



TOWN OF PAONIA
214 GRAND AVENUE
MONDAY, SEPTEMBER 18, 2023 – 4:30PM
SPECIAL TOWN BOARD MEETING AGENDA
[HTTPS://US02WEB.ZOOM.US/J/86305133639](https://us02web.zoom.us/j/86305133639)

Roll Call

Correspondence Received

Approval of Agenda

Actions & Presentations

1. [Citizens](#) for a Healthy Community have requested that the Town look at the proposed changes for BLM Rules on natural gas and oil extraction. Request is to submit a comment letter to amend the proposed oil and gas leasing rule with denial criteria based on local warming and local environmental indicators.
2. [RFP](#) 2023-03 yielded three declinations and one proposal that meets the criteria described in the RFP.

Adjournment

AS ADOPTED BY:
TOWN OF PAONIA, COLORADO
RESOLUTION NO. 2017-10 – Amended May 22, 2018

I. RULES OF PROCEDURE

Section 1. Schedule of Meetings. Regular Board of Trustees meetings shall be held on the second and fourth Tuesdays of each month, except on legal holidays, or as re-scheduled or amended and posted on the agenda prior to the scheduled meeting.

Section 2. Officiating Officer. The meetings of the Board of Trustees shall be conducted by the Mayor or, in the Mayor's absence, the Mayor Pro-Tem. The Town Clerk or a designee of the Board shall record the minutes of the meetings.

Section 3. Time of Meetings. Regular meetings of the Board of Trustees shall begin at 6:30 p.m. or as scheduled and posted on the agenda. Board Members shall be called to order by the Mayor. The meetings shall open with the presiding officer leading the Board in the Pledge of Allegiance. The Town Clerk shall then proceed to call the roll, note the absences and announce whether a quorum is present. Regular Meetings are scheduled for three hours, and shall be adjourned at 9:30 p.m., unless a majority of the Board votes in the affirmative to extend the meeting, by a specific amount of time.

Section 4. Schedule of Business. If a quorum is present, the Board of Trustees shall proceed with the business before it, which shall be conducted in the following manner. Note that all provided times are estimated:

- (a) Roll Call - (5 minutes)
- (b) Approval of Agenda - (5 minutes)
- (c) Announcements (5 minutes)
- (d) Recognition of Visitors and Guests (10 minutes)
- (e) Consent Agenda including Approval of Prior Meeting Minutes (10 minutes)
- (f) Mayor's Report (10 minutes)
- (g) Staff Reports: (15 minutes)
 - (1) Town Administrator's Report
 - (2) Public Works Reports
 - (3) Police Report
 - (4) Treasurer Report
- (h) Unfinished Business (45 minutes)
- (i) New Business (45 minutes)
- (j) Disbursements (15 minutes)
- (k) Committee Reports (15 minutes)
- (l) Adjournment

* This schedule of business is subject to change and amendment.

Section 5. Priority and Order of Business. Questions relative to the priority of business and order shall be decided by the Mayor without debate, subject in all cases to an appeal to the Board of Trustees.

Section 6. Conduct of Board Members. Town Board Members shall treat other Board Members and the public in a civil and polite manner and shall comply with the Standards of Conduct for Elected Officials of the Town. Board Members shall address Town Staff and the Mayor by his/her title, other Board Members by the title of Trustee or the appropriate honorific (i.e.: Mr., Mrs. or Ms.), and members of the public by the appropriate honorific. Subject to the Mayor's discretion, Board Members shall be limited to speaking two times when debating an item on the agenda. Making a motion, asking a question or making a suggestion are not counted as speaking in a debate.

Section 7. Presentations to the Board. Items on the agenda presented by individuals, businesses or other organizations shall be given up to 5 minutes to make a presentation. On certain issues, presenters may be given more time, as determined by the Mayor and Town Staff. After the presentation, Trustees shall be given the opportunity to ask questions.

Section 8. Public Comment. After discussion of an agenda item by the Board of Trustees has concluded, the Mayor shall open the floor for comment from members of the public, who shall be allowed the opportunity to comment or ask questions on the agenda item. Each member of the public wishing to address the Town Board shall be recognized by the presiding officer before speaking. Members of the public shall speak from the podium, stating their name, the address of their residence and any group they are representing prior to making comment or asking a question. Comments shall be directed to the Mayor or presiding officer, not to an individual Trustee or Town employee. Comments or questions should be confined to the agenda item or issue(s) under discussion. The speaker should offer factual information and refrain from obscene language and personal attacks.

Section 9. Unacceptable Behavior. Disruptive behavior shall result in expulsion from the meeting.

Section 10. Posting of Rules of Procedure for Paonia Board of Trustees Meetings. These rules of procedure shall be provided in the Town Hall meeting room for each Board of Trustees meeting so that all attendees know how the meeting will be conducted.

II. CONSENT AGENDA

Section 1. Use of Consent Agenda. The Mayor, working with Town Staff, shall place items on the Consent Agenda. By using a Consent Agenda, the Board has consented to the consideration of certain items as a group under one motion. Should a Consent Agenda be used at a meeting, an appropriate amount of discussion time will be allowed to review any item upon request.

