

PROPOSAL FOR

City of Laramie, Wyoming

PREPARED BY

Abbey Hagerman, Partner
Micah Clinger, Partner

ClingerHagerman, LLC

PO Box 934
Laramie, WY 82073
(307) 752-3676

ClingerHagerman, LLC

August 26, 2022

Jennifer Wade, CPA
Administrative Services Director
City of Laramie, Wyoming

Dear Ms. Wade:

We are pleased to have the opportunity to respond to the request for proposal (RFP) to provide annual financial audit services to the City of Laramie, Wyoming (the City). As a value-driven firm, we understand that it is not just about the bottom-line—it's about providing the best service possible. Our culture is designed to be flexible and responsive to your needs while providing you with an exceptional experience.

Our firm is a niche firm that specializes in providing audit services to governmental and not-for-profit entities. As a result, our professionals not only understand accounting and auditing matters, but also the nuances of your industry. Many firms offer similar services, but here are a few unique advantages that we bring:

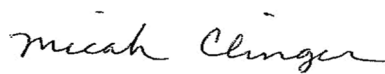
- **Local Firm with National Experience:** ClingerHagerman, LLC is a newly formed audit and accounting firm that specializes in the government and not-for-profit industries. Our firm's managing partner has over 13 years of experience working directly with the City and City personnel, and together our partners have more than 28 years of collective experience in providing financial statement audits with both local and national public accounting firms. This experience gives us a broad and unique perspective when it comes to providing audit services. We are also well versed in the Generally Accepted Auditing Standards and in performing compliance audits under the Uniform Guidance (Single Audit).
- **Industry Expertise:** We understand your organization faces complex challenges, which is why having professionals who specialize in your industry is critical. Our years of experience enable us to assist you with some of your most important business decisions.
- **Responsive Service from Partners:** In today's environment, you should expect to have a relationship with your accounting firm that results in timely responses to your questions and attention to your accounting and reporting issues. One of our firm's service hallmarks is the high level of partner time we build into our engagements. We are committed to ensuring our most experienced partners remain actively involved with the City throughout our working relationship.
- **Our Commitment to You:** As detailed in the Schedule of Proposed Fees section of this proposal, we're committed to providing superior service to you at a reasonable cost. We believe that our proposed fee of \$82,500 demonstrates our commitment to partnering with you. ClingerHagerman, LLC is also committed to providing you with a level of service and attention that exceeds our competition. Our commitment to our clients and providing superior service to dynamic organizations like the City is our passion. Together, we'll infuse knowledge, energy, and experience into your engagement, so your service needs are met with heightened urgency and an appreciation of your expectations.

The City of Laramie would be a strategic, premier client for our firm. We hope to earn the opportunity to develop a long-term relationship with you and believe we offer unique and compelling value to your organization.

Sincerely,



Abbey Hagerman, CPA
Assurance Partner



Micah Clinger, CPA
Assurance Partner

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SCHEDULE OF PROPOSED FEES

ClingerHagerman, LLC is committed to competitive fees for the City that are commensurate with the experience and necessary level of service described in this proposal. At all times, we want you to feel that the dollars you spend for our professional services bring you exceptional value. Based on our understanding of your service needs, we have prepared the following fee estimate.

FEE QUOTE

SERVICE	FY 2022	FY 2023	FY 2024
Annual audit of the City’s financial statements*	\$ 60,000	\$ 63,000	\$ 66,150
Annual single audit of the City’s federal awards* (including the audit of one major program under Uniform Guidance)	7,500	7,500	7,500
Single audit fees for each additional major program (beyond the first major program as noted on the row above)	5,000	5,000	5,000
ACFR preparation assistance**	10,000	10,000	10,000
Proposed fees for additional auditing of internal controls during the ERP software implementation***	-	-	10,000
Retention of working papers	Included		
Attendance at Finance Committee/Council meetings			
Management letter			
Communication of internal control matters			
Fixed Fees (not to exceed)	\$ 82,500	\$ 85,500	\$ 98,650

*Costs are inclusive of out-of-pocket expenses, printing, travel, etc.

**Fee is a not to exceed based on estimated hours to assist in the preparation of the ACFR. If this service is needed by the City, we will negotiate with City personnel the scope and nature of the required services. It is our assumption that the information to be contained in the transmittal letter, MD&A, and statistical section will be readily available for drafting purposes.

