Professional Audit Services Proposal

THE CITY OF MOAB, UTAH

Proposal Date: May 26, 2021

PARTNER: R. McKay Hall, CPA

63 South 300 East, Suite 100
St. George, Utah 84770

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888.566.1277 Ext. 272
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Transmittal Letter

May 26, 2021

City of Moab
Honorable Mayor and Members of the City Council
217 East Center Street
Moab, Utah 84532

RE: Proposal for Professional Audit Services

It is with great pleasure that we present this Summary of Qualifications and Firm Profile for The City of Moab, Utah to provide auditing services for the years ended June 30, 2021 through June 30, 2024.

In addition to technical services, we will provide commitment, concern, attention and resources to assist you in meeting the many financial reporting requirements of the City. We are dedicated to providing you with prompt and effective services that are not only responsive to, but anticipate your needs. We foresee no problems in meeting the deadlines as specified in your request for proposals.

Our firm provides services of the highest quality and value. Our assigned audit team consists of Partners and Senior Staff: all of whom are highly trained and have sufficient expertise to meet or exceed your highest expectations. I personally manage the work we do, and see that members of our team are continuously accessible and responsive to your needs. We have included a Value Proposition on page 2 which provides a short list of reasons why HintonBurdick is the right fit for the City of Moab.

You have been and will continue to be one of our valued and important clients and I personally commit to you that you will always receive top quality service at very reasonable rates. HintonBurdick currently provides audit services for more than 140 clients. Our specialization in auditing has allowed us to develop techniques and procedures which are highly efficient and enable us to provide more effective audit services at reasonable rates.

Clients frequently tell us that the character and personality of our staff is one of our firm's best qualities. Because of our staff and our proactive approach to solving problems for our clients, we have become one of the largest providers of governmental audits in the areas we serve. If you want a personal touch and excellent service, HintonBurdick is the right firm for you.

Very truly yours,
HintonBurdick CPAs & Advisors

R. McKay Hall
Audit Partner
1. HintonBurdick Profile

Value Proposition

- Services performed by a highly trained, experienced governmental auditing staff. The individuals who work in our audit department specialize in governmental audits and perform more than 100 of these type of audits all year round not just as “filler work” in the off – tax season.

- Our assigned audit team consists of a Partner, Manager, and Senior Level Certified Public Accountants that have over 30 years of combined experience with municipal audits. We do not assign a team of lower level staff who need to be “trained” by your staff. Our trained specialists provide services to meet your specific needs. You will receive more value for the dollar spent.

- Staff size allows assignment of resources to complete the on-site audit work in the shortest possible time to minimize day-to-day disruption. Over many years of experience we have experienced very little staff turnover.

- The character and personality of our staff is one of our biggest strengths. We always receive positive feedback from clients they work with.

- Staff are trained and have extensive experience in performing single audits. All staff assigned to the engagement receives 80 hours or more of audit and accounting continuing education every two years.

- Experience with assisting local governments in obtaining the GFOA Certificate of Achievement for Excellence in financial Reporting. Partner is a member of the GFOA Review Committee.

- HintonBurdick is an active member of the AIPCA Government Audit Quality Center. Our experience with providing audits to local governments in multiple states such as Utah, Colorado, Nevada and Arizona provides us with a background and broad range of experience which is unique to the majority of firms providing audit services to local governments.

- We audit using the latest audit software technology, which has enabled us to keep our audit prices competitive despite the continual changes to auditing and reporting standards. Our Suralink Professional Document Exchange System used for the Prepared by Client (PBC) list is a cloud based system that allows the City to monitor all exchanged documents. Staff are experienced in the use of Casell accounting software.

- Receive constructive, practical recommendations for strengthening over-all management and internal controls of the City. Audit techniques consistently identify areas of significant cost savings for our clients. Our audit presentations highlight key financial trends and are easy to understand.
Independence

HintonBurdick is independent of the City of Moab, Utah as defined by auditing standards generally accepted in the United States and the U.S. General Accounting Office’s Government Auditing Standards.

License to Practice in Utah

HintonBurdick and key professional staff are properly licensed or registered to practice as Certified Public Accountants in the State of Utah.

2. Firm Qualifications and Experience

For more than 30 years, HintonBurdick has established a reputation for providing quality governmental auditing services to numerous local governments in Utah, Colorado, Nevada, and Arizona. We are dedicated to providing high-quality services to a wide variety of public and private entities. In addition to the audit and accounting work traditionally associated with Certified Public Accounting firms, a broad spectrum of consulting, analysis, and negotiation services are offered. HintonBurdick was recently listed as Utah’s seventh largest Certified Public Accounting firm. Our St. George, Gilbert, Cedar City, Richfield and Mesquite offices employ approximately 100 associates, which includes numerous CPA’s and professional staff trained to audit various local governments and accounting systems. We will primarily service the needs of the City from our St. George office. This office has 8 partners, 1 director, 2 managers, 8 senior accountants, 5 staff accountants and various paraprofessional and support staff.

HintonBurdick is currently engaged and has recently performed audits for more than 100 governmental clients that we feel provides us with auditing experience for governmental entities in accordance with the provisions set forth in Generally Accepted Auditing Standards, Government Auditing Standards, issued by the Comptroller General of the United States (the “Yellow Book”), and the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

HintonBurdick has experience performing external reviews for Arizona and Nevada courts in accordance with the Arizona and Nevada Supreme Court Minimum Accounting Standards. We have several staff that specialize in performing these services which expedites the entire process. We also have extended experience with several clients that require ADEQ procedures.

