

MEMORANDUM

To: Crown Mountain Park and Recreation District Board
Rebecca Wagner, District Manager

From: Jon Erickson

Date: October 9, 2020

Subject: RFP for 2020 Audit

The CMPRD Board requested that we conduct a request for proposals for the 2020 audit of the CMPRD financial statements. An RFP was sent to three firms, including the firm that has audited the District for several years. Two firms responded while the third passes on the opportunity.

Beckstead & Co., LLC has audited the District for several years now. Given this familiarity with the District, we did not request a full proposal package from this firm. Beckstead & Co., LLC will perform the 2020 audit of the District financials for a fee of \$6,250.

McMahan & Associates, LC also responded to the request. This firm conducts many special district and government audits around the state and works with our firm on multiple audits. They are highly qualified. Their proposed fee for the 2020 audit is \$8,500. This includes an additional fee of \$1,000 for the first year of the audit and the ongoing fee would be \$7,500, adjusted by inflation. The full proposal follows this memo.

Requested Board Action:

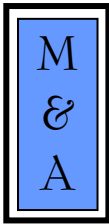
Staff requests the Board select and auditor for the 2020 financials.

Proposal for Professional Auditing Services

Specially Prepared for:

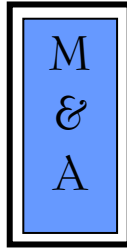


by



MCMAHAN AND ASSOCIATES, L.L.C.

P.O. Box 5850
AVON, CO 81620
970-845-8800
WWW.MCMAHANCPA.COM



Our Mission Statement

**We are committed to achieving professional excellence
and will continually provide
ethical, progressive, and responsive service
to all our clients.**

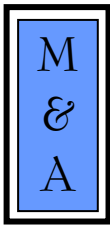




Proposal for Professional Auditing Services

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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245 CHAPEL PLACE, SUITE 300
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AUDIT PROPOSAL

September 23, 2020

To the Board of Directors Crown Mountain Park and Recreation District

Dear Directors:

In response to the request for proposal from Crown Mountain Park and Recreation District (the "District") for a financial statement audit for the fiscal year ending December 31, 2020 and thereafter, we are pleased to submit the following proposal.

This proposal sets forth our firm's qualifications to provide these services, including: affirmations of our independence of the District; our license to practice in Colorado; an explanation of our firm, partner, and staff qualifications and experience; a list of references to similar engagements with other governmental entities; our specific audit approach; engagement staffing and standard billing rates for this engagement; and not-to-exceed fees.

Our firm has made a commitment to technical excellence in the area of governmental accounting and auditing through extensive professional development of our partners, managers, and staff. We have developed long-term working relationships and have helped make our clients financially stronger and operationally more efficient. We look forward to continuing our relationship with you in the coming years to help the District meet its financial and operational goals.

Firm Qualifications and Experience

From our office in Avon, McMahan and Associates has provided professional services to clients throughout the State of Colorado and the Rocky Mountain region for over forty years. We currently serve as auditors to several dozen governmental entities. We are therefore thoroughly familiar with all aspects of financial reporting and compliance for Colorado local governments. In addition to the three firm partners, McMahan and Associates, L.L.C. has twelve professional staff. The vast majority of our practice is focused on providing assurance and consulting services to local governments throughout Colorado.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Crown Mountain Park and Recreation District
AUDIT PROPOSAL
September 23, 2020

Firm Qualifications and Experience (continued)

In addition to traditional audit and assurance services, McMahan and Associates has also rendered assistance to our governmental clientele for the following matters:

- Budgeting assistance
- TABOR Amendment consulting
- Assistance with submissions for the Government Finance Officer Association (“GFOA”) *Certificate of Achievement for Excellence in Financial Reporting*

We currently anticipate that staffing for the District’s audit will be comprised of the primary partner and an associate auditor. All such firm personnel will be utilized on a full-time basis in performing the audit. No portion of the audit will be sub-contracted to others, nor will other firms participate in the engagement.

McMahan and Associates participates in the AICPA’s peer review process. Our firm’s 2015 unqualified peer review report (most recent tri-annual review), which represents the highest level of assurance in the AICPA peer review process, is included as Appendix C to this proposal. Due to our firm’s concentration in governmental audits, the peer review included reviews of governmental audit engagements.

Our firm is proud of its membership in the AICPA’s Governmental Audit Quality Center, which is dedicated to promoting the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.

Over the 50-year history of our firm, no complaints or disciplinary actions have been filed (or are pending) with the Colorado State Board of Accountancy or professional organizations against partners, staff, or our firm.

