

Bid Tabulation from RFP for Audit Services

Allred Jackson

2023	\$	22,800
2024	\$	24,200
2025	\$	25,600
2026	\$	27,200
2027	\$	28,800
Total	\$	128,600

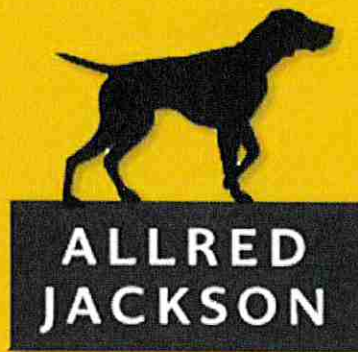
HBME

2023	\$	23,000
2024	\$	24,000
2025	\$	25,500
2026	\$	26,500
2027	\$	28,000
Total	\$	127,000

Larson

2023	\$	26,000
2024	\$	26,900
2025	\$	27,800
2026	\$	28,800
2027	\$	29,800
Total	\$	139,300

\*HBME was the low bid over the 5 years. Staff is recommending HBME for annual audit services. Price was not the only factor. After calling references we felt like HBME had experience with auditing Cities with power departments.



## **Hyrum City**

**Proposal for Audit Services**

**June 20, 2023**

### **Firm Contact:**

Diana Cannell, CPA, Audit Shareholder  
Allred Jackson, PC  
50 East 2500 North, Suite 200  
North Logan, UT 84341  
(P) 435.752.6441  
(F) 435.752.6451  
[dcannell@allredjackson.com](mailto:dcannell@allredjackson.com)  
[www.allredjackson.com](http://www.allredjackson.com)

June 20, 2023

Hyrum City  
Attn: Todd Perkins  
tperkins@hyrumcity.com

Dear Mr. Perkins,

We are pleased to offer this proposal for professional audit services for Hyrum City, Utah.

In business for over 30 years, Allred Jackson has a long-standing history of quality auditing, assurance, and tax preparation services. With offices in Logan and American Fork, our firm serves clients throughout Northern Utah and Southeastern Idaho. We are proud to offer our clients the following key advantages:

- Our firm currently serves several different government entities throughout Utah. Our extensive background allows our firm to offer potential clients experience and knowledge that are second to none.
- We offer our clients a low partner-to-staff ratio, which means that our managers and partners will be actively involved in the entire audit process and easily accessible to the client.
- As members of the BDO Alliance, we are able to offer our clients the convenience and simplicity of working with a local firm backed by the knowledge and resources of one of the largest networks of professional accounting firms in the nation. Our membership in this network allows us to provide our clients with an even broader range of services and offer much more depth and experience in specialized areas.
- Our firm is committed to maintaining a low staff turnover rate in order to provide our clients with more knowledgeable personnel and a more personalized experience.

We are committed to offering our clients an enjoyable and positive experience and place a high value on our relationship with our clients. At Allred Jackson, we understand that each client and engagement are unique, and we are willing to do what it takes to meet the individual needs of each of our clients.

The contact information for our firm and firm representative are as follows:

Allred Jackson, PC  
50 East 2500 North, Suite 200  
North Logan, UT 84341  
[info@allredjackson.com](mailto:info@allredjackson.com)  
(435) 752-6441

Diana Cannell, *Audit Shareholder*  
50 East 2500 North, Suite 200  
North Logan, UT 84341  
[dcannell@allredjackson.com](mailto:dcannell@allredjackson.com)  
(435) 770-3299

This proposal is submitted in response to your Request for Proposal for Audit Services. We understand that you are soliciting financial audit services to be performed on all of the funds of Hyrum City for the year ended June 30, 2023 and the succeeding four years 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. We affirm our commitment and ability to provide such services in accordance with the standards outlined above.

Diana Cannell, *Audit Shareholder*, and Kody Bland, *Audit Manager*, will be the primary individuals with responsibility for your audit engagement. Diana and Kody have each been involved with the planning

and performance of government entity audits for several years. Please review the attached resumes in Appendix A for more details on their respective experience and backgrounds.

This proposal and the fees outlined herein shall be valid and binding for the audit period ending June 30, 2023 and subsequent four years and will be included as part of any audit engagement contract entered into by Allred Jackson, PC and Hyrum City in relation to the aforementioned period.

I want to assure you that Allred Jackson will be a valuable resource and that we are prepared to help you answer difficult questions, improve control systems, and establish and maintain best practices. We will do all that we can to build and maintain your trust. If you have any questions about this proposal, please don't hesitate to call me at (435) 770-3299 (mobile) or (435)-752-6441 (office). I look forward to hearing from you and discussing our firm's ability to meet your needs.

Very truly yours,

A handwritten signature in black ink that reads "Diana Cannell". The signature is written in a cursive, flowing style.

Diana Cannell, CPA  
*Audit Shareholder*  
Allred Jackson, PC

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# Firm Profile

## Structure and clientele

At Allred Jackson, we understand that there is no substitute for experience, knowledge, and open communication when it comes to meeting such commitments and that is why we employ individuals that are not only highly knowledgeable, but that are also able to communicate effectively.

Allred Jackson currently serves over 50 total assurance clients and over 15 different government entities.

Our staff understands that each client and each engagement present a different set of challenges and needs. We are dedicated to providing individual clients with timely information and advisory services by making ourselves available to our clients and discussing the issues that are important to them.

Although we are a local firm, Allred Jackson is a member of the BDO Alliance USA, a nationwide accounting firm network that provides us with exclusive access to additional specialized personnel and resources.

We understand that as a government entity, Hyrum City (City) must maintain a high level of trust and transparency with both its community and State regulators. Such responsibility naturally extends to the City's financial reporting and accountability. With Allred Jackson as a financial partner, the City can be confident that it will be able to uphold its responsibility of trust through correct financial reporting and compliance.

## Location and staff

Allred Jackson maintains locations in both American Fork and Logan. The City would be primarily served by our Logan office, which houses two shareholders, five managers, six senior staff members, six professional staff members, and four support staff members.



*Experience the difference of quality and efficiency.*



## Experience serving municipal entities

Allred Jackson has extensive experience in providing audit and advisory services to governmental entities. In business for over 30 years, Allred Jackson has the experience and knowledge necessary to help governmental clients maintain compliance with ever-changing laws and regulations. Many of our governmental clients are similar in size and nature to the City, making us uniquely qualified to be able to perform audit services for your entity in the most professional and efficient manner possible. We have been engaged with many of our government entity clients for multiple years. Our history and experience have allowed us to develop long-standing professional relationships with a personal touch that most firms fail to achieve. All our staff have a deep understanding of the specialized practice of governmental accounting and are able to assist with special issues and provide direction and assistance with the implementation of new or revised accounting standards.

We also have experience with a wide variety of accounting systems. Some of the client systems we've worked with include Munis, Pelorus, Caselle, QuickBooks, Xero, Accumatica, NetSuite, Sage 500, and more. These systems range from locally hosted editions to cloud-based ERP systems. We employ CAAT (Computer Aided Audit Tools) that allow us to more quickly manipulate and interpret data from a wide variety of sources. We also believe that our background in ERP systems and municipal accounting systems in general gives us a significant head start for understanding your specific ERP solution.

Our audit employees call Cache Valley home. We have a vested interest in our community and the success of our local Utah economy. We love meeting new people in the area and forming relationships that we hope will last a lifetime. We believe that it is possible to be professional and still be friendly.