Section 2. General Guidelines. Items for consent are those which usually do not require discussion or explanation prior to action by the Board, are non-controversial and/or similar in content, or are those items which have already been discussed or explained and do not require further discussion or explanation. Such agenda items may include ministerial tasks such as, but not limited to, approval of previous meeting minutes, approval of staff reports, addressing routine correspondence, approval of liquor licenses renewals and approval or extension of other Town licenses. Minor changes in the minutes such as non-material Scribner errors may be made without removing the minutes from the Consent Agenda. Should any Trustee feel there is a material error in the minutes, they should request the minutes be removed from the Consent Agenda for Board discussion.

Section 3. Removal of Item from Consent Agenda. One or more items may be removed from the Consent Agenda by a timely request of any Trustee. A request is timely if made prior to the vote on the Consent Agenda. The request does not require a second or a vote by the Board. An item removed from the Consent Agenda will then be discussed and acted on separately either immediately following the consideration of the Consent Agenda or placed later on the agenda, at the discretion of the Board.

III. EXECUTIVE SESSION

Section 1. An executive session may only be called at a regular or special Board meeting where official action may be taken by the Board, not at a work session of the Board. To convene an executive session, the Board shall announce to the public in the open meeting the topic to be discussed in the executive session, including specific citation to the statute authorizing the Board to meet in an executive session and identifying the particular matter to be discussed “in as much detail as possible without compromising the purpose for which the executive session is authorized.” In the event the Board plans to discuss more than one of the authorized topics in the executive session, each should be announced, cited and described. Following the announcement of the intent to convene an executive session, a motion must then be made and seconded. In order to go into executive session, there must be the affirmative vote of two thirds (2/3) of Members of the Board.

Section 2. During executive session, minutes or notes of the deliberations should not be taken. Since meeting minutes are subject to inspection under the Colorado Open Records Act, the keeping of minutes would defeat the private nature of executive session. In addition, the deliberations carried out during executive session should not be discussed outside of that session or with individuals not participating in the session. The contents of an executive session are to remain confidential unless a majority of the Trustees vote to disclose the contents of the executive session.

Section 3. Once the deliberations have taken place in executive session, the Board should reconvene in regular session to take any formal action decided upon during the executive session. If you have questions regarding the wording of the motion or whether any other information should be disclosed on the record, it is essential for you to consult with the Town Attorney on these matters.

IV. SUBJECT TO AMENDMENT

Section 1. Deviations. The Board may deviate from the procedures set forth in this Resolution, if, in its sole discretion, such deviation is necessary under the circumstances.

Section 2. Amendment. The Board may amend these Rules of Procedures Policy from time to time.



Bureau of Land Management
Proposed Fluid Mineral Leases and Leasing Process Rule (aka Oil and Gas Leasing Rule)
Fact Sheet

Background: The BLM was required to review and reconsider the agencies oil and gas permitting and leasing practices under President Biden's executive order 14008 signed when he first came into office. The BLM completed its review in November 2021 and issued a report. In November 2021 and October 2022, Congress passed and the President signed into law the bipartisan Infrastructure, Investment and Jobs Act (IIJA), and the Inflation Reduction Act (IRA), respectively. The two laws required the BLM to implement changes to oil and gas operations and leasing. Over the last several years, the BLM was also the subject of several Government Accountability Office (GAO) and Department of Interior Office of Inspector General (OIG) reports and recommendations for reform. The BLM's proposed rule includes specific reforms required by the IIJA and IRA, and recommendations from the November 2021 Report on the Federal Oil and Gas Leasing Program (2021 Report) and GAO and OIG reports that:

- Require operators to cap shut-in well that are no longer producing;
- Raise the royalties paid to the federal government from 12.5% to 16.67%;
- Significantly increase the annual per-acre cost of an oil & gas lease from \$2 per acre to \$10 per acre;
- Eliminate non-competitive leasing practices that allow energy firms to gobble up development rights for a pittance.
- Ends last-day applications by energy firms seeking to suspend a lease expiration;
- Reforms and raises bonding requirements (which are better but still too low);

These reforms are all long overdue and Congress and the BLM deserve credit for making them finally happen.

The 2021 Report also recommended avoiding nomination or leasing of low potential lands for oil and gas extraction, and instead focusing on areas that have moderate or high potential for oil and gas resources and which are in proximity to existing oil and gas infrastructure. In November 2022 the BLM issued a policy guidance in Instructional Memo 2023-007, *Evaluating Competitive Oil and Gas Lease Sale Parcels for Future Lease Sales*, based on preference categories. With this proposed rule, the BLM seeks to codify these preference categories.

Preference categories:

1. **Proximity to existing oil and gas development, giving preference to lands upon which a prudent operator would seek to expand existing operations;**
2. The presence of important fish and wildlife habitats or connectivity areas, giving preference to lands that would not impair the proper functioning of such habitats or corridors;
3. The presence of historic properties, sacred sites, and other high value cultural resources, giving preference to lands that do not contribute to the cultural significance of such resources;
4. The presence of recreation and other important uses or resources, giving preference to lands that do not contribute to the value of such uses or resources; and
5. **Potential for development, giving preference to lands with high potential for development.**

The rule currently does not provide standards for applying the preferences when multiple preferences exist within the same location, guardrails or denial criteria to account for local circumstances, climate impacts, climate goals, local warming, or lands with higher values than oil and gas extraction.

