

Lakeland Joint School District #272

5506 N. Washington St.
Rathdrum, ID 83858
208-687-0431



**LJSD Vision: A community committed to academic excellence ...
dedicated to student success.**

Board Agenda Item **Request**

AGENDA ITEM: Approve/Deny - Independent Financial Audit Services RFP Award

MEETING DATE: April 16, 2025

PREPARED BY: Jessica Grantham

INFORMATIONAL SUMMARY:

We solicited proposals for audit services for June 30, 2025, with renewal options through FY2029. We received one proposal, from Hayden Ross, PLLC. The audit committee consisted of Jessica Grantham, CFO, Chelsea Pursley, Controller, and Brook Cunningham, Director of Human Resources.

RECOMMENDATION:

The audit committee recommends that the board approve the lowest responsible bidder, Hayden Ross, PLLC, the 5-year contract to provide independent financial audit services for FY25 to FY29 in the amount of \$163,500.

ATTACHMENTS:

FY25 Hayden Ross Audit RFP Technical Package
FY25 Hayden Ross Cost Package

Lakeland Joint School District No. 272

For the Year Ended June 30, 2025

(with renewal options through FY2029)

March 27, 2025

Engagement Partner:

Tony Matson, CPA
Hayden Ross, PLLC
Certified Public Accountants
315 S. Almon
Moscow, ID 83843
(T) 208.882.5547 (F) 208.882.3724

Proposal for Audited Financial
Statements

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March 27, 2025

Board of Trustees
Lakeland Joint School District No. 272
15506 N. Washington St.
Rathdrum, ID 83858

Dear Trustees:

We appreciate the opportunity to submit our audit proposal for the June 30, 2025, audit of Lakeland Joint School District No. 272. We specialize in school district audits and throughout our proposal will demonstrate why Hayden Ross, PLLC is the best choice as the auditor for the District.

Hayden Ross, PLLC is a locally owned, independent, full-service CPA and business-consulting firm in Moscow, Idaho established in 1938. The Firm is a member of the American Institute of Certified Public Accountants (AICPA) and the Idaho Society of Certified Public Accountants (ISCPA). Our audit department consists of fifteen individuals of which ten have their CPA licenses. We primarily perform governmental and not-for-profit audits (including single audits, as required) and currently provide audit services to various school districts, cities, special districts, and counties in the State of Idaho.

Each school district audit is performed in accordance with *Government Auditing Standards* as required by Idaho Code §33-701 and §67-450B. We currently audit eleven school districts and thirteen charter schools in Idaho and understand the unique environment in which your District operates.

The audit team assigned to your audit will comprise of experienced school district auditors, rather than inexperienced staff still learning the audit process. The engagement partner will be on site during the fieldwork and available to the District throughout the engagement.

We have a history of establishing and maintaining long-term relationships with our audit clients and we strive to provide unique, personalized services to each of them. We are available throughout the year to the District for any questions or help the staff may need. We believe our communication and focused attention to our relationship with our clients set us apart from other accounting firms.



The resumes of the key audit team members, similar audit experience, and references are found in the accompanying pages of this proposal.

We are committed to performing the audit on a timely basis and the RFP response is a firm and irrevocable offer. We believe that our proposal addresses your needs and concerns, but if you should have any additional questions, please contact Tony Matson at (208) 882-5547 or email at tmatson@haydenross.com.

Sincerely,

Tony Matson

Tony Matson, CPA
Hayden Ross, PLLC

INDEPENDENCE

We affirm our independence of Lakeland Joint School District No. 272 as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's *Government Auditing Standards*. Additionally, during the period of this agreement, our firm will give Lakeland Joint School District No. 272 written notice if any professional relationship would impair independence.

LICENSE TO PRACTICE IN IDAHO

We affirm that our firm and all professional staff are licensed to practice in the State of Idaho.

FIRM QUALIFICATIONS AND EXPERIENCE

Hayden Ross, PLLC (the Firm) is a locally owned, independent, full-service CPA and business consulting Firm in Moscow, Idaho established in 1938. The Firm is a member of the American Institute of Certified Public Accountants (AICPA) and the Idaho Society of Certified Public Accountants (ISCPA). Our audit department primarily performs governmental audits and currently provides audit services to various school districts, cities, special districts, and counties in the State of Idaho. We perform a number of single audits each year in connection with the annual audits. Each school district audit is performed in accordance with *Government Auditing Standards* as required by Idaho Code §31-701 and §67-450B. We currently audit eleven school districts and thirteen charter schools in Idaho and understand the unique environment in which districts operate.

Our firm is considered a small business as established by the Small Business Administration (SBA).

