

**PROPOSAL TO PROVIDE
AUDITING SERVICES TO
ELK RIDGE CITY**



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

June 28, 2024

Elk Ridge City
Attn: Royce Swensen
80 East Park Drive
Elk Ridge, Utah 84651

Thank you for the opportunity to submit our proposal to provide audit and other services as described in your request for proposal for Elk Ridge City for the year ending June 30, 2024, and with possible extensions for four succeeding years. We believe we are the City's best choice for auditing services because we are uniquely qualified and experienced in providing auditing services to governmental entities and to Cities in particular.

We believe that our detailed response to the request for proposal demonstrates that:

- We have extensive experience in local government accounting and auditing. We believe that, compared to other firms, large and small, our partners and managers are more directly involved with our clients on a continuing basis. The team that will perform your audit will be highly trained and experienced.
- We have extensive experience auditing Cities. Our staff has detailed knowledge of the specific auditing and reporting requirements of Cities.

We are committed to providing Elk Ridge City with technical excellence and superior service with the highest level of professionalism.

Gilbert & Stewart CPA, PC was organized in 1974. We serve our clients from three locations, Provo, American Fork, and Heber. Ron Stewart, CPA, is the individual to contact if questions arise. Our firm contact information is as follows:

Gilbert & Stewart CPA, PC
190 West 800 North, Suite #100
Provo, Utah 84601
(801) 377-5300 (801) 373-5622 (Fax)
Email: rstewart@gilbertandstewart.com

As you read our proposal, you will see that we have the necessary experience, technical expertise and other resources required for this engagement.

We thank you in advance for your consideration.

Ron Stewart

Ron Stewart, CPA

PROFILE OF INDEPENDENT AUDITOR

General Background Information

The firm of Gilbert & Stewart CPA PC, a local firm, was organized in 1974 and has served clients from our three locations since that time. Gilbert & Stewart has gained a solid reputation in governmental auditing. The principals of Gilbert & Stewart have been established and practicing for periods up to 45 years. Ron Stewart is the individual to contact if questions arise.

Gilbert & Stewart (A Professional Corporation)
Certified Public Accountants
190 West 800 North, Suite #100
Provo, Utah 84601
(801) 377-5300 (801) 373-5622 (Fax)
Email: rstewart@gilbertandstewart.com

Size and Structure of the Firm

Since 1974, Gilbert & Stewart, CPA's, a locally owned and managed firm of certified public accountants situated in Provo, Utah, has provided a wide range of professional services in auditing, accounting, tax and management services to a large variety of industries and entities. Our firm operates from one office with satellite offices in American Fork City and Heber City. This audit will be conducted from our Provo office. Our professional and support staff consists of the following this:

Partners	5
Managers	3
Accountants	9
Interns/Seasonal	3
Secretaries	<u>3</u>
Total Personnel	<u>23</u>

Computer Systems

We are familiar with most accounting systems and have the capability to audit all of them. We have extensive experience and knowledge of Pelorus financial software.

Positive Affirmations

Gilbert & Stewart is properly licensed for practice as a Certified Public Accounting firm in the State of Utah.

Gilbert & Stewart is independent Elk Ridge City as defined in the AICPA's *Rules of Conduct*, and by the requirements of the *Government Auditing Standards*, 2018 revision published by the U.S. General Accounting Office.

Gilbert & Stewart meets the continuing education and external quality review requirements contained in the *Government Auditing Standards*, 2018 revision published by the U.S. General Accounting Office.

Gilbert & Stewart, its principal, or any others affiliated with the firm **are not** the focus of any pending, or ongoing litigation, formal investigation, or administrative proceedings related to attestation services.

Gilbert & Stewart is a member of the Private Companies Practice Section of the Division for CPA Firms of the American Institute of Certified Public Accountants. We have undergone nine peer reviews administered by the Private Companies Practice Section, which review serves to document and enhance the quality of our auditing procedures. Our last review was performed in 2022 and we received a pass rating (the best rating that can be received). A copy of the report is attached.

February 5, 2022

**Gilbert & Stewart, CPA's PC and the
Peer Review Committee of the Nevada Society of CPA's**

We have reviewed the system of quality control for the accounting and auditing practice of Gilbert & Stewart, CPA's PC (the firm) in effect for the year ended September 30, 2021. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

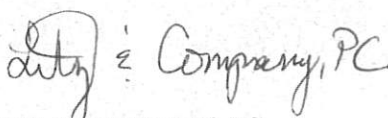
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and an audit of an employee benefit plan.


As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gilbert & Stewart, CPA's PC in effect for the year ended September 30, 2021, 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*. Gilbert & Stewart, CPA's PC has received a peer review rating of *Pass*.


LITZ & COMPANY, PC

5145 S Airport Road (1750 W), Suite 100 • Roy, Utah 84067 • (801) 825-4100 • Fax (801) 773-6934

 The CPA. Never Underestimate The Value.®

FIRM QUALIFICATIONS

Below is a summary of key personnel that will be assigned to the audit.

Ron Stewart, CPA -- Audit Partner
Spencer Hintze, CPA -- Audit Partner/Manager
Justin Gilbert, -- Audit Staff
Jason Gilbert, -- Audit Staff

Please see the attached resumes for qualifications and experience:

PERSONNEL EXPERIENCE AND QUALIFICATIONS OF

RONALD J STEWART

Certified Public Accountant

Audit Partner

Graduated	1999
Degree	Master of Accountancy B.S. degree in Business Management
College	Weber State University College of Business Utah Valley State College

Qualifications:

Awarded CPA certificate from the State of Utah in 2001.

Began working for Gilbert and Stewart in 1999 and has worked on municipal, non-profit, school district, and commercial audits.

Auditing Experience including but not limited to:

Audit Partner:	Orem City Saratoga Springs City South Jordan City Farmington City Eagle Mountain City North Ogden City Lindon City Hooper City Utah County Many other Governmental, Non-Profit, and Commercial entities
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Attends annual government accounting and auditing update courses sponsored by the Utah Association of CPAs.

Attended: Utah State Government Audit Update (attended annually)
UACPA State & Local Government Update (attended annually)
AICPA Practitioners' Symposium (attended annually)

Member of the American Institute and Utah Association of CPAs,
Member of Government Finance Officers Association
Member of Utah Government Finance Officers Association.

PERSONNEL EXPERIENCE AND QUALIFICATIONS OF

SPENCER HINTZE

Certified Public Accountant

Partner/Manager

Graduated
Degree

2012
Master of Accountancy
B.S. Degree in Accounting

College

Southern Utah University
Utah Valley University
Woodbury School of Business

Qualifications:

Received Certified Public Accountant license from State of Utah in 2018.

Began working for Gilbert and Stewart in 2012 and has worked on municipal, non-profit, school district, employee benefits, and commercial audits.

Auditing Experience including but not limited to:

Utah County
Orem City
Saratoga Springs City
South Jordan City
Vineyard City
Payson City
Eagle Mountain City
Emery County School District
Nebo School District
South Sanpete School District

Many other governmental, non-profit, employee benefits, and commercial entities

Attends Annually: Utah State Government Audit Update
 UACPA State and Local Government Update

Member of the AICPA and the UACPA.