*When you want it done right, you can **count on us.***



# Audit Approach

## Audit procedures

An audit is intended to obtain reasonable assurance that financial information reported by an entity is correctly reported in accordance with accounting principles generally accepted in the United States of America. Our audit approach focuses on developing an understanding of your organization and how it functions. This focus allows us to be more efficient in our use of resources and audit testing and makes the audit process less disruptive to your daily operations.

The key phases of our audit of the City are as follows:

### Phase 1 – Planning

The first step of the audit involves meeting with City management to determine the lines of communication and the individuals responsible for analytical and audit test inquiries. Single audit requirements will also be evaluated. As a result of this meeting, risks and concerns identified by management will be considered and a preliminary schedule will be developed and communicated by the Audit Shareholder.

During this phase, we will request that you fill out an internal control narrative document that details City procedures and controls for several key audit areas. We will also ask for the minutes and request interviews with key personnel, as needed. This phase is expected to be performed in August 2023.

### Phase 2 – Risk Assessment

The second phase of the audit will include an analysis of the various risks identified during planning. This analysis will consider the following types of risks:

- Business environment
- Susceptibility to fraud or misstatement
- Internal controls





We will analyze each of these risks based on the information collected during the planning phase of the audit and make follow-up inquiries, as necessary.

After we have developed an understanding of the risk environment of the City, we will develop a materiality threshold and plan our audit testing procedures to specifically address each risk area identified. We will select the single audit major programs that will require additional testing and documentation. This approach allows us to focus our resources more efficiently by adding emphasis to the audit procedures of those areas we deem to be higher risk. This phase is expected to be performed in September 2023 with the City providing the preliminary trial balance.

### **Phase 3 – Fieldwork**

Fieldwork is a major part of the audit process and involves both substantive testing and analytical review. This portion of the audit will require City personnel to produce documentation supporting certain transactions and financial statement assertions. If possible, we will select certain asset, liability, and/or revenue accounts for confirmation during the planning phase of the audit and will request that your staff prepare such confirmations utilizing templates we will provide. Confirming balances with third parties can often save clients time in the fieldwork process by reducing the amount of testing required. If we identify any potential misstatements during this phase, we will discuss such misstatements with management and attempt to resolve or conduct further testing to gain the necessary assurance regarding the assertion in question. We expect to perform field work in September/October 2023. All support work papers would be prepared by the City prior to Allred Jackson beginning fieldwork.

*As an integral part of our audit process, we will evaluate your internal controls and review significant accounting policies. These critical steps allow us to offer insightful recommendations aimed at improving internal control procedures and increasing transparency in financial reporting.*



#### **Phase 4 – Review and Report Drafting**

To ensure a quality audit process, all reports and testing performed will be carefully reviewed by the audit shareholder prior to drafting the audit report. If determined necessary, the audit shareholder will further challenge the procedures performed to ensure that appropriate assurance has been acquired. Following the review, the audit opinion reports will be prepared and submitted, in draft form, along with the financial statements to management of the City for final review. The Audit Shareholder will work closely with management to resolve any disagreements or conflicts that may arise during this time. We expect to complete this by October/November 2023.

#### **Phase 5 – Report Issuance and Presentation**

Upon the approval of City management, the audit report and all other required reports will be finalized by the Audit Shareholder. Required reports will then be issued in both electronic (PDF) format and hardcopy form, as needed. A letter to management will also be presented to management detailing any findings and recommendations encountered during the audit. The Audit Shareholder will also present the final audit report before the Council at the November/December Board meeting.

### **Ongoing support**

All members of the audit team will be available throughout the year to answer any questions from City management. At Allred Jackson, we keep abreast of current and future changes in GASB regulations and the requirements set forth by the State Auditor's Office and inform our clients of such changes in advance of the audit.



# Professional Fees

Our goal is to provide you with high-quality and efficient services at reasonable rates. Our fees are based on the estimated number of hours and associated rates of each professional dedicated to your engagement. The following is our "not to exceed" fee schedule:

<b>2023 Audit Fee Schedule</b>			
	<b>Estimated Hours</b>	<b>Billing Rate</b>	<b>Billable Amount</b>
Audit Shareholder	20	\$380	\$7,600
Audit Manager	40	\$205	8,200
Audit Senior	40	\$170	6,800
Audit Staff	60	\$100	6,000
		Subtotal	28,600
		Less 20% Discount	(5,720)
		<b>Total 2023</b>	<b>\$22,880</b>

A multi-year contract for the years ended June 30, 2024 - 2027 is available with an approximate six percent annual fee increase for each consecutive year, with the hours stated above remaining the same (2024 \$24,200; 2025 \$25,600; 2026 \$27,200; 2027 \$28,800).

The fees noted above include all direct and indirect costs, including out-of-pocket expenses and are based on the following basic assumptions:

- Requested support will be readily offered City personnel both prior to and during fieldwork.
- Financial and accounting records will be in satisfactory condition.

Any non-audit services will be billed on an hourly basis at the below rates:

	<b>Standard Hourly Rate</b>	<b>Discounted Hourly for Local Government Entity</b>
Audit Shareholder	\$380	\$304
Audit Manager	\$205	\$164
Audit Senior	\$170	\$136
Audit Staff	\$100	\$80



# Client References

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At Allred Jackson, our clients always come first. We want our clients to be satisfied with our service and the product they receive. We encourage you to contact the following governmental entity clients regarding the financial audit services we have provided to them in the past.

- **Cache County School District – Jared Black, Business Administrator**

84 East 2400 North  
North Logan, UT 84341  
(435) 752-3925  
[Jared.black@ccsdut.org](mailto:Jared.black@ccsdut.org)

- **Smithfield City – Justin Lewis, Recorder**

96 South Main  
Smithfield City, UT 84335  
(435) 792-7990  
[jlewis@smithfieldcity.org](mailto:jlewis@smithfieldcity.org)

- **Hyde Park City – Donja Wright, Recorder**

113 East Center Street  
Hyde Park, UT 84318  
(435) 563-6507  
[donja.w@hydeparkcity.org](mailto:donja.w@hydeparkcity.org)

- **Wellsville City – Scott Wells, Recorder**

75 East Main  
PO Box 6  
Wellsville City, UT 84339  
(435) 245-3686  
[swells@wellsvillecity.com](mailto:swells@wellsvillecity.com)





# Summary

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We make the satisfaction of our clients our primary focus. Our years of serving governmental entities throughout the area have given us the experience and knowledge to be able to handle your engagement in the most efficient and professional manner. We offer our clients a more approachable lead staff, giving our clients greater ability to get in touch with knowledgeable individuals with experience in governmental reporting and compliance requirements.

We love working with our governmental clients simply because that is where a large part of our expertise lies. We pride ourselves on being able to assist you in maintaining transparency and accountability with the public and other regulating agencies.

Allred Jackson is the only firm in Cache Valley to provide the personalized service of a local firm with the depth of resources usually only experienced with regional and national firms. As a BDO Alliance member firm, we are able to provide more insight and experience to address specialized governmental issues.

As your audit partner, Allred Jackson is committed to meeting all of your audit and advisory needs.



*Our audit team will work hard to **gain your trust** and establish your confidence in our firm.*



## Additional Information

### Licensing, insurance, and independence

Allred Jackson, PC affirms that it is licensed as a certified public accounting firm in the State of Utah and holds all required professional liability insurance policies. Allred Jackson abides by the standards of independence defined by the American Institute of Certified Public Accountants' Code of Professional Conduct and Section 3 of *Government Auditing Standards*, as published by the U.S. Government Accountability Office. Allred Jackson affirms that it is independent of the City as defined by these standards and regulations.

