



June 13, 2024

Proposal to provide professional  
audit services to:

## Rock Ridge Public Schools

Prepared by:

**Mary Reedy, CPA, CGFM, Principal**

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Direct 320-203-5534

**CLAconnect.com**

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CliftonLarsonAllen LLP  
CLAconnect.com

June 13, 2024

Andrea Lintula  
Rock Ridge Public Schools  
1405 Progress Parkway  
Virginia, MN 55792

Dear Ms. Andrea Lintula:

Thank you for inviting us to propose our services to you. We look forward to the opportunity to provide services to the Rock Ridge Public Schools (District). The enclosed proposal responds to your request for audit services beginning June 30, 2024, with an option of two additional years.

## Understanding of the work to be performed

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the District's consideration:

- **Industry-specialized insight and resources** – As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist the District with their audit needs. In addition to your experienced local engagement team, the District will have access to one of the country's largest and most knowledgeable pools of regulated industry resources.
- **OMB Uniform Guidance (UG) experience** – CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. The single audit requires a specific set of skills to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- **Strong methodology and responsive timeline** – In forming our overall audit approach, we have carefully reviewed the RFP and considered our experience performing similar work for other municipalities. Our local government clients are included amongst the more than 4,200 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. The work plan also minimizes the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.
- **Communication and proactive leadership** – the District will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the District and take an active role in addressing them.
- **A focus on providing consistent, dependable service** – We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is

organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the District will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

#### *Verification statements*

I, Mary Reedy, your engagement principal-in-charge, will serve as the District's primary contact person for this engagement. Furthermore, as a principal of CLA, I am authorized to sign, bind, and commit the firm to the obligations contained in this proposal. My contact information is as follows:

Mary Reedy  
Office: 320-203-5534 / Mobile: 218-232-5577  
Email: mary.reedy@claconnect.com

We want to serve you and we have the qualifications to deliver quality, timely work. Throughout this proposal, we take you on a journey outlining how we'll work together and the value you can come to appreciate when we exceed expectations.

Please contact me if I can provide additional information on our firm or our proposal.

Sincerely,

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "Mary Reedy".

Mary Reedy, CPA, CGFM  
Principal  
320-203-5534  
Mary.reedy@claconnect.com

## Table of Contents

Understanding of the work to be performed .....	i
<b>Executive Summary .....</b>	<b>1</b>
<b>Understanding Your Industry.....</b>	<b>2</b>
State and local government experience .....	2
Firm’s school district financial audit capacity and experience.....	2
Single audit experience .....	3
Deep industry connections.....	4
Insight to strengthen your organization .....	4
Thought leadership .....	5
Support at every turn .....	6
<b>Overall Approach.....</b>	<b>7</b>
Easing the transition .....	7
The CLA seamless assurance advantage (SAA) .....	7
Specific financial statement audit approach .....	8
Single audit approach.....	11
Commitment to communication with management .....	13
Data analytics .....	13
Consulting and outsourcing.....	14
<b>Engagement Timeline .....</b>	<b>15</b>
Proposed work plan .....	15
<b>Additional Information .....</b>	<b>16</b>
Assistance from client .....	16
Participation in quality improvement programs .....	16
Federal or state desk or field reviews .....	16
Firm independence .....	17
Joint venture .....	17
License to practice .....	17
Litigation .....	17
Insurance.....	17
Continuing education program .....	17
<b>Your Service Team .....</b>	<b>18</b>



<b>References.....</b>	<b>19</b>
<b>Pricing .....</b>	<b>20</b>
No surprises .....	21
<b>Firm Overview .....</b>	<b>22</b>
<b>Appendix .....</b>	<b>24</b>
A. Your service team biographies.....	24
B. Quality control procedures and peer review report.....	29

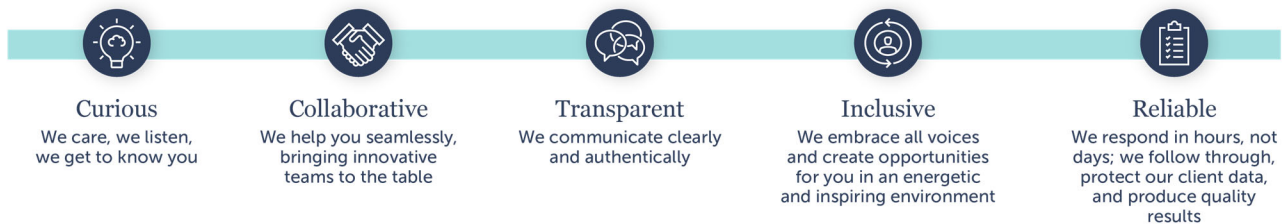


# Executive Summary

You deserve to work with people whose values match your own. Our values drive our behavior and lead to service delivery that exceeds expectations and provides you with the [CLA client experience](#).