Impact of Rule: The preferences to lease lands with high development potential for oil and gas extraction and proximity to existing oil and gas infrastructure will concentrate development and intensify sacrifice zones. Communities like the North Fork Valley, and upper and western Delta County that are designated high development potential for oil and gas, will become targets for new leasing. The climate and ecological crisis is upon us, and drafting a rule that gives preference to leasing lands with high development potential, without any guardrails or denial criteria, is irresponsible when there is an opportunity and obligation (moral and legal) to institute a managed decline of oil and gas production on BLM lands.

Tell the BLM These 3 Things:

1. No more sacrifice zones for oil and gas extraction. The North Fork Valley is a climate hotspot on the frontlines of disproportionate local warming that will be adversely impacted by intensified fossil fuel development.
2. New oil and gas leasing in upper Delta County and the North Fork Valley will severely impact water resources, wildlife habitat, agriculture, and a fragile ecosystem we all rely on.
3. Amend the proposed rule to include leasing denial criteria based on 1.5° C (3° F) or more of local warming and critical environmental factors, including important fish and wildlife habitats, connectivity areas, headwaters and watersheds, rare ecosystems, lands with wilderness characteristics, or a designated geologic hazard area.

Submit your written comments no later than September 22

Comments may be submitted in the following ways:

- Federal eRulemaking Portal: [https:// www.regulations.gov](https://www.regulations.gov). In the Search-box, enter "RIN 1004–AE80" and click the "Search" button.
- Mail to: U.S. Department of the Interior, Director (630), Bureau of Land Management, 1849 C St. NW, Room 5646, Washington, DC 20240, Attention: 1004–AE80.
- Online letter, which you can personalize, at https://bit.ly/chc_ogleasingrulecomment.

September xx, 2023

U.S. Department of the Interior, Director (630),
Bureau of Land Management,
1849 C St. NW, Room 5646,
Washington, DC 20240

Via: <https://www.regulations.gov/document/BLM-2023-0005-0001>

RE: Proposed Fluid Mineral Leases and Leasing Process Rule (1004-AE80)

Dear Director Tracy Stone-Manning,

The Town of Paonia respectfully submits these comments on the Proposed Fluid Mineral Leases and Leasing Process Rule (1004-AE80). The Town commends the Bureau of Land Management (BLM) for addressing necessary fiscal reforms and important conservation goals with this proposed rule, including increased bonding, royalty rates, and minimum competitive lease bid prices, the elimination of non-competitive lease sales, and the end of 11th hour lease suspension applications. Speculative leasing is an issue we have long been concerned with since a 30,000 acre lease sale was announced in 2012 primarily on lands with low to moderate development potential for oil and gas that would have surrounded our homes, schools, farms and businesses. The Town of Paonia advocated strongly against this lease sale, a subsequent lease sale in 2013 for 20,000 acres, and another lease sale in 2018. All lease sales were ultimately deferred, and a moratorium is now in place on new oil and gas leasing in the North Fork Valley until the Resource Management Plan Amendment for the Uncompahgre Field Office is issued.

We were therefore pleased to see preferences in the rule for not leasing lands with important fish and wildlife habitats or connectivity areas, historic properties, sacred sites, and other high value leasing lands, and lands with recreation and other important uses or resources. We are however troubled and concerned by the preference for lands with high development potential for oil and gas and proximate to existing oil and gas infrastructure, without any guardrails for ensuring development doesn't take place in these areas, where development may nonetheless be inappropriate for a number of reasons. As a municipality, we recognize the value of clustered development, and preventing industrial development sprawl. However, good land use planning and codes have constraints upon them that provide clear guidance for when development is inappropriate. That is missing from this proposed rule.

The rule currently does not provide standards for applying the preferences when multiple preferences exist within the same location, nor does it provide explicit thresholds or criteria for when development is inappropriate and lands should not be eligible for leasing. We are concerned that as drafted, this proposed rule serves as a master leasing rule that will target the upper North Fork Valley for new leasing and concentrate development that will adversely impact the watersheds, airsheds and unparalleled recreational values and negatively impact the town.

Importantly, while the rule states that leasing decisions must be made in accordance with BLM's multiple use mandate, and requirement to prevent permanent impairment, unnecessary or undue degradation of the lands and their resources, under the Federal Land Policy and Management Act, the rule does not define prevention of "permanent impairment, undue and unnecessary degradation" of lands. Therefore, the rule appears to limit the BLM's discretion in making good land use decisions.

We also understand that BLM is operating under a challenging environment due to the Inflation Reduction Act's mandatory leasing requirement which ties new oil and gas leasing to approval of renewable energy right of ways.