### Continuing professional education

All our audit professionals maintain state, AICPA, and yellow book standards for continuing professional education. Each year our audit professionals attend state and local government conferences sponsored by the Utah State Auditor's Office, the UACPA, and the AICPA.

### Non-discrimination

Allred Jackson P.C. does not discriminate against any individual because of race, religion, sex, color, age, handicap, or national origin, and these shall not be factors in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

### Peer review

As a member of the Governmental Audit Quality Center, our firm participates in the AICPA peer review program. Under this program, our system of quality control is subject to review by an outside team of certified public accountants approved by the state administering entity. In our latest peer review report dated December 22, 2020, our system of quality control and accounting and auditing practices was found to be in compliance with AICPA professional standards. Allred Jackson always includes our government audits as part of the internal inspection and peer reviews. A copy of our most recent peer review report is included as *Appendix B* of this proposal.

### State compliance

Allred Jackson received a designation of "PASS" on our most recent review performed by the Utah State Auditor's Office.



***Feel confident*** as you navigate the road ahead with an experienced team of governmental specialists.



## Appendix A: Engagement Team Biographies



## Diana S. Cannell, CPA

*Audit Shareholder*

### Summary of Experience

While attending Utah State University, and after graduation, Diana was an accountant for the Department of Biological and Irrigation Engineering at USU where she was responsible for tracking and reporting on over 40 different fund accounts. After graduation, Diana joined Arthur Andersen, LLP in Houston, Texas where she was involved in auditing nonprofit, real estate, manufacturing and distribution, and partnership-type entities. Diana joined Allred Jackson in May of 1996 and later became the primary audit shareholder taking responsibility for the oversight and direction of all the firm's audit functions. Diana has been performing audits of government entities for over 25 years and is well versed in governmental accounting practices and reporting.

Diana directs all audit engagements and is responsible for planning, oversight, and review of audit processes. Diana also assists clients in drafting financial statements for some of the firm's municipal audit clients.

### Professional Licenses and Affiliations

- Certified Public Accountant
- American Institute of Certified Public Accountants

### Education

- Bachelor of Science Degree in Accounting, Utah State University, Logan, Utah
- Master of Business Administration, Utah State University, Logan, Utah

### Personal

Diana enjoys participating in activities with her family such as camping, fishing, hiking and traveling the world. Some of her favorite places to visit include Iceland, New Zealand, Patagonia, Azores, Thailand, Cambodia, Italy, Slovenia, Turkey, Peru, Ecuador, Chile, Vietnam, Africa, and Argentina.





# Kody Bland, CPA

*Audit Manager*

## Summary of Experience

While attending Utah State University, Kody worked for Goldenwest Credit Union. As a Member Engagement Specialist, he assisted members with various financial needs such as bank transactions and loan applications. Kody completed an internship with Allred Jackson, was hired as a full-time member of the audit staff and was later promoted to the position of Audit Manager. Kody is currently involved in auditing various nonprofit, for-profit, and government entities.

Kody has been involved in governmental and not-for-profit auditing for seven years and has also performed several agreed-upon procedures for local government entities. He is involved in audit planning, fieldwork, and financial drafting assistance.

## Professional Licenses and Affiliations

- Certified Public Accountant

## Education

- Bachelor of Science Degree in Accounting, Utah State University, Logan, Utah
- Master of Accountancy, Utah State University, Logan, Utah

## Personal

Kody enjoys spending time with his wife, Myra. They can often be found cheering on their siblings during various sporting events such as ultimate frisbee and lacrosse. They enjoy playing sports as well, and frequently play pickleball, disk golf, or volleyball. In the summer they like to go camping and hiking with friends and family. They also enjoy relaxing while playing board games or watching Netflix.



# MaryKay Carter

*Audit Senior*

## Summary of Experience

While attending Utah State University, MaryKay worked for Space Dynamics Lab (SDL) as a C/SSR (Cost/Schedule Status Report) Specialist coordinating cost vs. status progress and reporting for multiple space projects. After receiving her MBA, MaryKay was promoted to the position of Asset Manager overseeing and auditing equipment inventories for the lab. Before joining Allred Jackson, MaryKay worked as a Premium Auditor and Reviewer for worker's compensation and general liability policies.

MaryKay joined the audit team at Allred Jackson in 2017 and is involved in both profit, not-for-profit, and governmental auditing, as well as agreed-upon procedures and state compliance testing for local government entities. She is involved in audit planning, fieldwork and financial statement proofing.

## Education

- Bachelor of Science Degree in Finance, Utah State University, Logan, Utah
- Master of Business Administration, Utah State University, Logan, Utah

## Personal

MaryKay loves activities and games with her family, going on adventures with her grandchildren, camping, hiking, scuba diving, riding her E-bike, scrapbooking, travelling the world and working with numbers.



## Appendix B: Peer Review Report



# Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's  
and the Idaho Society of CPA's  
**Jeffrey D. Poulsen, CPA**  
**Darren B. VanLeuven, CPA**  
**Jacob H. Catmull, CPA**

## Report on the Firm's System of Quality Control

December 22, 2020

To the Owners of  
Allred Jackson, PC  
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 Allred Jackson, PC (the firm) in effect for the year ended June 30, 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](http://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 an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

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 Allred Jackson, PC in effect for the year ended June 30, 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*. Allred Jackson, PC has received a peer review rating of *pass*.

*Poulsen, VanLeuven & Catmull*  
Poulsen, VanLeuven & Catmull P.A.



**HYRUM CITY, UTAH**

**Request For Proposal**

**INDEPENDENT FINANCIAL  
AUDITING SERVICES**

**JUNE 30, 2023 – JUNE 30, 2027**



COMMITTED. EXPERIENCED. TRUSTED.

**HBME, LLC**  
**559 West 500 South**  
**Bountiful, UT 84010**  
**(801) 296-0200**

**Contact Person – Aaron R. Hixson, CPA**  
**Email Address: [aaron@hbme.com](mailto:aaron@hbme.com)**  
**[www.hbme.com](http://www.hbme.com)**

**June 21, 2023**

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COMMITTED. EXPERIENCED. TRUSTED.

MICHAEL L. SMITH, CPA  
JASON L. TANNER, CPA  
ROBERT D. WOOD, CPA  
AARON R. HIXSON, CPA  
TED C. GARDINER, CPA  
JEFFREY B. MILES, CPA  
JESSE S. MALMROSE, EA

SHAWN F. MARTIN, CPA  
MONTANA T. HADLEY, CPA  
NATHAN E. ERICKSON, EA

#### FOUNDERS

E. LYNN HANSEN, CPA  
CLARKE R. BRADSHAW, CPA  
GARY E. MALMROSE, CPA  
EDWIN L. ERICKSON, CPA

June 21, 2023

Hyrum City  
60 West Main Street  
Hyrum City, UT 84319

To Whom It May Concern:

Thank you for inviting us to submit a proposal to provide professional auditing services to Hyrum City, Utah (the City). We appreciate the information you sent to us and the time your staff spent explaining your current needs. You will continue to be an especially important client to our firm. The services we provide for you will receive our highest priority. We believe we have the means to provide a quality audit with vital knowledge and superior staffing to meet your needs.

We would be very pleased to serve as your independent accounting firm, and we hope that our proposal conveys our desire and qualifications to fulfill your current and future professional needs.