Our experience with providing audits to local governments in multiple states such as Arizona, Colorado, Nevada and Utah provides us with a background and broad range of experience which is unique to the majority of firms providing audit services to local governments. We also provide monthly full-service accounting work, including budgeting, general ledger, payroll, bank reconciliation, billing, cash receipts and cash disbursement procedures, for some of our local government clients. This provides us with an in-depth knowledge of basic accounting systems and procedures for local governments.
We hold educational seminars every year that provide training to elected officials and government accounting staff on accounting, internal control, and compliance issues.

We have a CPA who is designated as a certified information systems auditor (CISA) who supervises a team that provides in-depth auditing and analysis of information and technology systems. We have also recently established a team that provides in-depth analysis of internal controls in relation to SOC Type I and Type II audits (SSAE 18). We have experience in performing various rate studies, payroll studies, impact fee studies and other analysis.

HintonBurdick is an equal opportunity employer and does not discriminate against any individual for any reason. HintonBurdick is an active member of the American Institute of Certified Public Accountants, Utah Association of Certified Public Accountants, Governmental Finance Officers Association, Arizona Government Finance Officer Association, and Nevada Government Finance Officers Association and participates in the American Institute of Certified Public Accountants' quality review program. HintonBurdick meets the continuing education and external quality control requirements contained in Government Auditing Standards.

The business and regulatory environment is constantly changing. HintonBurdick is committed to staying on the leading edge and helping our clients cope with change in a positive manner. Our system of quality control meets the highest industry standards. We understand that while management is responsible for the success of the organization, independent accounting professionals can provide valuable resources to support management efforts. HintonBurdick considers itself “on call” twenty-four hours a day and well suited to handle the changing needs of its growing clientele. An on-going dedication to proactive, quality service has built the practice and maintains the growth of HintonBurdick. We normally receive questions during the year from our clients. We do not bill for casual phone calls and consultations and we encourage you to call on us throughout the year.
Assistance with GFOA Certificate

We have assisted numerous municipalities in obtaining the GFOA Certificate of Achievement in Financial Reporting. All of the clients we have assisted were awarded the certificate; including:

St. George City, City of Fernley, City of Kingman, City of Page, Pinetop Lakeside, City of Safford, City of Sedona, City of Show Low, City of Somerton, City of El Mirage, Town of Taylor, White Pine County and the City of Williams.

Michael K. Spilker, one of our audit partners, is also a member of the GFOA Special Review Committee which provides him exposure to numerous local government financial statements.

External Quality Control Review

HintonBurduck has never received any disciplinary actions from any federal, state, or other agency. The firm has undergone two mandatory external quality control reviews conducted by the Utah State Auditor's office, as per state law, within the last five years. These reviews were conducted specifically for governmental audits, and resulted in no findings or recommendations.

A copy of our most recent independent peer review report follows. This review included several governmental audit engagements. The report is posted on our firm's website at www.hintonburduck.com for the public accessibility requirement.
Report on the Firm’s System of Quality Control

August 14, 2020

To the Owners of Hinton Burdick CPAs & Advisors 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 Hinton Burdick CPAs & Advisors (the firm) in effect for the year ended March 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/peer. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm’s Responsibility

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

Peer Reviewer’s Responsibility

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

Required Selections: and Considerations:

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, an audit of an employee benefit plan, and an examination of service organizations: [SOC 1 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 Hinton Burdick CPAs & Advisors in effect for the year ended March 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 deficiencies, or fail. Hinton Burdick CPAs & Advisors has received a peer review rating of pass.

Poulsen, VanLeuven & Catmull P.A.
3. Engagement Team Qualifications and Experience

The character and personality of our staff is one of our biggest strengths. We always receive positive feedback from clients they work with. The individuals who work in our audit department specialize in audits and perform more than 140 audits, including more than 100 local government audits, all year round, not just as "filler work" in the off - tax season.

The assigned audit team will include four full-time auditors and one or more full-time support staff. All Certified Public Accountants listed as key staff assigned to the engagement meet the requirements to practice in the state of Arizona. All members of the assigned team have several years of audit experience. Collectively they have over 30 years of audit experience. We do not assign a team of lower level staff who need to be "trained" by your staff. The assigned team provides the resources to complete the on-site audit work in the shortest possible time to minimize day-to-day disruption. We do not anticipate rotation of any key staff on the engagement, unless requested by the City. Over many years of experience we have experienced very little staff turnover. The staff that will be assigned to the audit have extensive experience with auditing Arizona local governments.

The team members are highly trained and have sufficient expertise to meet or exceed your highest expectations. The required team members receive 80 hours or more of "yellowbook" audit and accounting continuing education every two years and those who plan and/or conduct a substantial portion of the field work or reporting on the audit attend and complete at least 24 hours of continuing education in subjects directly related to government accounting and auditing every two years. They are trained and have extensive experience in performing single audits. We have several years of experience in assisting local governments in obtaining the GFOA Certificate of Achievement for Excellence in financial Reporting. Our staff has extensive experience in assisting and training local governments with their financial accounting and fiscal responsibilities. We hold educational seminars every year that provide training to elected officials and government accounting staff on accounting, internal control, and compliance issues.
All staff assigned to the engagement are experienced in the use of various accounting software systems, including Pelorus governmental accounting software.

