



## **Staff Report**

For City Council Meeting - 3/3/2021

### ***Subject - New Business - Replacement of Auditing Services***

**Synopsis:** Early February, Dennis Connor, our city auditor, notified staff that he could not complete this year's audit for health reasons. Mr. Connor and his firm have been doing the audit for the City of Gearhart for over 20 years. The staff has enjoyed working with Dennis Connor and his team. The staff has found three different firms willing to do the city audit and have provided the estimates below.

### ***Council Options:***

- 1) Council makes a motion to select one of the three firms.
- 2) Take other action desired by the Council;
- 3) Do nothing.

**Recommendation:** Staff recommends the council select the Accuity firm out of Albany, Oregon, as it is the best price and has experience with smaller cities. Accuity is recommended by the cities that we called.

**Legal Analysis:** The City is required to be audited yearly. The city is working on extension requests in light of the circumstances.

**Financial Analysis:** Dennis Connor's office has charged the City of Gearhart approximately \$8000 per year for the auditing services.

Accuity \$11,000 per year for 2020 and the next two years.

Merina+Co \$10,000-\$12,000 for the first year, \$12,000 for the next year.

Isler CPA \$30,000 for the first year, \$25,000, and \$26,000 for the next two years.

Respectfully submitted,

Chad

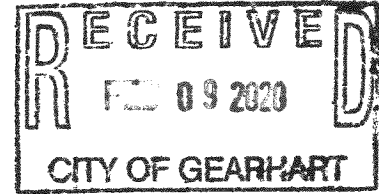
**Dennis R. Conner**

Certified Public Accountant

P.O. Box 1078

Clatskanie, Oregon 97016

Phone (503)728-2038 Fax (503)728-2944



February 4, 2021

To: Chad Sweet, Manager  
City of Gearhart  
Gearhart, Oregon

Dear Chad,

I am writing to inform you that for health reasons I have decided to retire and close my practice. Because of this, I will be unable to complete the FY 19-20 audit for the City of Gearhart. If you should need anything from my office with regards to your past audits, please contact me as soon as possible.

If you have any questions, please feel free to call me at 503-728-2038.

I very much appreciate the confidence you have placed in me for the time you have been my client, and wish you and your staff the very best.

Thank you and take care.

  
Dennis R. Conner, CPA

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## Cost Proposal for City of Gearhart

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**Amanda Buckley** <abuckley@merina.com>

Fri, Feb 12, 2021 at 9:18 AM

To: Krysti Ficker <krysti@cityofgearhart.com>

Cc: Tonya Moffitt <tmoffitt@merina.com>, Dani Groves <dgroves@merina.com>

Good Morning Krysti,

Please see attached for our cost proposal for Audit Services. Thank you for this opportunity.

Please let me know when you have received this email.

Thank you!

**Amanda Buckley** | Office Manager



Focused on Your Wants and Understanding Your Needs

7624 SW Mohawk Street | Tualatin, OR 97062

503.723.0300 | abuckley@merina.com

www.merina.com

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 **Cost Proposal.pdf**  
204K

**COST PROPOSAL  
TO PROVIDE AUDIT SERVICES  
FOR  
CITY OF GEARHART  
FEBRUARY 12, 2021**



**CITY OF  
GEARHART**

**Prepared by**



**MERINA+CO**

**Contact: Tonya Moffitt, Managing Partner**  
[tmoffitt@merina.com](mailto:tmoffitt@merina.com)

7624 SW Mohawk Street  
Tualatin, OR 97062  
(503) 723-0300  
[www.merina.com](http://www.merina.com)

### **Firm Qualifications and Experience**

Merina+Co (MCO) is an advisory and assurance firm located in Tualatin, Oregon. Our firm is committed to focusing on your wants and understanding your needs. We specialize in providing governments with independent and accurate auditing and assurance services, as well as making available a full range of advisory services.

At MCO we put our clients first. We believe providing quality customer service leads to a better audit. We work to create a trusting relationship with open communication. We strive to meet the audit requirements of your organization in a timely manner and at a reasonable cost. Our audits are tailored to your requirements and our deliverables will be efficiently prepared, on-time, and of the highest quality.

