

Cover Letter

Proposal for Annual Independent Auditor Services  
In Response to Request for Proposal – Auditing Services  
For the City of John Day

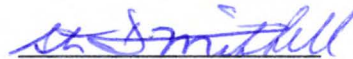
Presented by:

Nichols & Mitchell, CPAs, P.C.  
2550 Broadway St.  
Baker City, OR 97814

Firm License Number 706 with the Oregon Board of Accountancy

Contact Name: Robert Gaslin, CPA  
Contact Phone Number: 541-523-6471

Respectfully Submitted:



Stan Mitchell, Principal  
Licensed Municipal Auditor number 1397

May 3<sup>rd</sup>, 2019

**2. Firm Information:**

- a. Nichols & Mitchell, CPAs, PC is a firm owned by a Certified Public Accountant and is licensed to practice in Oregon. The Firm license number is 706 with the Oregon Board of Accountancy.
- b. The Firm, Nichols & Mitchell, its owner and its employees are independent of the City of John Day.
- c. The address of the Firm is 2550 Broadway St., Baker City, OR 97814 and it, or its predecessor organizations, have been located at this address for 16 years.
- d. The Firm is comprised of one owner and two non-owner CPAs.
- e. The Firm performs municipal audits, reviews, compilations and does accounting for work for other municipalities. In addition, many tax returns are prepared for both businesses and individuals.
- f. The Firm has the availability of staff to perform this audit.

**3. Experience with City Government Audits:**

The Firm currently provides services to the following cities (services in parentheses):

- a. City of Halfway (Audit)
- b. City of Haines (Audit)
- c. City of Unity (Compilation)
- d. City of Huntington (Accounting Services)

References:

- a. Wendy Gargan, City Clerk for the City of Huntington  
Phone number: 541-869-2202
- b. Jim Brown, Mayor, or Valerie Russell, City Clerk, City of Haines  
Phone number: 541-856-3366
- c. Salli Hysell, City Recorder for the City of Halfway  
Phone number: 541-742-4741

**4. Key Staff**

- a. Bruce Nichols, CPA, is the Firm managing principal with more than 25 years of experience in auditing and accounting governmental entities. Nearly all of Bruce’s audit experience has been in Oregon.
- b. Stan Mitchell, CPA, has more than 20 years of diverse auditing and accounting experience which includes governmental entities. Most of Stan’s audit experience has been in Oregon.
- c. Robert Gaslin, CPA, has 14 years of diverse auditing and accounting experience including governmental entities. All of Robert’s audit experience has been in Oregon.
- d. Additional information about the staff of the Firm are located near the end of this proposal.

**5. Quality Control Review**

Accompanying this proposal is the Firm’s most recent peer review report, which provides a clean opinion.

**6. Disclosures**

There are no known or expected judgements, pending or expected litigation or other real or potential financial reversals that may affect the stability of the Firm.

One item of note which does not impact the Firm’s ability to perform the audit is that Bruce Nichols is listed in this proposal as the managing principal, and this is accurate as of the due date of this proposal. However, effective June 30, 2019, Bruce will be retiring, with his ownership and responsibilities in the firm being purchased and assumed by Robert Gaslin. Bruce will remain affiliated with the firm in a consulting capacity through at least April 2020. All information contained in this proposal regarding staffing and ability to perform the audit will remain the same.

**7. Subcontractors**

No subcontractors will be used for this audit.

**8. Fees**

The fees described in the spreadsheet below represent the not-to-exceed price that the firm is proposing for the City. There are no additional out-of-pocket charges or other costs that would be billed to the City.

The fees presented below are separated by audit work, Single Audit work and financial statement preparation as required by the proposal, however, due to the efficiencies generated by doing both the audit work and the financial statement preparation, the proposal is for both services only, the Single Audit would only be billed for if required. Should the City desire to separate the two services, we would be happy to prepare a separate proposal.