Hayden Ross, PLLC is owned and operated by Cade Konen, Brad Lewis, Tony Matson, Jennifer Clark, and Emily Hurley. Tony Matson serves as the audit partner and is responsible to oversee the audits performed by the Firm. The Firm currently has twenty-four staff members of which fifteen individuals work within the audit department. Of those fifteen individuals, ten have their CPA licenses. The audit department staff is as follows:

Tony Matson, CPA	Bailee Schnider, CPA	Jennifer Clark, CPA
Kevin Smith, CPA	Nate Strong, CPA	Mark Watson, CPA
Emily Hurley, CPA	Scott Hurlbert, CPA	Erica Best, CPA
Jack Fyan, CPA	Chris Roberts	Logan Shears
Derek Rauch-Edwards	Taya Johnson	Caleb Ellis

Every three years CPA firms have a peer review completed. Our most recent peer review is attached as Exhibit A. Firms can receive a rating of pass, pass with deficiency(ies), or fail. **We received a peer review rating of pass.** Our system of quality control for the accounting and auditing practice was deemed suitably designed to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The peer review process included a review of governmental engagements.

Our firm has had no federal or state desk/field reviews nor any disciplinary actions during the past three years.

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

The audit team members are licensed to practice in Idaho and have met all requirements for continuing professional education. The following full-time key employees are expected to be involved in this engagement:

<u>Name</u>	<u>Title</u>	<u>Began at Hayden Ross</u>
Tony Matson, CPA	Engagement Partner	2013
Bailee Schnider, CPA	Audit Manager	2013
Jennifer Clark, CPA	Senior Audit Reviewer	2006
Mark Watson, CPA	Single Audit Specialist	2006

The key auditing staff biographies are listed below:

Tony Matson, CPA Engagement Partner

Tony Matson is a partner at Hayden Ross, PLLC and has been with Hayden Ross, PLLC since 2013. He is the firm's audit partner and is responsible to oversee the auditing process for the firm. He serves as the communication hub between the engagement partner, client, and staff to ensure the audit engagements meet expectations. Before joining Hayden Ross, PLLC, Tony served as the Vice President of Accounting for a company that provided full-cycle accounting for non-profit organizations. Tony received his Business Administration with a Concentration in Accounting degree from Pacific University in 1999 and earned his CPA license in 2003. He is a member of the AICPA and Idaho Society of CPAs. Tony has completed all continuing education requirements for governmental auditing for the prior three years and is licensed to practice in Idaho.

Tony has been auditing governmental entities, specifically school districts, since 2013. He has been the engagement partner on various audits over the past ten years and is currently the engagement partner for seven other school districts and eight charter schools.

Bailee Schnider, CPA Audit Manager

Bailee Schnider is the audit manager at Hayden Ross, PLLC. She graduated from the University of Idaho with a Bachelor of Science in Business with an emphasis in Accounting. After a three-year internship at the Firm, she began working as a staff accountant in January 2016. She became a full-time auditor in October 2016 and earned her CPA in 2022. She is a member of the AICPA and Idaho Society of CPAs. She works primarily on school district, city, county, and special district audits. She has completed all continuing education requirements for governmental auditing for the prior three years and is licensed to practice in Idaho.

Bailee has been auditing school districts since 2014 and is our most experienced senior auditor. She is the engagement partner on various audits and currently is the engagement partner on three other school districts.

Jennifer Clark, CPA
Senior Audit Reviewer

Jennifer Clark is a partner at Hayden Ross, PLLC. She graduated from the University of Idaho with a Bachelor of Science in Accounting and, after a two-year internship at the Firm, began working as a staff accountant in 2008. She earned her CPA license in 2014. Jennifer is a member of the AICPA and Idaho Society of CPAs and has completed all continuing education requirements for governmental auditing for the prior three years and is licensed to practice in Idaho.

Jennifer has been auditing governmental entities, specifically school districts, since 2008. She has been the engagement partner on various audits over the past ten years and is currently the primary reviewer on our school district audits. She is familiar with the operating and financial environment of school districts.

Mark Watson, CPA
Single Audit Specialist

Mark Watson has been providing consulting, accounting, and taxation services for businesses, individuals, governmental and non-profit organizations at Hayden Ross, PLLC since 2006. Before joining Hayden Ross, PLLC, Mark served as a Financial Officer for several non-profit and governmental organizations. Mark received a Bachelor of Science in Agricultural Economics from the University of Idaho in 1993. He is affiliated with several professional organizations including the AICPA and the Idaho Society of CPA's as well as public service and community organizations. Mark has completed all continuing education requirements for governmental auditing for the prior three years and is licensed to practice in Idaho.

Mark has been performing school district single audits since 2008 and has experience with the federal and state grant programs specific to the school district environment, including the programs associated with the COVID-19 related grants. Mark is expected to perform the single audit for the District.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

Tony Matson will be the engagement partner for Lakeland School District No. 272. The name, reference, scope of services, and total hours for the other school districts Tony perform are listed below:

<u>Client Name</u>	<u>Service Provided</u>	<u>Total Hours (FY2024)</u>	<u>Engagement Partner</u>	<u>Client Contact</u>	<u>Contact Telephone Number</u>
Moscow School District #281	Audit/Single Audit/FS Prep	197	Tony Matson	Jennifer Johnson	(208) 892-1120
Coeur D'Alene School District #271	Audit/Single Audit/FS Prep	301	Tony Matson	Shannon Johnston	(208) 664-8241
Independent School District #1	Audit/Single Audit/FS Prep	263	Tony Matson	Leann Hubbard	(208) 748-3040
Kellogg School District #391	Audit/Single Audit/FS Prep	234	Tony Matson	Danielle Estill	(208) 784-1348
Boundary County School District #101	Audit/Single Audit/FS Prep	256	Tony Matson	Cal Bateman	(208) 267-3146

AUDIT APPROACH

The objective of an audit is to render an opinion as to the fair presentation of the financial statements in conformity with Generally Accepted Accounting Principles. We have designed our audit approach with the intention of completing the audit as efficiently and effectively as possible. We have defined seven phases to an engagement:

Engagement Activities

We begin by obtaining a signed engagement letter, confirming the scope of work, and ensuring our professional requirements, ethics and independence requirements are met.