We will be available to you on a year-round basis. Our policy is to not charge for occasional calls on accounting, budgeting, new accounting and Governmental Accounting Standards Board pronouncements, or other matters in the normal course of business. In fact, we encourage you to call us so potential future problems might be avoided. We make it a point to establish a trusting professional relationship with you, so you feel comfortable calling when you have questions or concerns.

In addition, MCO practices an open-door policy between staff and management. We place just as much value in our relationships with our employees as we do with our clients. We strongly support and encourage our employees to practice a proper work-life balance resulting in employees who are dedicated to our company and to you.

MCO is licensed to practice accounting in the State of Oregon, Washington and Hawaii. We are a member of the following professional organizations:

- + American Institute of Certified Public Accountants
- + Oregon State Society of Certified Public Accountants
- + Government Finance Officers Association
- + Oregon Government Finance Officers Association
- + American Institute of Certified Public Accountants Governmental Audit Quality Center

### **Firm Diversity and Inclusion**

MCO is committed to providing equal employment opportunities and believes in providing a work environment free of discrimination and harassment. This means that employment discrimination or harassment based on sex, race, age, disability, religion, sexual preference, national origin, sexual orientation, color or any other protected status of employees or applicants for employment will not be tolerated. Employment selection, training, promotion, job assignment and related decisions are made without regard to sex, race, age, disability, religion, sexual preference, national origin, sexual orientation, color or any other protected status or any other reason prohibited by law.

MCO is proud to be a certified Women Business Enterprise (WBE) the state of Oregon and Washington. This program certifies businesses who are at least 51% owned and controlled by one or more women who are interested in contracting with state, county, and city government agencies.

### **Timeline for Completion**

MCO anticipates the 2020 audit to be completed by June 30, 2021 due to current firm obligations. The 2021 audit will be completed on or before December 31, 2021.

**Cost Proposal to Provide  
Audit Services for City of Gearhart  
February 12, 2021**



**Fee**

***Proposed Fee***

Based on our experience with audits of similar size and scope, we estimate a fair price for these engagements to be:

- + \$10,000 for the fiscal year 2020 audit. This fee assumes we will have access to your prior auditors workpapers. If the workpapers are unavailable, the fee will increase by \$2,000, totaling \$12,000 to account for the additional work needed.
- + \$ 12,000 for the fiscal year 2021 audit.

These are is a Not-To-Exceed fees and include all incidental costs such as preparing all report copies, travel, subsistence, etc. If we are able to complete the project in less time, we will bill only for costs actually incurred.

If there is a change in scope, such as a single audit, inflation, or extraordinary situations arise that would require additional audit time, we would expect to be able to discuss this with management and arrive at a mutually agreeable adjustment to the basic fee.

***Additional Technical Assistance***

Our policy is to not charge for occasional calls on accounting, budgeting, or other matters in the normal course of business. In fact, we encourage our clients to call us so potential future problems can be avoided. We make it a point to establish a close professional relationship with our clients so they will feel comfortable calling when they have questions.

From time-to-time a client requests that we prepare special reports or broaden the scope of our project for a variety of reasons. Our approach is to define the scope of the request in as much detail as possible, evaluate whether the requested services maintains our independence from the County, determine an approach to accomplish the request, estimate the level of professional expertise involved, and estimate the cost. We then meet with the client to explain the approach and cost. During this phase, the client may alter the scope or suggest alternative approaches. We do not begin work until a negotiated scope and fee estimate is agreed upon. Hourly rates by position follow below:

Position	Hourly Rate
Partner	\$ 200
Manager	150
Senior Accountant	125
Staff Accountant	95

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**City of Gearhart Seeking Audit Services**

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**Glen Kearns** <glen@accuitycpas.com>

Wed, Feb 17, 2021 at 4:00 PM

To: "krysti@cityofgearhart.com" &lt;krysti@cityofgearhart.com&gt;

Krysti,

Attached is our audit services proposal for the City of Gearhart. If you have any questions, please do not hesitate to contact me.