***The Schedule of Proposed Fees includes proposed fees for additional auditing of internal controls during the first phase of the City’s ERP software implementation, core financials, which is scheduled to go live in October 2023 (i.e., FY 2024). Any routine discussions or internal control evaluations related to the ERP software implementation during FY 2022 and FY 2023 are included in the proposed financial statement audit fees above.

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OTHER ASSUMPTIONS

Our proposed fees are based on a number of conditions and other assumptions:

- Your books and records are in good condition.
- Your accounting/finance staff will provide reasonable and customary assistance.
- There will be no significant changes in your operations from current levels.
- There will be no new audit standards or significant changes to existing standards.

In the event that conditions change during the course of the engagement, we may need to modify our fees. However, rest assured we would not perform any additional work nor incur any additional charges without discussing the proposed work and fees with you first.

Fee Increases in Subsequent Years

We normally assess and adjust our rate structure annually according to increases experienced in the local Consumer Price Index (CPI) and related practice management costs. In recent years, these have been in the range of four to six percent. We can guarantee any fee increases will not exceed this structure, assuming no significant changes in scope, accounting standard changes, or operations of the City.

ADVICE AND RESEARCH ON AUDIT OR OTHER ISSUES

Our policy is to not charge for short telephone calls seeking miscellaneous advice, unless those consultations require significant additional work or research. If a matter requires further follow-up, we will discuss a fee estimate with you before incurring significant time.

Our proposed communication approach includes discussion of new accounting standards, providing technical accounting assistance, and addressing implementation issues, without the need for additional billings.

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PROPOSED FEES FOR ADDITIONAL WORK UNDER THE SCOPE OF SERVICES

Our standard billings rates are included below; however, any additional work that you may request would be negotiated to include a discount similar to our fee quote above. Our focus is to arrive at a fee that is acceptable to both the City and ClingerHagerman.

EMPLOYEE LEVEL	HOURLY RATES
Partner	\$ 300
Manager	205
Senior	170
Staff	135

ADDITIONAL INFORMATION

SUBJECT	DETAILS
Client Acceptance Procedures	The scope of work and fee quotes are subject to our client acceptance process, which 1) verifies that all parties understand the specific services we are being asked to perform, 2) assures contract terms are acceptable to both parties and in agreement with professional standards, and 3) confirms that we have staffed the engagement with individuals qualified with the necessary experience to fulfill our commitments to our prospective client. In addition, we will need to complete our inquiries of your former auditor as required by our professional audit standards.
Cost Overruns	During the course of the audit, we will measure our progress against our planned budget. If situations arise that are significantly different than our expectations, we will bring them to your attention immediately and discuss various options before we proceed. We will meet weekly during the course of fieldwork with the appropriate parties to ensure there are open lines of communication between our organizations.
Progress Billing	Progress billings are based on hours and expenses completed at the time of billing. Bills are due upon receipt. We reserve the right to charge interest on accounts over 30 days past due.

PROPOSED AUDIT TIMELINE

FY 2022 AUDIT TIMELINE

AUDIT SCHEDULE	PROPOSED TIMING
Auditor Selection & Client Acceptance	
Award of contract and client acceptance	Late September 2022
Review of predecessor auditor workpapers	Early December 2022
Audit Planning	
Meet with management for pre-audit planning, and to obtain an understanding of systems, internal controls, and current-year issues	Mid-December 2022
Pre-audit meeting with Finance Committee/Council	January 2023
Provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed	January 2023
Audit Fieldwork	
Quality control review of ACFR including review of prior period adjustment and implementation of new accounting standard(s)	Late January / Early February 2023
Perform interim work including risk assessment and tests of internal controls	Late January / Early February 2023
Send cash, investment, and other confirmations as deemed necessary	Late January / Early February 2023
Perform substantive audit fieldwork	Late February / Early March 2023
Report Preparation & Communication	
Draft ACFR review and proofing by City	Mid-March 2023
Engagement wrap-up and quality control review	Mid to Late March 2023
Exit conference to discuss audit report, internal controls, and management letter with administration	Late March 2023
Present final financial statements, audit report, and management letter to the management and Finance Committee/Council	TBD
ACFR submitted to GFOA award program	By April 30, 2023
Complete and submit the Data Collection Form (DCF) for the Single Audit to the Federal Audit Clearinghouse	By April 30, 2023

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SUBSEQUENT YEARS' AUDIT TIMELINE

The following is the proposed schedule for the FY 2023 and FY 2024 audits for the City.