<u>Cost Allocation</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>
Financial Statement Audit	\$ 11,000	\$ 11,000	\$ 11,000
Report Preparation	3,000	3,000	3,000
Singe Audit	-	3,600	3,600
Total Cost	\$ 14,000	\$ 17,600	\$ 17,600

## 9. Firm's Audit Approach:

The Firm performs audits to ensure that both the regulatory requirements of the entity are met and to ensure that the needs of each organization and its staff are met. Client service is extremely important to us and we strive to meet client demands whenever possible. Therefore, the timelines that follow are flexible to the needs of your organization and its staff.

- a. It is typical of the Firm to spend a day in the client's office shortly before or after year end to perform interim testing of internal controls. What this means is that in July/August, staff would come out on a day that works for City staff to review processes and policies for various functions, as well as to conduct limited testing on these functions. We are able to provide lists of specific required items in advance to aid in the flow of the audit work.
- b. In September/October, at a time mutually agreed upon, we would come out with two team members and spend about two or three days conducting the bulk of the audit work.
- c. Once field work is complete, we would expect to wrap up the audit within 30 days, with the expectation of limited follow-up questions.
- d. After the conclusion of fieldwork, we are happy to comment on any areas we believe could be improved and are always willing to address specific questions during the performance of the work.
- e. The audit workpapers are reviewed by the principal and then the report receives a second review by a different CPA to ensure that all quality requirements are met.
- f. We would plan to present the audit report at the appropriate City Council meeting.

**Additional Staff Information:**

**Bruce Nichols, CPA**

Bruce was a member of the United States Air Force from 1971 to 1975. He attended University of Maryland undergraduate classes during active duty with USAF. Bruce then completed his formal education and graduated with a BS degree in Business and Economics from Eastern Oregon State College in 1979. He then began working in public accounting in 1978 and received his Certified Public Accountant certificate in April 1982.

**Professional Experience**

Upon entering the field of public accounting, Bruce was immediately indoctrinated into all phases of tax and accounting services, including audits of private businesses, municipal governments, special districts, non-profit organizations and the banking industry.

Auditing, tax, accounting and financial statement services have been provided to various organizations.

**Select Municipal Government Engagements**

- Numerous cities - Eastern Oregon
- Numerous school districts – Eastern Oregon and Western Idaho
- Numerous special districts – Oregon
- Malheur County, Oregon

**Stan Mitchell, CPA**

Stan attended CSU Fresno, graduating in December 1986. While at CSU Fresno, he was a member and active participant in Beta Alpha Psi, the national accounting fraternity. After graduation he worked for fourteen years at M. Green and Company, CPAs. Stan received his CPA certificate in 1989. Stan relocated to Baker City in December 2000 and continued his accounting career at Guyer and Associates, CPAs. In 2002 Stan started his own firm, eventually merging with Bruce Nichols CPA in January 2005 and has worked there until present.

**Select Municipal Government Engagements (includes some worked performed at other firms)**

- Burnt River School District #30J
- Annex School District #29J
- City of Halfway
- Baker County
- City of Haines
- City of Unity

**Robert Gaslin, CPA**

Robert graduated from George Fox University in 2005 with a BA in accounting and finance. Upon graduation he worked for Moss Adams in Portland, Oregon, earning his CPA certificate in 2007. While at Moss Adams, he worked on many large cities, counties and not-for-profit organizations. In 2008, he moved to Baker City and worked for Guyer and Associates performing a full range of accounting work including taxes, audits and financial statement preparation. In 2012, he started his own small CPA firm called Gaslin Accounting, which he did on a part-time basis while working full-time for Saint Alphonsus Medical Center – Baker City as the chief financial officer. At the time of this proposal, he is under contract to purchase Bruce Nichols' interest in the firm Nichols and Mitchell, CPAs, PC.

**Select Municipal Government Engagements (includes some worked performed at other firms)**

Pine Eagle School District  
Baker City  
City of John Day  
City of Portland  
Multnomah County  
Burnt River Soil and Water Conservation District