Yours truly,

Glen

[Quoted text hidden]

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 **City of Gearhart Proposal.pdf**  
345K



## CITY OF GEARHART

### MUNICIPAL AUDIT SERVICES PROPOSAL

For the Years Ending June 30, 2020, 2021, and 2022

ID#: 45-4207980

(541) 223-5555

Submitted by:  
Glen O. Kearns, CPA  
436 1<sup>st</sup> Avenue W  
Albany, Oregon 97321  
[glen@accuitycpas.com](mailto:glen@accuitycpas.com)

Date: February 17, 2021



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City of Gearhart  
P.O. Box 2510  
Gearhart, OR 97138

We are pleased to have the opportunity to present this proposal to provide our services to City of Gearhart for the years ending June 30, 2020, 2021, and 2022. Our proposal provides the information you requested, as well as additional information about our firm and our services that we believe are important to the City in its selection process.

We understand the scope of audit work will include auditing all funds of City of Gearhart in accordance with auditing standards generally accepted in the United States of America. We understand the objective of the services to be provided and commit to performing those services within the timeframe required by the City.

Our fee for the fiscal year ending June 30, 2020, 2021, and 2022 is listed in the table below. Our fee is inclusive of all services outlined below, including all staff time and out-of-pocket expenses. Our fee is based on the anticipated cooperation of the City's staff, as well as the assumption that the books will be closed and balanced, and all appropriate accounts reconciled to the applicable detail. If significant additional time is necessary beyond the work contemplated, we will discuss it with the City Administrator and arrive at a new fee estimate before we incur the additional costs. Such additional services may be set out in a supplemental agreement.

**Fee proposal**

Fiscal Year Ending	Fee Proposal	
	Financial Audit	Additional Services
June 30, 2020	\$11,000	Standard Rates
June 30, 2021	\$11,000	Standard Rates
June 30, 2022	\$11,000	Standard Rates

\* Rates vary by staff level. Current range is \$75 - \$200 per hour

**We encourage communication throughout the year and do not charge additional fees for questions, consultations, and information requests.**



Our firm was founded on a belief that client care is an integral part of a successful relationship, and we are committed to providing you with consistent staffing and professionals who are familiar with your engagement. This includes having a partner on-site for fieldwork and City Council presentations, if requested, as well as for meetings held prior to and at the conclusion of fieldwork.

It is our goal to provide more to the City than just an audited set of financial statements. We feel that you should receive fair value for the consideration you pay to your professional advisors. Accordingly, we are committed to taking care of our clients by offering quality work, knowledgeable staff, and unparalleled client service at a fair price. We are confident that our firm can provide the professional auditing and accounting services the City requires. You have our assurance that our staff will provide the City with prompt, courteous, accurate, and reliable service. We are fully dedicated to accuracy and integrity in every engagement we perform.

The following services are included in the Fee Proposal:

- ❖ An entrance and exit conference with the City Administrator at the beginning and at the conclusion of audit fieldwork.
- ❖ All audit work required to perform a complete engagement under current standards.
- ❖ Copies of our adjusted trial balance and audit adjustments, if any, at the conclusion of the audit.
- ❖ A written report to the audit committee or its equivalent communicating any audit adjustments, audit issues, and the scope of the contracted work.
- ❖ A written report to those charged with governance communicating any control deficiencies or audit findings, if noted, and our recommendations for enhancing internal controls or improving operational efficiency and effectiveness.
- ❖ Delivery of the audit report to the City by December 31 of each contract year.
- ❖ An electronic (PDF) version and up to three (3) printed and bound copies of the City's financial statements.



We confirm the following regarding City of Gearhart:

- ❖ We are independent in relation to City of Gearhart.
- ❖ All firm partners are licensed municipal auditors in the State of Oregon as defined by Oregon Revised Statutes.
- ❖ Our firm has received a positive peer review within the last three years. A copy of our firm's most recent peer review report is provided on page 12 of this proposal.
- ❖ Our firm currently has no judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the firm.
- ❖ Neither our firm nor any of our personnel have been disciplined by the Oregon State Board of Accountancy for any reason.
- ❖ We will not delegate or subcontract our responsibilities under an agreement without the prior written permission of the City of Gearhart.
- ❖ All information provided in this proposal is true and accurate.