We expect to have sufficient staffing resources to complete the FY 2023 and FY 2024 financial and single audits no later than December 31st of each respective year, and we are confident that the timeline outlined below will allow us to meet those deadlines.

AUDIT SCHEDULE	PROPOSED TIMING
Engagement Letter	
Engagement letter preparation and review and finalization	May
Audit Planning	
Meet with management for pre-audit planning, and to obtain an understanding of systems, internal controls, and current-year issues	May
Pre-audit meeting with Finance Committee/Council	June
Provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed	June
Audit Fieldwork	
Perform interim work including risk assessment and tests of internal controls	Late July/Early August
Send cash, investment, and other confirmations as deemed necessary	August
Perform substantive audit fieldwork	Late September/ Early October
Report Preparation & Communication	
Quality control review of ACFR including implementation of new accounting standard(s)	Early November
Engagement wrap-up and quality control review	Early November
Exit conference to discuss audit report, internal controls, and management letter with administration	Mid-November
Draft ACFR review and proofing by City	Late-November
Present final financial statements, audit report, and management letter to the management and Finance Committee/Council	TBD
ACFR submitted to GFOA award program	By December 15th
Complete and submit the Data Collection Form (DCF) for the Single Audit to the Federal Audit Clearinghouse	By December 15th

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QUALIFICATIONS OF THE AUDITOR

PROPERLY LICENSED

- A. Provide an affirmation that the respondent is properly licensed for public practice as a certified public accountant.

ClingerHagerman is licensed to practice as a firm in the State of Wyoming. Each team member is also licensed for public practice as a certified public accountant in the State of Wyoming.

INDEPENDENCE REQUIREMENTS

- B. Provide an affirmation that the respondent meets the independence requirements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

ClingerHagerman works to embody the highest ethical standards and we demonstrate our commitment to such standards daily. As an independent certified public accounting firm properly licensed for public practice, ClingerHagerman is required to meet the independence standards as defined by Generally Accepted Auditing Standards and the AICPA Code of Professional Conduct.

Based on our initial review of independence, we are not aware of any relationship that would impair our firm's independence with the City, and we believe we are independent of it as defined by the *Government Auditing Standards*, issued by the Comptroller General of the United States. However, prior to accepting a client relationship with the City, we will conclude our initial review of independence. To assure we maintain our independence from the City, we will formally reassess our independence throughout the engagement and every year.

Additionally, each partner and client service staff, including associates and interns, is required upon initial employment, and annually, to acknowledge his or her independence with respect to our clients. The Independence Compliance Representation is focused on the independence of the individual and is designed to result in personal representations about matters that may impair independence. In this way, we routinely monitor our firm's independence from our attest clients.

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NO RECORD OF SUBSTANDARD WORK OR LAWSUITS

- C. Provide an affirmation that the respondent does not have a record of substandard audit work, is not involved in any lawsuits with any governmental entity, nor has been dismissed from an engagement with any governmental entity.

ClingerHagerman, nor any of the proposed professionals in our proposal, have a record of substandard audit work or is, or has been, involved in any lawsuits with any governmental entity. Also, the firm and the proposed professionals in our proposal have not been dismissed from an engagement with any governmental entity.

SPECIFIC QUALIFICATION REQUIREMENTS IMPOSED BY FED/STATE LAW

- D. Provide an affirmation that the respondent meets any other specific qualification requirements imposed by federal or state laws and regulations.

To the best of our knowledge, the firm and its partners and staff, meet any other specific qualification requirements that may be imposed by federal or state laws and regulations.

RESUME OF FIRM AND INDIVIDUALS

- E. Provide a resume of the firm, its partner, manager, supervisor, and staff who will be involved with the engagement.

FIRM BACKGROUND

ClingerHagerman, LLC is a newly formed public accounting firm headquartered in Laramie, Wyoming that provides audit, accounting, and consulting services to small and mid-sized governmental and not-for-profit organizations. The firm specializes in the government and not-for-profit industries, including the performance of compliance audits under the Uniform Guidance (Single Audit).

