



**Item:** One Year Audit Contract with JCCS  
**From:** Melissa Kinzler, Fiscal Services Director  
**Initiated By:** Fiscal Services Department  
**Presented By:** Melissa Kinzler, Fiscal Services Director  
**Action Requested:** Approve One Year Audit Contract with JCCS

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**Suggested Motion:**

1. Commissioner moves:

“I move that the City Commission (approve/reject) a one year contract for audit services for Fiscal Year 2012 with Junkermier, Clark, Campanella, Stevens, PC (JCCS) at a cost of \$46,000.00.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

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**Staff Recommendation:** Staff recommends the City Commission approve a one year contract for audit services for Fiscal Year 2012 with JCCS at a cost of \$46,000.00 excluding the area of special emphasis. The last increase in audit contract service was for the Fiscal Year 2010 audit. This is an increase of \$2,000 or a less than a 2.18% annualized change from 2010 to 2012.

**Background:**

The City's current financial auditors, Junkermier, Clark, Campanella, Stevens, PC (JCCS) have been auditors of the City of Great Falls since Fiscal Year 1999. There have been numerous contracts and contract extensions with JCCS through-out the years. The latest contract was entered into on April 20, 2010. A two year contract for Fiscal Years 2010 and 2011 was approved by the City Commission. The actual audit contract is between the City of Great Falls, the auditor, and the State of Montana.

In the past, as part of the audit contract, an area of special emphasis was included in the audit service. The area of special emphasis fee will be separately negotiated and discussed during the audit, and before an area of special emphasis review is performed.

Annual audits are a professional service, exempt from statutory bidding requirements. The Government Finance Officers Association (GFOA) and The State of Montana Department of Administration provide similar guidance for local governments in selecting professional auditing

services. The State of Montana provides guidance under the **Administrative Rule of Montana (ARM) 2.4.407 Criteria for the Selection of the Independent Auditor**. The rule states:

- (1) In selecting an independent auditor to perform an audit under 2-7-503, MCA, a local government entity shall consider the following criteria:
  - a. Listing on department's roster of independent auditors authorized to conduct local government audits;
  - b. Independence, as defined by applicable auditing standards;
  - c. Demonstrated understanding of the work to be performed;
  - d. Technical experience of the independent auditor to conducting similar types of local government entity audits;
  - e. Qualifications of staff to be assigned to the audit;
  - f. Work history of the independent auditors; and
  - g. The proposed audit fee.

When using the criteria in ARM 2.4.407 the options for selection of an independent auditor are narrowed down considerably. The Department of Administration – Local Government Services Bureau Roster of Independent Auditors Authorized to Conduct Audits of Montana Local Governments for State Fiscal Year of 2012 includes 56 qualified auditing firms. Of those 56 firms, only 4 local firms are included (including JCCS). Of the four local firms, one of the firms may have independence issues as defined by auditing standards. The firm does accounting for Southern Montana Electric.

Currently the City is in the process of moving to different accounting software and it would be beneficial to not have to change auditors during this process. JCCS is also very knowledgeable about the City's component unit, Electric City Power, Inc. and the challenges involved. Staff recommends that a one year contract should be approved.

**Concurrences:** The City Manager has reviewed staff's request for the one year contract and concurs. He requested that the auditors be diligent about having frequent rotation of specific auditor's areas of review. This has been discussed with JCCS and a discussion with follow-up reporting to the audit committee regarding rotation, peer review, and quality compliance will be included in the annual audit process.

**Fiscal Impact:** An additional increase of \$2,000 per year for audit services budgeted in the Fiscal Services Fund, for a total of \$46,000 a year.

**Alternatives:** The City Commission may reject the request for the audit service contract extension, and direct the City Manager to prepare a Request for Proposals for audit services. If this is the desire of the City Commission, staff request guidelines from the City Commission regarding the scope of distribution (Great Falls or statewide) of the Request for Proposals.

**Attachments/Exhibits:** Audit Engagement Letter, Audit Contract between the State, JCCS, and the City of Great Falls



**Junkermier • Clark  
Campanella • Stevens • P.C.**

501 Park Drive South  
P.O. Box 989  
Great Falls, Montana 59403  
ph. (406) 761-2820  
fx. (406) 761-2825  
www.jccscpa.com

Certified Public Accountants and Business Advisors

March 6, 2012

City of Great Falls, Montana  
City Commissioners  
P.O. Box 5021  
Great Falls, MT 59403-5021

We are pleased to confirm our understanding of the services we are to provide City of Great Falls, Montana for the year ended June 30, 2012. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of City of Great Falls, Montana as of and for the year ended June 30, 2012. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany City of Great Falls, Montana's 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 City of Great Falls, Montana's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist principally 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 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:

- Management's discussion and analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies City of Great Falls, Montana's 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 will provide an opinion on it in relation to the financial statements as a whole:

- Schedule of expenditures of federal awards.
- Combining and individual non-major fund financial statements and schedules.