Glen O. Kearns, Partner, as signer of this letter, is authorized to enter into binding agreements regarding this proposal.

Very truly yours,

Glen O. Kearns  
Certified Public Accountant

February 17, 2021



## SUMMARY OF QUALIFICATIONS

Accuity, LLC is a local boutique CPA firm with expertise in all areas of accounting and assurance services (audit, review, compilation) for governmental clients. We currently audit over 25 city clients as well as numerous other governmental agencies throughout the State of Oregon. Accuity is a member firm of the Governmental Audit Quality Center, the American Institute of Certified Public Accountants, and the Oregon Society of Certified Public Accountants.

An accounting firm is known for the quality of its service. Our firm's reputation reflects the high standards we demand of ourselves. Our high standards, excellent service and specialized staff spell the difference between our outstanding performance and other firms. Our goal is simple... to be our clients' most trusted advisor and consistently exceed their expectations. We achieve this by combining our experience, expertise and leadership with integrity, objectivity, and our ever-expanding resources and capabilities. By combining these abilities and the energy of our staff, each client receives close personal and professional attention.

We have purposely positioned our firm as an alternative to larger local and regional CPA firms. Because we are small by design, our professional staff work extensively with both partners as well as each other thereby gaining valuable knowledge and experience with our audit clients. We believe this makes our firm responsive... responsive to the needs of our clients and the ever-changing world in which they operate and responsive to their operational and reporting deadlines. We do whatever it takes to get the job done on time.

### Key Personnel

Our firm currently has two partners and six other professional and support staff that provide assistance during our engagements. Accordingly, our clients benefit from having partner level experience during all phases of the audit engagement as well as throughout the year for consultation. Following are summaries of the education and experience for our professional staff:

#### Glen Kearns, CPA

Glen has more than twenty-six years of public accounting experience in a wide range of services including accounting and assurance (audits, reviews, compilations, etc.), tax planning and preparation, business consulting, and strategic planning. Glen serves clients in a variety of industries including local governments, not-for-profit organizations, manufacturing,



engineering, technology, and agriculture, among others. Glen has a Bachelor of Science degree in Business Administration from Oregon State University. He also served eight years as a Finance Officer in the United States Army prior to becoming a CPA. He is a member of the American Institute of Certified Public Accountants (AICPA) and the Oregon Society of Certified Public Accountants and is a licensed Oregon Municipal Auditor.

#### **Kori Sarrett, CPA**

Kori has more than sixteen years of experience in public accounting, specializing in audit and other attest services as well as tax preparation, planning, and consulting services for individuals and businesses. Kori also specializes in consulting for firm clients, including problem-solving, training, setup, cleanup, and improvement recommendations. Kori has extensive experience providing payroll preparation and reporting services to clients. Kori has a Bachelor of Science degree in Business Administration/Economics from Eastern Oregon University. She is a member of the American Institute of Certified Public Accountants (AICPA) and the Oregon Society of Certified Public Accountants and is a licensed Oregon Municipal Auditor. Kori is currently the treasurer for a local child advocacy nonprofit organization.

#### **Stephanie Franklin**

Stephanie has over eight years of experience in public accounting, specializing in audit and other attest services as well as tax preparation services for individuals, businesses, and nonprofit organizations. Stephanie has a Bachelor of Science degree in Business Management from Western Oregon University and a Certificate in Accounting from Oregon State University. Stephanie is currently a budget committee member for a local school district.

#### **Sara Bond**

Sara has over three years of experience in public accounting, specializing in audit and other attest services as well as tax preparation services for individuals and businesses. Sara has a Bachelor of Science degree in Business Administration from Eastern Oregon University. Sara currently serves on the board of directors for a local nonprofit organization.

#### **Brice Rust**

Brice has two years of experience in public accounting specializing in audit and other attest services and three years of experience in private accounting. Brice has a Bachelor of Science degree in Business and Accounting from Western Oregon University.



## **Audit Experience with Small Cities**

Because many of our audit clients are small cities, we are well versed in dealing with the unique challenges they face including endeavoring to provide the most efficient and effective public services while trying to balance the key operational elements with continuing funding constraints.