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Our partners have more than 28 years of collective experience in providing financial statement audits with both local and national public accounting firms. This experience gives us a broad and unique perspective when it comes to providing audit services.

Our assurance services include audits, accounting, internal controls, and business risk management. We also provide consulting and advisory services related to organizational structure and planning, internal audit design and execution, internal control design and implementation, and compliance with grant awards.

YOUR SERVICE TEAM

We understand the City's audit services will only be as effective as the people performing the tasks, which is why our partners play such a significant role in our engagements. We work closely with our clients and are highly involved in all phases of the audit—from planning and preparation through fieldwork and financial reporting.

Your engagement team consists of audit professionals who focus on providing services to the government and not-for-profit industries. Our team has significant experience working with organizations similar in size and nature to your organization. In fact, our firm's managing partner has over 13 years of experience partnering with and working directly with the City and City personnel, and as a result, she has a deep understanding of the City's processes and upcoming needs related to the ERP implementation. We are proud to present your team:



Abbey Hagerman, CPA

AUDIT PARTNER
ENGAGEMENT LEAD

AHAGERMAN@CLINGERHAGERMAN.COM
MOBILE: 307-752-3676

PROFESSIONAL EXPERIENCE

Abbey has been in public accounting since 2009 and is a licensed CPA in the state of Wyoming. She specializes in the government and not-for-profit industries. Abbey has participated in the annual financial statement and single audits of various not-for profits, municipalities, airport boards, special districts and other state and local government entities.

Abbey began her career with the local accounting and auditing firm in Laramie, Wyoming, Mader Tschacher Peterson & Co, LLC. Abbey continued to work for the firm as it transitioned into a regional firm (ACM LLP) and then into the national firm, BDO USA, LLP where she was the Director of the Laramie Assurance practice.

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Abbey assists her clients by advising them on how to appropriately address their unique accounting and internal control needs. Abbey provides clients with the timely completion of audits and communication regarding accounting, regulatory, and internal control issues.

In addition to her professional work, Abbey believes one of the best ways to make a difference is to volunteer your time and talents. As such, Abbey has been actively involved and is a Past President of the Wyoming Society of CPAs where she continues to serve as the Wyoming voting member of council for the American Institute of Certified Public Accountants. She has held committee chairwoman roles with the Laramie Chamber Business Alliance and is a member of Rotary International. Abbey has been recognized as one of Laramie Young Professional's 20 Under 40 and a Top 10 Public Accounting Professional Rising Star through the National Academy of Public Accounting Professionals.



Micah Clinger, CPA

AUDIT PARTNER
ENGAGEMENT QUALITY CONTROL REVIEWER

MCLINGER@CLINGERHAGERMAN.COM

MOBILE: 307-226-0071

PROFESSIONAL EXPERIENCE

Micah has been in public accounting since 2007 and is a licensed CPA in the states of Wyoming, Texas, and Oregon. He has worked primarily in the government, higher education, and not-for-profit sectors. Micah has participated in the annual financial statement and single audits of various not-for profits, universities, research organizations, and state and local government entities.

Micah spent most of his career at Moss Adams LLP where he served on the firm's task force for single audits, which updated the firm audit templates for those audits, and he also served on the firm's Government Services Technical Committee.

He also served as an audit partner at McConnell & Jones where he helped lead the annual audits for the Government of the District of Columbia. More recently, he served as an audit director at BDO USA, LLP where he helped lead the annual financial statement audit and single audit for the City & County of Denver, Colorado.

Micah has significant experience with the technical review of financial statements for various not-for-profit and government organizations, and he has assisted in the preparation of numerous financial statements and single audit reports. Micah has provided instruction for staff at firm-wide audit trainings and presented at internal and external trainings on a variety of other topics.

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LISTING OF WYOMING GOVERNMENTAL AUDITS PERFORMED IN LAST THREE YEARS

F. Provide a listing of all Wyoming governmental audits performed within the last three years along with the name and address of a contact official.

As previously noted above, ClingerHagerman is a newly formed public accounting firm, as such, there is no listing of governmental audits performed by the firm within the last three years to be provided.

However, we have provided below a listing of all Wyoming governmental audits performed within the last three years by the partners who are included in the proposal above, along with the name and address of a contact official.

