



MOUNTAIN STATES

CPAs and Consultants, LLC

December 2, 2024

The Town of Saratoga
Town Council and Town Management
P.O. Box 486
Saratoga, WY 82331

You have requested that we audit the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Saratoga, as of June 30, 2024 and for the year then ended, and the related notes to the cash basis financial statements, which collectively comprise the Town of Saratoga's basic financial statements as listed in the table of contents within the report. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the cash basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America as it pertains to the cash basis of accounting (GAAS) and in accordance with Government Auditing Standards and 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 made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that *Management's discussion and analysis and budgetary comparison information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America within the limitations of the cash basis of accounting, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- 1) Management's Discussion and Analysis (if management elects to perform)
- 2) Budgetary Comparison Schedules

Supplementary information other than RSI will accompany the Town of Saratoga's cash basis financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic



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financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the cash basis financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1) Combining financial statements for nonmajor governmental funds

Auditor Responsibilities

We will conduct our audit in accordance with GAAS *and, in accordance with Government Auditing Standards*. As part of an audit in accordance with GAAS *and, in accordance with Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentations, or the override of controls.
- Obtain an understanding of the system of internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Saratoga's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America *and, if applicable, in accordance with any state or regulatory audit requirements*. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic cash basis financial statements are free of material misstatement, we will perform tests of Town of Saratoga'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.



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Management's Responsibilities

1. For the preparation and fair presentation of the basic financial statements in accordance with the cash basis of accounting;
2. For the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
3. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic cash basis financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the final report and the planned timing and method of issuance of that final report.
4. For including the auditor's report in any document containing basic cash basis financial statements that indicates that such basic financial statements have been audited by us;
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
6. For adjusting the basic 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 current year period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
7. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
8. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
9. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in the system of internal control and others where fraud could have a material effect on the financials; and
10. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing. Additionally, you agree to provide a completed documentation from our request list.

Nonattest Services

With respect to any nonattest services we perform, We will also assist in:

1. Converting financial information to the cash basis of accounting as requested by you.
2. Preparing the financial statements and related notes of the Town of Saratoga in conformity with the cash basis of accounting as applicable based on information provided by you.
3. Additionally, we may be asked certain questions or to share our thoughts on certain matters throughout the engagement (such as consulting with the Town's F-66 report or other state and federal compliance)
4. Evaluating the potential requirement for needing a single audit.
5. Provide consulting throughout the year (with the understanding the implementation of any recommendation that we provide is ultimately the responsibility of management)

We will not assume management responsibilities on behalf of Town of Saratoga. However, we will provide advice and recommendations to assist management of the Town of Saratoga in performing its responsibilities.

The Town of Saratoga's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) designing, implementing and maintaining the system of internal control, including the process used to monitor the system of internal control

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the items above as previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Identified Risks

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Grant compliance.
- Identification of federal awards and expenditures.
- Allocation of interest and investment revenues across funds.
- Reconciling and accounting for due to due from and transfer accounts.
- Controls over the Town's procurement process.
- Revenue recognition.
- Segregation of duties.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, debt, revenue, grant, or other confirmations we request and will locate any documents selected by us for testing. Additionally, your staff and external consultants will be required to prepare an accurate preparation guide provided by us as part of the audit in a timely manner.

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,



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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. This is only done in order to meet associated deadlines and will be discussed with you in advance.

We will provide copies of our reports to the Town Council; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

At the conclusion of our audit engagement, we will communicate to management and the Town Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Mountain States CPAs and Consultants, 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 to the Wyoming Department of Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mountain States CPAs and Consultants, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Wyoming Department of Audit. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on a mutually agreeable date. Tim Fixter, CPA, CFE, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, copies, telephone, etc.). Travel costs, should they be required, will be billed separately. We estimate that our gross fee, including expenses, will approximate \$24,000 - \$29,000 (decrease of the initial engagement letter for 2024 which included a single audit and is no longer necessary given that your federal



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expenditures have not exceeded \$750,000). This estimate assumes that your staff will be attentive and responsive to providing documentation and answering questions. If difficulties are encountered during the audit forcing us to incur more time to reconcile bank accounts, reconcile transfers, reconcile years of fund balance issues and restrictions, post significant journal entries, etc., we will most likely be unable to meet this estimate. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 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 or any other reason of our choosing, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). 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. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. 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.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. 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.

As the firm was founded in November of 2023, we have enrolled in the peer review process governed by the state of Nevada and have not had a formal peer review completed. The firm is approved by all state and regulatory bodies.

We appreciate the opportunity to be of service to the Town of Saratoga 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.

Respectfully,

Mountain States CPAs and Consultants, LLC

Mountain States CPAs and Consultants, LLC
Lander, Wyoming

RESPONSE:

This letter correctly sets forth the understanding of the Town of Saratoga.

Management signature: _____

Title: _____

Governance signature: _____

Title: _____



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