

CENTRAL LYON COMMUNITY SCHOOL DISTRICT

Rock Rapids, Iowa

AUDIT PROPOSAL

For the Years Ending
June 30, 2022, 2023, and 2024

Eric Gilbertson, CPA
KING, REINSCH, PROSSER & CO., L.L.P.
522 4th Street, Suite 200
Sioux City, IA 51101-1620
(712) 258-5550

CENTRAL LYON COMMUNITY SCHOOL DISTRICT

ROCK RAPIDS, IOWA

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November 9, 2021

Jackie Wells, Business Manager
Central Lyon Community School District
1010 S Greene Street
Rock Rapids, IA 51246

Dear Ms. Wells:

King, Reinsch, Prosser & Co., L.L.P. (the Firm) is pleased to present this proposal to provide professional audit services to Central Lyon Community School District (the District). Included in this proposal is various information about our Firm as well as resumes of the personnel that will be part of your client service team. We believe you will find that our Firm is uniquely able to serve the District based on our experience and qualifications. As discussed in the proposal, we have significant experience auditing community school districts and other governmental entities.

Thank you for the opportunity to be of service and please contact me if you have questions about the Firm or our proposal.

Very truly yours,

KING, REINSCH, PROSSER & CO., L.L.P.

A handwritten signature in blue ink, appearing to read "Eric Gilbertson", is written over the printed name.

Eric Gilbertson, CPA

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KING, REINSCH, PROSSER & CO., L.L.P.

Profile of the Firm

King, Reinsch, Prosser & Co., L.L.P. (the Firm) occupies approximately 12,000 square feet in the Central Bank Building, 522 4th Street, Suite 200, Sioux City, Iowa. We are a regional firm of 23 professional and support individuals, with a staff that includes the following: 5 partners, 4 managers and supervisors, 9 staff accountants, and para-professionals, and 5 support staff. We have 13 Certified Public Accountants in our office and 3 additional members of our staff are currently candidates for the CPA examination.

Our Firm originated in 1914 when Mr. William Guthrie, a chartered accountant from England, established an office in Sioux City, Iowa. Mr. Guthrie was one of the original twelve "Charter Members" of the Iowa Society of Certified Public Accountants.

Our Firm provides auditing, accounting, tax, retirement plan consulting, and management advisory services to clients. The Firm is a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants' (AICPA) Division for Certified Public Accounting Firms. As part of the membership requirements thereto, the Firm must maintain a system of quality control and undergo a peer review once every three years. The Division is a voluntary self-regulatory organization of firms established to foster quality performance. Our membership in the Division for Certified Public Accounting Firms provides our clients with independent assurance that our Firm provides quality services, and we have successfully completed peer reviews of our system of quality control. A copy of our most recent peer review report is attached as Exhibit A.

The Firm and its members are licensed to practice as Certified Public Accountants in the States of Iowa, Nebraska, and South Dakota and are in compliance with the regulation requirements to engage in the practice of public accounting in Iowa. Accordingly, its members are subject to the continuing education requirements of the three states. Further, members of the Firm are associated with the AICPA, and Iowa and Nebraska Certified Public Accountants Societies.

Professional accountants are required by Firm policy to complete minimum professional development hours annually on subjects of current interest and areas of specialization. Such schooling is attained primarily through AICPA programs sponsored by state societies, in-house seminars, and self-study courses. All Firm members involved in governmental auditing must attend a minimum of twenty-four hours of continuing professional education every two years specifically addressing current governmental accounting and auditing issues.

The Firm and all of its members are independent with respect to the Central Lyon Community School District in accordance with all applicable professional standards including *Government Auditing Standards*.

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Qualifications

The Firm currently provides professional audit services for numerous community school districts and other governmental entities including the following:

Le Mars Community School District Le Mars, Iowa	Sheldon Community School District Sheldon, Iowa
Boyden-Hull Community School District Hull, Iowa (10+ years)	Okoboji Community School District Milford, Iowa
Hinton Community School District Hinton, Iowa (25+ years)	Remsen-Union Community School District Remsen, Iowa (25+ years)
Rock Valley Community School District Rock Valley, Iowa (20+ years)	Northwest Area Education Agency Sioux City, Iowa (10+ years)
Marcus-Meriden-Cleghorn Community School District Marcus, Iowa	Maple Valley-Anthon Oto Community School District Mapleton, Iowa
Lawton-Bronson Community School District Lawton, Iowa	George-Little Rock Community School District George, Iowa

We are looking to build our relationship into one that will be long-term and mutually rewarding by providing you with the highest quality professional services. Some of our larger commercial clients and the length of time we have served them include:

<u>Name</u>	<u>Number of Years Served</u>
American Pop Corn Company (Jolly Time)	90+
Simonsen Manufacturing, Quimby, Iowa	60+
Sand Seed Service, Marcus, Iowa	40+
Bomgaars Companies	20+
Ho-Chunk, Inc.	20+

We pride ourselves on maintaining a continuing relationship with our clients and assisting them with any issues that may arise during the year. We assist them with accounting, procedural, system, and data processing questions. We consider these services to be a very important part of our practice. The Firm also has a strong history of staff retention which helps us provide high quality professional services on a consistent basis.