PERSONNEL EXPERIENCE AND QUALIFICATIONS OF

JUSTIN GILBERT

Staff

Graduated	2023
Degree	Master of Accountancy B.S. Degree in Accounting
College	Brigham Young University Marriott School of Business

Qualifications:

Began working for Gilbert and Stewart in 2022 and has worked on municipal, non-profit, school district, and commercial audits.

Auditing Experience including but not limited to:

- Utah County
- South Jordan City
- Payson City
- Eagle Mountain City
- North Ogden City
- Farmington City
- Military Installation Development Authority
- Emery School District
- Nebo School District
- Piute School District
- Millard School District
- American Preparatory Academy
- Iron County School District

Many other governmental, non-profit, and commercial entities

Attends Annually:	Utah State Government Audit Update UACPA State and Local Government Update
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Jason Gilbert
Staff

2023
Master of Accountancy
B.S. Degree in Accounting

Brigham Young University
Marriott School of Business

Attends Annually: Utah State Government Audit Update
UACPA State and Local Government Update

Experience with Governmental Audits

A significant portion of our firm's audit practice is concentrated in local governments and in particular Cities and Districts. We currently audit forty-five governmental entities (including Cities and Districts) and many more non-profit organizations and for-profit entities. We assist many clients each year to present an Annual Comprehensive Financial Report (ACFR) and achieve the GFOA certificate of achievement for excellence in financial reporting. Some of the entities we provide audit services include: (additional references can be provided upon request).

Utah County

Jeremy Walker, Finance Director
Provo, Utah 801- 851-8221

South Jordan City (GFOA Certificate)

Sunil Naidu, Finance Director
South Jordan, Utah 801- 254-3742

Saratoga Springs City (GFOA Certificate)

Chelese Rawlings, Finance Manager
Saratoga Springs, Utah 801-766-9793

Farmington City (GFOA Certificate)

Gary Davis, Finance Director
Farmington City, Utah 801-939-9204

Eagle Mountain City (GFOA Certificate)

Kimberly Reusch, Finance Director
Eagle Mountain City, Utah 801- 789-6606

Syracuse City (GFOA Certificate)

Steve Marshall, Finance Director
Syracuse City, Utah 801-614-9621

Lindon City (GFOA Certificate)

Kristen Colson, Finance Director
Lindon City, Utah 801-785-5043

No other auditors or specialists will participate in the audit.

Gilbert & Stewart has had varied and extensive experience in auditing government entities including counties, cities, school districts, special improvement districts, non-profit government grant agencies, etc. (A list of some audit client references is attached).

The primary focus of our accounting and auditing practice is governmental, not-for-profit, retirement plans, and other industries. Prospective clients are screened carefully to ensure that the principals meet our high standards of integrity and business ethics. We believe that the image of our firm is reflected in the image of our individual clients.

The firm and/or individual principals have the following affiliations and memberships, among others:

1. American Institute of Certified Public Accountants (AICPA)
2. Utah Association of Certified Public Accountants (UACPA)
3. The Government Finance Officers Association (GFOA)
4. The AICPA Center for Audit Quality
5. The Association of Certified Fraud Examiners
6. AICPA Private Companies Practice Section

Members of the firm have conducted seminars, undertaken speaking engagements, and served on various committees and boards including leadership on those committees and boards.

Gilbert & Stewart engages in extensive recruitment processes to seek out only highly qualified and proven personnel to provide exceptional service to our clients. Each year general and specialized training programs are attended by all our staff. Each member of our staff is required to participate in a minimum of 40 hours of accounting and auditing continuing education each year and participate in at least 24 hours of highly specialized governmental accounting and auditing continuing education every two years.

APPROACH TO THE EXAMINATION

Audit Requirements

It is our understanding that this is a proposal to audit the basic financial statements of Elk Ridge City including all governmental activities, each major fund, and the aggregate remaining fund information. All discretely presented component units will be included in the financial statements. This proposal also includes all compliance auditing and control systems review as required by The Single Audit Act and Uniform Guidance, *Government Auditing Standards*, and State Compliance Manuals.

We will provide the following reports as part of our audit of Elk Ridge City:

1. Independent Audit Report in conformity with accounting principles generally accepted in the United States of America.
2. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance required by Uniform Guidance Regulations.
4. Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as required by Utah State Compliance Audit Guide.
5. Management Letter which will include any findings and recommendations, along with a response from Management. If Management refuses to respond, that will be noted in the letter as well.

We will retain copies of all audit working papers, audit programs, time control records, and reports for a period of at least seven years after completion of related services and such records are available for inspection by the City and oversight agencies, as requested.

Audit Approach

Our audit will be conducted in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Uniform Guidance, and will include tests of the accounting records of Elk Ridge City and other procedures we consider necessary to enable us to express an unmodified opinion that the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on Elk Ridge City's compliance with laws and regulations and its internal controls as required by *Government Auditing Standards* and Uniform Guidance. Our audit will also cover all requirements of the State of Utah Legal Compliance Audit Guide.

Our audit fieldwork will be determined by our evaluation of accounting systems and controls, by evaluation of audit risk and materiality, and will consist of both compliance and substantive testing based upon those evaluations. We would expect the cooperation of City personnel in providing a suitable place to work, in helping to locate records, preparation of schedules where possible, and by responding to questions. We would, however, try not to be unnecessarily disruptive of day-to-day operations.

Gilbert & Stewart uses remote access technology to maximize efficiency during fieldwork. This technology affords us the opportunity to access the full array of resources of our firm's servers while conducting the on-site audit work. To fully utilize our remote access system, we require high-speed internet connections in the audit room.

TIME REQUIREMENTS

Gilbert and Stewart will plan and perform our audit services to meet the required time frame of the City. We will plan our audit to be ready for preliminary work on July 1st. We will start field work in September, with an expected draft financial statements to us by November 15th based on those dates we would anticipate that the reports would be available to be issued by December 1st. We provide audit services to many entities that have reporting deadlines each year. We pride ourselves on completing those audits on time.

AUDIT HOURS AND FEES

The following is the expected audit hours by service and staff level:

2024	Financial Audit		
	Hourly Rate	Estimated Hours	Estimated Amount
Partners	\$ 200	18	\$ 3,600
Manager	140	25	3,500
Staff	110	19	2,100
Total		62	\$ 9,200

YEARS	Financial Audit
2025	\$ 9,200
2026	9,500
2027	9,750
2028	10,000
2029	10,200