The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance.

- Introductory section.
- Statistical section.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and, if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinion and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions is other than unqualified, we will fully 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 to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the



audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for monitoring ongoing activities, to help ensure that appropriate goals and objectives are met. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Great Falls, Montana and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the 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 or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on September 17, 2012.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance



audits, or studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

We understand that these financial statements will be used by the following persons/entities for the enumerated purposes:

<u>Users</u>	<u>Purpose</u>
General public	Insure appropriate use of tax & public dollars
City Commission	Measure city compliance with budget, fund use, compliance with laws & regulations, & overall fiscal responsibility
State of Montana	Compliance with laws & regulations
Agencies within the federal government	Monitoring of federal funds
Investors & investment associated agencies	Insuring loan covenant compliance & ability for the City to service its debt obligations

You agree that you will discuss the suitability of the financial statement presentation with us if you intend to submit these financial statements to other users.

Our reports are issued with the understanding that, without our consent, they may be reproduced only in their entirety. Should it be desired to issue or publish a condensation or a portion of this report and our name is to be used in connection therewith, our approval must first be secured.

#### **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. We will plan and perform the audit to obtain reasonable, rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. 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 or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material



abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. 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 also require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the entity 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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, *Government Auditing Standards*, and OMB Circular A-133.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Great Falls, Montana's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other



applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of Great Falls, Montana's major programs. The purpose of those procedures will be to express an opinion on City of Great Falls, Montana's compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133.

#### **Audit Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to City of Great Falls, Montana; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Junkermier, Clark, Campanella, Stevens, P.C. and constitutes confidential information. However, pursuant to authority given to it by law or regulation, we may be requested to make certain audit documentation available to your cognizant or oversight agency 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 Junkermier, Clark, Campanella, Stevens, P.C. 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 or for any additional period requested by the cognizant agency, oversight agency for audit, or pass-through entity. 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 approximately September 17, 2012, and to issue our reports no later than December 31, 2011. Loran Stensland is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will not exceed \$46,000. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Any invoice 60 days past due will be charged interest at the rate of 12% annually, or 1.0% per month. In the event that we find it necessary to assign your invoice to a licensed collection agency, you will be responsible for any collection fees, and/or attorney's fees charged by the agency. The agency would be instructed to collect the fees from you. The



City of Great Falls, Montana  
March 6, 2012  
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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.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comments received during the period of the contract. Our 2011 peer review report accompanies this letter.

We appreciate the opportunity to be of service to City of Great Falls, Montana and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, or comments regarding our service please call Loran Stensland, Branch Manager or Jerry Lehman, CEO, at 761-2820. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely yours,



Loran S. Stensland, CPA

## **RESPONSE**

This letter correctly sets forth the understanding of City of Great Falls, Montana.

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

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



## System Review Report

November 9, 2011

To the Shareholders of  
Junkermier, Clark, Campanella, & Stevens, P.C.  
and the Peer Review Committee of the Montana CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Junkermier, Clark, Campanella, & Stevens, P.C. (the firm) in effect for the year ended June 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Junkermier, Clark, Campanella, & Stevens, P.C. in effect for the year ended June 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Junkermier, Clark, Campanella, & Stevens, P.C. has received a peer review rating of *pass*.

Heinold-Banwart, Ltd.



DEPARTMENT OF ADMINISTRATION  
LOCAL GOVERNMENT SERVICES BUREAU  
STANDARD AUDIT CONTRACT

THIS CONTRACT is made this 6th day of March, 2012, by and between

JUNKERMIER, CLARK, CAMPANELLA, STEVENS P.C.  
**Certified or Licensed Public Accountant**  
**("Contractor"),**  
CITY OF GREAT FALLS, MONTANA  
**Governmental Entity**  
**("Entity"),**

and the **Montana Department of Administration, Local Government Services Bureau, ("State")**, PO Box 200547, Helena, MT 59620-054 acting under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

1. **State Approval:** This contract is not effective with respect to any party until it is approved and signed by the State, as required by Section 2-7-506(3), MCA. The Contractor may not begin any audit work until the State gives this approval. If the Contractor begins work before the State has approved and signed the contract and the State subsequently does not approve and sign the contract, the Contractor is not entitled to receive any compensation for the work performed.
2. **Audit Period and Payment:** This contract covers the following audit period(s):  
July 1, 2011 to June 30, 2012.

- A. The Entity shall pay the Contractor for the audit work on the basis of time and necessary out-of-pocket expenses, which will not exceed:

\$ 46,000 for initial (or sole) audit covering 07/ 01/11 to 06 / 30/ 12.  
\$ \_\_\_\_\_ for subsequent audit covering / / to / /.  
\$ \_\_\_\_\_ for subsequent audit covering / / to / /.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference.