The Partner will personally manage the entire engagement and see that members of our team are continuously accessible and responsive to your needs. The partner will work together with the senior staff to plan the audit and will supervise the on-site audit services. The partner will also be involved and provide supervision for review of audit work papers and the technical review of the financial statements and other reports issued with the engagement.

The planned audit team will consist of professional staff from the St. George and Cedar City offices.

Key Staff Assigned

- **Audit Partner**  
  R. McKay Hall, CPA, CISA, CITP, CFE  
  over 14 years experience

- **Consulting Partner**  
  Chad B. Atkinson, CPA  
  over 20 years experience

- **Audit Manager**  
  Kelli Jones, CPA  
  over 9 years experience
R. McKay Hall, C.P.A., CISA, CITP, CFE
Audit Partner Specializing in Governmental Audit Services

R. McKay Hall graduated from Southern Utah University with his Masters degree in Accountancy in 2007. He completed his Bachelor of Science in accountancy at Southern Utah University in 2006 and his Bachelor of Arts in computer science in 2000. Mr. Hall has specialized in audit services and has over fourteen years of experience in providing financial audits for numerous local governments. In addition to his local government experience, he also has a broad range of accounting and related experience in performing rate studies, internal control reviews, information system analysis and installations, MAS court audits, budgeting, compiled and reviewed financial statements, personal financial statements, forecasted/projected financial statements, business planning and general management consulting. Mr. Hall also has experience in the use of various accounting software systems, including Caselle governmental accounting software.

In his employment with HintonBurdick, Mr. Hall has served a wide variety of clientele, including counties, municipalities, special districts, utilities, not-for-profit organizations, wholesalers & retailers, construction companies and other business entities.

He has over fourteen years of experience working with numerous local governments. A selected list of entities served by him in the last five years include:

- Herriman City, UT
- Iron County, UT
- Interlaken Town, UT
- Bountiful Irrigation District, UT
- Washington County SSD#1, UT
- The Town of Apple Valley, UT
- Town of Snowflake, AZ
- Virgin Valley Water District, NV

Mr. Hall attends and completes 80 hours or more of audit and accounting continuing professional education (CPE) and more than 24 hours of CPE in subjects directly related to government accounting and auditing every two years. CPE courses regularly attended on an annual basis include training on government accounting and auditing, single audits, statements on auditing standards updates, financial accounting standards, GASB updates, internal control, risk assessment, fraud risks, information systems and technology, data privacy, computerized systems security, network controls, computerized systems controls, ethics, and numerous other courses.

Mr. Hall is designated as a certified information systems auditor (CISA) and certified information technology professional (CITP). He is a member of ISACA and the AICPA Information Technology Section and supervises a team that provides in-depth auditing and analysis of information and technology systems. Mr. Hall is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Utah Association of Certified Public Accountants. With his governmental audit experience and a unique background in information systems, he regularly provides instruction at annual local government seminars sponsored by HintonBurdick and periodically serves as adjunct faculty at Dixie State University.
Chad B. Atkinson, BA, MPRA, CPA
Audit Partner

Chad B. Atkinson graduated from the University of Utah with a Bachelor of Arts degree in 1998 and a Master of Professional Accountancy degree in 1999. While attending the University of Utah, Mr. Atkinson was recognized as an outstanding accounting student by receiving several academic scholarships and was an active member of Beta Alpha Psi, a nationally recognized accounting organization. Mr. Atkinson has also served on various student organizations at Dixie College and the University of Utah. With more than 20 years of audit experience, Mr. Atkinson serves on HintonBurdick's Executive Committee. Mr. Atkinson has specialized in audit services and has extensive experience in providing financial and compliance audits for local governments and non-profit organizations. In addition to his auditing experience, he also has a broad range of accounting and related experience in performing rate studies, internal control reviews, information system analysis and installations, MAS court audits, budgeting, compiled and reviewed financial statements, forecasted/projected financial statements, business planning and general management consulting. Mr. Atkinson also has experience in the use of various accounting software systems.

Mr. Atkinson has served a wide variety of clientele including municipalities, school districts, not-for-profit organizations, counties, special service districts, courts, utilities, construction and development companies and other business entities. A selected list of entities served by him in the last five years include:

- Beaver City, UT
- Parowan City, UT
- Beaver County School District, UT
- Hurricane City, UT
- Kanab City, UT
- Santa Clara City, UT
- Milford City, UT
- West Wendover, NV

Mr. Atkinson has received 80 hours audit and accounting continuing professional education (CPE). Relevant CPE courses attended over the last three years include training on government and non-profit accounting and auditing, single audits, new statements on auditing standards suite, preparing a CAFR, FASB standards codification, internal control, risk assessment, fraud risks, ethics and numerous other courses.