What does that mean? It means you'll work with a team with the resources to support the whole of your organization. You can count on industry specialized professionals who bring ideas and strategies that are relevant and actionable. Quite simply, you'll encounter value beyond the expected.

We put relationships first. Our family culture is at the center of our success, and we invite different beliefs and perspectives to the table, so we can truly know and help our clients, our communities, and each other. Here's what you can experience.



***Your time is valuable:*** We know how to deliver quality, timely work, and we take care of the details so you can focus on what really matters: the important decisions that drive your success.



# Understanding Your Industry

## State and local government experience

You can benefit from a close personal connection with a team of professionals devoted to governments. Our goal is to become familiar with all aspects of your operations — not just the information needed for the year-end audit so that we can offer proactive approaches in the areas that matter most to you:

- Finding new ways to operate more effectively and efficiently
- Responding to regulatory pressures and complexities
- Maintaining quality services in the face of revenue reductions
- Providing transparent, accurate, and meaningful financial information to stakeholders, decision-makers, and your constituents

We understand the legislative changes, funding challenges, compliance responsibilities, and risk management duties that impact you. Our experienced government services team can help you navigate the challenges of today, all while seamlessly strategizing for the future.



## Firm's school district financial audit capacity and experience

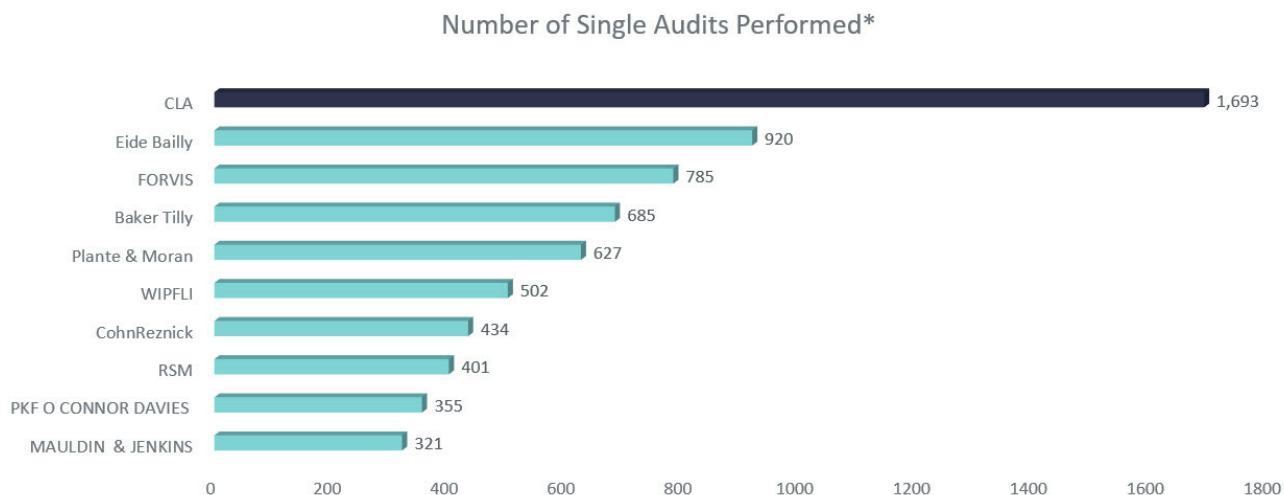
CLA has one of the largest governmental audit and consulting practices in the country and brings extensive experience providing a variety of such services to state and local government entities, including charter schools. Our state and local government team serves more than **4,200** governmental engagements nationwide, including **more than 509 charter schools and 346 school districts** as well as numerous cities, counties, municipalities, states and state agencies, and school boards. In addition, we perform single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm.