- B. If the cost of any subsequent audit is not agreed upon at the time this contract is executed, the Contractor and the Entity shall negotiate the cost at a later date. The results of this negotiation will be set forth in the Appendices and made a part of this contract. The Contractor shall provide the State and the Entity with a copy of the appropriate Appendices.
- C. The contract payments do not include the cost of additional work that may be required if the Contractor discovers a defalcation or material irregularity. Any change in the scope of the audit services to be provided under this contract requires a contract amendment.

2. continued:

- D. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain 10 percent of each of these estimates until the Contractor has delivered the final audit report, at which time the Entity shall release the amount retained.

3. **Audit Scope:** The Contractor shall conduct a financial statement audit of the Entity as follows:

- A. The Contractor shall conduct the audit in accordance with (i) generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and (ii) the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The objective of the audit is the expression of the Contractor's opinion on the Entity's financial statements. The Contractor shall obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, the audit is not designed to detect error or fraud that is immaterial to the financial statements. If the Contractor's opinion on the Entity's financial statements is other than unqualified, the Contractor shall fully discuss the reasons with the Entity in advance of issuing a report. If, for any reason, the Contractor is unable to complete the audit or is unable to form or has not formed an opinion, the Contractor may decline to express an opinion or decline to issue a report as a result of the engagement.
- B. The Contractor shall include tests of internal control over financial reporting, but the audit is not designed to provide an opinion on internal control or to identify significant deficiencies. The Contractor, however, shall make the Entity aware, in writing, of any significant deficiencies that come to the Contractor's attention.
- C. The Contractor shall include the following tests of compliance and other matters as required by Government Auditing Standards. These tests, however, will not be designed to provide an opinion on such compliance. The Contractor shall determine whether:
- (1) the Entity has complied with all appropriate statutes and regulations, as required by Section 2-7-502, MCA;
  - (2) the Entity has complied with the provisions of each of its revenue bond ordinances and indenture agreements;
  - (3) if the audit is of a county, city or town, money is or has been retained in a local charge for services fund contrary to the requirements of Sections 17-2-301 through 17-2-303, MCA, as required by Section 17-2-302, MCA. **The Contractor shall report any findings of noncompliance with the provisions of these statutes, regardless of materiality; and**
  - (4) if the audit is of a county or consolidated city/county government, the Entity has complied with state laws relating to receipts and disbursements of agency funds maintained by the Entity, as required by Section 2-7-505, MCA.
- D. When applicable, the audit must meet all requirements of the Federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133.
- E. The audit scope with regard to federal financial assistance for each fiscal year covered by this audit contract must be as specified in Appendices A, B and C.

3. continued:

- F. Except as provided below, for purposes of determining the scope of the audit, the Entity is considered



the financial reporting entity as defined by the Governmental Accounting Standards Board. This provision does not preclude the Entity from engaging a different audit firm for the audit of a segment, fund or component unit of the Entity. However, both the Entity and Contractor shall notify the State whenever the Entity elects to engage a different audit firm for the audit of a segment, fund or governmental component unit. Such additional audit must be contracted for on the State's Standard Audit Contract, and the audit firm shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State.

If this contract is for an audit of a segment, fund, or governmental component unit of the primary government, the Entity is considered to be the segment, fund or component unit.

G. Any school district audit must also include auditing procedures sufficient to provide an opinion as to whether the following supplemental information is fairly stated in relation to the basic financial statements:

- (1) the school district's enrollment for the fiscal year or years being audited as reported to the Office of Public Instruction in the Fall and Spring enrollment reports; and
- (2) when applicable, the extracurricular funds for pupil functions.

H. If the Entity is a school district or associated cooperative, the Contractor shall contact the State Office of Public Instruction and the county superintendent of schools before or during the audit of the Entity. The Contractor shall determine whether those offices are aware of potential financial or legal compliance problems relating to the Entity that could affect the scope of the audit.

I. The Contractor shall immediately notify the Entity and the State in writing of any material irregularities it discovers. If the Entity is a school district or special education cooperative, the Contractor shall also immediately notify the State Office of Public Instruction in writing.

J. The Contractor shall provide the Entity with a copy of its most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the contract period.

K. The Contractor shall notify the Entity of all proposed audit adjustments and, if the Entity concurs, shall obtain written acceptance of these proposed adjustments. The State reserves the right to request documentation of these proposed and accepted audit adjustments.

