

**FALLER, KINCHELOE & CO, PLC**

**Certified Public Accountants**

May 28, 2019

Honorable Mayor and City Council  
City of Earlham  
P.O. Box 518  
Earlham, IA 50072

RE: City of Earlham annual exam

We very much appreciate the opportunity to propose our services to the City of Earlham. This letter is in response to your Request for Proposal for agreed upon procedures to satisfy the annual examination requirements of Section 11.6 of the Code of Iowa for the year ended June 30, 2019.

The Annual Examination will be performed in accordance with the attestation standards for agreed-upon procedures engagements issued by the American Institute of Certified Public Accountants (AICPA), the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the agreed-upon procedures program guide prepared the Office of Auditor of State.

The agreed-upon procedures report will conform to the sample report issued by the Office of Auditor of State and attestation standards for agreed-upon procedures engagement issued by the AICPA.

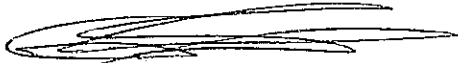
The agreed-upon procedures reports will report all findings from the agreed-upon procedures engagement, unless clearly inconsequential, since materiality does not apply to the findings to be reported in accordance with, and as described in, AT 201.25 of the AICPA's attestation standards.

Personnel assigned to the engagement include Alan Kincheloe and Ryan Roof, partners and Steve Gerdes, manager. Highlights of our professional qualifications are included as an attachment to this letter.

Faller, Kincheloe & Co, PLC has a long history of quality professional service to clients. The company was originally founded as Joel C. Faller, P.C., CPA in 1977. We have provided quality accounting, auditing, agreed-upon procedures, consulting and tax preparation services to an extensive list of companies, governments, non-profit organizations, trusts, and individuals. Our professional standards require our firm to hire an independent CPA firm every three years to conduct a review of our accounting and auditing practice. Our recent system peer review report received a peer review rating of pass.

We appreciate the opportunity to propose our services to you and have reviewed the specifications and agree to and understand the terms outlined in these proposal questions. Our telephone number is 515-362-5672, and the contact person for this proposal is Ryan Roof, CPA. If you have any questions, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Roof", with a horizontal line underneath it.

Ryan Roof, CPA  
Faller, Kincheloe & Co, PLC

Enclosures

City of Earlham  
Proposal for Annual Examination Service

**Table of Contents**

	Pages
Profile of Faller, Kincheloe & Co, PLC	4
Summary of the Firm's Qualifications	5-6
Scope of Services and Proposed Timetable Project Schedule	7
Fees and Compensation	8

City of Earlham  
Proposal for Annual Examination Service

**Profile of Faller, Kincheloe & Co, PLC**

Faller, Kincheloe & Co, PLC is a local firm and an Iowa professional limited liability company providing Certified Public Accounting services predominantly to the local community in Iowa.

Faller, Kincheloe & Co, PLC currently has two owners Alan Kincheloe and Ryan Roof. Joel C Faller, CPA founded the company in 1977 and continues to work for the firm. Alan Kincheloe, CPA joined the firm as a co-owner in 1994. Ryan Roof, CPA joined the firm 2005 and became an owner in 2008. There are five additional full-time accountants and two full-time administrative assistants. In addition, there are four seasonal part-time tax return preparers that work for the firm.

Faller, Kincheloe & Co, PLC holds Permit to Practice as a Firm of CPA's No. 2017-727 issued by the State of Iowa. Faller, Kincheloe & Co, PLC is in compliance with the requirements of Chapter 542 of the Code of Iowa in order to engage in the practice of public accounting within Iowa.

Faller, Kincheloe & Co, PLC is independent of the City of Earlham in accordance with Government Auditing Standards.

Faller, Kincheloe & Co, PLC is located at 2721 SW 30<sup>th</sup> Street in Des Moines, Iowa. As described above we have eight full-time professionals consisting of two owners and six accountants. Additionally, we have four part-time accounting personnel. Six of our full-time employees and one of our part-time employees are Certified Public Accountants.