To address these concerns, we recommend amending the rule to include commonsense guardrails and eligibility criteria, such as local economic circumstances, climate impacts, climate goals, local warming, or lands with higher ecological, water and recreational values than oil and gas extraction. For example, lands would not be eligible for leasing if:

- Oil and gas development threatens a municipality's water resources, which include direct and indirect impacts;
- the lands are in a location that have warmed 1.5 degrees Celsius or more;
- the lands have experienced severe or extreme drought for the last 5 years;
- the lands are located in a geologic hazard area and the development has the potential to induce seismicity and activate landslides;
- the infrastructure leading to the lands, including roads and bridges, are vulnerable to collapse due to extreme weather;
- freshwater taken from the watershed for oil and gas development cannot be returned to the hydrological cycle; and
- the recreation, environmental, ecological, or water resources value of the lands is greater than oil and gas extraction.

The Town of Paonia is familiar with water crises, and has imposed a moratorium on water taps. A difficult but necessary land use decision. The Town also has first-hand experience with climate related infrastructure collapse, when Highway 133, the main ingress and egress out of town, collapsed this past Spring due to an unusually wet winter and rapid runoff, which cut the town off from tourism and deliveries for approximately six weeks.

These recommended guardrails are necessary and reasonable to balance competing interests and, in particular in light of the water, ecological, and climate stresses we are currently experiencing in western Colorado. We urge you to amend the rules as stated above to ensure that leasing and development are not unjustly thrust upon areas that are not suitable for such development even if there is high development potential for oil and gas.

Respectfully,

From: [Willy](#)
To: [Stefen Wynn](#)
Subject: RE: RFP 2023-03 Town of Paonia Audit Services
Date: Tuesday, August 29, 2023 6:27:35 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)

Good morning Stefen,

I appreciate you reaching out, but I apologize, we don't currently have the capacity to take on your audit at this time. If we are able to hire more staff, I will reach back out to inquire if you are still in need of an audit, but that won't be this year.

Thanks!

Willy Corey, CPA
Soronen, Donley, Patterson CPA's PC
[706 South 9th Street](#)
[Grand Junction, CO 81501](#)
[970-241-8346](#)
willy@gjcpa.net

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Since e-mail messages sent between you and Soronen, Donley, Patterson CPA's, PC and its employees are transmitted over the internet, we cannot assure that such messages are secure. Also, e-mail messages may be delayed or undelivered. You should therefore be careful in transmitting information that you consider confidential or urgent. If you are uncomfortable with these risks, you may decide not to use e-mail. Please advise us if you do not wish to communicate by e-mail.

From: Stefen Wynn <StefenW@townofpaonia.com>
Sent: Thursday, August 24, 2023 5:59 PM
To: David Patterson <dave@gjcpa.net>
Subject: RFP 2023-03 Town of Paonia Audit Services

Mr. Patterson,

I've recently been appointed the Town Administrator for the Town of Paonia. I've learned that the Town's audit firm has discontinued audit services, and that has left the Town in search of a new

auditor. We're currently late in producing an audit for FY-2022 (due to the state on June 30, 2023), I arrived on July 12, 2023. The Town uses a website called:

<https://link.edgepilot.com/s/bb18c623/5aDIFBrpTEWiXh4J06eHbA?>

[u=http://www.bidnetdirect.com/](http://www.bidnetdirect.com/) to help solicit bids, you may have received a courtesy email from them. For convenience, I've added the RFP as an attachment to this email. The Town will accept bids through the website or by any method listed in the RFP. I'm hoping that Soronen, Donley and Patterson, CPA can produce a response to our RFP.

As a point of clarification, the Town fully-anticipates an increased fee for completing the FY-2022 audit since it is behind in submitting to the State Auditor's Office.

If you or any of the audit team have questions, please feel free to call my mobile at: (574) 514-3294.

In Public Service,



Stefen Wynn, M.P.A.
ICMA-CM, Candidate
Paonia Town Administrator

P : (970) 527-4101
F : (970) 527-4102
E : StefenW@TownofPaonia.com

214 Grand Ave.
Paonia, CO 81428

<https://link.edgepilot.com/s/af253eae/f1c8H8HN2UvTY67WNtbcAg?>
[u=https://townofpaonia.colorado.gov/](https://townofpaonia.colorado.gov/)



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Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Town of Paonia, Colorado
Request for Proposal

Professional Auditing Services
For the Years Ending December 31, 2022 - 2026



James D. Hinkle, CPA
Hinkle & Company, PC
750 W. Hampden
Englewood, CO 80110
(303) 796-1000
Jim@HinkleCPAs.com

September 14, 2023
4:00 pm



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

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September 14, 2023

Stefen Wynn, Town Administrator
 Town of Paonia
 212 Grand Avenue
 PO Box 460
 Paonia, Colorado 81428

StefenW@TownofPaonia.com

Re: RFP – Town of Paonia, Professional Auditing Services

Thank you for the opportunity to submit a proposal to provide professional auditing services for the Town of Paonia, Colorado (the Town). Our entire team is delighted about the prospect of working with your organization. We are confident our firm is the right fit for your ongoing needs because:

1. Our customer service focus is foremost.

Hinkle and Company, PC has provided exceptional service to the Arkansas, Colorado, and Oklahoma regions for more than 25 years. We believe our success lies directly in our people and our firm culture. In a world where client service is often an after-thought, the professionals at Hinkle and Company, PC consider it their top priority. We commit to you that we will:

- ✓ Involve partners and managers in all aspects of your engagement to ensure the highest quality of service.
- ✓ We are great listeners and problem solvers. We will communicate with you throughout the engagement along the way.
- ✓ Efficiently manage all resources to perform work on time as outlined in the RFP.
- ✓ Deliver timely responses and products at every turn.
- ✓ We help clients better protect assets, prevent loss, *ensure compliance with regulatory bodies*, maintain internal controls, and prevent fraud.
- ✓ Thoroughly review the Town’s internal controls to help ensure that the Town is operating efficiently, effectively, transparently and within the framework of the policies as required.

2. Our people are top notch, and they will become familiar faces to you.

We are committed to providing our clients with the best team available. We take great pride in developing strong relationships with clients and investing the time necessary to understand their issues and concerns. You will find our staff members to be highly qualified, trained professionals. Their personal skills and enthusiastic demeanors will be reflected in their everyday interactions with your team. We hire and retain the best because we've got a clear focus on what's important for our clients - having a reliable team they are comfortable with year-after-year. We have a significantly lower staff turnover than normal for our industry. This means we work hard to keep our team members so that both the Town as well as Hinkle and Company, PC can enjoy smoother service, consistency in contact, deeper knowledge of your organization, and clear communication.

Office Locations:
 Colorado Springs, CO
 Denver, CO
 Frisco, CO
 Tulsa, OK

Frisco Office:
 301 West Main Street
 Suite 207
 Frisco, Colorado
 80443
 TEL: 303.796.1000
 FAX: 303.796.1001
 www.HinkleCPAs.com

3. We view our relationship as a proactive dialogue.

Hinkle and Company, PC's unique service philosophy makes us stand out in the marketplace. We build a working partnership with our clients. We are committed to engaging in communication with the Town's Mayor, Town Board Members, and key management team members, consistently offering valuable feedback practical and proactive best practice recommendations to help improve the Town's financial and compliance operations.

Hinkle & Company, PC strives to provide services to our clients to meet their goals and exceed their expectations. Ultimately, the key to our success is our people and their willing commitment to partner with our clients to help them succeed. You will find this presentation has a simple purpose - to share the values and qualifications of our Firm and to reinforce the values and benefits our firm can provide to the Town's staff and leadership team.

The representative for Hinkle & Company, PC is Jim Hinkle. He is authorized to submit this proposal as well as sign a contract with the Town of Paonia. He can be reached by telephone at (303) 796-1000 and by email at Jim@HinkleCPAs.com.

We look forward to the opportunity to showcase how our approach to client service can make a difference for the Town of Paonia, Colorado. Relationships are highly valued at Hinkle and Company, PC and we welcome the opportunity to get to know you and put our knowledge and experience to work on your behalf.

Yours truly,
Hinkle & Company, PC



James D. Hinkle, CPA



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Why Hinkle & Company, PC

Hinkle & Company, PC is a local/regional CPA Firm that specifically designs its public sector audit practice to meet the on-going fiscal challenges that face municipalities, towns, counties, universities and colleges and quasi-governmental agencies. Yet, we provide a personalized audit service that promotes successful audit engagements, fluid communication at every stage and best practice recommendations that are forward-thinking to help meet your fiduciary responsibilities. Approximately 85% of our Firm's audit practice is generated from governmental entities.

Experience with Colorado Cities, Towns and Counties

Hinkle & Company, PC has over 25 years of experience working with cities and towns. Firm-wide, we currently audit approximately 30 various cities and towns plus 5 counties. See Exhibit 1 for the similar engagement list of references and contact information.

Experience with GFOA Certificate - ACFR Program

Simply put, we have helped our clients achieve the confidence necessary for healthy fiscal management because we possess the knowledge and skill set to assist our clients prepare its ACFR and to successfully retain their GFOA Certificate.

Experience with Government Auditing Standards

Hinkle & Company, PC is a quality provider of *Government Auditing Standards* engagements. We currently provide accounting or auditing services to Towns, Cities, Counties, Authorities, Trusts, Colleges and Universities, Economic Development Districts, Library Districts and other Non-Profit Organizations and Foundations. Some of the types of services provided include auditing, ACFR preparation, internal audit, compliance, tax, indirect cost rates, closing and preparing the books for the audit and providing estimate of needs. In addition, the Firm is a member of the AICPA's Government Audit Quality Center.

Experience with Single Audits in Accordance with Uniform Guidance

Due to the sheer volume of governmental and non-profit audits we perform that include Single Audits, many of our Firm members have significant Single Audit industry experience in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and therefore, we are able to provide a well-qualified team. Our Firm believes that government entities represent a complex specialized industry, and the engagement should be staffed with an experienced team. Overall, we provide thoughtful, forward-thinking, best practice recommendations to help our clients successfully administer their major programs in accordance with compliance regulations.