**In Minnesota, 56 professionals** comprise our state and local government team. These individuals serve governmental entities in Minnesota as well as clients across the country. Additionally, we have access to firm-wide professionals and resources as needed to fulfill the requirements of the contract.

## Single audit experience

### CLA performs the largest number of single audits in the United States

**We audited nearly \$257 billion dollars in federal funds in 2022.** The chart below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving the government and nonprofit industry.



*\*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2022 – December 31, 2022.*

It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the District and can enhance the quality of the District's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's Uniform Guidance and who can offer both knowledge and quality for the District. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

*You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA's experience in this area.*

### Single Audit Resource Center (SARC) Award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.



The survey queried more than 10,000 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2021 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.





## Deep industry connections

CLA actively supports industry education as a thought leader and industry speaker. We focus on supporting the educational needs of the industry through nationally sponsored trade events. Our team of professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations, including those shown here.

We are also actively involved in and/or are members of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA's State and Local Government Expert Panel
- AICPA's Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- AICPA Single Audit Quality Task Force
- Association of Government Accountants



Our involvement in these professional organizations, combined with various technical services we subscribe to, allows use to be at the forefront of change in the constantly changing government environment. We take our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations seriously.

## Insight to strengthen your organization

When you're ready to go beyond the numbers to find value-added strategies, we offer resources to help you respond to challenges and opportunities including:

- [National webinars](#) — Access complimentary professional development opportunities for your team.
- [Articles and white papers](#) — Stay current on industry information as issues arise.

***Curious:*** *We care, we listen, we get to know you.*



## Thought leadership

CLA goes beyond the numbers and offers value-added strategies. Rest assured, you will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer. You can register for our webcasts and find our extensive resource library on our website, [CLAconnect.com](https://www.claconnect.com).



## Support at every turn

With [dedicated services specific to state and local governments](#), you have access to guidance on all aspects of your operations.

- [Affordable Care Act \(ACA\) reporting and compliance](#)
- [Audit](#), review, and compilation of financial statements
- Compliance audits (HUD, OMB Single Audits)
- [COVID-19 funding support](#)
- [Cybersecurity](#)
- [Enterprise risk management](#)
- [Forensic accounting, auditing, and fraud investigation](#)
- Fraud risk management
- [Grant compliance](#)
- Implementation assistance for complex Governmental Accounting Standards Board (GASB) statements
- [Internal audit](#)
- [Outsourced business operations](#)
- [Performance auditing](#)
- [Purchase card \(p-card\) monitoring and analytics](#)
- [Risk assessments](#)
- Strategic, financial, and operational consulting
- [Telecom management services](#)



Independence can easily become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed. If additional work is requested by the District outside of the scope of the audit, we will discuss with you our proposed fee for additional services prior to beginning the new services.

# Overall Approach

## Easing the transition

We recognize that a move to a new firm presents an opportunity as well as a challenge. Over our 60-year history, we have transitioned many clients from predecessor auditors. Our seamless transition reduces your team's time and we don't charge for it. We consider it an investment in our relationship.

## The CLA seamless assurance advantage (SAA)

SAA is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience.



### A different approach

SAA is unlike any conventional audit process. SAA does not depend on physical location. It reduces the time our professionals spend on site, creates fewer disruptions, enables more efficient use of resources (yours and ours), and allows for more impactful interactions with your people.



### Insights through analytics

CLA uses strategic data analysis to examine whole data sets to gain a deeper understanding of your organization. Insights that were once impossible can now come into focus to help you measure performance, enhance strategic decision making, and understand your competitive opportunities.