City of Earlham  
Proposal for Annual Examination Service

**Summary of the Firm's Qualifications**

Alan Kincheloe, CPA has been working in the accounting and auditing field for over 25 years. Alan has also served as board member, committee member, and/or Treasurer of several organizations including the Des Moines Public Schools Audit Committee, South Des Moines Chamber of Commerce, and Polk County Crime Stoppers. His continuing education in the past two years has included 80 hours of governmental accounting and auditing as well as attending the state auditor's seminar for governmental audits. Alan is also a member of the American Institute and Iowa Society of CPA's. Alan is independent of the City of Earlham in accordance with Government Auditing Standards.

Ryan Roof, CPA has been working in the public accounting and auditing field for 10 years. Ryan began employment with the firm in November of 2005. Ryan has performed financial statement audits of several non-profit organizations, governments, and school districts. Ryan also serves as a board member and treasurer to the Des Moines East and South Chamber of Commerce. His continuing education in the past two years has included 80 hours of governmental accounting and auditing. Ryan is also a member of the American Institute and Iowa Society of CPA's. Ryan is independent of the City of Earlham in accordance with Government Auditing Standards.

Steve Gerdes, CPA has been working in the public accounting and auditing field for over 25 years. Steve began employment with the firm in July of 2013. Steve has worked as a senior auditor performing governmental audits for the Missouri State Auditor's Office for over 8 years, and has also worked in public accounting firms conducting governmental audits for an additional 18 years. Throughout his career, Steve has been the in-charge/senior/manager/partner for several hundred governmental audits and agreed-upon procedures engagements. Steve's continuing education in the past two years has included 80 hours of governmental accounting and auditing, including attending all continuing education programs sponsored by the Auditor of State. Steve is also a member of the Iowa Society of CPA's. Steve is independent of the City of Earlham in accordance with Government Auditing Standards.

City of Earlham  
Proposal for Annual Examination Service

**Summary of the Firm's Qualifications (continued)**

Faller, Kincheloe & Co, PLC's policy on notification of changes in key personnel is to notify all clients as soon as possible after a change in personnel becomes necessary.

Ryan and Steve are the individuals within the firm who are primarily involved with auditing and agreed-upon procedures and available for matters which require consultation.

Faller, Kincheloe & Co, PLC has a system of quality control to ensure that the services we provide are adequately performed. We have adopted the system of quality control proposed by Practitioners Publishing Company. A copy of our most recent peer review is included with this submission.

The staffing plan for the agreed-upon procedures engagements would be Ryan Roof and Steve Gerdes performing the agreed-upon procedures fieldwork. Furthermore, all work papers and the agreed-upon procedures reports would be reviewed by Alan Kincheloe.

Faller, Kincheloe & Co, PLC has performed governmental audits and agreed upon procedures for several cities, school districts and 28E organizations. Below is a partial list of comparable audits and agreed upon procedures the firm has performed during the last two fiscal years.

Agreed-Upon Procedures – Earlham, Prairie City, Corydon, Eddyville.

Municipal Utilities – Utilities of Centerville, Osceola, Chariton, Stuart, Winterset.

Audits – Cities of Centerville, Osceola, Stuart, Albia, Bondurant.

28E Organizations – Southern Iowa Council of Governments, Clarke County Reservoir Commission.

City of Earlham  
Proposal for Annual Examination Service

**Scope of Services and Proposed Timetable Project Schedule**

The Annual Examination Service for the year ended June 30, 2019 shall be performed in accordance with the following:

- Chapter 11 of the Code of Iowa.
- Attestation standards for agreed-upon procedures engagements issued by the American Institute of Certified Public Accountants (AICPA).
- The standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- The agreed-upon procedures program guide prepared by the Office of Auditor of State.

The agreed-upon procedures reports will conform to:

- Reporting formats specified by the Office of Auditor of State.
- Attestation standards for agreed-upon procedures engagements issued by the AICPA.