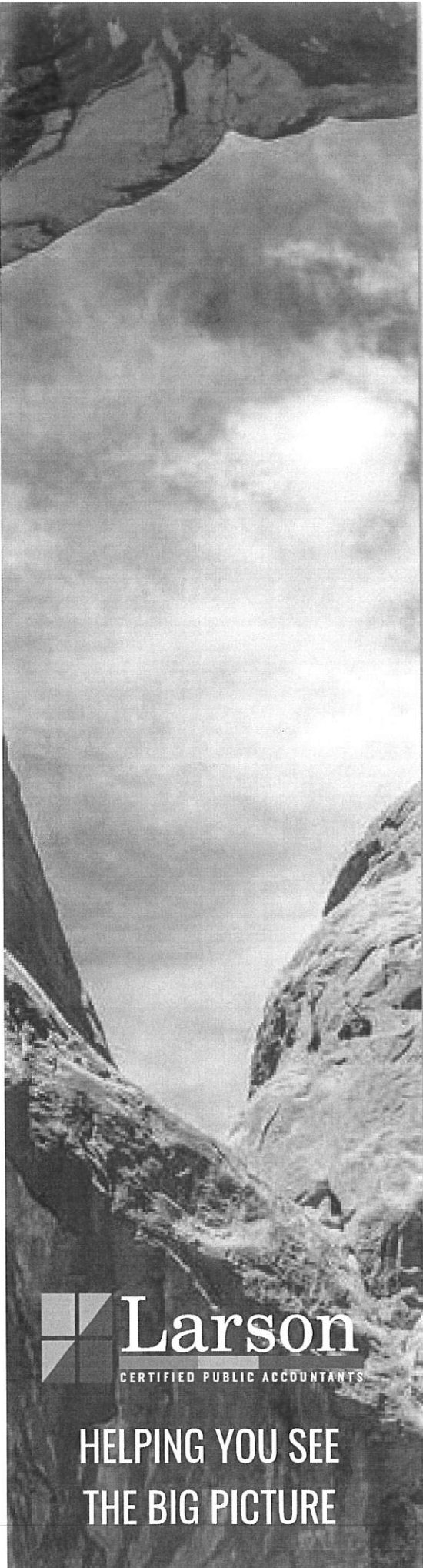
OTHER

What Sets Us Apart

Gilbert & Stewart is different than most firms because partners and managers are on-site performing tests and audit procedures along with other staff members. This allows us to address critical issues up-front rather than later when reviews are performed. We have found that our clients enjoy the interaction with partners and the job is completed in a much more efficient manner when issues can be resolved immediately. Our firm approach is to have a partner on the audit rather than in the office.

Non-discrimination Clause

Gilbert & Stewart does not discriminate against any individual because of race religion, sex, color, pregnancy, childbirth, or pregnancy-related conditions, age, disability sexual orientation, gender, identity, national origin, or other protected class per federal, state, and local laws, and that these shall not be a factor in consideration for employment, selection, of training, promotion, transfer, recruitment, rate of pay, or other forms of compensation, demotion, or separation.



ELK RIDGE CITY

PROPOSAL FOR INDEPENDENT AUDIT SERVICES



Larson

CERTIFIED PUBLIC ACCOUNTANTS

HELPING YOU SEE
THE BIG PICTURE

JON HADERLIE, CPA, AUDIT PARTNER
1606 SPANISH FORK PARKWAY, SUITE 200
SPANISH FORK, UT 84660
TEL: 801-798-3545 FAX: 801-798-3678
jhaderlie@larsco.com



June 26, 2024

Elk Ridge City
Elk Ridge, Utah 84651

Dear Mayor, Council Members and Management:

Thank you for giving us the opportunity to submit an audit services proposal for Elk Ridge City. We have great regard for your organization and look forward to the prospect of working alongside you to safeguard your public funds by entering an agreement for audit services.

Our Qualifications. Larson & Company, PC (a Utah corporation) has been auditing government entities since our inception in 1975, 49 years ago. We have since become known as one of the premiere providers of auditing services to government entities in the State of Utah, and in that time we have found our expertise as a focused government audit group, working year-round with over 80 government entities of various sizes. We understand you require professionals experienced in auditing municipal entities and possessing an understanding of the unique operating characteristics of a City in Utah. You also require experienced professionals who will be available as a resource to you year-round as questions or concerns may arise. Our specialists can offer proactive advice as a matter of course, including issues related to:

- application of GASB statements
- best practices related to Municipalities in Utah
- emerging regulatory issues, including transparency standards
- analyzing internal controls processes for possible weaknesses regarding fraud

You want your accounting professionals to be familiar with your organization, understand your mission, and remain accessible to discuss important issues facing Elk Ridge City in the future. Because of our knowledge of government regulations, our municipal clients are served by a knowledgeable, experienced staff for a reasonable fee with no surprises. In fact, some of our government clients have remained with Larson & Company for over 30 years.

A Winning Combination. Our government auditing experience with territories, counties, cities, and small government entities allows us to deliver not only the services required in your RFP, but far more guidance and service than you would expect from an auditor. Members of our government team are full-time government auditors. We focus on this diverse group of organizations in Utah and support the organizations that educate them. Because of this focus, we optimize the best methods in auditing government entities and bring efficiency and expertise to your audit needs. We can offer friendly service with a combination of quality and price that matches the value you seek.

We look forward to working with Elk Ridge City. If you have any questions or require additional information, please contact me at (801) 798-3545 or jhaderlie@larsco.com.

Sincerely,

Larson & Company, Certified Public Accountants

A handwritten signature in black ink, appearing to read 'Jon Haderlie, CPA'.

Jon Haderlie, CPA, Audit Partner





At Larson & Company, we believe our experience gives you the security to safeguard funding.

A. FIRM'S QUALIFICATIONS

Firm Organization and Locations Larson & Company is a privately owned, regional accounting firm comprised of 115 employees, including 44 CPAs, 20 partners, and 64 professional staff. We operate from three offices throughout Utah, including Salt Lake County, Spanish Fork, and Moab.

Audit Office Information

Your audit will be conducted from our Spanish Fork office, which employs a government staff of highly qualified individuals. All of our staff are full-time employees and many are licensed CPAs. We have a policy of being available to our clients whenever you need us, not just during the course of the audit. We expect questions throughout the year, so call us anytime. We typically do not bill for routine phone conversations, but we view these as ancillary services that add value to your audit, not additional time we can bill.

Exceeding Mandatory Criteria

The requirements for competent government auditors are strict. We pride ourselves on maintaining the highest standards of excellence within our profession. We not only meet the criteria in your RFP, we exceed it.

- Our firm is properly licensed for practice as certified public accountants in the state of Utah.
- Larson & Company meets all the requirements for independence and experience as promulgated by the AICPA Rule 101 and the *Government Auditing Standards*. We have heretofore not entered into any professional relationships or contracts with Elk Ridge City within the last five years, and we do not deem a conflict of interest relative to performing the audit to exist.
- The training received by our government audit personnel is of high caliber. Each CPA on staff is licensed to practice in the State of Utah. Each member of the audit team assigned to your audit has received extensive training in current government auditing standards and regulations and meets the continuing education requirements. We also meet the external quality control review requirements contained in the *Government Auditing Standards*.
- No disciplinary action has been taken against a member of our firm in the 49-year history of the firm.
- The most current quality control review report can be found at the end of this proposal. We have received a passing report with no letter of comments attached, indicating a clean quality control history. This external quality control review included a specific review of government engagements.
- The Office of the Utah State Auditor performed a review of our workpapers and issued a report in August of 2021. The results of that review are a "pass" as noted on their website.



A big part of the value of our service is our people. We are committing a highly qualified team to lead your engagement, with over 35 years of combined service experience.