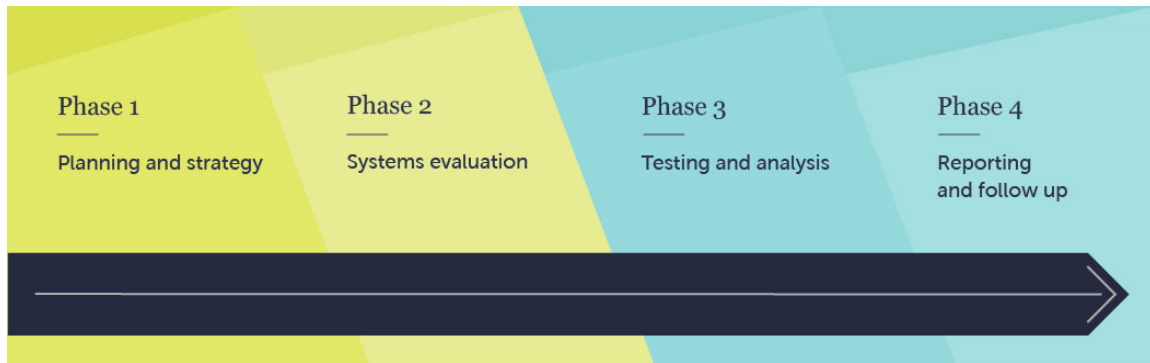


### Effective technology

CLA embraces technologies that help solve client problems and create a seamless experience. Assurance Information Exchange (AIE) is a web-based application developed by CLA to digitally request and obtain audit documents through a secure and efficient online portal.



## Specific financial statement audit approach



### *Phase 1: Planning and strategy*

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

- Conduct an entrance meeting – Mary Reedy and staff will meet with the District personnel to agree on an outline of responsibilities and time frames
  - Establish audit approach and timing schedule
  - Determine assistance to be provided by the District personnel
  - Discuss application of generally accepted accounting principles
  - Address initial audit concerns
  - Establish report parameters and timetables
  - Progress reporting process
  - Establish principal contacts
- Gain an understanding of your operations, including any changes in organization, management style, and internal and external factors influencing the operating environment
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics and Expert Analyzer (TeamMate), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the District, and establish deadlines

We will document our planning through:

- **Entity profile** — This profile will help us understand the District's activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary analytical procedures** — These procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General risk analysis** — This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations, and other key planning considerations.



- **Account risk analysis** — This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by client listing** — This document will contain a listing of schedules and reports to be prepared by the District personnel with due dates for each item.
- **Assurance Information Exchange (AIE)** — CLA uses a secure web-based application to request and obtain documents. This application allows clients to view detailed information, including due dates for all items CLA is requesting. Clients can attach electronic files and add commentary directly on the application.

A key element in planning this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner and will be in constant contact as to what we are finding and where we expect it will lead.

Using the information we have gathered and the risks identified, we will produce an audit program specifically tailored to the School that will detail the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

### *Phase 2: Systems evaluation*

We will gain an understanding of the internal control structure of the District for financial accounting and relevant operations. Next, we will identify control objectives for each type of control material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles, not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the District has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated prepared by client listing based on our test results and anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application IS controls for applications significant to financial statements to conclude whether IS general controls are properly designed and operating effectively.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then assess the significant computer-related controls.



For IS-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support findings and will provide recommendations for improvement. For IS controls we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

### *Phase 3: Testing and analysis*

The extent of our substantive testing will be based on results of our internal control tests. Audit sampling will be used only in those situations where it is the most effective method of testing.

After identifying individually significant or unusual items, we will decide the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will provide the District with status reports and be in constant communication with the School to determine that all identified issues are resolved in a timely manner. We will hold a final exit conference with the District to summarize the results of our fieldwork and review significant findings.

### *Phase 4: Reporting and follow up*

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by *the Uniform Guidance (if necessary for a single audit)*
- Executive Audit Summary
- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Disagreements with the School
  - the District's consultations with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Fraud or illegal acts



Once the final reviews of working papers and financial statements are completed, our opinion, the financial statements, and management letter will be issued.

We will make a formal presentation of the audit results to those charged with governance, if requested.

## Single audit approach

The OMB's Uniform Guidance (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes could impact their entity. CLA professionals are available to provide guidance and tools tailored to the District's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits", requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We conduct our single audit in three primary phases, as shown, below:



### *Phase 1: Risk assessment and planning*

The risk assessment and planning phase encompasses the overall planning stage of the single audit engagement. During this phase, we work closely with the District's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we can identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the *Uniform Guidance*
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs

- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

### *Phase 2: Major program testing*

We determine the programs to be audited based on the risk assessment performed in the planning phase. We perform the audit of the programs in accordance with *UG*.