Our clients and their needs are widely diversified. Our staff has developed in a manner to effectively meet those needs. While a level of expertise is required in any audit situation, our broad background enables us to assist our clients within a wide range of services.

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Key Personnel Resumes

The following client service team has been assembled to provide Central Lyon Community School District with the highest quality professional services:

ERIC GILBERTSON

Eric Gilbertson, CPA, will be the partner-in-charge on the audit. Eric is a 2004 graduate with a Master of Professional Accountancy Degree from the University of South Dakota. Eric has seventeen years' experience on several of the Firm's governmental clients, including eleven community school districts.

LAURIE SIEGEL

Laurie Siegel, CPA, is a 2012 graduate from the University of South Dakota. Laurie has ten years' experience on several of the Firm's governmental clients, including ten community school districts.

MERCEDEES MILLER

Mercedes Miller is a 2016 graduate with a Masters of Professional Accountancy Degree from the University of South Dakota. Mercedes has seven years' experience on several of the Firm's governmental clients, including nine community school districts.

Key personnel and all additional staff accountants who perform audits in accordance with government auditing standards have attended a minimum of twenty-four hours of continuing professional education in the past two years specifically addressing current governmental accounting and auditing issues.

We will use additional staff accountants as necessary to expeditiously conduct our audit.

Any changes in key personnel will be discussed with District officials. We have a total of thirteen people in our office with experience in governmental accounting and auditing. All members of the Firm with governmental experience will be available for consultation with the audit team.

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Scope of Services

Our understanding of the scope of professional audit services to be provided is as follows:

- Audit services for Central Lyon Community School District for the years ended June 30, 2022, 2023, and 2024.
- Audits will be conducted in accordance with the following as applicable:
 1. Auditing Standards Generally Accepted in the United States of America
 2. Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
 3. 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) (preceded by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*), when applicable
 4. Chapter 11 of the Code of Iowa
- Each year we will issue an engagement letter to you detailing our audit objectives and procedures, management responsibilities and other information.
- We will work with District management on a mutually agreeable schedule for fieldwork, office review and report preparation so as to complete our work in a timely manner. Fieldwork is expected to take three days and occur in September each year. We will seek to deliver final reports by December 31 of each year.
- We will present our report to the Board and will communicate all matters required under professional standards.
- If appropriate, we will issue a management letter that may include recommendations related to the financial statements, internal control, accounting systems and compliance issues.
- Sufficient copies of the financial statements and management letter (if any) will be provided to the District. In addition, an electronic version of the financial statements will be available.
- We will provide the necessary information to the Iowa State Auditor's office with respect to the District's audit, including bound copies of the report, management letter (if any), detailed per diem audit bill, and a copy of the news release.

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Fees and Compensation

1. We estimate total hours required to perform the audit to be 175-225.
2. We anticipate out-of-pocket expenses for copying, postage, phone calls, etc. to be \$250.
3. Our hourly rates by classification for this proposal are:

<u>Classification</u>	<u>Hourly Rate</u>
Partners	\$175
Supervisors (in-charge)	\$125
Staff	\$ 90
Support Staff	\$ 50

We may discount our fees from our standard amounts in certain circumstances.

4. We propose a maximum audit fee of \$27,500 for 2022, \$28,500 for 2023 and \$29,500 for 2024. If the District becomes subject to additional audit requirements under the Uniform Guidance, we will modify our audit fee to allow for the additional time necessary.
5. Other accounting services considered to be beyond the scope of our audit (including preparation of the District's financial statements in accordance with GASB No. 34, reconciliation of account balances, assistance with maintenance of depreciation schedules, etc.) are available at your request. Fees for these services shall be billed at a rate of \$110 per hour multiplied by the time incurred. Travel hours will be billed at \$50 per hour plus mileage between Sioux City and Rock Rapids.
6. We will send a progress billing after completion of fieldwork, with the final invoice mailed after audit reports are delivered to the District.

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

November 25, 2020

To the Partners of King, Reinsch, Prosser & Co., L.L.P.
and the Peer Review Committee of the Peer Review Alliance

We have reviewed the system of quality control for the accounting and auditing practice of King, Reinsch, Prosser & Co., L.L.P. (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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 King, Reinsch, Prosser & Co., L.L.P. in effect for the year ended May 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*. King, Reinsch, Prosser & Co., L.L.P. has received a peer review rating of *pass*.

FRANKEL ZACHARIA LLC

Frankel Zacharia, LLC