We have significant experience with a broad range of cities and other municipalities throughout the State of Oregon which allows us to provide our clients with accounting related consultation and assistance as well as recommendations for strengthening and improving internal controls. We understand that accounting is a technical field and is very often confusing to the layperson. Accordingly, we avoid using “accounting speak” whenever possible and instead explain accounting terminology in plain English terms and use real world examples that are easy to understand. In addition, we routinely assist our clients with interpretation and implementation of Oregon Budget Law in their operations.

Following is a list of some of our firm’s current city audit clients:

Name of City	Services Provided
City of Bay City	Financial Audit
City of Condon	Financial Audit
City of Donald	Financial Audit
City of Estacada	Financial Audit
City of Garibaldi	Financial Audit
City of Manzanita	Financial Audit
City of Mill City	Financial Audit
City of Prairie City	Financial Audit
City of Scio	Financial Audit
City of Veneta	Financial Audit
City of Wheeler	Financial Audit



## **Audit Approach**

We believe that consistent engagement staffing is the key to both performing an efficient audit as well as maintaining strong client relationships. Accordingly, our policy is to not rotate staff on engagements unless requested by client management or where unavoidable circumstances arise. Furthermore, since Firm partners are actively involved in all phases of the audit, our clients have direct access to the decision makers. Our estimate of the hours to complete the audit by engagement phase are as follows:

Audit Phase	Description of Staffing Levels	Estimated % of Time
Planning Phase	All staff levels, including partners	35%
Audit Work Phase	Engagement partner and staff auditors	50%
Final Review & Completion Phase	Review partner and engagement partner	15%

We utilize a backward planning methodology to ensure we meet client deadlines. We coordinate closely with management and key personnel when scheduling both interim and final fieldwork for the audit to ensure completion of the audit in as timely a manner as possible. We communicate frequently throughout the engagement to keep information flowing and manage deadlines. We organize our audit engagements into three phases as follows:

**Planning Phase** Our audit planning involves obtaining a detailed understanding of the City, its business environment, and internal controls, determining materiality levels, troublesome audit areas, and potential audit adjustments. To assess control risk of the City, we focus on your organizational structure, operations, and the overall environment in which the City operates. We conduct a planning meeting to identify the critical audit areas; discuss the risks of misstatements, fraud, and noncompliance; make a preliminary risk assessment; determine preliminary analytical review procedures; and draft a plan for each significant area of the audit.

**Audit Work Phase** We intend to use City staff to document the City's internal controls and related processes and procedures, if not already completed. We will ask that City staff provide reconciliations for all major asset, liability, and fund balance accounts. We will also request that payroll and payroll tax expenses be reconciled to the quarterly reports filed with the Internal



Revenue Service. Other audit schedules that we may request City staff to prepare include budget reconciliations, grant revenue reconciliation, summary of public contracts awarded, check registers for the fiscal year, and a City Council member listing. We request that these items be available a minimum of two (2) weeks prior to the beginning date of fieldwork for the City.

We initially obtain an understanding of the flow of information and your system through inquiry and observation and evaluate the effectiveness of internal controls. Evaluation and testing of the City's compliance with laws and regulations that have a direct and material effect on the financial statements is generally conducted during this phase, if deemed necessary.

Based on our preliminary risk assessment and information obtained during initial inquiries, we perform appropriate substantive audit procedures on the significant areas in the financial statements, including cash and investments, capital assets, long-term debt, program revenues, general revenues, payroll, and other current expenditures. The substantive procedures performed include, but are not limited to, inspection, observation, inquiry, confirmation, recalculation, reperformance, and analytical procedures. We may use statistical or other sampling to test specific accounts or audit areas. We will request City staff to locate any documents selected by us for testing. After completing our substantive testing, we perform an overall analytical review to confirm our expectations, as well as to determine whether additional testing of certain areas is warranted.

**Final Review & Completion Phase** During the completion phase, any issues that arose during prior phases of the audit are evaluated and discussed with City staff and management for relevance and inclusion in the financial statements. Audit documentation and financial statements are reviewed to ensure that they meet our quality control standards. A draft copy of the financial statements, as well as letters to the council and management expressing our comments and recommendations relative to improvements in internal control and accounting policies and procedures are provided to the City for review.