Scope of Work to be Performed

The audit will be performed in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and, if applicable, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Hinkle & Company, PC will audit the basic financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining funds for the Town of Paonia as of and for the years ending December 31, 2022 & 2023.

The combining and individual financial statements and schedules for non-major funds and other non-required supplementary information schedules will be presented for purposes of additional analysis. We will provide an in-relation-to report on these statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The management's discussion and analysis, budgetary comparison schedules and pension funding progress schedules will be presented as required supplementary information will be subjected to certain limited procedures but will not be audited nor will we express an opinion on it.

Our audit procedures will comply with the requirements established in the Colorado statutes. The audit will include tests of the accounting records and other auditing procedures we consider necessary to express an opinion on the financial statements. As a normal part of the auditing process, we will document and test internal controls and review compliance with applicable laws and regulations.

Our audit procedures will also include reviewing the minutes of the Town Board for the year being audited.

Following the completion of the audit, Hinkle & Company, PC shall issue the following reports for the Town of Paonia:

- Independent Auditor's report on the financial statements of the Town of Paonia as of and for the year ended December 31, 2022 & 2023.
- Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for the year ended December 31, 2022 & 2023.

If a Single Audit is required, Hinkle & Company, PC shall also issue the following report for the Town of Paonia:

- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Part 200—*Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.



Scope of Work to be Performed (Continued)

We will issue a separate management letter setting forth findings and recommendations relative to other internal control findings, fiscal affairs, and other significant observations during the course of the audit and present to the Town Administrator and Mayor and Town Board. We do not contemplate a detailed audit of all transactions, nor do we expect that we will necessarily discover fraud, should any exist. We will, however, inform you of anything unusual that comes to our attention during the audit process.

We will communicate with management throughout the audit process. As a general practice of our firm, we will communicate with the Mayor and Town's Board. We do not contemplate any potential audit difficulties, but if we encounter any issues during the audit, they will be immediately discussed with management during our interim or final audit fieldwork. After the audit is complete, we will prepare a *management letter* that we will submit to management and the Town Administrator and Mayor and Town Board.

Firm Background

Firm Size, Composition & Location

Hinkle & Company, PC is a local/regional full-service licensed CPA Firm with offices in Colorado Springs, Englewood, and Frisco, Colorado and Tulsa, Oklahoma. We provide assurance, tax, consulting, valuation, and litigation services. Our Firm includes a total of 27 full-time professionals, staff with 18 members in Colorado and 9 members in Oklahoma. We do not employ part-time workers nor execute any joint ventures. We have detailed our audit staffing plan later in this proposal. We are local, convenient, and very accessible. We will conduct the engagement from our primary offices in Englewood, Colorado.

Hinkle & Company, PC has earned a sound reputation and modeled performance stability for decades. We specifically design our public sector audit practice to meet the on-going fiscal and compliance challenges that face municipalities, towns, counties, universities, colleges, and quasi-governmental agencies. Yet, we provide a personalized audit service that promotes the spirit of teamwork that produces an environment of a partnership feel that will foster successful engagements, provide fluid communication at every stage and best practice recommendations that are forward-thinking that help meet our client's fiduciary and compliance responsibilities.

Innovation, Communication and Best Practices

We provide a substantial amount of engagement time from Partner involvement, so you receive high-quality service. Because our partners and managers are in the field, we can provide thoughtful, insightful, and timely recommendations and address issues immediately, if needed.



Firm Background (Continued)

Innovation, Communication and Best Practices (Continued)

Communicating the results of our audit procedures and recommending best practices to help your accounting processes are vital to successful engagements. In addition, you will find we are available throughout the year. On-going communication means you can receive added value throughout the year and timely updates on new accounting pronouncements. We will walk you through implementation and how they may impact on the Town's financial statements and accounting operations.

The benefit for your organization is that both routine and non-routine issues are addressed by more senior and experienced professionals. We value our relationships built with each client. These bonds are built on integrity and trust above all else. As such, we value our client's needs, goals, and values as our own and realize they are the key to long-term personal and professional success. Our Firm is a member the American Institute of Certified Public Accountants (AICPA), Governmental Audit Quality Center. Members of our have served on and are involved in various industry committees and conduct training seminars for various industries.

Peer Review

The Firm's most recent issued peer review conducted for the year ended September 30, 2019 resulted in the highest Peer Review rating of PASS. This underscores the Firm's continuing commitment to overall quality. Hinkle & Company, PC has passed all peer reviews they have subjected to in the past two decades. We have included a copy of the current peer review report in the Exhibits to the proposal.

Other Relevant Information

The Firm attests that we have had no desk reviews, field reviews or disciplinary action or pending matters against the firm during the past three (3) years with any state regulatory bodies or professional organizations.

License to Practice in Colorado

Hinkle and Company, PC is licensed to practice in the State of Colorado. We have included a copy of our licenses in the Exhibits to the proposal.