Partner, Supervisory and Staff Qualifications and Experience

Daniel R. Cudahy, C.P.A., C.G.M.A. will be the principal contact person and partner in charge of audit services for the District. He has 31 years of auditing, accounting, and consulting experience, including 25 years with McMahan and Associates. Daniel is licensed as a C.P.A. in Colorado, and maintains a Chartered Global Management Accountant. He is also a *Member of the Special Review Committee* of the national Government Finance Officers Association (“GFOA”), responsible for evaluating the qualifications of Comprehensive Annual Financial Reports to be awarded the *Certificate of Excellence in Financial Reporting* issued by the GFOA.

Additionally, he holds memberships in the American Institute of Certified Public Accountants (AICPA) and the Colorado Society of Certified Public Accountants (CSCPA).

**Crown Mountain Park and Recreation District
AUDIT PROPOSAL
September 23, 2020**

Partner, Supervisory and Staff Qualifications and Experience (continued)

Paul J. Backes, C.P.A., C.G.M.A., will serve as an additional contact for the District. As a partner in McMahan and Associates, L.L.C., he has over 28 years of accounting, auditing, and consulting experience, including 27 years with our firm. A member of both the AICPA and CSCP, Paul is licensed as a C.P.A. in Colorado and California, and has served as the Chair of the CSCP's Governmental Issues Committee. Paul is also listed in the CSCP's Technical Advisory Guide as an expert in Governmental Audit and Accounting.

In order to ensure that the District's audit is conducted to the highest standards, we strive to maintain the presence of more senior staff each year and utilize other firm members to bring a fresh outlook in testing client operations. All professional staff assigned to the District's audit will meet the standards for governmental professional education required by the GAO's "Yellow Book" and will have prior experience in governmental auditing. As noted above, no part of the District's audit will be subcontracted by McMahan and Associates.

Similar Engagements with Other Government Entities

We audit many governmental entities throughout Colorado, including Eagle County, City of Aspen, Towns of Vail, Fraser, Granby, and Evergreen Park and Recreation District. The following is a list of references of other Colorado local government entities for which our firm provides audit and other services:

<i>Client Name</i>	<i>Scope of Work</i>	<i>Dates</i>	<i>Approx. Hours</i>	<i>Engagement Partner</i>	<i>Contact</i>
South Park Ambulance District	Audit / consulting services	2005 to present	55 hours	Daniel Cudahy	Paul Mattson Chief 719-836-2055
Garfield County Public Library District	Audit / consulting services	2015 to present	120 hours	Daniel Cudahy	Kevin Hettler Finance Manager 970-625-4270
Carbondale Fire Protection District	Audit / consulting services	2007 to present	85 hours	Daniel Cudahy	Jenny Cutright Finance Officer (970) 963-2491

We are proud of our relationships with our clients. Additional references from other governments can be provided upon request

Crown Mountain Park and Recreation District
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Independence

McMahan and Associates, L.L.C. and its staff are independent, as defined by U.S. generally accepted auditing standards, of the District.

During the term of our engagement with the District, we will provide prompt written notice of any personal or professional relationships which would post a conflict of interest as defined by the applicable professional standards established by the American Institute of Certified Public Accountants.

License to Practice in Colorado

Our firm and all CPAs on staff are licensed to practice in the State of Colorado. Neither our firm nor any staff member has been subject to any disciplinary action with state regulatory bodies or professional organizations. Copies of our firm license and a certificate of insurance are included as Appendix A and Appendix B, respectively.

Specific Audit Approach

A. Introduction

Our audit approach will be guided by our assessment of the relative risks in each of the accounting cycles of the District. In accordance with professional standards, our risk assessment will be developed through discussions with management, and an evaluation of each cycle's impact on operations. This risk-based approach permits the most effective use of audit techniques to ensure that, ultimately, the District is able to rely upon its internally-generated financial information.

Any findings arising from our audit will first be discussed with management. After discussion with management, we will include findings, as deemed appropriate, in our Board Communication Letter, so the Board of Directors will be informed of opportunities for improvement in internal processes and procedures.

B. Planning the Audit and Understanding Internal Control

We will document our understanding of operations and controls over cash, investments, receivables, capital assets, payables, long-term debt, payroll, revenues, and expenditures in accordance with specific audit programs designed for these areas and professional standards.

We will review contracts, Board of Directors actions, pertinent legal agreements, and minutes of Board meetings to ensure that the underlying transactions are appropriately completed and documented.