Copies of our final trial balance, audit adjustments (including the reasons for the adjustments), draft financial statements, draft communication letters and the management representation letter are provided to your staff at this time. The aforementioned information is generally transmitted to the City via email in PDF format, unless requested otherwise. After acceptance and approval of the audit adjustments and draft copy of the financial statements by the City, the final report is issued.



## REFERENCES

For reference purposes, we would recommend the following entities and persons to contact:

City of Manzanita

Kristin Grasseth,  
Assistant City Manager  
(503) 368-5343  
[kgrasseth@ci.manzanita.or.us](mailto:kgrasseth@ci.manzanita.or.us)

City of Nehalem

Dale Shafer,  
City Manager  
(503) 368-5627  
[manager@ci.nehalem.or.us](mailto:manager@ci.nehalem.or.us)

City of Bay City

Linda Downey,  
City Recorder/Treasurer  
(503) 377-2179  
[ldowney@ci.bay-city.or.us](mailto:ldowney@ci.bay-city.or.us)

City of Estacada

Sadie Main,  
Finance Director  
(503) 630-8270  
[main@cityofestacada.org](mailto:main@cityofestacada.org)



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

September 9, 2019

To the Partners of Accuity, LLC  
and the Peer Review Committee of  
the Oregon Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Accuity, LLC (the firm) in effect for the year ended December 31, 2018. 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 in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

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 Accuity, LLC in effect for the year ended December 31, 2018, 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*. Accuity, LLC has received a peer review rating of *pass*.

*Molatore, Scroggin, Peterson & Co LLP*  
Certified Public Accountants

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Terrence J. Scroggin C.P.A. ~ Andrew E. Peterson C.P.A. ~ Gernin P. DeGroot C.P.A.

824 Pine Street ~ Klamath Falls, OR 97601 ~ Phone: (541) 884-4164 ~ Fax: (541) 883-1232

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## City of Gearhart Seeking Audit Services

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Paul Nielson <pnielson@islercpa.com>  
To: Krysti Ficker <krysti@cityofgearhart.com>

Thu, Feb 25, 2021 at 7:18 AM

Here is the proposal

Thanks

Paul



An independently owned member  
**RSM US Alliance**



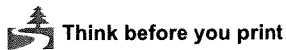
Isler CPA, LLC

1976 Garden Ave, Eugene, OR 97403

541.342.5161

islercpa.com

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**OREGON BUSINESS MAGAZINE 2016 100 Best Green Workplaces in Oregon**

**CONFIDENTIALITY NOTE:** This electronic message (including any attachments) contains information belonging to Isler CPA, which may be privileged, confidential and protected from disclosure. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this email is strictly prohibited.

The proceeding correspondence is a written communication that is not an opinion. Accordingly, it cannot, by itself, be relied upon to avoid, and assure protection from, tax penalties associated with it in any way. Such assurances can be granted only by securing an opinion letter.

Should you wish to explore the option of receiving an opinion letter relating to the matter described above, or any other matter, please contact us so we may discuss it with you.

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to

**From:** Krysti Ficker <krysti@cityofgearhart.com>  
**Sent:** Tuesday, February 23, 2021 10:16 AM  
**To:** Paul Nielson <pnielson@islercpa.com>  
**Subject:** Re: City of Gearhart Seeking Audit Services

**CAUTION:** External Sender

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**City of Gearhart 2020 proposal.pdf**  
189K

**Proposal to Perform  
Annual Financial Audit of  
City of Gearhart**

## ***Firm Profile***

Isler CPA (Isler) is an independent CPA firm licensed to practice in Oregon, located in Eugene. Isler has been assisting successful local governments and related organizations in Oregon and other states since the 1950's. We have audited and assisted many municipalities in Oregon.

Other services we have performed for municipalities include room tax compliance testing, compliance testing of costs incurred for a voter approved road project bond, forensic accounting, energy tax credit compliance testing, and other agreed upon procedures testing. Isler provides professional services including audits, compilations and reviews, tax, forensic and due diligence services. Isler CPA specializes in audits of municipalities, Indian Tribes, nonprofit and quasi-governmental entities, and business and individual income tax planning and compliance.