Mr. Atkinson is a Certified Public Accountant licensed to practice in Utah and has met the requirements for practicing in the neighboring states of Arizona, Colorado, and Nevada. He is a member of the American Institute of Certified Public Accountants, the Utah Association of Certified Public Accountants, and he regularly provides instruction at seminars sponsored by HintonBurdick.
Kelli Jones, BS, MAcc, CPA
Audit Manager

Kelli Jones graduated Summa Cum Laude from Southern Utah University, completing her Bachelor of Science degree in 2009, and her Masters degree in Accountancy in 2010. Ms. Jones has specialized in governmental audit services and has extensive experience in providing financial audits for numerous local governments. In addition to her local government experience, she also has a broad range of accounting and related experience in performing internal control reviews, compiled and reviewed financial statements, and general management consulting. Ms. Jones has experience in the use of various accounting software systems.

In her employment with HintonBurdick, Ms. Jones has served a wide variety of clientele, including counties, municipalities, school districts, special service districts, not-for-profit organizations, construction and development companies and other business entities.

She works with several municipalities and local governments in various states and has over nine years of experience working with numerous local governments throughout Utah.

A selected list of municipalities served by her in the last five years includes:

- Beaver City, UT
- Parowan City, UT
- Santa Clara City, UT
- Cedar City, UT
- Iron County School District, UT
- Beaver County School District, UT
- Fredonia, AZ
- Bayfield, CO

Ms. Jones has received 80 hours of “yellow-book” audit and accounting continuing professional education (CPE) and has attended and completed more than 24 hours of CPE in subjects directly related to government accounting and auditing every two years. Relevant CPE courses attended over the last three years includes training on government accounting and auditing, compilations and reviews, risk assessment, fraud risks, GASB Updates, internal control, ethics and numerous other courses.

Ms. Jones is a Certified Public Accountant licensed in Utah and has met the requirements for practicing in the neighboring states of Arizona, California, Colorado, and Nevada. She is also a member of the Utah Association of Certified Public Accountants.
4. Similar Engagements with Other Governmental Entities

The following are five engagements performed in the last year that are similar to the engagement described in the City of Moab's request for proposal.

<table>
<thead>
<tr>
<th>Milford City, Utah</th>
</tr>
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<tbody>
<tr>
<td>Contact Person:</td>
</tr>
<tr>
<td>Makayla Bealer</td>
</tr>
<tr>
<td>Title:</td>
</tr>
<tr>
<td>City Administrator/Treasurer</td>
</tr>
<tr>
<td>Phone:</td>
</tr>
<tr>
<td>(435) 387-2711</td>
</tr>
<tr>
<td>E-Mail Address:</td>
</tr>
<tr>
<td><a href="mailto:mbealer@milford.utah.gov">mbealer@milford.utah.gov</a></td>
</tr>
<tr>
<td>Reason for inclusion:</td>
</tr>
<tr>
<td>Utah audit of similar size</td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>PO Box 69</td>
</tr>
<tr>
<td>Milford, UT 84751</td>
</tr>
</tbody>
</table>

*Project Size, Complexity, Scope and Duration:*
200 hours, 4 funds (2 Governmental and 2 proprietary)
Financial Audit and Single Audit when applicable for more than 10+ years

*Most Recent Audit Performed: Year ended June 30, 2020*

<table>
<thead>
<tr>
<th>Herriman City, Utah</th>
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<tbody>
<tr>
<td>Contact Person:</td>
</tr>
<tr>
<td>Alan Rae</td>
</tr>
<tr>
<td>Title:</td>
</tr>
<tr>
<td>Director of Finance and Information Technology</td>
</tr>
<tr>
<td>Phone:</td>
</tr>
<tr>
<td>(435) 635-2811</td>
</tr>
<tr>
<td>E-Mail Address:</td>
</tr>
<tr>
<td><a href="mailto:arae@herriman.org">arae@herriman.org</a></td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>5355 W Herriman Main St.</td>
</tr>
<tr>
<td>Herriman, UT 84096</td>
</tr>
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*Project Size, Complexity, Scope and Duration:*
275 hours, 18 funds, (14 Governmental and 4 propriety)
Financial Audit and single audit, when applicable, for 2 years

*Most Recent Audit Performed: Year ended June 30, 2020*

<table>
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<tr>
<th>Santa Clara City, Utah</th>
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<tbody>
<tr>
<td>Contact Person:</td>
</tr>
<tr>
<td>Brock Jacobsen</td>
</tr>
<tr>
<td>Phone:</td>
</tr>
<tr>
<td>(435) 673-6712</td>
</tr>
<tr>
<td>E-Mail Address:</td>
</tr>
<tr>
<td><a href="mailto:bjacobsen@sccity.org">bjacobsen@sccity.org</a></td>
</tr>
<tr>
<td>Reason for inclusion:</td>
</tr>
<tr>
<td>Utah audit of similar size</td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td>2603 Santa Clara Drive</td>
</tr>
<tr>
<td>Santa Clara, UT 84765</td>
</tr>
</tbody>
</table>

*Project Size, Complexity, Scope and Duration:*
200 hours, 6 funds (2 Governmental and 4 proprietary)
Financial Audit and Single Audit when applicable for more than 10+ years

*Most Recent Audit Performed: Year ended June 30, 2020*
### Kanab City, Utah

<table>
<thead>
<tr>
<th>Contact Person:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Decker</td>
<td>(435) 644-2534</td>
</tr>
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<table>
<thead>
<tr>
<th>Title:</th>
<th>E-Mail Address:</th>
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<tbody>
<tr>
<td>City Manager</td>
<td><a href="mailto:jdecker@kanab.utah.gov">jdecker@kanab.utah.gov</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address:</th>
<th>Reason for inclusion:</th>
</tr>
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<tbody>
<tr>
<td>76 North Main</td>
<td>Utah audit of similar size</td>
</tr>
<tr>
<td>Kanab, UT 84741</td>
<td></td>
</tr>
</tbody>
</table>

**Project Size, Complexity, Scope and Duration:**
- 200 hours, 15 funds, (14 Governmental and 1 proprietary)
- Financial Audit and Single Audit when applicable for more than 10+ years

**Most Recent Audit Performed:** Year ended June 30, 2020

HintonBurdick performs audits for more than 100 local governments on an annual basis.