To accomplish this, we perform the following:

- Schedule an introductory meeting and notify the District's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

### *Phase 3: Final assessment and reporting*

We re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we perform the following:

- Identify Type A and significant Type B programs which were not previously identified
- Re-assess the risk and determine if we are required to audit additional programs
- Perform compliance testing at the entity wide level related to procurement and cash management requirements
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs
- Conduct exit conference with the District's management to review drafts of required reports:
  - Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

Throughout the single audit, we maintain communication through periodic progress meetings with those designated by the District. These meetings will be on a set schedule, but as frequently as the District determines. During these meetings, we discuss progress impediments and findings as they arise.

## Commitment to communication with management

As you know, we are committed to ongoing communication throughout the engagement. Continual communication starts when an engagement letter is issued, continues until the completion or closeout of an engagement, and throughout the remainder of the year. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.



During the engagement, we will hold regular status meetings with the District to enhance day-to-day operations, results, and any issues are commonly understood and addressed. The objectives of tracking and formally reporting the engagement status are to:

- Provide a consistent technique for monitoring progress against plan
- Identify any issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of any audit recommendations on a timely basis

Our proactive measures foster communications, both written and oral, which are ongoing, relevant, and routine to our engagements. Our commitment to this practice encourages open lines of communication and often prevents and/or mitigates service delivery issues. Our professionals are trained in documenting observations, recommendations, business issues, and new developments as part of their daily routine.

## Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our **Risk Assessment, Data Analytics and Review ("RADAR")** is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.



## Consulting and outsourcing

An organization that is strong across functional areas can turn business challenges into opportunity. As human resources compliance issues become increasingly complex, organizations need flexibility to expand and contract to meet rapidly changing business needs.

CLA can help you manage your day-to-day operations so you can focus on what you do best. Whether you need a team to become an extension of yours or simply want resources to lean on, we have the experience to offer relevant guidance and services customized and scaled to your needs — even as those needs change.



# Engagement Timeline

Count on clear communication and regular updates.

## Proposed work plan

Per our discussions we have designed a plan that meets your needs and key deadlines. In our planning meeting, we will discuss this timeline with you in greater detail and adjust as appropriate.

July/August	Review prior year workpapers Request initial planning documents from the District
September/October	Field audit work begins Usage of portal allows audit team to work remotely with minimal days onsite
November	Draft reports
November/December	Issuance of financial statements
Ongoing	Planning and update meetings

**Reliable:** Look for us to respond in hours, not days. We strive to deliver service that exceeds your expectations.



# Additional Information

## Assistance from client

We request that the District provide access to all records required for the audits and other requirements of the contract. In addition, we request that you assign a “project coordinator” through whom we communicate and coordinate activities. We do not foresee needing the District’s staff other than during normal business hours.

To assist in this process, we provide a detailed Prepared by Client list early in the engagement via an online portal. This will act as a checklist for the client and will allow our audit team to work in advance and work remotely on the audit. We ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks, and other documents and records. We are extremely flexible as to the format in which we receive this information and will determine, using the latest technology, that your personnel will not be asked to perform any unnecessary or extensively disruptive tasks.

We depend on your staff to provide us with as much information as possible, in an effort to limit everyone’s time on the engagement and, ultimately, to save your organization money.

## Participation in quality improvement programs

We work with governmental entities across the country, and our exposure to the circumstances and issues that surround your industry will allow us to serve you with exceptional knowledge and insight. We understand the specific needs and challenges that regulate industries face and have been serving clients similar to the District for decades.

We are actively involved in and/or are members of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA’s State and Local Government Expert Panel
- AICPA’s Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA’s
- Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- AICPA Single Audit Quality Task Force
- Association of Government Accountants
- Minnesota Association of School Business Officials (MASBO)



Our involvement in these professional organizations, combined with various other technical services we subscribe to, allows use to be at the forefront of change in the government environment. We take seriously our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations.

## Federal or state desk or field reviews

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency’s Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews.



## Firm independence

CLA is independent of the District as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office's *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the District.

## Joint venture

We are not a joint venture or alliance of firms. We have the capabilities of providing all services outlined in the proposal, including Information Technology services

## License to practice

CLA is duly licensed to practice public accountancy in the state of Minnesota.

## Office location assigned to manage the engagement

The District will be served by our industry-specialized government engagement team located in our St. Cloud and Brainerd, MN offices.

## Litigation

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend itself vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements.