At Isler the newer staff perform both audit and tax work until the staff and the partners feel it is appropriate for the staff to focus on either Accounting and Auditing (A&A) or Tax. Once a staff chooses audit as their focus are, they do not do tax work anymore and all their training is audit focused.

Isler is a member of the following organizations:



Isler is a member of the RSM US Alliance, which allows us to enjoy the best of all worlds: local management, national resources, and international affiliations. RSM US, LLP (formerly McGladrey) is a leading provider of audit, tax and consulting services focused on the middle market. Isler is small enough to cultivate and encourage close, personal, long-term relationships but large enough to offer the depth of experience and expertise required to earn your trust and help you meet your goals. Isler uses RSM audit resources and methodology, and Isler professional staff attend RSM staff training.

Isler CPA has been a proud member of RSM US Alliance since 2008. RSM US Alliance is a premier affiliation of independent accounting and consulting firms in the United States, with more than 75 members in over 38 states, the Cayman Islands and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities.

We accepted an invitation to become a member of RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today. Visit [RSM Alliance](#) to learn more about our membership.



**Governmental Audit  
Quality Center Member**

The Governmental Audit Quality Center promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. The Center is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits. For purposes of the Center, governmental audits include single audits, financial statement audits of both governments and not-for-profit organizations, and audits performed under the HUD Consolidated Audit Guide.

## 100 Best Green Oregon Business



In June 2009, Isler was honored as one of Oregon's 100 Best Green Companies by Oregon Business Magazine. Our 4th place ranking was based on confidential employee surveys and a report completed by each company. The editors of Oregon Business Magazine noted that "the inaugural class of the 100 Best Green Companies to Work for in Oregon shows that, if you are committed to sustainable practices, it pays off not only for the environment and the bottom line, but also in being a great place to work." Isler has been on the 100 Best Green Workplaces in Oregon every year since. In June 2018 Isler received the 100 Best Green Workplaces in Oregon Hall of Fame award.

### ***Audit Staff***

Paul Nielson, CPA

Member (partner)

Oregon Municipal Auditor Roster # 1241

Paul received his B.A. from Brigham Young University in 1983. He has worked on municipal clients since 1983. He is a licensed municipal auditor. Paul has extensive experience with municipalities, including Cities. His focus is the municipal niche and he concentrates all of his time and training on municipal audit and accounting issues. His experience includes municipalities with all the fund types. He has audited municipalities in Nevada, Idaho, California and Oregon.

Along with performing audit services, Paul has performed several non-traditional services; including forensic investigations, due diligence, room tax compliance testing, and developed continuing education content.

Paul has assisted municipalities in cash flow projections, budgeting, and software installation. His annual training includes classes focusing on governmental accounting and auditing. He has performed Oregon Minimum Audit and Budget Procedures for several municipal clients. Paul has instructed other accountants on issues that are crucial in governmental accounting and auditing. Some of these areas are the Single Audit Act, how to conduct a municipal audit, and updates on municipal accounting issues. Paul was the leader of the municipal practice for Moss Adams prior to joining Isler CPA. While working for Moss Adams, Paul was the technical reviewer for all municipal audits in Oregon and California. He has also been an instructor for the Oregon Government Finance Officers Association (OGFOA). For the OGFOA he has taught Governmental Accounting 101, 201, 301; Budget Preparation and Presentation, Preparing for the Audit, and Auditing Post Enron and World Com. In 2007, he was recognized by the OGFOA for his outstanding contribution to public finance for training courses he provided to OGFOA participants over several years. He is a reviewer for the GFOA Certificate of Achievement for Excellence in Financial Reporting. He has reviewed several City and other municipal audits for the GFOA.

Paul will serve as the partner in-charge of the engagement.

### ***Audit Staff, continued***

Gatlin Hawkins, CPA, CFE.

Audit Partner

Oregon Municipal Auditor Roster # 1611

Gatlin received his B.S. from Sacramento State University in 2013. Gatlin joined Isler CPA in 2015, after spending two years auditing municipal entities in California where he gained experience in financial audits and single audits working on several large California counties and cities, special districts of all sizes, as well as several nonprofit entities. Gatlin currently leads several significant Single Audit engagements at Isler including LCOG, Redding Rancheria, Coquille Indian Housing Authority and the City of Gresham. He has performed several forensic investigations. He also frequently attends continuing education related to auditing, with at least 12 hours each year related specifically to governmental accounting and nonprofit.