B. STAFF QUALIFICATIONS

Staff Resumes

As a professional services firm, the skills of our people are a big part of the value of our services. You want to work with knowledgeable individuals and decision makers that can get the job done. You want to get to know your team and expect continuity in the relationship with your team. We do, too. The professionals we are committing to Elk Ridge City are experienced and well trained in audit issues affecting government entities and intend to be there to assist you on a long-term basis. It is anticipated that 4-5 full-time employees will be assigned to your audit, including the Partner and Manager supervising the engagement.

Staffing Approach

We have included the resumes for our lead government audit partner, audit manager, and senior staff auditor. All staff assigned to this audit are seasoned government specialists with the training and experience that will give Elk Ridge City the most qualified team to complete their audit in a timely, efficient manner. The training our audit staff receives complies with all government standards and requirements for continuing education. This ensures you have the most current information for your organization every year during your audit.

The key members of the engagement team consist of:



**Jon Haderlie, CPA,
Lead Audit Partner**



**Cody Powell,
Audit Manager**



**Steven Tervort,
Audit Senior**

JON HADERLIE, CPA



CONTACT INFORMATION:

jhaderlie@larsco.com

801-798-3545

765 North Main
Spanish Fork, UT 84660

www.larsco.com

Lead Audit Partner

Jon is our most experienced government auditor and has worked with government entities of all sizes, including special service districts, cities and towns, counties, universities, territories, and charter schools. He is well known in the government community and his knowledge of government reporting requirements is unmatched in our organization. Jon is known for assisting his clients in understanding, identifying, and implementing internal controls necessary to maintaining a healthy organization. His approach is common sense, and he has the ability to connect with his clients on every level, from staff to management and governance. His expertise includes all accounting and auditing standards and regulations as specified by the AICPA, GASB, FASB, GAAS, and GAS. Jon is licensed to practice as a CPA in the State of Utah.

Jon's academic and professional accomplishments include the following:

- MBA, Utah State University, 2009
- Bachelor of Science, Accounting, Utah Valley University 2003
- Member, Utah Association of Certified Public Accountants (UACPA)
- Controller, private industry, 2004–2007
- AICPA Not-for-Profit Certification
- Committee Chair – NextGen CPAmerica
- Vice-Chair – UACPA Local Governments
- Chair – UACPA Local Governments
- Utah Association of Counties presenter on Internal Controls, Audit Committees, and Internal Audit Functions
- Utah Association of Counties presenter on Separation of Powers
- Utah Association of Counties presenter on Preparing for your upcoming audit.
- CPAmerica frequent presenter

Jon's Recent Government Continuing Education Courses Completed:

- UACPA Government Conference
- Utah State Auditor's Office Governmental Auditing Update
- Guide to Audits of Local Government
- Audits of States, Local Governments, and Non-Profit Organizations
- Staff Audit Training
- AICPA Not-for-Profit Certification
- Uniform Guidance
- CPAmerica A&A Yellowbook
- GFOA National Conference
- Current and upcoming GASB Pronouncements



CODY POWELL

Audit Manager

Cody has become one of our most in-demand employees since he joined the firm in 2013. He is proficient in testing and auditing government entities of all sizes and types, including counties, cities, special service districts, charter schools, and others. His audit proficiency has earned him a spot working on our largest government clients. Cody is known for quickly completing audit processes and his clients appreciate his easygoing personality.

CONTACT INFORMATION:

cpowell@larsco.com

801-798-3545

765 North Main
Spanish Fork, UT 84660

www.larsco.com

Cody's academic and professional accomplishments include the following:

- Masters of Accountancy, Westminster College, 2013

Cody's Recent Government Continuing Education Courses Completed:

- UACPA Government Conference
- Utah State Auditor's Office Governmental Auditing Update
- Guide to Audits of Local Government
- Audits of States, Local Governments, and Non-Profit Organizations
- GASB 54: Fund Balance Reporting and Governmental Fund
- Staff Audit Training



STEVEN TERVORT

Audit Senior

Steve is a rising star at Larson & Company. He joined the firm in 2018 and has quickly become one of the most well-liked team members among clients. He has the ability to assist clients with their reporting requirements, accounting functions, and best-practice controls.

Steve's academic and professional accomplishments include the following:

- Masters of Accountancy, Western Governors University, 2021

Steve's Recent Government Continuing Education Courses Completed:

- UACPA Government Conference
- Utah State Auditor's Office Governmental Auditing Update
- Guide to Audits of Local Government
- Audits of States, Local Governments, and Non-Profit Organizations
- GASB 54: Fund Balance Reporting and Governmental Fund
- Staff Audit Training

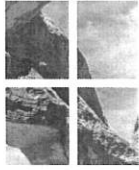
CONTACT INFORMATION:

stervort@larsco.com

801-798-3545

765 North Main
Spanish Fork, UT 84660

www.larsco.com



We think you will find our clients are exceptionally pleased with our services. Please contact any of these reference for more information.

C. CLIENT REFERENCES

The best and most valuable proof of our ability to deliver the services you require and deserve is evidenced by the fact that we continually serve over 50 governmental entities. The following four clients are those for whom we have performed financial statements audits and/or single audits over the last several years. We encourage you to contact these clients and ask about the quality of service provided by Larson & Company.

Spanish Fork City

Jordan Hales, Finance Director

jhailes@spanishfork.org

801-804-4522

Audit Partner: Jon Haderlie, CPA (Financial statement audit and single audit)

Orem City

Brandon Nelson, Finance Director

bcnelson@orem.org

801-229-7010

Audit Partner: Jon Haderlie, CPA (Financial statement audit and single audit)

Santaquin City

Shannon Hoffman, Finance Director

shoffman@santaquin.org

801-754-3211 ext 203

Audit Partner: Jon Haderlie, CPA (Financial statement audit and single audit)

City of Erda

Terry Miner, Erda City Council

tminer@erda.gov

801-854-5613

Audit Partner: Jon S Haderlie, CPA (Financial statement audit)

Similar Engagements with Other Government Entities

We serve a wide range of governmental entities, including the following similar clients:

Other Governmental Clients:

American Samoa Government	LBJ Hospital (American Samoa)
American Fork City	Delta City
Nephi City	Ephraim City
Nibley City	Fairview City
Juab County	Ivins City
Millard County	Heber City



Larson & Company understands the nature of your organization. We can begin to work right away, and you will not have to spend time each year training our staff.

D. PROPOSED APPROACH

Understanding of Scope of Work

We understand from your RFP document that the scope of your audit includes the following for each fiscal year of the contract period:

- Financial Report: Audited Financial Statements and Records of Elk Ridge City and the accompanying opinion on these statements in accordance with Yellow Book;
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters in accordance with GAS;
- Reports Required for the Single Audit under the Uniform Guidance (if applicable), and Reporting Required by the Office of the Utah State Auditor;
- Management Letter;
- All reports and bound copies with an electronic copy of each will be submitted to Elk Ridge City **before the requested deadline**.
- These shall all be performed in accordance with:
 - Auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants (AICPA);
 - The *AICPA Audits of State and Local Governmental Units* audit and accounting guide;
 - *Government Auditing Standards*, 2011 revision, published by the U.S. Government Accountability Office;
 - The *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor;
 - The Single Audit Act; *Audits of States, Local Governments, and Non-Profit Organizations* under the uniform guidance (as applicable).