## Insurance

CLA carries commercially reasonable amounts of professional liability insurance. If requested, the firm will provide a certificate of coverage for an amount specified by the District upon being engaged.

## Continuing education program

To maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually. Individuals are required to familiarize themselves with all current changes in standards and procedures. Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis.

CLA professionals are specifically trained in the industry at a level beyond our competitors.





# Your Service Team

The true value in working with our team is developing a personal and professional relationship with leaders who understand your industry, challenges, and opportunities — with the full support of an entire CLA family behind them.

Meet your service team below.

Engagement Team Member	Role	Years' Experience
Mary Reedy, CPA, CGFM	<b>Engagement principal</b> – Mary Reedy will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Mary is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	19
Mallory Carlson, CPA	<b>Engagement In-Charge</b> – Mallory Carlson will act as the lead in-charge on the engagement. In this role, Mallory will assist the engagement principal with planning the engagement and performing complex audit areas. They will perform a technical review of all work performed and is responsible for the review of annual financial report and all related reports.	9
Elizabeth VanHeel	<b>Senior</b> – Elizabeth VanHeel will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	5+
<b>Additional staff</b> – We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments.		

**Collaborative:** Support from a responsive local team complemented by national resources. We consider the whole of your organization, bringing innovative teams to the table.



# References

Our clients say it best. And their independent, authentic perspective is invaluable in learning about the experience you'll have when working with us. We encourage you to connect with our clients to hear it firsthand.

Brainerd Public Schools	
Client Contact	Marci Lord, Business Services Director
Phone Number   Email	218-454-6914   marci.lord@isd181.org
Address	8904 Oak Street, Brainerd, MN 56401
Services Provided	Financial statement audit, federal single audit, financial statement drafting

Lake Superior Public Schools	
Client Contact	Tanner Spawn, Business Manager
Phone Number   Email	218-834-8201   tspawn@isd381.org
Address	1640 County Hwy 2, Two Harbors, MN 55616
Services Provided	Financial statement audit, federal single audit, financial statement drafting

Aitkin Public Schools	
Client Contact	Heather Hipp, Business Manager
Phone Number   Email	218-927-7102   hhipp@isd1.org
Address	306 2 <sup>nd</sup> St NW, Aitkin, MN 56431
Services Provided	Financial statement audit, federal single audit, financial statement drafting

***Transparent:*** We place honesty and integrity at the center of all communication. We welcome you to start an open and candid conversation with those who know us best.



# Pricing

## Having upfront conversations builds relationships.

The value we can provide your organization starts with helping you uncover revenue opportunities and put dollars in your pocket. While we are addressing your compliance needs, our insights and strategies also represent a return on your investment.

Based on our understanding of your requirements, we propose the following fees:

Service	Fee
General Audit	<b>\$38,000</b>
5% technology and client support fee	<b><u>\$1,900</u></b>
Total	<b><u>\$39,900</u></b>

- Fee includes one single audit program. Should additional major programs be necessary, the fee will be \$4,000 for each additional federal program.
- If GASB 87 and GASB 96 were not properly implemented in prior years, the additional work will be billed as out of scope and communicated at the time of the audit.
- **Out of pocket costs will be charged at actual.**



For the additional two years, the above fees would be projected to increase by a rate not to exceed 7% for fiscal years 2025 and 2026, but the actual fees would be negotiated based on the facts and circumstances available at that time, prior to the start of each engagement.

Our fixed-fee quote is designed with an understanding that:

- The District's personnel will provide documents and information requested in a timely fashion.
- The operations of your organization do not change significantly and do not include any future acquisitions or significant changes in your business operations.
- There are not significant changes to the scope, including no significant changes in auditing, accounting, or reporting requirements.

The 5% technology and client support fee supports our continuous investment in technology and innovation to enhance your experience and protect your data.

### Fee increase

Our fees are based on professional standards and regulations currently in effect and barring any changes in the nature or requirements of the engagement, our annual fees will increase in accordance with the increases in our payroll and overhead costs. In addition, costs could increase due to substantial changes in your office locations, asset size and/or operational structure. If fee increases are expected outside of the ranges provided above, we would discuss with management prior to the completion of the work.

### No surprises

Our clients don't like fee surprises. Neither do we. If changes occur, we will discuss a revised fee proposal with you before beginning any work. For any "out-of-scope" work, we will provide an estimate for your approval.