You will benefit from our services in the following ways:

- **EXPERIENCED PROFESSIONALS:** Seven of our professionals are partners and five are managers, out of a total of 26 personnel. At HBME, LLC, our partners and managers work closely with clients. As a result, you will have our personal attention whenever needed. We also will give you the continuity of service you expect.
- **MUNICIPAL GOVERNMENT AUDIT EXPERIENCE:** Collectively and individually, our audit team has many years' experience in performing and managing governmental entity audits, including OMB Subpart F Single Audits and Utah State Compliance Audits. Some of our other current clients similar to Hyrum City include: Riverton City, Pleasant Grove City, Taylorsville City, Draper City, and Bluffdale City.
- **TIMELINESS:** We will meet your deadlines. Our professionals are trained to anticipate, identify, and respond to your needs in a timely manner. We will work closely with your management team to optimize our audit services to your needs. We believe in clear, up-front, and open communication with no surprises. We understand and will comply with the schedules and scope for the audit, as outlined in your Request for Proposal, and will perform all work within the time frames outlined.

- FEES: We can provide you with timely, high-quality professional work at a reasonable fee. We have proposed fees that reflect our sensitivity to the budget constraints the City is facing. The fee for the audit includes routine phone calls and meetings during the year. Prior to performing any specialized services, we will discuss an estimate of the fee and obtain your approval before commencing work on special projects. The choice of services is always yours, and you always have control over fees.

These key benefits will become a reality as we work closely with you. We hope we have given you some additional insight into the way HBME, LLC professionals serve our clients.

We look forward to serving you.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Hixson".

Aaron R. Hixson, CPA  
Partner

## Proposal to Serve Hyrum City

### PROFILE OF HBME, LLC

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#### BACKGROUND OF FIRM

HBME, LLC was formed in April 1980 and is a local firm located in Bountiful, Utah. The firm currently has seven partners with a total of twenty-six employees. We have tailored our practice to serve local governments and small-to-medium size organizations. We work hard to keep current with our clients' needs and make sure their organizational plans become reality.

Our CPA practice is very much a firm; not just practitioners sharing office space. Each professional has an area of specific emphasis; therefore, giving clients the benefits of experts in areas of service. The composition of our staff is as follows:

Partners	7
Managers	5
Seniors	5
Associates	6
Administrative	<u>3</u>
Total	<u>26</u>

We are unique in our approach to client service. Our partners and managers work directly with each engagement and function as in-charge accountants, rather than merely reviewing the final product. As a result, your engagement is conducted by professionals with many years' experiences, rather than recent college graduates. At HBME, seven professionals are full-time auditors, including our managing partner. Each of the auditors has extensive governmental auditing experience, ranging from 1 to 38 years. We also have other professional staff who participate in audit engagements, as needed. We will also use administrative staff to assist the audit team, as applicable.

#### STAFF CONTINUITY

We take pride in the low amount of staff turnover our firm has experienced over the years. During the past five years, we have had one employee leave our firm. We understand the importance our clients place on continuity of service and commit to you that the partners, managers and staff assigned to your engagement will not be reassigned to other clients.

#### COMPUTER AUDITING AND OTHER SOFTWARE CAPABILITIES

All our personnel have significant computer experience. We have experience in using various audit software packages of local governments, including Caselle, Tyler Technology, PeopleSoft, and many others. We have also assisted various governmental clients in general ledger and ERP software transitions. We recognize the many complexities of this significant change, especially relating to the external reporting process, and believe our staff can help ease the stresses as they relate to the audit.

#### PROFESSIONAL LICENSES

We affirm that HBME (a Limited Liability Corporation) is properly licensed to practice as certified public accountants in the State of Utah.

## Proposal to Serve Hyrum City

### PROFILE OF HBME, LLC

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#### INDEPENDENCE

We affirm that HBME personnel are independent in relation to the City, as defined by the American Institute of Certified Public Accountants and by the *Government Auditing Standards*, 2018 revision, published by the U.S. General Accounting Office. Furthermore, HBME has not engaged in any professional relationships involving the City for the past five years.

#### CONTINUING EDUCATION AND QUALITY REVIEW

All partners and professional staff of HBME receive a minimum of 80 hours of continuing education every two years. All personnel who will be assigned to the City's engagement have received specialized governmental accounting and auditing training, including requirements with OMB Subpart F of the Uniform Grant Guidance. We affirm that HBME meets the continuing education requirements contained in *Government Auditing Standards*, 2018 revision, published by the U.S. General Accounting Office.

As a member of the AICPA Private Companies Practice Section, we are required to undergo a peer review every three years. We successfully completed our last peer review in January 2022 and received a Pass rating. A copy of our last peer review report and letter of comments is included at page 22, as required by *Government Auditing Standards*, 2018 revision. We affirm that we comply with the quality control review requirements in *Government Auditing Standards*, 2018 revision.

#### LIABILITY INSURANCE

We affirm that HBME carries professional liability insurance at or above the required limits in the City's Request for Proposal.

#### AFFIRMATIVE ACTION

We also state that during the audit, those employees associated with HBME will not discriminate against any employee who is employed in the work covered by the contract, or against any applicant for such employment because of race, religion, sex, color, age, handicap, or national origin. In addition, these items will not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion or separation.



## **Proposal to Serve Hyrum City**

### **KEY AUDIT TEAM MEMBERS**

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#### **ENGAGEMENT TEAM**

A key element in your selection of a public accounting firm is the people you will work with on the engagement. HBME, LLC professionals have served organizations such as yours throughout their careers. They understand your needs and are highly motivated to help you make your organization even more successful. Shown below are brief descriptions of the responsibilities of those who will be serving you on-site. Their resumes are further detailed on the following pages.

**Aaron R. Hixson, CPA**, Partner, in charge of Accounting & Auditing Services, will be responsible for coordinating and performing all audit services provided, and for the review of all reports. He will help coordinate the drafting of the financial statements and all applicable reports and the coordination of any Single Audit services. He will also be closely involved in any special services requested.

**Robert D. Wood, CPA**, Partner, will be responsible for the final review of all reports to ensure they comply with standards and are properly presented. He will also assist with any technical issues.

**Warren P. Anderson, CPA**, Senior, will assist with the performance of audit fieldwork.

**Ronil P. Chand**, Associate, will assist with the performance of audit fieldwork.

## **Proposal to Serve Hyrum City**

### **KEY AUDIT TEAM MEMBERS**

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**AARON R. HIXSON, CPA**  
**Audit Partner**  
**HBME, LLC**

Mr. Hixson has been in auditing for over 20 years. He has had extensive experience with a variety of governmental audit and attestation engagements for Kaysville City, Clearfield City, Riverton City, Provo City, Logan City, Pleasant Grove City, and Provo City School District. He specializes in supervising, planning, and conducting financial and compliance audits of several cities, special districts, and school districts.

Mr. Hixson is very proficient in IT matters and is charged with all the software used during fieldwork, including specialized auditing tools.