We also perform numerous non-profit and other audits for a combined total of over 140 audits annually.

### Recommendation Letters

Our widely diverse clientele vary in size and complexity, but they have one thing in common; they trust that we will deliver the highest level of client service. If you want a personal touch and excellent service, HintonBurdick is the right firm for you. We have included a few recommendation letters to illustrate this point. We love our job and it shows through our client’s comments.
March 26, 2014

To Whom It May Concern:

Washington City has been using HintonBurdick, PLLC as our independent auditor since 2006. Their vast knowledge, professionalism and friendly staff has made working with HintonBurdick a pleasure.

I have always appreciated their willingness to answer my questions and to assist our efforts in improving our financial reporting. Their staff is very professional and well prepared to address any new governmental accounting practices and the attention, commitment and resources they put forward ensure effective, efficient and timely services.

I highly recommend HintonBurdick, PLLC, to any entity seeking auditing or accounting services.

Sincerely,

Kimberly Ruesch
Administrative Services Manager
Washington City, Utah
November 14, 2008

To Whom It May Concern:

The City of St. George has employed Hinton, Burdick, Hall & Spiker, PLLC for more than twenty-five years to perform the audit of the Comprehensive Annual Financial Report. In addition, they have also worked with the City on other issues which has arisen over that time which required their technical expertise and experience.

Our experience with the firm and their auditors has been exceptional. Their auditors are very professional, well prepared, and do not disrupt the operations of the finance department more than is acceptable. They are timely in being here when they say and getting their audit completed in a timely manner.

I highly recommend Hinton, Burdick, Hall & Spiker, PLLC, to any entity seeking audit, accounting and/or consulting services.

Sincerely,

[Signature]

Philip R. Peterson, CPA CGFM
Finance Director
City of St. George
To Whom It May Concern:

This letter is being written in support of Hinton Burdick, CPA's whom I understand are submitting a proposal to perform services for your entity. We at the Town of Bayfield have been under contract with Hinton Burdick for auditing services since 2011. We have found them to be a very diligent and thorough with our information as well as our needs and desires surrounding our audit. The group that has provided our services led by Chad Atkinson has been extremely willing to make the process as smooth as possible, working within our scheduling needs, always available to answer questions, and providing very useful and timely suggestions for improvements and adjustments. We have found over the last 3 years that our findings have dropped dramatically and that with the aid of Chad and his staff, we have added many necessary policies, procedures and tracking devices to our tools of operation here at the Town of Bayfield. We now are happy to maintain an asset tracking system, along with use of a stable purchasing policy and payroll system due to the sound advice we have received. It is with great pleasure that I would refer you to Hinton Burdick and encourage you to thoroughly review their proposal to provide you services. I have found that working with them is definitely worth the fiscal outlay. If you have further questions, I would be happy to discuss them with you.

Sincerely,

Erin Dunavant
Finance Director
Town of Bayfield
(970) 884-9544
edunavant@bayfieldgov.org
TOWN OF CAREFREE
P.O. Box 740
Carefree, AZ 85377
(480) 488-3686 FAX (480) 488-3845

May 2, 2014

Re: Letter of Recommendation

To Whom It May Concern:

Since the 2009-2010 fiscal years, HintonBurdick has performed the audit for the Town of Carefree. We found the auditors professional and prompt and have been pleased with their professional services. The staff was cordial and asked for the information needed in enough time to allow us to provide it to them, yet still perform our regular job duties.

When it was crunch time and we had to get all of the material together to present at our Town Council Meeting, they worked together in a very timely fashion to get this done and bring the audit before our Council as quickly as possible. They always provide a staff member for the meeting either in person if requested or telephonically.

It has been a pleasure doing business with HintonBurdick. They worked with us during the hard economic times to reduce our audit expenses. They were always punctual and provided expert staff to execute audits for the Carefree Water Company as well.

We had the same lead auditor for 3 years. When a new auditor was assigned last year, it was a staff member who had been part of the previous audits, making the transition seamless. The Town of Carefree support staff, some of whom were new, benefited from this institutional knowledge, reducing the time required to perform our audit.

HintonBurdick has helped the citizens feel confident that the town is financially stable and the procedures. This stability has helped our town grow as the economy slowly improves.

The HintonBurdick auditors are always up-to-date on the latest GASB regulations affecting cities and towns. They also have great depth of knowledge regarding water company operations, from auditing different Arizona publicly owned water utilities.

We have nothing but praise for the manner in which the HintonBurdick auditors have conducted their business with this town. They schedule appointments with each staff member and let us know well in advance of the required information and in what format it is needed. They are punctual and always show up for their appointments. They get our audit completed and back to us in a very timely fashion.

I would highly recommend HintonBurdick to any city or town seeking an expert full service auditing firm.