We're invested in our relationships and strongly encourage intentional and frequent communication. Contact us year-round as changes or questions arise — we do not bill for routine inquiries or advice.

***We are committed to creating a long-standing relationship. If you have concerns about the fee structure, give us a call and let's discuss.***

***Transparent:*** Clear, authentic communication and market-based fees.



# Firm Overview

It takes balance. With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.



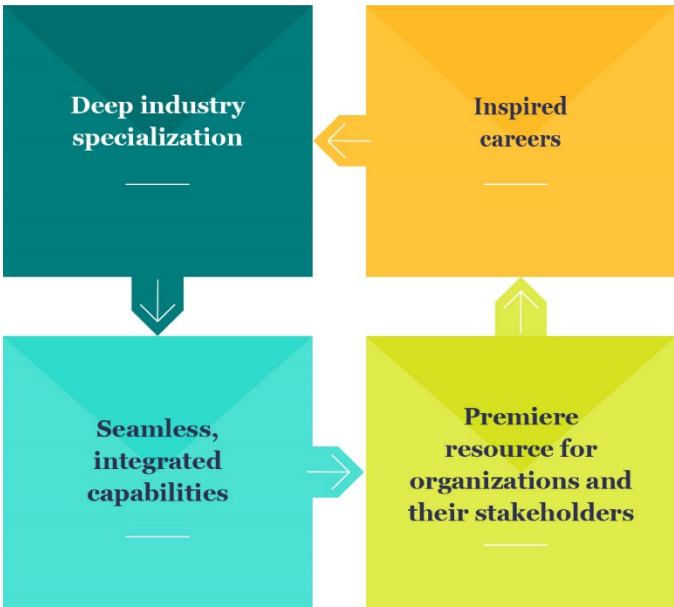
As a professional services firm, we exist to create opportunities ... for you, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. We do this when we live the CLA Promise — a promise to know you and help you.

## Opportunities for you

You'll find resources you would expect in the largest firms, with the personal touch of people who live and work in your community.

You'll access leaders and professionals in communities across the country, rather than from one central headquarters. We work together to look at your organization holistically, and then help you address challenges by offering support where you need it, from traditional audit and tax to outsourcing and wealth advisory.

As you navigate opportunities and challenges in a competitive and constantly changing environment, we'll embrace change, learn from it, and design processes to make interactions easier, more transparent, and seamless.



## Opportunities for our people

At CLA, people find meaningful work in a fun, compelling, and energizing culture. Our people design their own customized careers through our inspired careers strategic advantage. In 2022 our total headcount was up a record-breaking 11% and we saw an incredible retention rate of 83%. Inspired by their careers, our family members develop client relationships that bring deeper knowledge and help you shine. We're one family, working together to create opportunities.

What's more, CLA is building a [diverse, inclusive, and equitable culture](#) that welcomes different beliefs and perspectives. We want to be representative of the communities we serve and foster an environment of inclusion and belonging, resulting in enhanced value for our clients, our communities, and each other.

***Inclusive:*** *We embrace all voices and create opportunities by removing barriers and helping our people build inspired careers.*

## Opportunities for our community

CLA's community impact team unifies the work and missions of our diversity, equity, and inclusion council and the CLA Foundation with a laser focus on advancing education, employment, and entrepreneurship within CLA and throughout our society.

Since 2015, our [CLA Foundation](#) has granted more than \$8 million from nominations made by and funds raised from CLA family members. Each grant recipient's work aligns with the foundation's mission to create career opportunities through education, employment, and entrepreneurship by connecting diverse networks inclusive of all genders and races, veterans, and the disability community.

Read more in CLA's annual [Promise Report](#).

## CLA history

With several legacy firms paving the way for CLA (CliftonLarsonAllen LLP) to exist, our rich history of growth is more than 60 years old. CLA as we know it today was formed on January 1, 2012, when two firms joined forces to build a different kind of professional services firm. Why CLA? We offer four distinct advantages: (1) deep industry specialization, (2) seamless integrated capabilities, (3) an uncommon focus on private businesses, governments, nonprofits, and the people who own and lead them, and (4) inspired careers.