#### **PROFESSIONAL EXPERIENCE:**

2007 - Present	HBME, LLC (formerly Hansen, Bradshaw, Malmrose & Erickson, P.C.)
2004 - 2007	Eide Bailly LLP (Boise, ID office)
2002 - 2004	Ernst & Young LLP (Seattle, WA office)

#### **INDUSTRY EXPERIENCE:**

City governments	Colleges and universities
School Districts	County governments
Special Districts	Non-profit organizations

#### **SPECIALIZED TRAINING:**

Utah State Auditor's Office Local Government Annual Updates  
GFOA Advanced Governmental Accounting Seminar  
Utah Government Finance Officers Conference

#### **ACADEMIC EXPERIENCE:**

MBA	University of Utah
B.S. - Accounting	Brigham Young University

#### **OTHER:**

Member	Utah Association of Certified Public Accountants
Member	American Institute of Certified Public Accountants
Member	Utah Government Finance Officers Association

## **Proposal to Serve Hyrum City**

### **KEY AUDIT TEAM MEMBERS**

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#### **ROBERT D. WOOD, CPA**

**Audit Partner**

**HBME, LLC**

Mr. Wood has been practicing as a Certified Public Accountant for over 22 years. He has had significant experience with several cities, and other government entities, including Layton City, Draper City, Riverton City, Murray City, Provo City, Taylorville City, Springville City, Kaysville City, Holladay City, Midvale City, Herriman, City, and others. He worked at the Utah State Auditor's Office for over 5 years, working on audits of various State agencies and State universities and colleges. He currently supervises managers and staff during all phases of audit engagements for private businesses, nonprofit organizations, and governmental entities.

Mr. Wood is responsible for audit and review engagements performed by the firm. He also has assisted several Cities and Counties in Utah with their initial conversion to GASB 34 compliant financial statements.

#### **PROFESSIONAL EXPERIENCE:**

2005 - Present	HBME, LLC (formerly Hansen, Bradshaw, Malmrose & Erickson, P.C.)
2000 - 2005	Utah State Auditor's Office

#### **INDUSTRY EXPERIENCE:**

City and County governments	Professional service companies
Special districts	Manufacturing
Colleges and Universities	Wholesale and retail companies
State government	Construction
Nonprofit organizations	

#### **SPECIALIZED TRAINING:**

- GFOA Advanced Governmental Accounting Seminar
- Utah Association of CPAs State and Local Government Update Conferences
- Utah Government Finance Officers Association Conference
- Local Office Governmental Accounting and Auditing Training
- Utah State Auditor's Office Local Government Annual Updates

#### **ACADEMIC EXPERIENCE:**

B.S.	Weber State University
MACC - Audit	Weber State University

#### **OTHER:**

Member	Utah Association of Government Finance Officers
Member	American Institute of CPAs
Member	Utah Association of CPAs
Member	Government Finance Officers Association

## **Proposal to Serve Hyrum City**

### **KEY AUDIT TEAM MEMBERS**

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#### **WARREN P. ANDERSON, CPA**

**Audit Senior**

**HBME, LLC**

Mr. Anderson has experience in public accounting for five years and as a Staff Accountant in industry for one year. His responsibilities include performance of audits for counties, cities, nonprofit, and other organizations, including Layton City, Kaysville City, Springville City, White City Water Improvement District, Kearns Improvement District, Murray City, Morgan County, Provo City, Pleasant Grove City, Draper City, Bluffdale City, and more.

#### **PROFESSIONAL EXPERIENCE:**

2020 – Present	HBME, LLC
2019 – 2020	Western States Lodging and Management, Staff Accountant
2018 – 2019	WSRP, LLC, Tax Associate
2016 – 2018	CBIZ MHM, LLC, Tax Associate

#### **INDUSTRY EXPERIENCE:**

- Nonprofit organizations
- City governments
- County governments
- Small to medium-sized companies

#### **ACADEMIC EXPERIENCE:**

MAcc	University of Utah
B.S. - Accounting	Dixie State University

#### **OTHER:**

Member	American Institute of Certified Public Accountants
Member	Utah Association of Certified Public Accountants



## Proposal to Serve Hyrum City

### KEY AUDIT TEAM MEMBERS

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#### **RONIL P. CHAND**

**Audit Associate**

**HBME, LLC**

Mr. Chand holds a Master's Degree in Accounting and has experience in public accounting for two years. He is currently working on achieving his CPA License. His responsibilities include performance of audits for counties, cities, nonprofit, and other organizations, including Layton City, Kaysville City, Oquirrh Recreation and Parks District, White City Water Improvement District, Kearns Improvement District, Clearfield City, Morgan County, Holladay City, Ogden City, Riverton City, Bluffdale City, and more.

#### PROFESSIONAL EXPERIENCE:

2022 – Present	HBME, LLC
2021 – 2022	Sadler, Gibb & Associates, Audit Associate

#### INDUSTRY EXPERIENCE:

- Nonprofit organizations
- City governments
- County governments
- Small to medium-sized companies

#### ACADEMIC EXPERIENCE:

MAcc	Utah Valley University
B.S. - Accounting	Brigham Young University - Hawaii

#### OTHER:

Member	American Institute of Certified Public Accountants
Member	Utah Association of Certified Public Accountants

## Proposal to Serve Hyrum City

### SIMILAR ENGAGEMENTS AND LARGEST GOVERNMENT CLIENTS

We have significant experience with government entities, including financial and Uniform Guidance (Single Audit) compliance audits.

#### *Similar Engagements with Other Governmental Entities*

HBME has been engaged to perform the year-end financial audit services for the following Utah municipalities and other governmental entities through and for the year ended June 30, 2022, and December 31, 2022. The completion date for all the clients listed was within the six-month time frame, as required by Utah State Law. All required submissions were on time. See contact information in the *references* section.

Client	Scope of Engagement*	Years Served	Service Through Date	Engagement Partner	Engagement Manager
<b><u>Municipalities</u></b>					
Kaysville City	Financial Audit	8 years	6/30/2022	Aaron Hixson	Aaron Hixson
Ogden City	Financial Audit	2 years	6/30/2022	Aaron Hixson	Jeff Miles
Pleasant Grove City	Financial Audit	5 years	6/30/2022	Aaron Hixson	Shawn Martin
Provo City School District	Financial Audit	8 years	6/30/2022	Aaron Hixson	Shawn Martin
Riverton City	Financial Audit	10 years	6/30/2022	Aaron Hixson	Shawn Martin
<b><u>Local Districts</u></b>					
Unifed Police Department	Financial Audit	3 years	6/30/2022	Aaron Hixson	Shawn Martin
White City Water Improvement District	Financial Audit	14 years	12/31/2022	Jeff Miles	Jeff Miles

\* Financial audit services include Uniform Guidance (Single Audit) and Utah State Compliance requirements

#### *GFOA Certificate of Achievement Experience*

Many of the clients listed above prepare an Annual Comprehensive Financial Report (ACFR) and submit their financial statements for GFOA certification annually. These entities have successfully been awarded and received the GFOA Certificate of Achievement for Excellence in Financial Reporting for each of the years for which we have been engaged to provide their audit services. HBME assists these clients in ensuring the submitted statements are of the highest possible quality and comply with certificate of achievement requirements.

## Proposal to Serve Hyrum City

### SPECIFIC AUDIT APPROACH

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At HBME, LLC, we promise you a better overall experience. While we recognize that multiple firms can accomplish the objectives of an audit, HBME appreciates that every situation and every organization is different, and we tailor our approach based on the needs of each governmental client.

#### Sampling

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our audit of basic financial statements, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include such items as capital assets additions, expenditures, subsequent disbursements, and subsequent receipts. We will be pleased to discuss specific sample sizes and selection methods when they are determined, either during audit planning or during fieldwork. We will select the appropriate sample size to support our conclusions in compliance with laws, regulations, and auditing standards.

We will use confirmations in the areas of cash and investments, debt, state retirement systems, and other areas deemed necessary.

We will perform tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. We will assess the risk of material misstatement resulting from violations of laws and regulations having a direct and material effect on the determination of financial statement amounts. These laws and regulations can relate to items such as budgetary compliance, purchasing compliance and cash and investment compliance, as well as single audit compliance, as applicable.

We will combine compliance tests of laws and regulations that involve the inspection of documentation supporting transactions with substantive tests of transactions and tests of control procedures.