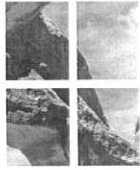
Specific Audit Approach

In order to understand our audit approach, it is necessary to understand the underlying philosophy of Larson & Company. Our mission statement is "Achievement Through Constant Improvement." Our founder, Dennis Larson, demonstrated to us that we are inherently happier when we are improving. Each employee is required to set goals each year that involve both business and personal aspirations. Our firm makes a constant effort to help provide everything necessary for our employees to achieve their goals. As we all strive to make improvements to our lives that we each have chosen for ourselves, we are happier. We abide by the idea that a happy employee is a productive employee. This philosophy of constant improvement carries over to our clients. We know that if we can assist you in achieving your goals, you will value our relationship, and both you and our firm will be rewarded.

When it comes to the accounting standard of professional skepticism, we believe there is a broad range within which to operate. We approach management and board of trustees in a non-adversarial way. Our process consists of testing and verification rather than challenge and confrontation. During the entire process, we understand that communication is key your success and the success of our firm. We have found that properly communicating with our clients adds value to the services we provide and ensures a lengthy, mutually beneficial, relationship.

Implementation of new GASB Pronouncements

As new standards are implemented, we strive to educate and assist our clients in understanding the standard. We stand ready at any time to clarify how the standards apply to each specific client. With the recent implementation of GASB 68, we met individually with each client to explain the meaning and ramifications of implementation.



Larson & Company
makes every effort
to create as little
disruption as
possible in your
day-to-day
activities.

E. PROJECT SCHEDULE

In order to achieve an efficient and effective audit, we will tailor our audit approach to fit the nature of your business and operations focusing on the likelihood of a material misstatement in the financial statements. In order to do so, it is essential for us to understand clients' needs and concerns. With this understanding, we will be better able to direct our emphasis to the areas of higher risk, focusing on the unique characteristics of your operating environment, the effectiveness of your internal control, and your financial statement amounts and disclosures.

Based on our understanding of the timetable and accounting department staffing, we propose the following tentative schedule for the audit of Elk Ridge City's financial statements:

Initial Meetings with Management — Upon award of contract

The goal of these initial meetings is to establish effective two-way communication between auditor and management. We will discuss our overall assessments and the scope of our audit testing. Additionally we will discuss both management's responsibilities as well as our own responsibilities. Input from the audit committee will be explored in developing our understanding of the risks facing Elk Ridge City and identifying the sources of evidence and information about specific transactions. We will also establish dates for the next phases of the audits.

Preliminary Audit Procedures — July/August 2024

During this planning phase, we will review and evaluate the internal controls of Elk Ridge City to determine the timing and extent of our testing. We will review activity to date, update our initial risk assessments, and discuss any concerns regarding our audit procedures. We will also communicate with staff to coordinate the preparation of work papers and confirmations.

Audit Fieldwork — September/October 2024

During the testing phase we will verify asset balances, determine the completeness of liabilities and conclude our detailed examination of your financial cycles. After our fieldwork and before the issuance of our report, we will request certain representations from management in a *management representation letter*. A draft of this letter will be made available at least one week in advance of our anticipated date of signing. We are available to explain any language in the letter that is not clear to governing officials.

Issue Audited Financial Statements — November 2024

The reporting phase will begin as soon as our testing is complete. Our auditors will compile a preliminary draft report for review after fieldwork ends. We will make the report available to management and will be available to discuss any of our findings at this time. We will issue the audit reports and letters by Elk Ridge City's requested deadline to allow management to have it to the Office of the Utah State Auditor prior to the deadline.

We will be available to meet with the audit committee during any of the above audit phases to discuss our progress. Should we encounter any significant adjustments or material weaknesses, we will discuss them with management and/or the audit committee, as appropriate, as soon as they come to our attention.

We find delays in the final report sometimes occur as a result of not receiving timely information from third parties. We will be proactive in keeping you informed about issues remaining and may ask your assistance in receiving information from third parties to avoid delays in issuing our report.

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 oversight agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Deliverables

A list of expected deliverables in connection with Elk Ridge City's annual audit include:

1. Financial Statement Audit Report
2. Single Audit Report (when applicable)
3. Government Auditing Standards Report
4. Report on Compliance and Internal Control required by Utah State Auditor
5. Communication with Those Charged with Governance

Communication Process

Great emphasis is placed on the personal relationships we have built with our clients. Partners and managers take pride in their ability to proactively assist clients and will reach out to Elk Ridge City to communicate any issues that might arise. You can feel confident in contacting the professionals at Larson & Company without the worry of incurring additional expense.



F. PROPOSED FEES

Our fee estimate is based on the complexity of the work required and considers our understanding of your present internal control and procedures together with an understanding that Elk Ridge City will provide us with substantial assistance, including account analysis, workpaper schedules, confirmations, documentation of internal and financial controls, etc.

The "not to exceed" fee for regular assurance services for the years ending June 30, 2024-2028, is estimated below. **Please note that the Partner will be on site for the majority of fieldwork and is always accessible to clients throughout the year.**

The following table presents the estimated hours required to complete the engagement by level.

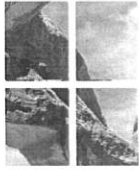
	Standard Hourly Rates	Estimated Hours
Partners	435	8
Managers	250	12
Supervisory Staff/Seniors	200	25
Staff	165	50

The following table presents the annual not-to-exceed fee for the financial statement audit.

Year	Total All-inclusive Maximum Potential Price	
	Financial Statement Audit	Federal Single Audit under Uniform Guidance (when applicable)
2024	\$11,500	\$4,000
2024	\$11,900	\$4,100
2025	\$12,300	\$4,200
2026	\$12,700	\$4,300
2027	\$13,100	\$4,500
Total	\$61,500	\$21,100

The **Single Audit fees** are separated from the financial statement audit fees presented above, as they would be done under a separate engagement letter, and as they would apply only when applicable. Single audit fees are considered allowable costs under the Uniform Guidance.

We know you don't like fee surprises. Neither do we. We strive to be truthful, straightforward and up front in our fee discussions so there are no surprises.



G. NON-DISCRIMINATION CLAUSE

Larson & Company does not discriminate against any individual because of race, religion, sex, color, age, handicap, or national origin, and these are not a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

H. OUR COMMITMENT TO YOU

We are committed to placing Larson & Company's financial assurance and consulting resources at your service. Our experience auditing municipalities and other governmental entities will assist you in meeting your compliance requirements.

Our goal is to provide you with practical, timely and affordable solutions to your financial and operational needs. Ultimately, our good name and reputation rest on how well our services work for organizations like yours. Please contact us if you have questions regarding this proposal. We look forward to working with you soon.

J. PEER REVIEW REPORT

A copy of Larson & Company's most recent peer review report may be downloaded from the AICPA using the following address:

https://peerreview.aicpa.org/public_file_search.html.