4. **Entity's Responsibilities:** The Entity shall be responsible for:

- A. its basic financial statements, including note disclosures;
  - B. all supplementary information required by GASB and by provisions of this contract;
  - C. establishing and maintaining effective internal control over financial reporting, including internal controls related to the prevention and detection of fraud;
  - D. ensuring that it complies with the laws and regulations applicable to its activities;
4. continued:
- E. making all financial records and related information available to the Contractor;

- F. the schedule of expenditures of federal awards required for audits conducted under OMB Circular A-133;
  - G. approving all proposed audit adjustments before posting, if the Entity concurs with the proposed adjustments;
  - H. adjusting the financial statements and accounting records to correct material misstatements and to agree with the audited financial statements; and
  - I. providing the Contractor, at the conclusion of the audit engagement, with a letter that confirms certain representations made during the audit, including an affirmation that the effects of any uncorrected misstatements aggregated by the auditor 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.
5. **Dates for Annual Financial Report or Trial Balance of Accounts:** The Entity shall prepare its annual financial report or a trial balance of accounts no later than the dates specified in Appendices A, B and C. If the Entity is unable to prepare its annual financial report or trial balance by the date specified in the Appendices, the Entity shall notify the Contractor and the State in writing prior to the specified dates.
  6. **Beginning the Audit:** The Contractor shall begin the audit field work based on the schedule established in Appendices A, B and C. Under Section 2-7-503(3)(a), MCA, all audits must commence within nine months from the close of the last fiscal year of the audit period.
  7. **Completion of Audit:** The Contractor shall deliver the audit report to the Entity and the State, based on the schedule established in Appendices A, B and C. If the Contractor cannot deliver the audit report to the Entity and the State on the date specified in the Appendices, the Contractor shall notify the Entity and the State in writing of that fact, and the reason(s) therefore. Under Section 2-7-503(3)(a), MCA, all audits must be completed and the reports issued within one year from the close of the last fiscal year covered by the audit. If the audit is conducted in accordance with the provisions of OMB Circular A-133, the Contractor shall also complete the audit and issue the audit report within the time period required by that Circular, unless a longer period has been agreed to in advance by the federal cognizant or oversight agency for audit. If the Entity has requested and received an extension of the A-133 due date from a federal agency, the Entity shall submit a copy of the approved extension to the State.
  8. **Audit Presentation:** The final audit report must contain basic financial statements and required supplementary information consistent with financial reporting standards in effect for the year or years being audited, as established by the Governmental Accounting Standards Board. In addition, other supplementary information required by provisions within this contract and by OMB Circular A-133 must also be included, if applicable.
    - A. The final audit report must also contain any other financial statements and supporting schedules and information as agreed upon by the Entity and Contractor.
    - B. The financial statements presented must be in accordance with the financial reporting standards in effect for the year or years being audited, as described above. If the accounting records or other circumstances do not permit financial statements to comply with these requirements, the Contractor shall notify the
  8. continued:
 

State of those conditions and describe the financial statements that will be presented. The applicable auditor's reports must also be modified as required to reflect a departure from generally accepted



accounting principles.

- C. If the audit is of a school district with separate elementary and high school district general funds, the general funds must be combined as a single major fund. All other funds must be separately considered for major fund criteria.
- D. If the audit is a biennial audit covering two years, the Contractor shall present complete financial statements as specified above for each year covered by the audit. However, note disclosures for both fiscal years may be in one set of notes, with separate fiscal year disclosures as necessary. The two years must be presented under one audit report cover and opined upon in one Independent Auditor's Report.

9. **Auditor's Reports:** All audit reports must contain the following auditor's reports, which must comply with applicable professional standards in effect for the fiscal year or years being audited:

- A. an independent auditor's report on the financial statements of the Entity;
- B. a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards. If applicable, this report must include information about fraud, illegal acts, significant violations of provisions of contracts or grant agreements, and significant abuse, or indications of these acts.
- C. a report disclosing any lack of compliance with State statutes, rules, regulations, or ordinances that would not have a material effect on the financial statements, but of which the Contractor becomes aware during the course of the audit. This report must be referred to in the report required in 9.B. above. This report may be combined with other reports if appropriate, or the findings may be included in a management letter. If included in a management letter, that letter must be included as a part of, or accompanying, the audit report.
- D. a report on any supplemental schedules or information presented, if any such schedules or information are presented in the audit report. This report may be given in a supplemental information paragraph of the auditor's report on the financial statements (9.A. above), or in a separate report. For the following supplemental information, the Contractor shall report on whether the information is fairly stated, in all material respects, "in relation to" the financial statements as a whole, unless the condition of the financial records do not allow the auditor to render such an opinion:
  - Supplemental schedule of school district enrollment required in paragraph 11.A;
  - Supplemental schedule of school district extracurricular fund financial activities required in paragraph 11B; and
  - Supplemental schedule of expenditures of federal awards required by OMB circular A-133 and in paragraph 10.A.
- E. a report disclosing the action taken by the Entity to correct any deficiencies or implement any recommendations contained in the prior audit report. This report must be in a format that specifically identifies, by title or summary, each deficiency or recommendation contained in the prior audit report and the action taken by the Entity on each such deficiency or recommendation.

9. continued:

management letter, the views of Entity officials and their planned corrective actions must also be included, as required by Government Auditing Standards, if they are available at the time the Contractor files copies of the audit report with the State. If the views and planned corrective actions are not

available at that time, the Contractor shall so indicate in the reports.