Our audit will meet all federal and state requirements, as applicable. Samples will be used to the extent necessary to support our conclusions on compliance with laws and regulations.

#### Software

HBME staff utilize progressive and effective software to streamline the audit process and make it as efficient as possible. The major software products we utilize include:

- **CCH Prosystem Engagement** - Software to facilitate the preparation of audit adjustments and financial statements in a paperless format.
- **Microsoft Excel** - Software to prepare audit workpapers and schedules.
- **Microsoft Word** - Software to generate audit memos, audit correspondence and audit workpapers.
- **CCH Accounting Research Manager** - Internet access of all accounting and auditing standards. Areas include GASB, FASB, AICPA, and other resource material. We can access this material at any given time and can provide a quick response to any technical questions you may have.

## Proposal to Serve Hyrum City

### **SPECIFIC AUDIT APPROACH**

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Using our Electronic Data Processing (EDP) software, our audit approach delivers an effective and efficient use of time. We have found that we can achieve this objective by obtaining various reports from the EDP system. During the planning phase, we will review your EDP software to determine control features. Our audit procedures will test these features. We will also meet with your information technology staff to identify the ability of your EDP system to generate reports and information, which we can use throughout the audit to supplement or replace other audit procedures. Potential data to be downloaded from the City's server includes trial balances, disbursement ledgers, and payroll ledgers.

#### Analytical Procedures

HBME will apply analytical procedures throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will be applied to assist in planning the nature, timing, and extent of other procedures. They will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. These procedures include, but are not limited to, the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

#### Audit Hour Estimates

Providing our clients with effective and efficient audits services is very important to us. We recognize the importance of ensuring our audit team is assigned to each audit area, based on our risk-based approach. The estimated hours, by staff level, is determined by the partner and managers during the planning phase and is monitored throughout all phases of the audit engagement. Refer to these estimates in the section *Proposed Audit Fees*.

## Proposal to Serve Hyrum City

### SPECIFIC AUDIT APPROACH

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#### Internal Controls Approach

The approach we will take to gain an understanding of your internal controls includes:

- Interview City personnel
- Review organizational charts, accounting and procedure manuals and programs
- Complete internal control questionnaires
- Write-up system narratives
- Evaluate items selected for testing
- Review controls over financial information systems

In addition, our engagement approach is based on two key assumptions:

- Observations we believe will help the City achieve its objectives will be shared. We will also be pleased to respond to inquiries you may have about financial or other business matters.
- The assistance to be provided by your personnel, including the preparation of schedules and analyses of accounts, will be discussed with the Finance Department. The timely completion of this work will assist us in performing our work efficiently.

#### Compliance with Laws and Regulations

During the planning process, we will discuss with the City's management and personnel the laws and regulations to which the City is subject. The object of our discussion will be to determine those laws and regulations that could have a material impact on the financial statements. Pertinent to our discussion will be our knowledge of such laws and regulations, and our knowledge of *Government Auditing Standards*. We are aware of the applicable requirements and consider them when determining the necessary audit procedures for the City.

#### Audit Strategy

HBME's strategy for approaching the audit is to deliver value by remaining true to practices that have worked well for our clients in the past:

- Hire only talented individuals with a passion for client care.
- Treat our employees right and provide educational and professional advancement opportunities to minimize turnover.
- Assign highly qualified professionals with government experience.
- Maintain stability on audit teams from year to year to enhance our relationship with our clients, make the best use of their time, and deliver consistent service.

These core practices are often cited by our clients as the reasons they chose to be and remain as HBME clients.



## Proposal to Serve Hyrum City

### SPECIFIC AUDIT APPROACH

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#### Client Responsibilities

The following represents the type of information we request during the audit process:

- Reconciliations of detailed subsidiary ledgers to the general ledger
- Analysis of account balances
- Provide documentation to support balances and transactions
- Preparation of confirmations and internal control and other questionnaires
- Prepare (or assist with) the financial statements

#### Audit Objectives

The primary objective of our audit procedures is to enable us to issue opinions on the City's financial statements.

- A. Our audit procedures are conducted in accordance with auditing standards generally accepted in the United States of American and *Government Auditing Standards* and will include tests of accounting records and other procedures considered necessary to enable the expression of such an opinion.
- B. Our audit procedures are designed to obtain reasonable assurance about whether the financial statements are free of material misstatement using accounting principles generally accepted in the United States of America.
- C. The audit procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures also include discussions with management, an assessment of the quality of the accounting principles used and significant estimates made, as well as evaluating the overall consistency of the financial statements and related disclosures.
- D. The audit procedures also include, when required, testing compliance with the Uniform Guidance and other federal grant requirements. We will obtain evidence supporting the related revenues and expenditures, and disclosures in the financial statements.

#### Management Letter Reporting and Communications

There are many ways to say the same thing. We understand that our job is to communicate information to you, regardless of its nature. To build a better client experience, we focus on employing communication styles that are collaborative rather than combative. By keeping our communication positive, friendly and open, we believe we can create positive discussions with our clients.

As we identify issues during the audit, we focus on communicating information as early as possible, which results in concluding the audits without springing surprises on our clients at the end of the process. By keeping the lines of communication open and properly planning the audit, we are able to keep the process moving in an efficient manner.

## Proposal to Serve Hyrum City

### SPECIFIC AUDIT APPROACH

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#### Planning

During this phase, we determine the timing of the various procedures, complete logistical arrangements, arrange for assistance to be provided by personnel from the City, and prepare the audit work programs. We believe the planning component is important to the process as it helps properly address changes and concerns prior to commencement of the audit field work. For this reason, we spend a significant amount of our time in the planning phase. We will also complete a risk analysis, develop a better understanding of the City, perform preliminary review procedures, and assess fraud risk factors in accordance with accounting standards. In addition, we will perform selected compliance testing and fraud risk documentation.

The following outline summarizes the elements of the planning phase:

1. Assess Risk
  - a. The partners and managers review and identify estimates to determine areas of risk in relation to the financial statements.
  - b. Management override of internal control can significantly impact the financial reporting process. We consider this in our planning and timing of procedures for the City.
2. Identify Issues
  - a. During the planning phase, we will also have pre-engagement planning discussions with the City's management to discuss accounting issues, changes in the financial statements, and other issues affecting the audit process.
  - b. Our audit team will review interim financial statements. This review provides us with information necessary to help plan our audit and develop questions.
3. Document Systems

Through discussions held with personnel from the City and the completion of various questionnaires, we will develop an understanding of your financial reporting process and internal controls. We reassess the procedures and controls annually and appropriately plan the audit to address any concerns. We address any concerns identified in connection with this review in our letter of comments to the City Council.
4. Consideration of Fraud

Auditors have a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. HBME's audit approach has historically addressed many of these issues in accordance with our internal policies. The recent changes have primarily required us to change our documentation policies regarding fraud risk factors and our response to those factors.
5. Tailor Audit Approach

After considering the above factors, we design audit procedures to address changes and difficult areas. Examples include using data extraction software to analyze various accounts and transactions.

## **Proposal to Serve Hyrum City**

### **SPECIFIC AUDIT APPROACH**

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#### Preparing/Internal Control

During this phase, we will review the internal control systems for the City and review Council minutes. We will also review agreements entered during the current year. In addition, we will perform some preliminary substantive procedures.

The following outline summarizes the elements of the preparing phase:

1. Communicate Expectations

We will set audit fieldwork time frames for both interim and year-end testing. We will communicate regularly with City personnel and audit committee members, if applicable, throughout the audit process. We will also set report delivery times for both drafts and final copies of the financial statements and letter to the City Council and Administration.