Independence from Town and Component Units

Hinkle & Company, PC, its current staff, and management are independent with the Town of Paonia, Colorado and its component units as defined by the American Institute of Certified Public Accountants, Generally Accepted Auditing Standards and U.S. Government Accounting Office's Government Auditing Standards. In addition, we do not except any independence issues to arise during any time we are engaged to perform attestation engagements with the Town of Paonia. If any unforeseen independence issues arise in the future, we will notify Town's management immediately.

Certifications

Hinkle & Company, PC certifies that it does not and will not during the performance of the contract, employ illegal alien workers or otherwise violate the provisions of the Federal Immigration Reform and Control Act of 1986 and/or the immigration compliance requirements of State of Colorado C.R.S. § 8-17.5-101, et. seq. (House Bill 06-1343).



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Firm Background (Continued)

Audit Presentation

We will attend the Town Administrator and Mayor and Town Board meeting of your choice and present the audit opinions to the Town Administrator and Town Board. We will meet with you prior to the meeting to outline our presentation and include any findings or items which you believe are important and relevant. You will know exactly what we will present to the Town Administrator and Town Board prior to the actual presentation.

Electronic Audit Environment

Hinkle & Company, PC uses the most advanced audit technology available. This includes a fully electronic audit environment. We use CCH ProSystemfx Engagement software for our trial balance/financial statement reporting as well as our file structure functions. We use the Knowledge Coach software for our audit programs and documenting our audit plan. Both of these software programs are supported by Wolters Kluwer and CCH. We will set up file sharing portals. Designated Town accounting staff will be able to *click and drag* client prepared schedules and other supporting documentation into the portals. We will then pull these documents directly into our electronic workpapers files. This process should provide for a smooth transition of information.

Fee Information

Because of our extensive knowledge and experience with cities and local governments throughout our service areas, we are pricing our audit services at what we believe are attractive levels to you. We believe our fees are fair and reasonable.

Our fees, as shown in Exhibit 4, are based upon receiving a high level of assistance from the Town of Paonia's accounting staff as stated in the proposal. This includes, but not limited to, closing of the general ledger, including the posting of all closing entries, working trial balance, preparation of various schedules detailing activity in fund and account groups, and supporting documentation. Auditor will prepare the initial draft of the financial statements, notes and all required supplementary schedules.

Upon retention of the 2022 year-end audits, there will be no upfront fees for building files or learning internal controls for the year-end audit as we view this engagement as an on-going, long-term investment for building a future relationship with the Town of Paonia.

If any changes in audit requirements occur during the term of our engagement that require additional time and procedures, we will notify you prior to the beginning of that audit year. We will provide you with an estimate of the effect of those changes.



Firm Personnel – Engagement Team

The Firm believes that government entities represent a complex specialized industry, and the audit should not be staffed primarily with inexperienced auditors. Supervisory personnel have several years' experience performing governmental audits.

All Firm members have assisted governmental clients to receive the Government Finance Officers Association award for financial reporting. Because of the considerable experience of the Firm's personnel, we can be a valuable resource in the preparation of the financial statements or Annual Comprehensive Financial Report (ACFR). Many of the Firm's governmental clients have Single Audits. Consequently, our staff has had extensive experience with the Single Audit. All Firm members are familiar with the new federal uniform guidance.

Firm members are active in many governmental accounting organizations. In addition, the Firm is a member of the AICPA's Government Audit Quality Center.

The Firm is committed to continuing education. All professional staff have met or exceeded the continuing professional education requirements established by *Government Auditing Standards*. This translates to 120 hours of continuing professional education (CPE) every 3 years which includes hours required to comply with Yellow Book guidance. All members of the Firm have participated in numerous hours of training through the Government Finance Officers Association, Oklahoma Society of CPA's, Colorado Society of CPAs, American Institute of CPAs, and the AICPA's Government Audit Quality Center. Because the majority of the Firm's clients are government entities, most of our continuing education relates to the governmental industry.

The quality of the audit team will be assured because of the direct involvement of the partner and managers of the Firm and the experience level of all Firm personnel. We will notify the Town of Paonia, Colorado of any personnel changes to the audit team prior to our audit fieldwork. We expect to maintain consistency in supervisory staff and provide periodic staff changes to maintain independence and ongoing objectivity throughout the term of our audit engagements.

We are able to notify the Town's management of new developments in the industry and assist with technical issues throughout the year. These communications are performed at no additional cost to the Town of Paonia. Please see Engagement Team resumes after the Audit Approach Section.

Audit Approach

Overall Engagement Approach

We will perform the audit fieldwork in two primary sections, interim fieldwork which would primarily be performed before year end, and final audit fieldwork in April. The Single Audit procedures may span additional time periods as Town personnel are available. Management will be consulted when scheduling these fieldwork dates. We estimate that our on-site work would be one week for each section of the audit. The time requirements outlined in the Request for Proposals are reasonable and achievable. We will conduct no less than entrance, progress and exit conferences during this engagement.



Audit Approach (Continued)

The firm can provide listings of information required to complete the audit procedures in advance of conducting the audit fieldwork. This information will primarily include schedules and reconciliations supporting amounts presented in the financial statements and general information that is readily available at the Town. Audit information prepared by the Town can be provided electronically to our portal or as hard copies if more convenient.