The proposed time schedule is summarized as follows:

Begin planning, interim work	Upon receipt of contract
List of information provided to City	Upon receipt of contract
Fieldwork dates	August
Begin office review	September
Report preparation	October 1
Draft available for the City's management review	November 1
Final reports issued no later than	December 1

City of Earlham  
Proposal for Annual Examination Service

**Fees and Compensation**

Estimated hours for the Annual Examination Service	40
Estimated out-of-pocket costs for travel, report production, postage, etc.	\$200
Hourly rate for all personnel	\$100

The hourly rates and all-inclusive maximum fees for the Annual Examination Service will be the following:

Fiscal year ending June 30, 2019	\$4,300
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System Review Report

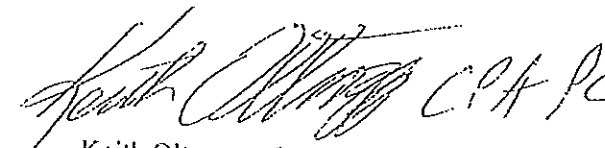
December 8, 2015

To the Patners of  
Faller, Kincheloe & Co PLC  
And the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Faller, Kincheloe & Co PLC (the firm) in effect for the year ended May 31, 2015. 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. As a part of our review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Faller, Kincheloe & Co PLC in effect for the year ended May 31, 2015, 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*. Faller, Kincheloe & Co PLC has received a peer review rating of *pass*.

  
Keith Oltrogge, CPA, PC

AGREEMENT BETWEEN  
CITY OF EARLHAM  
AND  
FALLER, KINCHELOE & CO, PLC

THIS AGREEMENT made and entered into this 28th day of May, 2019,  
by and between the City of Earlham, hereinafter called "City" and  
Faller, Kincheloe & Co, PLC, hereinafter called "CPA".

WHEREAS, the City is required by law to provide for the annual examination; and

WHEREAS, the City wishes to obtain the services of the CPA to perform an annual examination  
of the City of Earlham for the fiscal year ended June 30, 2019; and

WHEREAS, the CPA is equipped and staffed to assist in the above examination; and

WHEREAS, this agreement is in the best interest of the public in fulfilling the requirements of  
Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. The CPA will:

- A. Provide a list of various classifications and the estimated hours by  
classification as detailed in this agreement.
- B. Begin work on the examinations as specifically agreed upon with the  
City.
- C. Perform all work in accordance with the attestation standards for agreed-upon  
procedures engagements issued by the American Institute of Certified Public  
Accountants, the standards for attestation engagements contained in  
Government Auditing Standards, issued by the Comptroller General of the  
United States, and the agreed-upon procedures program guide prepared by the  
Office of City of State.
- D. Provide access to the working papers to the Auditor of State and/or the  
Auditor of State's designee for five (5) years after issuance of the examination  
report.

2. Conditions of Payment:

- A. It is understood the fees for the services set forth above shall be reimbursed at the following hourly rates:

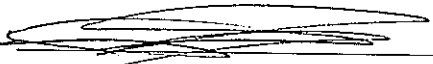
<u>Classification</u>	<u>Hourly Rate</u>
Partner	\$100
Manager	\$100
Senior	\$100
Staff	\$100

- B. The CPA shall submit one (1) invoice for services at the completion of the annual examination.
- C. Payment shall be made within 30 days of receipt of invoice.
- D. The total reimbursement shall not be for more than \$4,300 for the City of Earlham.

3. Termination of Agreement:

- A. The contract may be terminated at any time by mutual agreement of both parties.
- B. The City may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.
- C. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IN WITNESS THEREOF, the City and the CPA have executed this AGREEMENT as of the dates indicated below:

<u>CPA</u>	<u>CITY OF EARLHAM</u>
By: <u></u>	By: <u>Marysue Hebl</u>
Title: <u>Partner</u>	Title: <u>City Clerk</u>
Date: <u>5/28/19</u>	Date: <u>5-31-19</u>