for the following non-audit accounting services: comply with the requirements of Governmental Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standard Board Statement No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; review and report on all internal accounting functions, i.e. accounts receivable, accounts payable, payroll preparation and reporting, bank reconciliations, financial statement preparation, including operating, administrative and project budgets; provide an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to Riverbend; provide accounting guidance and advice on routine and complex governmental accounting transactions and journal entries under generally accepted accounting principles; answer technical questions and provide comprehensive guidance on accounting transactions dealing with financial statement components such as revenues, expenses, receivables, payables, loans, securities and bonds; prepare quarterly financials for two enterprise funds: Wet Utilities and Administration Member Funds that will be approved quarterly at Regular or Special Called Board Meeting; and attend monthly Board of Directors Meetings on a quarterly basis in order to provide a presentation of the quarterly financials; and provide detailed billing of all work performed for each invoice submitted to Riverbend; and

WHEREAS, Riverbend Water Resources District currently has a Letter of Engagement for services with Holliday, Lemons & Cox, PC, approved on May 10, 2017 for non-audit accounting services; and

WHEREAS, Riverbend Water Resources District sees a need to review and update the previously approved agreement to more accurately reflect the cost for services; and

WHEREAS, Holliday, Lemons & Cox, PC has submitted a new Letter of Engagement for approval for the period beginning April 1, 2018 and ending on September 30, 2018; and



NOW, THEREFORE, BE IT RESOLVED that the Executive Director/CEO shall be and is hereby authorized to renegotiate and execute a Letter of Engagement for non-audit accounting and financial services with Holliday, Lemons & Cox, PC for the remainder of Fiscal Year 2017-2018, absent further Resolution by this Board. Any agreement/contract must be reviewed by general counsel.

PASSED and APPROVED this 23rd day of May, 2018



Fred Milton, Vice President

ATTEST:



Sean Rommel, Secretary

Attached: Letter of Engagement with Holliday, Lemons & Cox, PC

HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

May21, 2018

Ms. Elizabeth Fazio Hale
Executive Officer/CEO
Riverbend Water Resources District
228 Texas Avenue, Suite A
New Boston, TX 75570

Dear Liz,

We are pleased to confirm our acceptance and understanding of the services we are to provide for Riverbend Water Resources District (the District) for the fiscal period April 1, 2018 through September 30, 2018.

You have requested that we prepare the financial statements of the business-type activities of Riverbend Water Resources District, which comprise the annual and quarterly statement of net position and the related statements of revenue, expenses and changes in net position for the related period from April 1, 2018 through September 30, 2018, and perform a compilation engagement with respect to those financial statements. These financial statements will not include statements of cash flows, related notes to the financial statements or a management's discussion and analysis. The supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Such information is the responsibility of management. The supplementary information will not be subject to our compilation engagement. We will not express an opinion, a conclusion, nor provide any assurance on such information.

We will assist your bookkeeper in adjusting the books of accounts with the objective that she will be able to prepare a working trial balance from which financial statements can be prepared. Your bookkeeper will provide us with a detailed trial balance and any supporting schedules we require.

We will make a presentation of the financial statements at the respective Board of Directors meeting.

Our Responsibilities

The objective of our engagement is to—

1. prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you and
2. apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services, preparing the financial statements, and performing the compilation engagement.

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
AICPA'S PRIVATE COMPANIES PRACTICE SECTION
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedures or take any action that could be construed as assuming management responsibilities.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

1. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
2. The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America.
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
4. The prevention and detection of fraud.
5. To ensure that the District complies with the laws and regulations applicable to its activities.
6. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the District of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

There may be circumstances in which the report differs from the expected form and content. If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our report will disclose that the District's management has elected to omit the statement of cash flows and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the statement of cash flows and omitted disclosures were to be included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements will not be designed for those who are not informed about such matters.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to the inclusion of the report, to ask our permission to do so.

Other Relevant Information

Rhonda Easley Jones, Certified Public Accountant, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our services as described above will be billed at \$4,500 per quarter. Additional services will be billed as necessary pursuant to the attached schedule. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Amounts not paid within thirty days of the invoice date will be subject to a late payment charge of 1.5% per month (18% per year). We will provide an attached, detailed billing by quarter hour increments for each of the billed charges, including the quarterly billing for the books as well as those listed in the attached schedule.

Handwritten initials: X-BAF

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Holiday, Lemons & Co. P.C.

Acknowledged:

Riverbend Water Resources District

Robert J. Hale

Signature

Executive Director / CEO

Title

E KAFH

Additional Services to be Provided on an As Needed Basis

<u>Description</u>	<u>Estimated Fee</u>
We will be available to review the financial statements with you on a quarterly basis for up to hours.	\$500 per quarter as needed
We will be available for training or answering questions from accounting personnel on an as needed basis. We estimate an average of 1.25 hours with an average billing of \$145.	\$145 per month as needed
We will review and assist you with the budgets for the funds. We estimate 8 hours on an as needed basis.	\$1,800 per year as needed
We will assist your accounting staff with preparing for the audit by ensuring all year end accruals are recorded and balances adjusted as necessary. We estimate 8 hours of time may be necessary.	\$1,800 per year as needed
We will review the IRS Form 941, <i>Employer's Quarterly Federal Tax Return</i> , you have prepared based on the Quickbooks payroll for the quarters ended for June 2018, and September 2018 as needed and not to exceed this amount.	\$425 per quarter as needed