A copy has also been attached at the end of this document. No management letter was issued in conjunction with the report, indicating a clear record with no quality control issues.

K: CONTACT INFORMATION

Jon Haderlie, CPA
Lead Audit Partner
1606 Spanish Fork Parkway, Suite 200
Spanish Fork, UT 84660
801-798-3545 jhaderlie@larsco.com



Appendix: PEER REVIEW REPORT



PRIDA, GUIDA & PEREZ, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
2504 W. KATHLEEN STREET
TAMPA, FLORIDA 33607
TELEPHONE: (813) 226-6091
FAX: (813) 229-7754

Report on the Firm's System of Quality Control

October 25, 2023

To the Partners of Larson & Company, P.C.
And the Peer Review Committee of the
Nevada Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Larson & Company, P.C. (the firm) in effect for the year ended April 30, 2023. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the Single Audit Act, audits of employee benefit plans, and examinations of service organizations (a SOC 1 and a SOC 2 engagement).

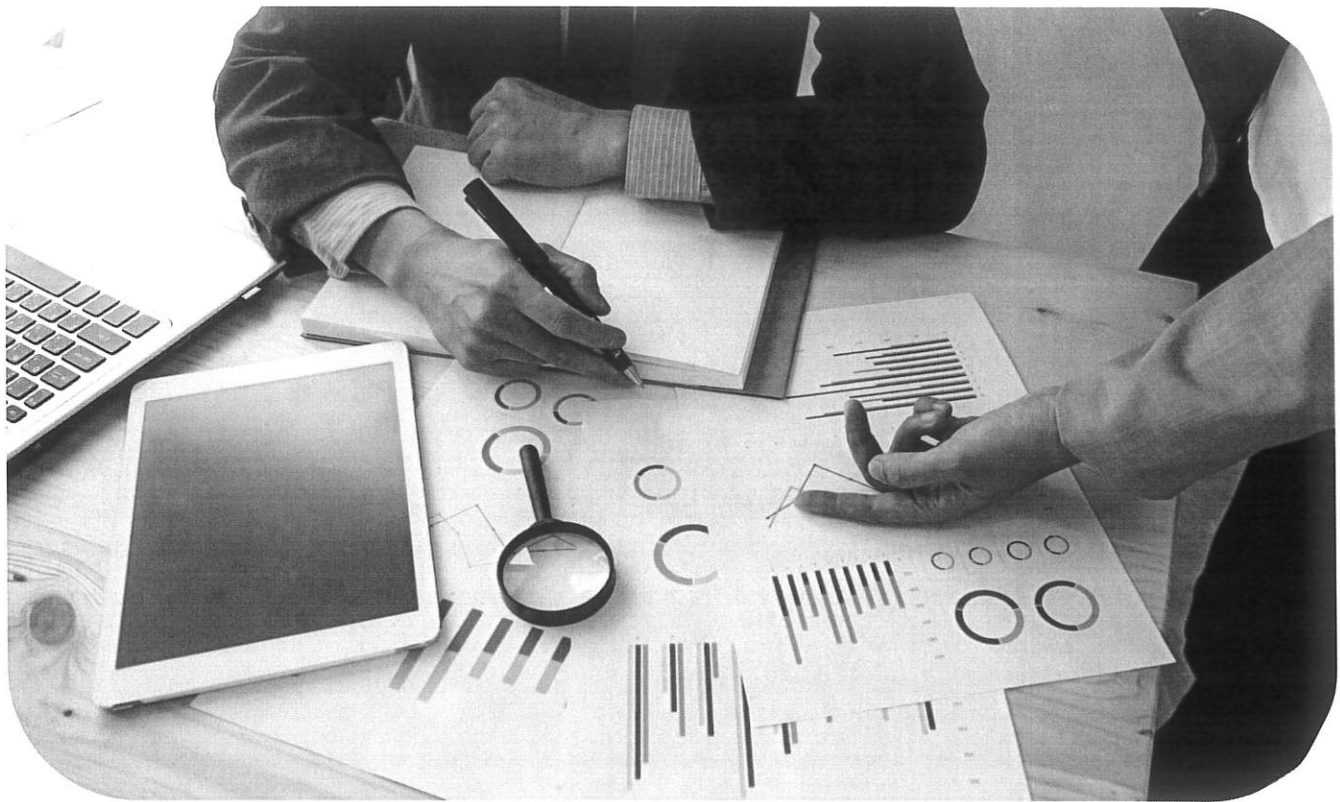
As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Larson & Company, P.C. in effect for the year ended April 30, 2023, 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*. Larson & Company, P.C. has received a peer review rating of *pass*.

Prida Guida & Perez, P.A.

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS



PROPOSAL TO PROVIDE AUDIT SERVICES

ELK RIDGE CITY

Prepared by:
Kyle A. Greene, CPA



ELK RIDGE CITY
Financial Audit Services Proposal
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B. Proposer's Qualifications	4
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E. Fees	9
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Attachments:

Schedule A – Peer Quality Review Report, dated July 6, 2021



June 26, 2024

Elk Ridge City
Elk Ridge, Utah

We are pleased that Elk Ridge City (the City) is considering Squire & Company, PC (Squire) to provide financial audit services to the City for the year ending June 30, 2024. Our proposal is provided with this letter.

Listed below are highlights of items of interest about Squire:

- Squire is a member of the AICPA Center for Audit Quality and a member of the AICPA Governmental Audit Quality Center.
- We provide financial audit services for many local governments throughout Utah. We provide accounting and audit services to counties, municipalities, school districts, municipal golf courses, special service districts, local districts, metropolitan water districts, commissions, and other local governments.
- We are actively involved in training and supporting local governments in implementing new accounting and reporting standards.
- We assist several governments in ensuring their Annual Comprehensive Financial Reports qualify for GFOA's certificate of excellence award program.
- Our governmental audit teams are well trained, attend annual governmental training and updates, and have the capacity to audit the City in a timely manner.
- Supplemental consultation is available to the City throughout the year at no additional fee.

An important question one might ask is whether Squire has the capacity and energy to provide exceptional services for each client served by the firm on a consistent and ongoing basis. The answer is in the affirmative. Our firm has enjoyed steady growth through its 50-year existence. Most of our team members are licensed certified public accountants, have earned master degrees in accounting, and obtain over 80 hours of continuing professional education each year.

We have been successful in planning, scheduling, supervising, and completing each audit engagement undertaken in the past. Our commitment will continue for each of our clients. We make that same commitment to the City.

Our experience with similar governmental entities (in addition to the availability of our staff) allows us to give the City the professional service needed to comply with accounting, auditing, and reporting standards. We desire to be a valued resource to the City.

Squire & Company, PC

Squire & Company

PROPOSAL TO PROVIDE AUDIT SERVICES

A. Profile of the Independent Auditor

Since 1973, Squire, a firm of certified public accountants with locations in Orem and Salt Lake City, Utah, has provided a full range of professional services in auditing, accounting, and taxes, as well as information technology and management advisory services for a variety of industries and entities throughout the United States of America and internationally. We perform over 200 audits annually, including over 100 audits performed in accordance with *Government Auditing Standards*.