Jim Keen
Accountant/Assistant Town Clerk
Town of Carefree, Arizona
5. Specific Audit Approach - Detailed Work Plan

Because it is a common service, an audit is sometimes viewed as a commodity to be acquired at the lowest price. Many entities have learned by sad experience that this is a dangerous practice. We believe, and have demonstrated repeatedly, that the annual audit should complement and enhance management, in addition to providing the desired assurances of a thorough, professional examination of the records. We utilize CCH's audit software like many of our competitors but we also use fund based audit programs that are tailored by HintonBurdick specifically for each engagement.

All aspects of the audit planning process, evaluation of controls, audit programs, field work and final analytical procedures are integrated so that the audit is a continuous process. We utilize the latest procedures in our audit tests, as well as using the latest technology to reduce costs and errors. Our firm structure and staff size enables us to provide more value by allowing professional staff to perform tasks that match their expertise level. We are constantly alert during our examination, and it is not uncommon for us to discover situations during the audit which result in savings to entities of thousands of dollars, often much greater than our fee. In addition to auditing financial results, we look at the overall performance and operations of the entity. We develop constructive, practical suggestions for the improvement of internal accounting controls and procedures, as well as for the strengthening of overall management, and will formally communicate these suggestions in a management letter.

We estimate a total of 215 hours to complete the financial and compliance audits. A detailed work plan is provided on the following page.
## Detailed Work Plan

<table>
<thead>
<tr>
<th>Planning Stage: (May - July)</th>
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<tbody>
<tr>
<td>Engagement letter</td>
<td>8</td>
<td>25</td>
<td>10</td>
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<tr>
<td>Entrance conference</td>
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<td>Internal control documentation and review</td>
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<td>Audit approach plan - risk assessments</td>
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<tr>
<td>Confirmations</td>
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<tr>
<td>Review of minutes</td>
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<td></td>
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<tr>
<td>Inventory, test of controls and other</td>
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<tr>
<td><strong>Total planning stage</strong></td>
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</tbody>
</table>

| Fieldwork Stage: (October or November) | | | |
| Testing of cash and investments | 65 | 50 | 12 | 127 |
| Testing of capital assets and capital project funds | | | |
| Testing of cutoff, current liabilities and payroll | | | |
| Testing of long-term debt, OPEB, NPL and debt service funds | | | |
| Detailed examination of all funds (GF, SRF, UF, Other) | | | |
| Single audit testwork | | | |
| Compliance, and other testwork | | | |
| **Total fieldwork stage** | | | |

| Wrap Up Stage: (November - December) | | | |
| Review of workpapers | 10 | 25 | 10 | 45 |
| Final review and analytical procedures | | | |
| Financial statements | | | |
| Preparation of reports, management letter | | | |
| Single Audit Report and data collection form | | | |
| **Total wrap up stage** | | | |

| Totals | 83 | 100 | 32 | 215 |
Audit Objectives

The AICPA issued a suite of auditing standards related to expanded audit procedures, which we will follow as part of our audit of your financial statements. The primary objective of these risk assessment standards is to enhance auditors’ application of the audit risk model in practice by specifying, among other things:

- More in-depth understanding of the entity and its environment, including its internal control, to identify the risks of material misstatement in the financial statements and what the entity is doing to mitigate those risks.
- More rigorous assessment of the risks of where and how financial statements could be materially misstated based on that understanding.
- Improved linkage between the auditor’s assessed risks and the nature, timing, and extent of audit procedures performed in response to those risks.
- In addition to the above objectives related to risk assessment the following audit objectives related to assets, liabilities, revenues, expenditures, financial statements and compliance are common to governmental audits and will be utilized based on our assessment of risks and the results of our procedures.
- All cash and investments of the entity are on hand, in transit, or on deposit with third parties in the name of the entity. Cash and investments are stated at the correct amount and reflect a proper cutoff. Depositories are legally acceptable; adequate collateral has been pledged and cash and investment restrictions are appropriate.
- Wages, salaries and benefits disbursements are computed using rates or amounts approved by the governing board and in accordance with laws and regulations and for work performed and authorized.
- Expenditures and cash disbursements are properly recorded for goods or services received and as authorized (in accordance with the budget and grant agreements). Expenditures and related liabilities have been recorded correctly as to account, fund, budget category, period and amount.
- All valid revenues have been recorded correctly as to account; fund, budget category, period and amount and billed revenues or charges for services and related receivables have been properly stated at the net realizable amount.
- Account balances and transactions are properly summarized and classified in the financial statements, and related disclosures are adequate.
- GASB34 conversion adjustments for the statement of net assets and statement of activities have been made in accordance with accounting standards in all material respects.
- Federal and state grant revenues and expenditures are administered and recorded in accordance with grant provisions and related laws and regulations.
- Management is aware of federal and state compliance issues and has established procedures for compliance with laws and regulations.
Audit Sampling

Statistical sampling may be deemed to be appropriate or necessary based on the number and type of transactions processed by the City and other cost/benefit considerations; and based upon professional judgment as a result of our audit planning. We normally select numerous samples of transactions for testing various account balances and compliance based on our preliminary analytical procedures and depending on materiality, risk assessments, inquiries of personnel and based on our assessment of internal control, state laws and major programs for the single audit, as applicable.