GOVERNMENTAL ENTITY	CONTACT NAME & TITLE	PHONE/EMAIL
City of Laramie, Wyoming	Jennifer Wade Administrative Services Director	(307) 721-5224 jwade@cityoflaramie.org
City of Riverton, Wyoming	Mia Harris Finance Director	(307) 857-7703 mharris@rivertonwy.gov
Town of Wheatland, Wyoming	Tabitha Enniss Deputy Clerk/Treasurer	(307) 322-2962 t.enniss@townofwheatlandwy.org
Town of Upton, Wyoming	Kelley Millar Clerk/Treasurer	(307) 768-2441 uptonwy@rtconnect.net
Town of Hanna, Wyoming	Ann Calvert Clerk/Treasurer	(307) 325-9424 treasurer@townofhanna.com
Town of Encampment, Wyoming	Doreen Harvey Clerk/Treasurer	(307) 327-5501 enccourt@yahoo.com
Town of Medicine Bow, Wyoming	Karen Heath Clerk/Treasurer	(307) 379-2225 medbowtown@gmail.com

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DOCUMENTATION OF GOVERNMENTAL FINANCIAL AND COMPLIANCE AUDITS PERFORMED UNDER THE UNIFORM GUIDANCE

G. Provide documentation of at least one governmental financial and compliance audit performed under the Uniform Guidance, including cognizant agency.

Your proposed team has significant experience performing governmental financial and compliance audits under the Uniform Guidance, with several of those performed over the last year being listed below:

ORGANIZATION	SCOPE OF SERVICE	COGNIZANT AGENCY
City of Laramie, Wyoming	Financial Statement Audit and Single Audit	U.S. Department of Treasury
City of Riverton, Wyoming	Financial Statement Audit and Single Audit	U.S. Department of Transportation
Town of Wheatland, Wyoming	Financial Statement Audit and Single Audit	U.S. Department of Transportation
City & County of Denver, Colorado	Financial Statement Audit and Single Audit	U.S. Department of Health & Human Services U.S. Department of Transportation

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EDUCATIONAL REQUIREMENTS

- H. Provide an affirmation that the respondent has complied with the educational requirements of *Government Auditing Standards*.

At ClingerHagerman, we have a rigorous continuing education expectation in which staff members are regularly enrolled in programs to continuously stay on top of the latest technical updates while increasing their understanding of standards, policies, and trends in the industry.

The American Institute of Certified Public Accountants requires its members to attend at least 120 hours of continuing professional education (CPE) courses every three years. The partners and staff at ClingerHagerman regularly exceed those requirements—as well as those of the state licensing board. Our professionals average more than 100 hours of industry-specific CPE courses every two years.

Additionally, professionals providing audit services under *Government Auditing Standards* are required to obtain every two years, at least 80 hours of CPE with at least 24 of those hours being in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 20 hours of the 80 should be completed in any one year of the two-year period.

Each of the proposed professionals in our proposal have complied with the educational requirements of the *Government Auditing Standards* as outlined above.

PEER REVIEW

- I. Provide documentation supporting an unmodified peer review within the past two-year period, as well as a summary of the results of peer review within the past five years.

As a newly created firm, we have enrolled the firm in the AICPA Peer Review Program, and we anticipate the firm's initial review being complete 18 months from the date the firm enrolled in the Program, which is in accordance with the Program's rules and guidelines.

However, each of the firms that your proposed partners have been employed at over the past five years; BDO USA, LLP (BDO), ACM, LLP, McConnell & Jones, LLP, and MRM CPAs and Advisors, have all received unmodified peer review results.

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INSURANCE COVERAGE

1. The successful firm shall be fully insured as to hold the City harmless from any claims involving the employees or equipment used by the successful firm while executing this service. The firm shall also possess and provide proof of professional liability insurance or errors and omissions liability insurance to protect the City from all claims arise from the firm's alleged or real professional errors, omissions, or mistakes in the performance of professional duties by the firm's employees in an amount not less than One Million Dollars (\$1,000,000) aggregate on a claims made basis for the term of the agreement plus two years subsequent. The firm will provide proof of coverage.

Our firm is in the process of obtaining professional liability insurance coverage for claims arising out of any professional errors and omissions which may occur while providing accounting and auditing services. Our policy will have minimum limits of not less than \$1,000,000 aggregate on claims made basis for the term of the agreement plus two years subsequent.

We will provide proof of coverage to the City upon engagement with the City and awarding of the audit contract.