# Appendix

## A. Your service team biographies







# Mary L. Reedy, CPA, CGFM

**CLA (CliftonLarsonAllen LLP)**

Principal  
St. Cloud, Minnesota

320-203-5534  
mary.reedy@CLAconnect.com



## Profile

Mary is a principal in the public sector group and has been with the firm since 2005. She works exclusively with state and local government clients (including cities, towns, counties, schools, and special districts) and has extensive experience with Uniform Guidance single audits of federal programs.

## Technical experience

- State and local government

## Education and professional involvement

- Bachelor of science in accounting from Bemidji State University, Bemidji, Minnesota
- American Institute of Certified Public Accountants
- Minnesota Municipal Clerks and Finance Officers Association
- Minnesota Society of Certified Public Accountants
- Certified Public Accountant
- Certified Government Financial Manager
- Minnesota Association of School Business Officials conference (speaker)
- MN School Districts internal training
- CLA Local Government Training Academy (Speaker)

## Key relevant clients

- Northwest Passage High School
- Ashby Public Schools
- Owatonna Public Schools
- Battle Lake Public Schools
- Brainerd Public Schools
- Brandon-Evansville Public Schools
- Park Rapids Public Schools
- Osakis Public Schools
- Lake Superior Public Schools
- Monticello Public Schools
- North Branch Public Schools
- West Central Area Schools
- Pine River-Backus Public Schools
- Glacial Hills Elementary Schools
- Glencoe-Silver Lake Public Schools
- Aitkin Public Schools
- Minnewaska Area Schools
- Underwood Public Schools
- International Falls Public Schools
- TrekNorth Junior and Senior High School
- Housing & Redevelopment Authorities: Brainerd, Crosby, Owatonna, Austin, Crow Wing, Eau Claire, Chippewa County
- Fire Reliefs: Alexandria, Ironton, Onamia, Walker, Pine River, Backus, Ideal, Longville, Nisswa, and Sauk Centre
- Sewer Districts: Garrison and Serpent Lake
- Utilities: Aitkin, Brainerd, Glencoe, Sauk Centre, and Madelia
- Cities: Brainerd, Crosby, Garrison, Crosslake, Onamia, Ortonville, Rice Lake, Aitkin, Owatonna, Brandon

[CLAconnect.com](https://www.CLAconnect.com)

CPAS | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.CLAGlobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.





# Mallory Carlson, CPA

CLA (CliftonLarsonAllen LLP)

Senior Associate  
St. Cloud, Minnesota

320-203-5562  
mallory.carlson@CLAconnect.com



## Profile

Mallory is a senior in the State and Local Government Group of CLA. She has been with CLA since 2015 and works exclusively with governmental clients (including: cities, schools, counties, housing authorities, townships, and municipal utilities) and has extensive experience with single audits of federal grant programs. A sampling of her governmental clients include:

- Benton County
- Brainerd Housing and Redevelopment Authority
- City of Barnesville
- City of Brainerd
- City of Buffalo
- City of Kimball
- City of Onamia
- City of Ortonville
- City of Rice Lake
- Crow Wing County
- Glencoe Light & Power
- Lincoln County
- Swift County
- Western Lake Sanitary Sewer District
- School Districts: Monticello, North Branch, Aitkin, Lake Superior, Park Rapids, Pine River-Backus, Waconia

## Technical experience

- State and local government

## Education and professional involvement

- Bachelor of arts, accounting and psychology, Concordia College, Minnesota
- American Institute of Certified Public Accountants
- Minnesota Society of Certified Public Accountants



## Continuing professional education

Mallory in full compliance with continuing education requirements established by Government Auditing Standards (attends a minimum of 20 hours annually of continuing professional education classes, including a minimum of 8 hours of audit and accounting classes, resulting in 120 hours over the three-year period). Detailed CPE listing is available upon request. Relevant CPE areas include:

- Single audit training
- CLA annual government training academy
- Annual audit and accounting updates
- Minnesota school district internal training

**CLAconnect.com**

### WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



## B. Quality control procedures and peer review report



In the most recent peer review report, dated November 2022, we received a rating of pass, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

- In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:
- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

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

To the Principals of CliftonLarsonAllen LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. 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 on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1<sup>®</sup> and SOC 2<sup>®</sup> 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 CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, 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*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

*Cherry Bekaert LLP*

Cherry Bekaert LLP  
Charlotte, North Carolina  
November 18, 2022

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