Analytical Procedures

HintonBurdick utilizes analytical procedures in both the planning stage and the final review stage of the audit in accordance with generally accepted auditing standards accepted in the United States of America. Comparisons will be made between the current year actual and prior year actual activity as well as budget-to-actual comparisons. We will also utilize various other analytical procedures during the field work stage of the audit such as analysis of gross margins, rate analysis, month to month comparisons for service revenues and various other ratios and analysis. We also step back and review the relationship of each fund’s balance sheet and statement of income and analyze net income or loss in comparison to the prior year, fund balance appropriations and other expectations. We look for appropriate relationships and analyze expectations based on our knowledge of the City and our numerous years of experience. This analytical approach often reveals problems that may have been missed by simply performing “canned” audit procedures and checklists.

Internal Control Structure

Auditing standards require the auditor to obtain a sufficient understanding of internal control and fraud risk factors in order to plan the audit and to determine the nature, timing and extent of test to be performed. An understanding of the City’s financial operations, funding source requirements, transaction cycles, internal control structure and fraud risk factors will be achieved through inquiry, observation, walkthroughs and tests of transactions. We will request the assistance of your accounting staff in preparing a written narrative of significant transaction cycles and we will utilize other resources such as your policies and procedures manual, organizational charts, the budget and other management information systems. Professional standards require that we communicate, in writing; deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit. We will also communicate, in writing, constructive, practical suggestions for strengthening overall management and internal accounting controls and procedures.
Laws and Regulations

HintonBurdick utilizes the legal compliance audit guide for the State of Utah which was developed by the Office of the State Auditor to test compliance with state laws. This audit guide, which is updated annually, along with inquiry of your personnel and a review of grant agreements will be performed to determine if management is aware of laws and regulations and to perform compliance test work. We also utilize the OMB Compliance Supplement for testing federal grants in accordance with the single audit act uniform guidance, as applicable.

Audit Samples for Tests of Compliance

During our financial audit test work we normally select numerous samples of transactions for testing various account balances. In order to test compliance with federal and state laws and local ordinances, additional samples will be selected based on prior year's findings, single audit compliance guides and materiality, specific requirements as per our state compliance audit guide and per review of grant agreements, as applicable.

Fund Approach - Departments

We utilize a "fund" approach to our audit, which helps us to focus on issues related to each fund rather than overall revenues or expenditures. This approach is unique from most firms who provide governmental audits. This approach allows our audit team to focus on the purpose of the fund and the interrelationships between the balance sheet accounts, revenues, expenditures and fund balance. Our audit approach is based on the materiality level of each major fund and the remaining non-major funds. During our new audit engagements, we frequently find that prior auditors have overlooked some departments and transactions. Thus, we make a point to continue this thorough approach from year to year, which enhances the awareness of the audit requirements and encourages department heads to follow policies and procedures. As such, you will receive added value from the audit.

Quality Control

HintonBurdick follows professional standards which require an independent peer review and we also conduct annual in-house quality control reviews on a comprehensive selection of audit engagements. Moreover, every audit engagement is subject to quality control procedures performed by the audit engagement partner and manager who are responsible for ensuring that our audit procedures, documentation, and reporting are in compliance with auditing standards, state statutes, OMB Uniform Guidance requirements and firm policies. Technical partner reviews are also performed on various engagements and when deemed appropriate.
Information Technology

HintonBurdick’s paperless audit software system enables us to import and analyze your financial data and gives us the ability to analyze, sort, extrapolate and compare your information with prior years, projected results and other expectations so that we can effectively and efficiently plan and perform the audit. Documents provided to HintonBurdick should be provided in an electronic format whenever possible. As an integral part of our evaluation of your system of internal controls we will evaluate your electronic data processing (EDP) system and document the system through inquiries and observations. Software for data extraction will be used if applicable as a result of audit planning. System tests for integrity, security, use of computer assisted audit tools, and the use of an IT specialist (see McKay Hall resume) will be applied if deemed necessary based on audit objectives and results of planning and other test work.

Review of Budgets, Manuals, and Other Source Documentation

HintonBurdick utilizes organizational budgets, manuals, organizational charts, and other client developed source materials in the consideration of the organizational structure, controls, and in development of the audit approach and test work.

Review of Reports and Financial Statement Grouping Schedule

HintonBurdick has developed a local government financial statement review checklist that we use in the preparation and/or review of the financial report. The checklist includes numerous recalculation tests and other procedures that we have developed over the last 30 years of preparing and reviewing local government financial statements. To ensure all disclosures are properly reported, we utilize GFOA checklists and Wolters Kluwer (CCH) Disclosure Checklist for governmental financial statements which is updated every year.

We will submit drafts of our opinion letters and our findings and recommendations to management in order to provide the opportunity for comments and clarifications before the reports are finalized.
Time Requirements

HintonBurdick's staff size and experience allows assignment of resources to complete the audit work in the shortest possible time to minimize day-to-day disruption. We have conducted countless audits over the last 30 years and have developed an audit process which will allow us to perform the audit and meet the deadlines as outlined in your request for proposals. The details of each segment of the audit are proposed as follows:

**SEGMENT 1 - PLANNING STAGE (AUGUST THROUGH SEPTEMBER):**

- Hold entrance conference and review prior year financial statements, accounting records and other information and issue the engagement letter.
- Submit detailed audit plan to the City along with a Prepared by Client (PBC) list.
- Obtain preliminary trial balance, select accounts to confirm and prepare confirmation letters.
- Review prior period audit work papers and review council meeting minutes.
- Prepare internal control narratives and review internal controls, accounting systems and grant management procedures.
- Prepare risk assessments, review compliance issues and develop audit programs.
- Prepare calculations for major fund determination, single audit major program determination (if needed) and materiality levels for financial statements and major programs.
- Perform inventory observations and tests of controls, as applicable.