Crown Mountain Park and Recreation District
AUDIT PROPOSAL
September 23, 2020

Specific Audit Approach (continued)

C. Obtaining Sufficient Evidential Matter

Risk-based and judgmental sampling will be used in testing transactions, with sample sizes dependent on risk and materiality considerations. In addition, we will substantively test individual accounts based on our risk assessment and will perform both preliminary and final analytical reviews of significant or sensitive account balances. Risk-based and judgmental sampling will be used in all areas of testing unless considered more efficient or effective to utilize a fully substantive audit approach.

D. Analytical Procedures

We will use analytical procedures in the pre-audit planning stage to identify problem areas based on account variances from expectations (i.e. based on budget, prior year, and other considerations) and in the post-field work stage to determine any areas that may require additional work. District personnel will also be consulted in determining significant problems to be assigned emphasis.

E. Technology and the Audit Process

In order to increase efficiency, we use audit software in all phases of our audits. Also, our audit work papers have been fully electronic since 2005.

F. Laws and Regulations

McMahan and Associates personnel are thoroughly familiar with State of Colorado budget laws, TABOR, and other State statutes. Compliance with these and other laws and regulations will be assessed as part of our procedures.

G. Engagement Management and Supervision

All work papers will be subjected to review by the partner-in-charge of the District's audit. Prior to issuance of the audit and other reports, all work papers, reports, draft reports, and audit evidence will be subject to a final review by the partner. Draft reports (including the Board Communication Letter) will then be reviewed with appropriate personnel before issuance or presentation to the Board of Directors.

Crown Mountain Park and Recreation District
AUDIT PROPOSAL
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Specific Audit Approach (continued)

G. Engagement Management and Supervision (continued)

At the conclusion of fieldwork, we will provide management with a complete set of audit adjustments, together with appropriate documentation, for review and approval. Also, any findings and recommendations noted in the course of the engagement will be discussed with appropriate management personnel.

As required by professional standards, we will communicate to the Board of Directors and administration, in writing, all reportable conditions noted in the course of our audit. In addition, our Board Communication Letter will include any suggestions for improvement in practices and procedures.

H. Availability of Work Papers

We will retain all work papers for seven years after completion of the engagement. Upon request, we will provide copies of our work papers to the District.

I. Ongoing Support and Consultation

As with all clients, telephone conferences and meetings required to complete the audit and present the required reports within the agreed-upon time frame are included in our base fee. Similarly, telephone consultation during the year which does not require significant research time by our staff is provided to our clients at no additional cost.

Fee

Our proposal assumes that we will draft the audited financial statements.

Our fees for these services assume all asset, liability, net asset, and fund equity accounts will be reconciled by management prior to fieldwork, and that all such reconciliations and revenue and expenditure accounts will be supported by adequate documentation. Our fees will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our invoices for these fees are payable upon presentation.

Based on the matters outlined above in our proposal and the anticipated cooperation of management, we estimate that our audit fee will not exceed \$7,500 plus a one-time fee of \$1,000 for first year audit costs, for a total of \$8,500, for the financial statement audit of the year ending December 31, 2020. All significant circumstances remaining the same, our base fee of \$7,500 will not change annually by more than the Denver-Boulder-Greeley CPI – All Consumers (CPI-U) after 2020.

Crown Mountain Park and Recreation District
AUDIT PROPOSAL
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Fee (continued)

If our time significantly exceeds our estimate due to District-imposed circumstances, we will discuss the circumstances with you prior to incurring the time or billing. Please note that all of our fee quotations are inclusive of relevant telephone conferences or other such meetings as may be required to complete the audit and deliver the required reports within the agreed-upon period. In addition, our pricing includes ongoing basic support and consultation throughout the year. Telephone conferences and meetings during the year that do not require significant research time by our staff are provided at no additional cost, and we encourage this regular communication to stay abreast of current developments.

Rates by Staffing Level

Periodic consultation and conferences with administrators with respect to matters not considered within the scope of the audit is anticipated and should be encouraged to ensure that necessary information is provided to personnel for decision-making purposes. With the exception of the quarterly meetings, these services are not included in the fees quoted above, and will be separately billed at the following standard hourly rates:

	<u>Hourly Rates</u>
Partners	\$225
Managers	\$145 – \$175
Other professional staff	\$100 – \$145
Administrative staff	\$75

We appreciate the opportunity to provide service to Crown Mountain Park and Recreation District. Please contact us at your convenience if you have any questions.

Sincerely,

McMAHAN and ASSOCIATES, L.L.C.