10. **Single Audits:** All audit reports for single audits done in accordance with OMB Circular A-133 must also contain the following:

- A. a schedule of expenditures of federal awards. As required by OMB Circular A-133, the schedule must:
  - (i) list individual federal programs by federal agency. For federal programs included in a cluster of programs, list individual federal programs within a cluster of programs;
  - (ii) for federal awards received as a subrecipient, include the name of the pass-through entity and identifying number assigned by the pass-through entity;
  - (iii) provide total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available;
  - (iv) include notes that describe the significant accounting policies used in preparing the schedule;
  - (v) to the extent practical, for pass-through entities identification in the schedule of the total amount provided to subrecipients from each federal program; and
  - (vi) in either the schedule or a note to the schedule, the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.
- B. a report on the schedule of expenditures of federal awards. This report may be combined with other reports as provided by OMB Circular A-133 and professional standards. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.
- C. a report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133. This report must refer to the separate schedule of findings and questioned costs described in paragraph 10.D. of the contract. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.
- D. a schedule of findings and questioned costs which must include the information required by OMB Circular A-133.
- E. the corrective action plan required by OMB Circular A-133, if that plan is available at the time the Contractor files copies of the audit report with the State. This corrective action plan may be combined with the Entity's planned corrective actions related to findings reported in accordance with Government Auditing Standards, as provided in paragraph 9.F., above.

11. **School Districts:** School district audit reports must also include the following as supplemental

11. continued:  
information/schedules:

- A. a schedule of the district's enrollment as reported to the Office of Public Instruction for the fiscal year or years being audited. The schedule must contain the enrollment both as reported in the Fall and Spring



enrollment reports and as documented by the school district's enrollment records; and

B. a detailed schedule of extracurricular fund financial activities.

12. **Written Report to Entity:** The Contractor shall render a single, written report for the Entity audited. **The report must include, or be accompanied by, all written reports and letters discussing findings and recommendations from the Contractor to the Entity, including but not limited to the reports and schedules referred to in paragraphs 9 and 10 above as well as any management letters that include findings and recommendations.**
13. **Exit Interview:** Before submitting the final audit report, the Contractor shall hold an exit review conference in which the audit results are discussed with those charged with governance and appropriate Entity officials and employees. **The Contractor shall ensure that all members of the governing body and key members of management are notified of this exit conference.** The Contractor further agrees that before submitting the final report, it will not discuss the audit findings with anyone other than the Entity or the State. However, once the Contractor delivers the final audit report, the report is deemed to be a public record.
14. **Report Distribution:** The Contractor and Entity shall file copies of the audit report as specified below:
  - A. The Contractor shall provide the Entity with the number of copies of the audit report specified in Appendices A, B and C and the cost of those copies is included in the total price for the engagement as set out in paragraph 2.A., above, and in the Appendices. The Contractor shall submit one of these copies to the attorney for the Entity.
  - B. Upon request by the Entity, the Contractor shall provide additional copies of the audit report at a price per copy agreed upon by the Entity and Contractor.
  - C. The Contractor shall provide the State with four copies of each audit report at no charge. **These copies must be sent to the State at the same time the Contractor delivers the final audit report to the Entity and must include any management letters that include findings and recommendations.** A letter of transmittal must accompany the State's copies, advising the State of the date of the exit conference, the date the final report was delivered to the Entity, the date of the audit report, the actual number of hours spent by the Contractor in the conduct of the audit, the total audit fees billed the Entity, whether the audit was conducted in accordance with the provisions of OMB Circular A-133, and whether there were any findings or opinion qualifications in the audit report, and, if so, whether the entity's corrective action plan or response was included as part of or submitted with the audit report.
  - D. If the Entity is a school district or associated cooperative, the Contractor shall provide copies of the audit report to the Office of Public Instruction, the county superintendent of schools, and the county attorney.
  - E. If the Entity is a city or town fire department relief association disability and pension fund, the Contractor shall provide one copy of the audit report to the city or town clerk.
  - F. If the audit is a single audit conducted in accordance with the provisions of OMB Circular A-133, the
14. continued:

Entity shall provide copies of the reporting package defined in OMB Circular A-133 and the data collection form to the federal clearinghouse designated by OMB. In addition, the Entity shall provide either a copy of the reporting package, or the alternative written notification as described by OMB Circular A-133 to all federal, state and other granting and pass-through agencies as required by Circular A-133.