**CLIENT RESPONSIBILITIES FOR SEGMENT 1:**

- Ensure availability of City audit liaison and other City staff for the entrance conference and preliminary planning work as applicable.
- Provide preliminary trial balance and confirmation contact information.
- Update internal control narratives provided by the auditor.
- Assemble information for the PBC list in preparation for the field work stage.
- Coordinate field work dates.

**SEGMENT 2 - FIELDWORK STAGE (SEPTEMBER):**

- Hold entrance conference for field work.
- Perform detailed audit procedures based on planning and assessment of internal controls and risk assessments, including procedures for cash and investments, capital assets, cutoff, inter-fund transactions, current liabilities, payroll, long-term debt, detailed examination of all funds and related accounts, compliance testing and single audit test work, when applicable.
- Hold exit conference with City staff upon completion of field work to summarize the results of field work, review preliminary findings and discuss report deadlines and any unresolved issues.
CLIENT RESPONSIBILITIES FOR SEGMENT 2:

- Provide various documents and schedules as per the PBC list.
- Ensure that work space is available and that City staff are available to provide assistance, locate supporting documentation and respond to inquiries during the scheduled field work dates.

SEGMENT 3 - WRAP UP STAGE (OCTOBER):

- Conduct partner and manager review of audit work papers and audit programs.
- Conduct final review and analytical review procedures.
- Prepare and submit proposed audit adjustments and draft findings and recommendations.
- Review draft Financial Statements and submit comments to management for review.
- Deliver all applicable reports and communications.
- Coordinate with the City regarding GFOA correspondence/submission.
- Prepare the single audit electronic submission to IDES federal single audit clearing house, when applicable.

CLIENT RESPONSIBILITIES FOR SEGMENT 3:

- Review the proposed audit adjustments and draft findings and recommendations.
- Provide draft CAFR and related documents: transmittal letter, statistical section.
- Provide signed client representation letter to the auditor.
- Coordinate the council meeting or audit committee presentation.
- Certify the single audit on-line submission, when applicable.
- Submit financial statements and applicable reports to the state and GFOA.

6. Identification of Anticipated Potential Audit Problems

The City will need to anticipate the implementation of significant standards such as GASB 87 Leases; however, at this time, we do not anticipate any audit problems. Should any audit problems arise, we will immediately discuss the issue with the appropriate level of management and a plan will be implemented to address the problem.
7. Cost Proposal

Cost proposal for financial and compliance audits for the fiscal years ended June 30, 2021 through 2024:

Our combined all-inclusive not-to-exceed price for the financial audit for the year ended June 30, 2021 will not exceed $32,000 as outlined in the attached Appendix A on the following page. If the work can be done for less, we will bill you less. Assuming that there are no significant changes in the scope of the audits, such as changes to accounting systems, or similarly significant changes, we anticipate that our total price for the financial audit for the years ended June 30, 2022 through 2024 will not exceed $29,000, $29,900 and $31,000, respectively. The increased fee for the year ending June 30, 2021 is due to mid-year conversion of the accounting system and the anticipated additional work from working with and reconciling the two systems during the course of the audit.

Our price estimate for the single audit, if needed, is $3,000 for fiscal years 2021 with an increase of $100 each year through June 30, 2024, if applicable. The price estimate for any year requiring a single audit is based on no more than two major programs. The price for any additional major programs over the base amount of two programs included in the price above will be $1,000 per program. The details of our estimates for services are provided in Appendix A.

We anticipate the scope of the work to include an examination of the funds and activities included in the City's fiscal year 2020 audit and as outlined in your request for proposal. The prices are based upon the assumption that the City will prepare the financial. The prices also assume that the City's records are in good, auditable condition and that the City's personnel will be available to assist on a timely basis.

R. McKay Hall is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City. We appreciate your consideration of HintonBurdick for this engagement and look forward with pleasure to a pleasant and mutually beneficial relationship.

Additional Services:

The prices above include a limited amount of assistance with year-end closing entries, if necessary. Other non-audit work such as assistance with bookkeeping, schedule of federal awards, depreciation schedules or other accounting services necessary to bring the records and accounts into auditable condition are not anticipated. We do not bill for casual phone calls and consultations and we encourage you to call on us throughout the year.
## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

<table>
<thead>
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<th>DESCRIPTION</th>
<th>FOR THE YEAR ENDED JUNE 30TH</th>
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<td>2021</td>
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<tr>
<td><strong>Not-to-Exceed Audit Fee</strong></td>
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<tr>
<td>Estimated Billable Hours</td>
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<tr>
<td>Effective Billing Rate</td>
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<td>Out of Pocket Expenses</td>
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<tr>
<td>Total Not-to-Exceed Audit Fee</td>
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<tr>
<td><strong>Optional Items</strong></td>
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<tr>
<td>Consulting Services Hourly Rate</td>
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