Personnel consist of 78 certified public accountants. Our current professional and support staff is summarized as follows:

	Total Personnel
Partners	29
Directors and managers	26
Professional accountants	110
Interns and seasonal	12
Secretaries and administrators	43
Total personnel	220

All of the certified public accountants at Squire are currently licensed to practice in the State of Utah (License #108019-2603). We certify that neither our firm nor its principals are presently debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this engagement by any governmental department or agency.

In relation to the City, our firm meets the independence requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*, as revised.

Our auditors responsible for planning, directing, conducting, or reporting on government engagements have completed annually over 40 hours of continuing education and training with at least 12 of those hours in subjects directly related to the government environment and to government accounting and auditing.

Squire has an appropriate internal control system in place and participates in an external quality control review program. Our established internal quality control system provides reasonable assurance that we have established, and are following, adequate audit policies and procedures and have adopted, and are following, applicable audit standards. Also, every three years, we undergo an external quality control review followed in our audit engagements. Certain government audits are included in the selection of engagements that were reviewed during these inspections.

We are freely accessible to City personnel throughout the year and will be able to respond quickly to requests.

Address:

1329 South 800 East
Orem, UT 84097

Telephone:

(801) 225-6900

Facsimile:

(801) 228-2118

Your contacts:

Kyle A. Greene, CPA
kyleg@squire.com
(801) 494-6065

Matthew A. Geddes, CPA
mattg@squire.com
(801) 494-6003

Kirsten LaKose
(Administrative Assistant)
kirstenl@squire.com



PROPOSAL TO PROVIDE AUDIT SERVICES

Our most recent quality control letter received at the conclusion of our most recent peer review (conducted July 2021) is included as Schedule A. The results of our most recent peer review is also located in the public file at www.aicpa.org.

Squire is a member of the Governmental Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants. The audit quality center provides training, alerts, and keeps us informed of government audit, accounting, and reporting developments. Squire has established policies and procedures specific to the firm's governmental audit practice to comply with GAQC membership requirements.

Squire has been subject to certain routine reviews of its audit practice or specific government audits performed by our firm. These reviews included a visit by the Utah State Auditor's Office in July 2021 and the U.S. Department of Education in November 2020. We certify that the firm has had no disciplinary action or pending against it during the past five years.

Squire Awards

Squire has been Utah's trusted accounting partner for 50 years. We work hard to develop relationships with our clients – and that trust leads to success. We're consistently named one of the top companies to work for in Utah, as well as an outstanding provider of tax, audit, and advisory services.



PROPOSAL TO PROVIDE AUDIT SERVICES

B. Proposer's Qualifications

Project Team

The professionals directly assigned to work on this engagement include the following:



Kyle A. Greene, CPA – Engagement Audit Partner

Kyle joined the firm in 2010 after receiving his master of accountancy degree from Brigham Young University. Kyle has been involved with the audits of government, nonprofits, and for-profits entities. Kyle's primary area of emphasis is providing audit and related services for government entities, including school districts and special service districts.

Kyle is a certified public accountant and a member of the American Institute of Certified Public Accountants, Government Finance Officers Association (GFOA), and the Utah Association of Certified Public Accountants.



Matthew A. Geddes, CPA – Engagement Quality Control Audit Partner

Matt joined the firm in 2008 shortly after receiving a master of accountancy degree from Utah State University. He is involved in managing audits of for profit entities, local governments, and employee benefit plans. Matt's primary area of emphasis is providing audit and related services to local government entities. Matt volunteered to serve as a lead adopter to the AICPA's Single Audit Certificate and was among the first in the nation to be awarded a certificate which demonstrates his technical expertise in performing single audits in accordance with *Uniform Guidance*. He is a member of the Government Finance Officers Association (GFOA) and evaluates government's annual comprehensive financial reports submitted to the GFOS's award programs. Matt is also a member of the American Institute of Certified Public Accountants and the Utah Association of Certified Public Accountants. Matt has trained on

government accounting and reporting, state compliance requirements, and Uniform Guidance at events sponsored by the Utah Association of Certified Public Accountants, Utah Association of School Business Officials, Utah Government Auditor's Association, and Salt Lake County's Mayor Finance Office.

Other Professional and Support Staff

Staff members (who have governmental accounting and auditing experience) will be assigned to perform certain tasks according to the degree of responsibility involved and the experience level necessary, as follows:

Trae Johanssen, CPA – Supervising Accountant
Angel Paredes, CPA – Senior Accountant
Tanner Robertson – Accountant
Kirsten LaKose – Administrative Assistant

Other staff members will be available as needed to assist with technology issues or provide consultation.

PROPOSAL TO PROVIDE AUDIT SERVICES

We have enjoyed a relatively low turnover rate over the past several years. Where possible, we commit to assign the same individuals (partners and managers and other supervisory personnel) to the City audit engagements over the next five years. We will also honor any City requests for changes in personnel.

Relevant Experience

A significant portion of Squire's audit practice is concentrated in the government industry. Squire currently has four partners managing an additional 14 accountants working year-round on government audits and related services.

The number of audits performed by Squire continues to increase annually as more government entities select Squire to serve in this important role. Squire continues to be selected as the auditor through the bid process because these entities recognize the value we provide to them.

SQUIRE AT A GLANCE - 2023

Government Clients		Government Engagements	
22	5	Financial Statements	
School Districts	Counties/ Municipalities	Audits:	90
		Single Audits:	37
		State Compliance:	90
		Other Engagements:	13
33	38	Total # of Reports:	230
Charter Schools	Other Government Entities		

We have assisted our governmental audit clients in the implementation of new accounting and reporting standards. We have also provided training and resources for many other governments throughout the state to implement standards as they become effective.

Squire serves close to 100 government entities annually whose financial statements must be audited in accordance with *Government Auditing Standards*. A partial list of these clients is as follows:

Client	Location	Contact	Phone	Years of Engagement
Alpine School District	American Fork, Utah	Jason Sundberg	801-610-8417	33
Central Utah Water Conservancy District	Orem, Utah	Shawn Lambert	801-226-7138	1
City of South Salt Lake	Salt Lake City, Utah	Crystal Makin	801-483-6000	5
Greater Salt Lake Municipal Services District	Salt Lake City, Utah	Marla Howard	385-468-6677	2
Metropolitan Water District of Salt Lake & Sandy	Cottonwood Heights, Utah	Annalee Munsey	801-942-1391	2
Salt Lake County	Salt Lake City, Utah	Shanell Beecher	385-468-7102	15
South Davis Sewer District	West Bountiful, Utah	Mark Katter	801-295-3469	2
Southern Utah Valley Power Systems	Springville, Utah	Blake Anderson	801-465-9273	17
Weber County	Ogden, Utah	Scott Parke	801-399-8487	1
Timpanogos Special Service District	American Fork, Utah	Richard Mickelsen	801-756-5231	16

We would encourage you to contact any of the entities listed to learn about their experience with Squire. These individuals can provide you with a unique perspective about the experience, knowledge, professionalism, and service Squire's governmental audit team provides.