Gatlin is a member of the Oregon Society and American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners. He has also completed the RSM Breakthrough Leaders Institute (BLI) designed for high-performing senior associates, supervisors, and new managers to aid in developing management, leadership and advisory skills. BLI covers a comprehensive range of topics over a concentrated five-month period including two classroom sessions (three days each), four two-hour webcasts between seminars, three assessments, assigned readings and videos, a personalized coaching session and an individual leadership project. In addition to knowledge and skill development, BLI graduates build a community with participants from other member firms, laying the groundwork for ongoing relationships.

Gatlin will be the technical reviewer for the engagement.

Jennifer Teeter, CPA

Audit Manager

Jennifer received her B.S. in Accounting from California Lutheran University in 2001 and has been practicing public accounting since graduation. She joined Isler in December 2006 after practicing in California for four years.

Since the beginning of her career Jennifer has worked on audits of governmental entities and not for profits. She has experience with audits conducted in accordance with GAO Government Auditing Standards. In addition, she has performed financial statement reviews and compilations.

Jennifer has taken many CPE courses related to governmental accounting and auditing with at least 12 hours each year related specifically to governmental and nonprofit accounting and auditing. Her recent continuing education includes a Governmental Accounting & Auditing Conference and quarterly accounting and auditing update webcasts. She has been an instructor of other CPAs about GASB accounting issues.

Jennifer will be onsite during the fieldwork.

Jennifer lives in the Astoria area and is available to assist the City of Gearhart as a local contact.

### ***Isler City Municipal Clients***

<b>CLIENT NAME</b>	<b>SCOPE OF WORK</b>	<b>YEARS OF SERVICE</b>	<b>CONTACT NAME</b>	<b>ADDRESS / PHONE NUMBER</b>
City of Central Point	Audit, Agreed Upon Procedures, CAFR	7	Steve Weber	140 South Third Street Central Point, OR 97502 Desk: 541-664-3321 (x226)
City of Junction City	Audit, Award for Small Government Cash Basis Reporting	15	Mike Crocker	P.O. Box 250 Junction City, OR 97448-0250 (541) 998-2153
City of Creswell	Audit	6	James Piper	13 South 1st Street Creswell, OR 97426 (541) 895-2531
City of Gresham	Audit, Single Audit, CAFR	8	Orion Jarrell	City of Gresham 1333 N.W. Eastman Parkway Gresham, OR 97030-3813
City of Cottage Grove	Audit, Agreed Upon Procedures	9	Bert Olsen	400 Main Street Cottage Grove, OR (541) 942 3346
City of Warrenton	Audit, Agreed Upon Procedures	14	April Clark	City of Warrenton 225 S. Main Warrenton, OR 97146 (503) 861-2233
City of Cannon Beach	Audit, Agreed Upon Procedures	13	Laurie Sawrey	City of Cannon Beach 163 E Gower Cannon Beach, OR 97110 (503) 436-8058

***Other Isler Clients in Clatsop County***

CLIENT NAME	SCOPE OF WORK	YEARS OF SERVICE	CONTACT NAME	ADDRESS / PHONE NUMBER
Young's River Lewis and Clark Water District	Audit	12	Carl Gifford	34583 Hwy 101 Business Astoria OR 97103 (503) 325 4330
Clatsop Community Action	Audit	2	Viviana Matthews	364 9th St, Astoria, OR 97103 (503) 325-1400
Wickiup Water District	Audit	2	Michelle Bolton	92648 Svensen Market Rd. Astoria Oregon 97103 (503) 458-6555

***Cost***

Reporting under Generally Accepted Accounting Principles

Fiscal Year 2019– 2020           \$ 30,000

Fiscal Year 2020– 2021           \$ 25,000

Fiscal Year 2021– 2022           \$ 26,000

The first year cost includes additional time required to convert from Modified Cash basis to Generally Accepted Accounting Principles.