2. Conduct Preliminary Analytical Review

Our audit team will review interim financial statements to identify significant or unusual variances from the prior year and from the budget. This information will be used to formulate expectations and will also be used in the fraud risk analysis.

3. Tailor Data and Schedule Requests

We will coordinate information requests and timing of our onsite work with management and make arrangements to meet with personnel from the City involved in the audit.

4. Select Samples and Set Scopes

We will begin making sample selections from preliminary financial information to distribute time requirements of personnel from the City during the audit process.

#### Conducting/Fieldwork

This phase of the audit includes the primary portion of the substantive testing of the financial statements. This testing includes confirming certain accounts and transactions, vouching selected transactions to source documents, analyzing account balances, making inquiries of management and others, and conducting an analytical review of various account balances and the financial statements.

All our partners and managers have extensive experience with yellow book audits, including drafting financial statements with GASB 34 adjusting entries. We currently draft or assist in drafting ACFRs for many of our clients. We also have significant experience with Federal Single Audits for many of our City and nonprofit clients.

## **Proposal to Serve Hyrum City**

### **SPECIFIC AUDIT APPROACH**

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The following outline summarizes the elements of the conducting phase planned for our audit of the City:

#### **1. Risk-Based Approach**

During fieldwork, we continually reevaluate the risk factors identified during the Planning and Preparing Stages. As we will have a partner and a manager on site, we will be able to quickly respond to changes and make the necessary modifications in our audit approach.

#### **2. Tests of Balances and Transactions**

- Utilize computer assisted auditing tools in sampling accounts receivable and account payable transactions, in the review of general journal entries, and the identification of significant or unusual transactions in specific accounts.
- Vouch to source documents for selected items.
- Review activity subsequent to year-end (to substantiate cut-off as well as substantiate liabilities).
- Confirm balances with external sources, such as financial institutions, investment managers and actuaries.
- Determine proper GASB 40 classifications for the investments.
- Determine proper GASB 63, 65, and 68 compliance for deferred outflows, deferred inflows, and net position.
- Work with City to determine and provide a schedule of when all functions of the City will be audited during the contract period (based on need and risk assessment).
- We don't plan to use specialists, unless subsequently needed, for tasks such as arbitrage rebate calculations or actuarially determined OPEB calculations.

#### **3. Compliance**

We review federal and state statutes to ensure they are being met.

#### **4. Review Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### **5. Final Analytical Procedures**

We will compare financial statement line items for the current, preceding period and budget amount, analyze the results, and inquire of management and others within the City regarding significant changes. We will also consider whether sufficient audit evidence has been obtained in response to unusual or unexpected balances or relationships. In addition, we will consider whether responses to inquiries throughout the audit about analytical relationships have been vague or implausible or have produced evidence that is inconsistent with other evidential matters accumulated during the audit.

## **Proposal to Serve Hyrum City**

### **SPECIFIC AUDIT APPROACH**

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#### **6. Review of Working Papers and Financial Statements**

The partner and managers will review the working papers. We believe it is important to complete most of the working paper reviews in the field to reduce the number of phone calls back to your staff and reduce interruptions. In addition to the review conducted by these individuals, the financial statements will be reviewed by a partner not otherwise associated with the audit of the City to obtain a second opinion on the completeness and adequacy of financial statement disclosures and audit procedures.

#### **7. Hold Exit Conference with Management to Discuss Findings and Reports**

This meeting generally occurs on the last day of fieldwork.

#### **Reporting**

We will issue the audit reports and other letters to the City's Council and will present these reports to the Council at their regularly scheduled meeting. Our comments will address the City's significant accounting policies, management's judgments and estimates related to the financial statements, and other items related to the conduct of the audit. If our audit procedures disclose the existence of reportable conditions or other matters that we feel should be communicated, we will report those items to the City Council.

## Proposal to Serve Hyrum City

### PROPOSED AUDIT SCHEDULE

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We sincerely pride ourselves at HBME for never missing a deadline. We will always ensure that hard deadlines with the State, Federal Government, or any other entity will be met. We will also ensure that the City is aware of the deadlines, so that we can work together to be 100% compliant. Our firm has never missed a reporting deadline as required by State and Federal laws.

The following is our proposed schedule for completing the 2023 audit, however, modifications to this schedule are welcome (subsequent audit years can be modified, if needed):

<u>Audit Function</u>	<u>Approximate Dates</u>
Pre-audit conference	Late June - Early July
Review, evaluation and testing of internal control structure, preparation of audit programs, and interim auditing procedures, including state compliance testing	July 1 - 31
Confirmations sent on cash accounts, receivables, bonds and other debt, tax revenues, State Retirement System, etc.	July 1 – 20
Complete interim auditing procedures, year-end financial and compliance auditing procedures, including single audit, if applicable	September – October
Preparation and review of financial statements, preparation of State and Yellow Book reports, including any management letters	October – November 30
Closing conference with City Council, issuance of all Reports	By December 1st

## Proposal to Serve Hyrum City

### PROPOSED AUDIT FEES

Our fees are based on the estimated hours required of our professional staff at all levels, estimated hours required of our support staff, and out-of-pocket expenses. The schedule below contains our estimates of the hours required and the proposed audit fees for 2023 through 2027. The fees quoted are a not-to-exceed fee for the services contained in our proposal and include our out-of-pocket expenses.

<u>Year Ended</u>	<u>Financial and State Compliance Audits</u>	
	<u>Estimated Hours</u>	<u>Total Fees</u>
June 30, 2023	180	\$ 23,000
June 30, 2024	180	24,000
June 30, 2025	180	25,500
June 30, 2026	180	26,500
June 30, 2027	180	28,000
		<u>\$ 127,000</u>

The fees for the 2023 audit, were determined based on the following rates:

<u>Classification</u>	<u>Hourly Rates</u>	<u>Estimated Hours</u>	<u>Total Fees</u>
Partners	\$ 275	40	\$ 11,000
Manager	215	50	10,750
Senior	160	50	8,000
Staff	130	40	5,200
		<u>180</u>	<u>\$ 34,950</u>

The proposed fees for 2023 reflect the following adjustments:

Total professional fees at standard hourly rates	\$ 34,950
Discount	<u>(11,950)</u>
Proposed total cost of the 2023 audit	<u>\$ 23,000</u>

As it is impossible to predict the issuance of new and time consuming standards or other significant changes in the auditing and reporting process, including the financial audit, as well as the Utah State Audit Compliance guide, the above fees are based on the nature of the City as it presently exists, under the current standards and procedures, and are also based upon our understanding that your personnel will provide certain schedules and other information on a timely basis that will be required during the course of the audit, and that all information and support provided will agree to the general ledger. The above fees will not change, even under these circumstances, until a conversation occurs with appropriate personnel.

In years where a federal single audit is required, we will discuss with you a fee structure, based upon the number of grants and the complexity of the environment.