PROPOSAL TO PROVIDE AUDIT SERVICES

What Squire Clients Are Saying



"Squire has conducted financial audits for the Utah Local Governments Trust and many Trust members for years. We value Squire's expertise, transparency, and professionalism."

— Steven A. Hansen
Utah Local Governments Trust



"Squire & Company has been our auditor for over 20 years. We have found their service to be timely, accurate and extremely helpful in keeping us current with GASB standards. Most importantly however, their professionalism in their interactions with us and our employees has been exceptional. They have truly added value to our organization far beyond an audit opinion."

— Tim Leffel
Davis School District



"Because governmental accounting is so specialized, it is critical that an auditor not only understands, but is fluent in the technical accounting concepts and issues surrounding governments. Squire has that expertise and the amount of partner time and attention they provide is unrivaled. Our accounting has improved tremendously from their recommendations over the years and we have benefited greatly from their experience and expertise. Squire's knowledge of governmental accounting and auditing is unmatched in the local audit community."

— Shanell Beecher
Salt Lake County

PROPOSAL TO PROVIDE AUDIT SERVICES

C. Proposer's Approach to the Examination

We will work closely with City accounting personnel in planning and conducting the audit. We will also work with City management to identify specific areas to emphasize in order to obtain the desired level of audit coverage in those areas.

We will audit the financial statements of Elk Ridge City for the year ending June 30, 2024. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the provisions contained in the *State Compliance Audit Guide*.

We use practice aids developed to provide an efficient, technically sound audit approach for local governments. We will tailor our audit to address the risks associated with your individual audit; a risk assessment approach provides a method to identify higher-risk areas so that audit effort can be focused on those areas.

Our audit approach can be divided into the following broad steps:

Perform procedures regarding acceptance/continuance of the client relationship, evaluate compliance with ethical requirements (including independence), and establish an understanding with the client in an engagement letter.

Establish planning materiality for each opinion unit and perform risk assessment procedures to gather information about the government and its environment that may be relevant in identifying risks of material misstatement of the financial statements. In accordance with the AICPA Audit and Accounting Guide for State and Local Governments, multiple measures of materiality for an individual opinion unit will be used and a lower materiality level will be established for particular items.

Gather the information to understand and evaluate the design and implementation of the government's internal control system.

Synthesize the information gathered, identify risks (both overall and specific) that could result in material misstatement of the financial statements, and develop an overall audit strategy for each audit area (for example, substantive procedures or a combined approach of substantive procedures and tests of controls).

Assess the risks of material misstatement of the government's financial statements.

Develop and perform appropriate responses (further audit procedures) to the assessed risks of material misstatement of the financial statements considering the overall audit strategy and planning materiality. These audit procedures will include tests of transactions (revenues, receipts, disbursements, purchasing, payroll, adjustments, and inventories), summaries, estimates, and disclosures.

Evaluate audit findings and evidence.

Prepare required reports and communications.

PROPOSAL TO PROVIDE AUDIT SERVICES

We work as a team on our audit engagements and involve you in the process to ensure you are satisfied with our approach and the results of the audit. We communicate with management continually throughout the process to ensure the audit progresses efficiently and questions are resolved quickly. We do not plan to use the services of specialists in our audit.

It is customary for a firm partner or manager to be on site with our audit teams for most audit procedures. This practice facilitates our supervision of the engagement and also allows decisions to be made readily during the audit process.

Reporting standards require the City to include management's discussion and analysis (MD&A) with the financial statements. This and other required supplementary information (RSI) will be subject to certain procedures, consisting primarily of inquiry and comparisons. Our report will include our consideration of the RSI. We are also available to advise the City in the preparation of the MD&A.

We will communicate to management matters and issues as outlined in AICPA Professional Standard AU-C, Section 260, *The Auditor's Communication with Those Charged with Governance*. This will be in the form of a letter and will be delivered at the completion of our audit.

In addition to the reports required by *Government Auditing Standards*, and the *State Compliance Audit Guide*, we may prepare a letter to management that will include deficiencies, findings, and recommendations relative to internal controls, compliance with laws and regulations, as applicable, and adherence to generally accepted accounting principles that are not required to be communicated elsewhere. The letter will include the status of prior-year comments and the written responses from the City for each recommendation.

D. Time Requirements

Upon your approval, we plan to perform our audit as follows:

Activity	Timing
Planning	August
Testing of transactions and accounts	October
Review of financial and other reports	November
Report delivery	December

PROPOSAL TO PROVIDE AUDIT SERVICES

E. Fees

Based upon our knowledge of the City, our review of City financial information and reports and our experience with similar engagements, we anticipate approximately 85 hours will be required to complete the audit for the year ended June 30, 2024.

Our fee for the audit and related services will be \$18,000 for the year ended June 30, 2024. A breakdown of hours by staff level and our standard fee is as follows:

Staff Level	Rate	Hours	Amount
Partner	\$ 400	10	\$ 4,000
Professional	200	65	13,000
Secretarial	100	10	1,000
		<u>85</u>	<u>\$ 18,000</u>

We anticipate that we will provide audit services for the following five years. For those years, our fees will be as follows:

Year Ending June 30,	Fee
2024	\$ 18,000
2025	18,900
2026	19,850
2027	20,800
2028	21,800

Our proposal anticipates moderate growth and no substantial changes in the City, audit and accounting and reporting standards, or major federal and state awards. Our fee includes travel and other audit-related costs. Any increase in the audit fee will be immediately disclosed to the City Administrator.

Other accounting services and consultation are available upon your written approval at our standard rates or at a negotiated fee.

F. Additional Information

Non-discrimination Clause

We affirm that Squire & Company, PC does not discriminate against any individual because of race, religion, sex, color, sexual orientation, gender identity, age, disability, or national origin, and that these shall not be a factor in consideration for employment, selection for training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

PROPOSAL TO PROVIDE AUDIT SERVICES

Conflict of Interest

We affirm that none of our officers, employees, or immediate family members of officers and employees is or has been an elected official, employee, board member, or commission member of the City or its affiliates. We have not provided any compensation in any form, whether directly or indirectly, to an elected official, board member, or commission member of the City or its affiliates.

Professional Liability and Workers Compensation Insurance Coverage

We certify that we have, and will continue to obtain, adequate professional liability and workers compensation insurance coverage.

Record Retention

We will retain copies of all audit working papers, audit programs, time control records, and reports for a period of at least six years after completion of related services and such records are available for inspection by the City and oversight agencies, as requested.

Debarment

We certify that neither our firm nor its principals are presently debarred, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any governmental department or agency.

Other Services

The City will have access to all the professionals and the resource library at Squire. In addition, we stand ready to assist the City in implementing new accounting and regulatory standards as they become effective.

Our Commitment

Our goal is to do a little more than our clients expect. We trust this proposal meets your expectations. We know we can provide a quality product while giving the City the personal and professional attention it seeks.

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

July 6, 2021

To the Shareholders of
Squire & Company, P.C.
and the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Squire & Company, P.C. (the firm) in effect for the year ended December 31, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, and an examination of a service organization SOC 2 engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Squire & Company, P.C. in effect for the year ended December 31, 2020, 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*. Squire & Company, P.C. has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

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