15. **Entity Response:** If not included in the audit report as provided in paragraphs 9.F. and 10.E., within 30 days after receiving the audit report, the Entity shall notify the State in writing as to what action it plans to take to correct any deficiencies or implement any recommendations identified or contained in the audit report, as required by Section 2-7-515, MCA, and ARM 2.4.409. **This notification must also address any findings and recommendations contained in management letters, which are considered a part of the audit report as prescribed in paragraph 12.** If the audit is a single audit conducted in accordance with OMB Circular A-133, this corrective action plan must also meet the requirements of Circular A-133 and contain all information required by that Circular.
16. **Entity's Attorney:** If requested by the State, the attorney for the Entity shall report to the State on the actions taken or the proceedings instituted or to be instituted relating to violations of law and nonperformance of duty as required by Section 2-7-515(4), MCA. The attorney shall report to the State within 30 days after receiving the request.
17. **Certification of Auditor Independence:** The Contractor certifies that, as required by generally accepted government auditing standards, it and its principals and employees are independent in all matters with respect to this engagement. This contract shall not include non-audit services, and the Contractor shall neither arrange for nor accept non-auditing work with the Entity which could in any way impair the Contractor's independence in violation of professional standards. If required by the State, the Contractor shall document that independence has been maintained in both fact and appearance as required by professional auditing standards.
18. **Prime Contractor:** The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. The Contractor shall obtain the **written approval of the Entity and the State before** engaging correspondent Contractors, consultants, or subcontractors to provide services in connection with this audit. **Any Contractors subcontracted to perform audit work must be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the Local Government Services Bureau.** The Contractor is responsible to the Entity and the State for the acts and omissions of all correspondent Contractors, consultants, subcontractors, or agents and of persons directly or indirectly employed by such correspondent Contractors, consultants, subcontractors or agents, and for the acts and omissions of persons employed directly by the Contractor. Further, nothing contained within this contract creates any contractual relationship between any correspondent Contractor, consultant, or subcontractor and the State.
19. **Entrance and Exit Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences dealing with audit exceptions and recommendations regarding accounting or operating procedures, management policies, or internal control changes.
20. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's audit programs, supporting working papers, time records, and all other documents relating to the audit. Access to these documents must be provided at the State's offices in Helena, Montana. Access to working papers includes the right of the State to obtain copies of working papers, as is reasonable and necessary. The Contractor shall make the audit programs and supporting working papers  
continued:  
available to the State for use by the State or other public accounting firms as directed by the State in future audits of the Entity. The Contractor shall make the audit programs and supporting working papers available to the cognizant or oversight agency for audit or its designee, federal agencies providing direct or indirect funding, or the U.S. General Accounting Office, if requested. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary. The Contractor shall



retain the audit report, audit programs, and audit working papers for a minimum of five years from the date of the audit report, unless the State notifies the Contractor to extend the retention period. If professional standards or other applicable laws, rules, or regulations require a longer retention period, the Contractor shall retain the above materials for that specified period.

21. **State Review:** As provided by Section 2-7-522, MCA, the State may review the audit report submitted by the Contractor. If the State determines that reporting requirements have not been met, it will notify the Entity and the Contractor of the significant issues of noncompliance. The Contractor shall correct the identified deficiencies within 60 days of notification.
22. **Independent Contractor:** The Entity and the State recognize that the Contractor is an independent contractor and neither its principals nor its employees are employees of the State or Entity for purposes of tax, retirement system, or social security (FICA) withholding.
23. **Workers' Compensation:** The Contractor certifies that it carries Workers' Compensation for its employees and that it has either elected Workers' Compensation or has an approved Independent Contractor's Exemption covering the Contractor while performing work under this contract. (Montana Code Annotated, Title 39, Chapter 71) Neither the Contractor nor its employees are State employees for the purposes of this paragraph.
24. **Indemnification:** The Contractor agrees to protect, defend, and save the State and Entity, their elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omission of the Contractor and/or its agents, employees, representatives, assigns, and subcontractors, except the sole negligence of the State or Entity, under this agreement.

If the Contractor is or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of the Entity's intentional or knowing misrepresentation or provision to the Contractor of inaccurate or incomplete information in connection with this engagement, and not any failure on the Contractor's part to comply with professional standards, the Entity shall indemnify, defend, and hold harmless the Contractor against such obligations.

25. **Insurance:** Contractor shall maintain for the duration of the contract, at its cost and expense, occurrence coverage insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Contractor, and/or its agents, employees, representatives, assigns, or subcontractors. The Contractor's insurance coverage shall be primary insurance for the Contractor's negligence as respects the State and Entity and their elected officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the State and Entity, their officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it

The Contractor shall purchase and maintain occurrence coverage to cover such claims as may be caused by any

25. continued:

act, omission, negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors. Note: If occurrence coverage is unavailable or cost-prohibitive, the state will accept 'claims made' coverage provided the following conditions are met: 1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years, and 2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation

or expiration date of the policy.

The State and Entity reserve the right to require complete copies of insurance policies at all times.

26. **Compliance with Laws:** The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provisions. In accordance with Section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.
27. **Work Accommodations:** The Entity shall provide the Contractor with reasonable space in which to conduct the audit and respond promptly to requests for information as well as for all necessary books and records. Support for clerical, equipment, and photocopying or reproduction services shall be agreed upon by the Entity and the Contractor as specified in Appendices A, B and C.
28. **Termination before Audit Has Commenced:** Before the commencement of the audit, either the Contractor or the Entity, with the State's consent, or the State, may cancel this contract by providing 20 days' written notice to the other parties. The contract may be canceled under this paragraph for cause. Cause includes, but is not limited to, failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

In addition, if both the Contractor and the Entity mutually agree to cancel this contract before the commencement of the audit, for convenience, the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel this contract.