## REFERENCES

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<u>Entity</u>	<u>Business</u>	<u>Person(s) to Contact</u>	<u>Phone #</u>	<u>Email</u>
Riverton City	Government	Kevin Hicks, Finance Director	801-208-3122	khicks@rivertoncity.com
Pleasant Grove City	Government	Denise Roy, Finance Director	801-785-5045	droy@pgcity.org
Provo City School District	Government	Devyn Dayley, Finance Director	801-374-4828	devynd@provo.edu
Layton City	Government	Tracy Probert, <sup>12 yrs</sup> Finance Director	801-336-3881	tprobert@laytoncity.org
Draper City	Government	Bob Wylie, Finance Director	801-576-6318	bob.wylie@draper.ut.us
Provo City	Government	John Borget, Admin Serv Director	801-852-6504	jborget@provo.utah.gov
Taylorsville City	Government	Scott Harrington, CFO	801-955-2004	sharrington@taylorsvilleut.gov
✓ Murray City	Government	Brenda Moore, Finance Director	801-264-2513	bmoore@murray.utah.gov
✓ Springville City	Government	Bruce Riddle, Finance Director	801-489-2708	briddle@springville.org
Bluffdale City	Government	Dave Sanderson, CPA-External FD	801-580-6327	dsaccounting@comcast.net

## Proposal to Serve Hyrum City

### PEER REVIEW LETTER

Larry D. Graham, CPA  
Richard P. Reimann, CPA  
Stephen A. Willadson, CPA  
Stephanie L. Means, CPA  
Rick Mason, CPA - Retired



Joni Kumor, CPA  
John A. Smith, CPA  
Scott Buckingham, CPA  
Andrew J. Beyeler, CPA  
Jack E. Lenhart, CPA - Retired  
Larry G. Bean, CPA - Of Counsel

#### Report on the Firm's System of Quality Control

August 30, 2021

To the Members of HBME, LLC  
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 HBME, LLC (the firm) in effect for the year ended August 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](http://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 a compliance audit under the Single Audit Act and audits of employee benefit plans.

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 HBME, LLC in effect for the year ended August 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. HBME, LLC has received a peer review rating of pass.

*Lenhart, Mason & Associates, LLC*

Lenhart, Mason & Associates, LLC

Member American Institute of Certified Public Accountants  
900 Werner Ct., Suite 200 • Casper, WY 82601  
Tel: (307) 234-7800 • Fax: (307) 234-9847, (307) 234-5414



# HYRUM CITY

PROPOSAL FOR INDEPENDENT AUDIT SERVICES



HELPING YOU SEE  
THE BIG PICTURE

**JON HADERLIE, CPA, AUDIT PARTNER**  
765 NORTH MAIN, SPANISH FORK, UT 84660  
TEL: 801-798-3545 FAX: 801-798-3678  
[jhaderlie@larsco.com](mailto:jhaderlie@larsco.com)



June 15, 2023

Hyrum City  
60 West Main Street  
Hyrum, Utah 84319

Dear Mayor, Council Members and Management:

Thank you for giving us the opportunity to submit an audit services proposal for Hyrum 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, 48 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 worked with over 70 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 Counties 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 Hyrum 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 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. We can offer friendly service with a combination of quality and price that matches the value you seek.

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

Sincerely,

Larson & Company, Certified Public Accountants

A handwritten signature in blue ink that reads '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, 16 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 Hyrum 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 48-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.



## 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 Hyrum 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, concurring audit partner, and senior staff auditor. All staff assigned to this audit are seasoned government specialists with the training and experience that will give Hyrum 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**



**Khulene Gallo,  
Audit Senior**

## JON HADERLIE, CPA



### CONTACT INFORMATION:

[jhaderlie@larsco.com](mailto:jhaderlie@larsco.com)

801-798-3545

765 North Main  
Spanish Fork, UT 84660

[www.larsco.com](http://www.larsco.com)

### Lead Audit Partner

Jon is one of our most experienced government auditors 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

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
- GASB 54: Fund Balance Reporting and Governmental Fund
- Staff Audit Training
- AICPA Not-for-Profit Certification
- Uniform Guidance
- CPAmerica A&A Yellowbook





## 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](mailto:cpowell@larsco.com)

801-798-3545

765 North Main  
Spanish Fork, UT 84660

[www.larsco.com](http://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



## KHULENE GALLO

### Audit Senior

Khulene is a rising star at Larson & Company. She joined the firm in 2019 and has quickly become one of the most well-liked team members among clients. She has the ability to assist clients with their reporting requirements, accounting functions, and best-practice controls.

Khulene's academic and professional accomplishments include the following:

- Masters of Accountancy, Western Governors University, 2021

#### Khulene'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:

kgallo@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.

### **Tooele County**

Alison McCoy, Auditor

[amccoy@tooeleco.org](mailto:amccoy@tooeleco.org)

435-843-3310

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

### **Box Elder County**

Shirlene Larson, Clerk/Auditor

[slarsen@boxeldercounty.org](mailto:slarsen@boxeldercounty.org)

435-738-1228

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

### **Nibley City**

Justin Maughan, City Manager

[jm@nibleycity.com](mailto:jm@nibleycity.com)

435-587-3223

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

### **Utah Association of Counties**

Brandy Grace, Chief Executive Officer

[brandy@uacnet.org](mailto:brandy@uacnet.org)

801-265-1331

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

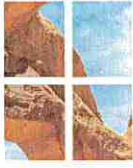
## **Similar Engagements with Other Government Entities**

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

### **Other Governmental Clients:**

American Samoa Government	LBJ Hospital (American Samoa)
Orem City	Delta City
Spanish Fork City	Ephraim City
American Fork City	Fairview City
Tooele City	Ivins City
City of Erda	Park City Fire District





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 Hyrum 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 Hyrum 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 Hyrum 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 Hyrum 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 2023

During this planning phase, we will review and evaluate the internal controls of Hyrum 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 – August/September 2023

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 – October 2023

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 Hyrum 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 occurs 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 Hyrum 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 Hyrum 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

Larson & Company understands the pressures placed on organizations to manage costs and we believe you will find we provide an incomparable level of service at very competitive rates.

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 Hyrum 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, 2023-2027, is estimated below.

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

	Standard Hourly Rates	Estimated Hours
Partners	425	9
Managers	225	15
Supervisory Staff/Seniors	185	36
Staff	155	100

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)
2023	\$26,000	\$4,000
2024	\$26,900	\$4,100
2025	\$27,800	\$4,200
2026	\$28,800	\$4,300
2027	\$29,800	\$4,500
<b>Total</b>	<b>\$139,300</b>	<b>\$21,100</b>

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.

### Billing Issues Throughout the Year

We view our relationship with Hyrum City as long-term. Additionally, we are available to you, on an ongoing basis, to discuss matters of audit, compliance, financial reporting, or anything that concerns you. We view these routine consultations as ancillary services that add value to your audit and compliance needs, not additional time that we can bill.

Any significant matters, needing exhaustive research or resources will be discussed with you and agreed upon before the work is performed. This eliminates the surprise "nickel and dime" billing you may see from accounting firms with unusually low fee quotes. These services will be billed at our standard hourly rates disclosed above.



## 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.

## I. 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](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.

## J: CONTACT INFORMATION

Jon Haderlie, CPA  
Lead Audit Partner  
765 North Main  
Spanish Fork, UT 84660  
801-798-3545    [jhaderlie@larsco.com](mailto:jhaderlie@larsco.com)



## Appendix: PEER REVIEW REPORT



PRIDA, GUIDA & PEREZ, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
1106 N. FRANKLIN STREET  
TAMPA, FLORIDA 33602  
TELEPHONE: (813) 226-6091  
FAX: (813) 229-7754

### Report on the Firm's System of Quality Control

October 30, 2020

To the Partners of Larson & Company, P.C.  
And the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Larson & Company, P.C. (the firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended April 30, 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](http://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 an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, audits of employee benefit plans, and examinations of a service organization (SOC 1 and SOC 2 engagements).

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., applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended April 30, 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*. 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