Daniel R. Cudahy, C.P.A., C.G.M.A.
Partner



Lookup Detail View

Licensee Information

This serves as primary source verification of the license.*

**Primary source verification: License information provided by the Colorado Division of Professions and Occupations, established by 24-34-102 C.R.S.*

Name	Public Address
Mcmahan and Associates LLC	PO BOX 5850 AVON, CO 81620

Credential Information

License Number	License Method	License Type	License Status	Original Issue Date	Effective Date	Expiration Date
FRM.0006506		Public Accounting Firm	Active	10/28/1992	09/01/2020	08/31/2023

Supervision

Relationship	Supervisor/Supervisee	License	Start Date	Relationship Type
Supervised By	Daniel R. Cudahy	CPA.0015885	10/21/1999	Responsible Individual

Board/Program Actions

Discipline
There is no Discipline or Board Actions on file for this credential.

DECLARATIONS

ACCOUNTANTS PROFESSIONAL LIABILITY POLICY

PRODUCER	BRANCH	PREFIX	POLICY NUMBER
003613	970	APL	275469216

INSURANCE IS PROVIDED BY
CONTINENTAL CASUALTY COMPANY
CNA PLAZA, CHICAGO, IL 60685
A STOCK INSURANCE COMPANY
REFERRED TO IN THIS POLICY AS WE, US, OR OUR.

1. Named Insured and Mailing Address

McMahan & Associates, LLC
P.O. Box 5850
Avon, CO 81620-5850

* * * NOTICE * * * * *

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND
COVERS ONLY CLAIMS FIRST MADE AGAINST AN INSURED
AND REPORTED IN WRITING TO THE COMPANY DURING
THE POLICY PERIOD. PLEASE READ THIS POLICY
CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR
INSURANCE AGENT.

2. POLICY PERIOD: FROM: 11/26/19 TO: 11/26/20 at 12:01 A.M. Standard time at your address shown above.

3. PRIOR ACTS DATE: 1/01/67 at 12:01 A.M.

4. DEDUCTIBLE: Per Claim Deductible _____ or Aggregate Deductible \$15,000

5. LIMITS OF LIABILITY: (INCLUDES CLAIM EXPENSES UNLESS AMENDED BY ENDORSEMENT)

<u>\$3,000,000</u>	PER CLAIM
<u>\$3,000,000</u>	AGGREGATE

6. FOR NON-RENEWAL : 45 days notice will be given you in accordance with policy conditions.

7. PRINTED ENDORSEMENTS ATTACHED AT POLICY ISSUANCE INCLUDE:

- G-127136-A(1/16) Policy
- G-127137-A(7/12) Declarations Page
- G-127157-A(6/97) Nuclear Energy & Pollution Excl.
- G-127164-A05(6/97) Amend. Termination Provisions - CO
- G-41512-C05(1/90) Colorado Disclosure Form
- G-127156-A99(6/97) Right to Claim Information
- G-141584-A(6/03) Policyholder Notice
- CNA90673XX-(11/17) Amend Limits of Liability Endorsement



December 20, 2019

Michael Jenkins
McMahan and Associates, L.L.C.
P.O. BOX 5850
Avon, CO 81620-5850

Dear Michael Jenkins:

It is my pleasure to notify you that on December 19, 2019, the Colorado Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is April 30, 2022. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Timothy J. Raub". The signature is written in a cursive style with a large, prominent "T" and "R".

Timothy Raub
Chair
traub@mracpas.com
303-421-4775

Colorado Society of CPAs

cc: Joanne Kumor, Daniel Cudahy

Firm Number: 900010090471

Review Number: 563729

Larry D. Graham, CPA
Richard P. Reimann, CPA
Stephen A. Willadson, CPA
Stephanie L. Means, CPA
Clif Hodder, CPA
Rick Mason, CPA - Of Counsel



Joni Kumor, CPA
John A. Smith, CPA
Scott Buckingham, CPA
Andrew J. Beyeler, CPA
Jack E. Lenhart, CPA - Of Counsel
Larry G. Bean, CPA - Of Counsel

Report on the Firm's System of Quality Control

November 20, 2019

To the Members of McMahan & Associates, LLC
and the Peer Review Committee of the Colorado Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of McMahan & Associates, LLC (the firm) in effect for the year ended October 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. 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 engagements performed under *Government Auditing Standards*, including two audits under the Single Audit Act and two audits of employee benefit plans.

As 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 McMahan & Associates, LLC in effect for the year ended October 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. McMahan & Associates, LLC has received a peer review rating of pass.

Lenhart, Mason & Associates, LLC

Lenhart, Mason & Associates, LLC