The State, however, will not consent to the cancellation of an audit contract for the sole purpose of allowing the Contractor and Entity to then enter into a new contract that extends the number of fiscal years to be audited by the Contractor. Unless there are extenuating circumstances, the existing audit contract must be completed first. This provision does not prohibit the cancellation of a contract for the purpose of replacing an annual audit with a biennial audit.

29. **Termination after the Audit Has Commenced:** After the audit has commenced, but before the audit report has been issued, either the Contractor or the Entity, with the State's consent, or the State, may cancel this contract for failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, MCA, or for other cause. This right of cancellation may be exercised by providing the breaching party written notice of the default and, if applicable, provide 20 days from the date of the notice to cure the default. If the Contractor is the breaching party and fails to remedy the breach, then the Contractor is not entitled to the audit fee set out in this contract. If the Entity is the breaching party, the Entity shall pay the Contractor a pro rata portion of the audit fee set out in this contract, based on the percentage of work completed at the time of cancellation. In addition, if both the Contractor and the Entity mutually agree to cancel this contract for convenience; the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel this contract.
29. continued:
30. **Professional Requirements:** By signing this contract, the Contractor certifies that it is in compliance with the continuing professional education requirements and the external quality control review requirements as set out



in Government Auditing Standards, as established by the Comptroller General of the United States. The State may require the Contractor to provide evidence that it has met the above requirements.

31. **Single Audit Act Certification:** If the audit is required to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133, the Contractor certifies that neither it nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from performing audits by any Federal department or agency.
32. **Governing Law and Venue:** This Contract is governed by the laws of Montana. The parties agree that any litigation concerning this Contract in which the State is named as a party must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. The parties also agree that any litigation concerning this Contract in which the State is not named as a party must be brought in the Judicial District in and for the County in which the Entity is located, and each party shall pay its own costs and attorney fees.
33. **Notice:** All notices under this contract must be in writing and will be deemed given if delivered personally, by mail, certified, return receipt requested, or by e-mail. All notices will (a) if delivered personally, be deemed given upon delivery, (b) if delivered by mail, be deemed given upon receipt, or (c) if delivered by e-mail be deemed given upon receipt.
34. **Invalid Provision:** If any provision of this contract is held to be illegal or unenforceable and the parties' rights or obligations will not be materially and adversely affected, such provision will be (1) severed from the contract, (b) the contract will be interpreted as if such provision was never a part of the contract and (c) the remaining provisions will stay in effect.
35. **Authority:** Each party represents that the person signing this contract has the authority to bind that party.
36. **Entire Agreement and Amendment:** This contract and the attached Appendices contain the entire understanding and agreement of the parties. No modification or amendment of this contract is valid unless it is reduced to writing, signed by the parties, and made a part of this contract.

IN WITNESS WHEREOF, Contractor, Entity, and State have executed this Standard Audit Contract on the date first above written:

**Certified or Licensed Public Accountant**

JUNKERMIER, CLARK, CAMPANELLA, STEVENS P.C.  
Firm Name

By:   
Authorized Representative

Date: 3.12.12

**Governmental Entity**

CITY OF GREAT FALLS, MONTANA  
Entity Name

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**Montana Department of Administration,  
Local Government Services Bureau**

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

Date: \_\_\_\_\_



## APPENDIX A

### Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): City of Great Falls, Montana

Telephone: 406-761-1180 Address: P.O. Box 5021  
(Street Address or P.O. Box)

Great Falls, MT 59403-5021  
(City/Town) (Zip Code)

Contact Person(s):  
Melissa Kinzler

### PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR): Junkermier, Clark, Campanella, Stevens P.C.

Address: P.O. Box 989  
(Street Address or P.O. Box)

Telephone: 406-761-2820 Great Falls, MT 59403-0989  
(City/Town) (Zip Code)

Contact Person(s):  
Loran Stensland or Kelby Donnelly

#### 1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending  
June 30, 2012 (and \_\_\_\_\_).  
(Month & Day) (Year) (Year)

B. Date to commence audit work: September 17, 2012

C. Date to submit final audit report  
to Entity and State: December 31, 2012

#### 2. Time and Price for Engagement:

A. Estimated total hours - 500

B. Price for audit personnel \$ 46,000

Price for Travel

Price for typing, clerical

and report preparation

Total price for this

engagement \$ 46,000

#### 3. The reporting entity contains the following discretely presented component units: Great Falls Business Improvement District and the Great Falls Public Library Foundation

#### 4. Date Annual Financial Report or a trial balance will be available: September 7, 2012

#### 5. Number of copies of audit report Contractor will provide to Entity:

One copy of all auditors reports, entity responsible for all financial statements, etc.