Planning

We spend a significant amount of time in the planning stage of the audit. This phase of the audit sets the tone for the audit and overlaps with the next phase (risk assessment/internal control). Preliminary meetings and interim work with the client and staff are conducted to develop a greater understanding of the activity during the year and determine a detailed timeline for the audit. We will conduct a materiality assessment, review the board minutes, perform preliminary analytical procedures and conduct the required fraud/compliance inquiries. At the completion of this phase, an overall detailed audit strategy and audit plan is created and finalized for the audit. We expect to complete this phase by June 30, 2025.

Risk Assessment & Internal Control Evaluation

Based on the results of our planning procedures and inquiries made, we determine the risk of material misstatement for each significant audit area. This includes identifying and evaluating the risk at the assertion level. We review the internal control process for each major internal control system – cash receipts, cash disbursements, payroll, journal entries, and the financial closing process. The key controls are identified and a walkthrough is performed. Based on the results of our testing, we tailor our substantive procedures for each audit area and communicate the results of our internal control testing with management.

Substantive Procedures (Fieldwork)

During the fieldwork, we visit the client and review the records in order to obtain sufficient audit evidence to support our opinion regarding the client's financial statements. For an audit of this size, the significant audit areas are broken up and assigned to specific staff. Each staff performs the necessary testing to satisfy ourselves that the balances are fairly presented. Each audit area will be tested differently based on the size/volume of the area and the risk assigned. We may test 100% of the balances, test large balances, perform sampling procedures, or analytically test the balances. All components of the financial statements – assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance/net position, revenue and expenditures – will be tested and a conclusion reached. A fieldwork exit conference is completed prior to the completion of this phase. We expect to complete this phase by September 5, 2025.

Audit Completion

The results of our substantive procedures are reviewed. Any additional testing and follow-up with the client is performed to ensure the financial statement balances are fairly stated and all applicable audit standards have been met. A final analytical review is completed on the balances and our overall opinion of the financial statements is formed. At this point, the audit is subject to an internal review process at our firm to ensure the accuracy and completeness of the financial statements.

Reporting

We will compile a draft set of financial statements for the client to review and approve. Once the financial statements are agreed upon, we prepare the management and governance letters and schedule the audit presentation with the Board. The final audit report is issued upon the receipt of the client representation letter. We expect to provide draft reports by October 3, 2025 and present the audit at the October 15, 2025 meeting.

Engagement Review & Wrap-up

An evaluation of the overall engagement is done to identify any improvements in the audit for the following year. These items are discussed both internally and with the client during an exit conference. This process is done to ensure that future audits are planned and conducted in the most efficient and effective way possible.

Report on the Firm's System of Quality Control

November 28, 2022

To the Owners of
Hayden Ross, PLLC
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 Hayden Ross, PLLC (the firm) 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. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Hayden Ross, PLLC 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*. Hayden Ross, PLLC has received a peer review rating of *pass*.

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



March 27, 2025

Board of Trustees
Lakeland Joint School District No. 272
15506 N. Washington St.
Rathdrum, ID 83858

Dear Trustees:

We appreciate the opportunity to submit our all-inclusive cost proposal for Lakeland Joint School District No. 272. Please find enclosed the following document:

- Schedule of Professional Fees

We believe that our cost proposal addresses your requirements, but if you should have any additional questions, please contact Tony Matson, CPA at (208) 882-5547 or by email at tmatson@haydenross.com.

Sincerely,

Tony Matson

Tony Matson, CPA
Hayden Ross, PLLC



LAKELAND JOINT SCHOOL DISTRICT NO. 272

ATTACHMENT TO THE PROPOSAL
SCHEDULE OF PROFESSIONAL FEES

FOR THE AUDIT OF THE 2024/2025 FINANCIAL STATEMENTS:

ALL SERVICES

<u>Year of Service to be Provided</u>	<u>Total Price</u>
Audit Services 2024/2025	<u>\$30,900</u>
Audit Services 2025/2026	<u>\$31,800</u>
Audit Services 2026/2027	<u>\$32,700</u>
Audit Services 2027/2028	<u>\$33,600</u>
Audit Services 2028/2029	<u>\$34,500</u>

Proposer warrants that all information it provides in connection with this proposal is true and accurate.

Signature of Official: Tony Matson

Name (printed): Tony Matson

Title: Audit Partner

Firm: Hayden Ross, PLLC

Address: 315 S. Almon St, Moscow, ID 83843

Email: tmatson@haydenross.com

Date: 3/27/2025