Professional Audit Services Proposal

NS INFRASTRUCTURE DISTRICT NO. 2

Proposal Date: January 16, 2025

PARTNER: McKay Hall, CPA, CISA, CITP, CFE

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HintonBurdick Profile

Firm Qualifications and Experience

For more than 45 years, HintonBurdick has established a reputation for providing quality governmental auditing services to numerous local governments in Arizona, Colorado, Nevada, and Utah. We are dedicated to providing high-quality services to a wide variety of public and private entities. In addition to the audit and accounting work traditionally associated with Certified Public Accounting firms, a broad spectrum of consulting, analysis, and negotiation services are offered. HintonBurdick was recently listed as Utah's seventh largest Certified Public Accounting firm. Our St. George, Mesa, Cedar City, Richfield and Mesquite offices employ approximately 100 associates, which includes numerous CPA's and professional staff trained to audit various local governments and accounting systems. We will primarily service the needs of the District from our St. George office. This office has 9 partners, 3 managers, 5 senior accountants, 15 staff accountants and various paraprofessional and support staff.

HintonBurdick is currently engaged and has recently performed audits for more than 120 governmental clients that we feel provides us with auditing experience for governmental entities in accordance with the provisions set forth in Generally Accepted Auditing Standards, Government Auditing Standards, issued by the Comptroller General of the United States (the "Yellow Book"), and the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

We hold educational seminars most years that provide training to elected officials and government accounting staff on accounting, internal control, and compliance issues.

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

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

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

External Quality Control Review

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

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

Poulsen VanLeuven & Catmull PA
Certified Public Accountants

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

Report on the Firm's System of Quality Control

December 19, 2023

To the Owners of
Hinton Burdick CPAs & Advisors
and the Peer Review Committee of the Nevada Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Hinton Burdick CPAs & Advisors (the firm) in effect for the year ended March 31, 2023. 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 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; and an examination of service organizations (SOC 1® engagement).

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Hinton Burdick CPAs & Advisors in effect for the year ended March 31, 2023, 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*. Hinton Burdick CPAs & Advisors has received a peer review rating of *pass*.

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

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Engagement Team Qualifications and Experience

The character and personality of our staff is one of our biggest strengths. We always receive positive feedback from client's they work with. The individuals who work in our audit department specialize in audits and perform more than 180 audits, including more than 120 local government audits, all year round, not just as "filler work" in the off – tax season.

All Certified Public Accountants assigned to the engagement meet the requirements to practice in the state of Utah. The members of the assigned team have several years of audit experience. Collectively they have over 25 years of audit experience. We do not assign a team of lower level staff who need to be "trained" by your staff. The assigned team provides the resources to complete the on-site audit work in the shortest possible time to minimize day-to-day disruption. We do not anticipate frequent rotation of any key staff on the engagement, unless requested by the District. Over many years of experience we have experienced very little staff turnover. The team that will be assigned to the audit have extensive experience with auditing Utah local governments.

The team members are highly trained and have sufficient expertise to meet or exceed your highest expectations. The team members receive 80 hours or more of audit and accounting continuing education every two years and those who plan and/or conduct a substantial portion of the field work or reporting on the audit attend and complete at least 24 hours of continuing education in subjects directly related to government accounting and auditing, or "yellow-book", every two years. They are also trained and have extensive experience in performing single audits. We have several years of experience in assisting local governments in obtaining the GFOA Certificate of Achievement for Excellence in financial Reporting. Our staff has extensive experience in assisting and training local governments with their financial accounting and fiscal responsibilities.

Similar Engagements with Other Governmental Entities

References for engagements performed in the last year that are similar to the District are available upon request.

Fees - Cost Proposal

Our combined all-inclusive not-to-exceed price for the financial audit for the year ended December 31, 2024 will not exceed $9,000. Assuming that there are no significant changes in the scope of the audit, such as changes to accounting systems or District activities, or similarly significant changes, we anticipate that our total price for subsequent years will be adjusted for inflationary effects.

The anticipated timing for the audit is to begin the audit in April 2025 and be completed by the end of June 2025. The timing can be adjusted if a different timeline is better for the District.

We anticipate the scope of the work to include an examination of the funds and activities for 2024 included in the District's published 2025 budget. The prices are based upon the assumption that the District will prepare the financial statements and the MD&A. The price also assumes the District's records are in good, auditable condition and that the District's personnel will be available to assist on a timely basis.

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

Additional Services:

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