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:  
As needed.

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

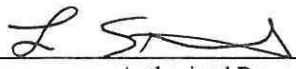
- ☒ The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**OR**

- ☐ The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**Certified or Licensed Public Accountant**

JUNKERMIER, CLARK, CAMPANELLA, STEVENS P.C.  
Firm Name

By:   
Authorized Representative

Date: 3-12-12

**Governmental Entity**

CITY OF GREAT FALLS, MONTANA  
Entity Name

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**Montana Department of Administration,  
Local Government Services Bureau**

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

Date: \_\_\_\_\_

APPENDIX B

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): \_\_\_\_\_

Telephone: \_\_\_\_\_ Address: \_\_\_\_\_  
(Street Address or P.O. Box)

\_\_\_\_\_, MT \_\_\_\_\_  
(City/Town) (Zip Code)

Contact Person(s): \_\_\_\_\_

PUBLIC ACCOUNTANT/ACCOUNTING  
FIRM (CONTRACTOR): \_\_\_\_\_

Telephone: \_\_\_\_\_ Address: \_\_\_\_\_  
(Street Address or P.O. Box)

\_\_\_\_\_, MT \_\_\_\_\_  
(City/Town) (Zip Code)

Contact Person(s): \_\_\_\_\_

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending  
\_\_\_\_\_, \_\_\_\_\_ (and \_\_\_\_\_).  
(Month & Day) (Year) (Year)

B. Date to commence audit work: \_\_\_\_\_

C. Date to submit final audit report  
to Entity and State: \_\_\_\_\_

2. Time and Price for Engagement:

A. Estimated total hours - \_\_\_\_\_

B. Price for audit personnel \$ \_\_\_\_\_

Price for Travel \_\_\_\_\_

Price for typing, clerical  
and report preparation \_\_\_\_\_

Total price for this  
engagement \$ \_\_\_\_\_

3. The reporting entity contains the following discretely presented component units: \_\_\_\_\_

4. Date Annual Financial Report or a trial balance will be available: \_\_\_\_\_

5. Number of copies of audit report Contractor will provide to Entity: \_\_\_\_\_



6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

\_\_\_\_\_

\_\_\_\_\_

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

- ☐ The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**OR**

- ☐ The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**Certified or Licensed Public Accountant**

\_\_\_\_\_

Firm Name

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

Authorized Representative

Date: \_\_\_\_\_

**Governmental Entity**

\_\_\_\_\_

Entity Name

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

Authorized Representative

Date: \_\_\_\_\_

**Montana Department of Administration,  
Local Government Services Bureau**

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

Approved By

Date: \_\_\_\_\_

## APPENDIX C

### Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): \_\_\_\_\_

Telephone: \_\_\_\_\_ Address: \_\_\_\_\_  
(Street Address or P.O. Box)

\_\_\_\_\_, MT \_\_\_\_\_  
(City/Town) (Zip Code)

Contact Person(s): \_\_\_\_\_

PUBLIC ACCOUNTANT/ACCOUNTING  
FIRM (CONTRACTOR): \_\_\_\_\_

Telephone: \_\_\_\_\_ Address: \_\_\_\_\_  
(Street Address or P.O. Box)

\_\_\_\_\_, MT \_\_\_\_\_  
(City/Town) (Zip Code)

Contact Person(s): \_\_\_\_\_

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending  
\_\_\_\_\_, \_\_\_\_\_ (and \_\_\_\_\_).  
(Month & Day) (Year) (Year)

B. Date to commence audit work: \_\_\_\_\_

C. Date to submit final audit report  
to Entity and State: \_\_\_\_\_

2. Time and Price for Engagement:

A. Estimated total hours - \_\_\_\_\_

B. Price for audit personnel \$ \_\_\_\_\_

Price for Travel \_\_\_\_\_

Price for typing, clerical \_\_\_\_\_

and report preparation \_\_\_\_\_

Total price for this \_\_\_\_\_

engagement \$ \_\_\_\_\_

3. The reporting entity contains the following discretely presented component units: \_\_\_\_\_

4. Date Annual Financial Report or a trial balance will be available: \_\_\_\_\_

5. Number of copies of audit report Contractor will provide to Entity: \_\_\_\_\_

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

\_\_\_\_\_

\_\_\_\_\_

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

- ☐ The audit will be a single audit conducted in accordance with the provisions of OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**OR**

- ☐ The audit will not be a single audit conducted in accordance with the provisions of OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

**Certified or Licensed Public Accountant**

\_\_\_\_\_  
Firm Name

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**Governmental Entity**

\_\_\_\_\_  
Entity Name

By: \_\_\_\_\_  
Authorized Representative

Date: \_\_\_\_\_

**Montana Department of Administration,  
Local Government Services Bureau**

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

Date: \_\_\_\_\_