Pre-Engagement Planning

We plan to start our audit by conducting an entrance conference with the Town of Paonia, Colorado personnel to discuss any concerns management may have for which we would tailor our audit procedures. At this meeting, we will finalize the calendar with respect to interim and final fieldwork, that best fits your staff and schedules.

We will discuss applicable implementation of new accounting pronouncements that are effective during the year under audit and how the Town of Paonia, Colorado is progressing through the actual implementation. We will discuss any changes in personnel, operations, regulatory or policy matters that might affect the financial reporting or the audit process. Items that might arise in this meeting might include new bond issues during the year, construction in progress, changes in software, changes to Federal award programs, changes in key staff, etc.

During this meeting, we will outline the schedules that the Town of Paonia's staff prepare in their normal duties and what schedules and detail supporting schedules that could easily be prepared to assist in our audit process. At the conclusion of this process, we expect to have a detailed list of all schedules and other items the Town of Paonia's staff will prepare for our use in the audit, commonly referred to as PBCs.

We will also use this meeting to discuss the Town of Paonia's Federal Awards, if any, for the current year and whether any significant changes have occurred from the prior year. We will discuss with management the determination of Major Federal awards that will be subject to testing during the audit and will invite your input as to whether management has any concerns regarding specific Federal awards. We will adjust our testing to include your input in our determination of which type A and type B awards will be tested as Major Programs. We anticipate a random sample size of 40 items generated from the major program disbursements universe during the audit period for our compliance testing.

If there are any anticipated potential audit problems such as issues from previous audits or implementation of new standards, we will discuss these issues at the Pre-Engagement meeting. This will allow ample time for you to respond and assist in resolving these issues before the actual audit begins.

This Pre-Engagement Planning will be conducted by Jim Hinkle. At the conclusion of the meeting, we expect to set specific dates of our interim and final fieldwork, a date we will conduct a progress and exit conference for both our interim and final fieldwork, the date we expect to produce a draft report and the audit schedules your staff will be expected to produce. We anticipate completing the audit on schedule as outlined in the RFP or at a mutually agreed upon audit schedule, especially for fiscal years ending 2022 & 2023.



Audit Approach (Continued)

Interim Fieldwork

We anticipate conducting our interim fieldwork no later than mid-March or at an agreed upon time with management to meet the Town's required deadlines. Interim fieldwork will begin by gaining and documenting our understanding of the Town of Paonia's internal control throughout the various systems of accounting cycles such as revenue recognition, payroll, and disbursements. We anticipate we will place Control Risk at low for each major accounting and reporting cycle. Therefore, during interim fieldwork, we will conduct a walk-through of the Town's accounting cycle, review policies and will perform test of controls for each of these major accounting and financial reporting cycles. We generally select sample sizes between 40 and 60 items on the random basis and a second sample of large disbursements over a certain level. We plan to increase the sample sizes in areas that have increased risk due to changes in personnel, policies, or other such matters as determined in our Pre-engagement meeting.

During our interim fieldwork, we will also perform our analysis of internal controls involving Federal Awards. Our determination of Major Programs will include the input by Management during our Pre-Engagement Planning meeting. We will also perform our tests of compliance with respect to the Uniform Guidance on each Federal award designated as a Major Program for each.

Our analysis of internal controls for both accounting and financial reporting and for Federal award compliance will be accomplished through interviews with specific personnel in the various areas being analyzed, walk-throughs of selected transactions and finally through our test of controls.

We expect the interim fieldwork to consist of two members of our Firm to be involved in the Interim. We will perform our work remotely or in the Town of Paonia's office at times convenient for the Town of Paonia's staff. During the interim work, we expect a Senior Team Member to be on site during the entire interim period.

We will adjust our audit approach based upon the results of the interim audit procedures. We will communicate with you any significant changes to our audit approach that might affect the Town of Paonia's process in closing its books and preparing schedules for the audit.

At the conclusion of the interim fieldwork, you will expect to know any significant deficiencies, material weaknesses, or issues of non-compliance with Federal awards we have identified through internal control analysis, test of controls and test of compliance. This will give you ample time to investigate these issues, agree or disagree with our assessments and provide Management's response. We believe that providing you with this information at this time, increases the level and effectiveness of our communication.



Audit Approach (Continued)

Engagement Planning

Our engagement planning segment of the audit will obtain from the Town of Paonia the year end trial balances and the PBCs as determined in our Pre-Engagement meeting. We would like to receive as much of this information electronically as possible. We will build our audit file with the trial balance and audit schedules obtained from you during this time. We will reconcile audit schedules to the trial balances, prepare our budget to actual analysis and even prepare initial financial statements from this information.

We will then make our audit selections for vouching in as many audit areas as possible and accumulate audit questions we will ask regarding the schedules provided to us. We will communicate these selections and questions electronically before our final fieldwork begins so that you can adequately plan for our final fieldwork.

This engagement planning will be conducted in our offices, and we expect this process to occur shortly after receiving the trial balances and audit schedules are available to us.

At the conclusion of this segment, you will expect to know the audit selections for the various audit areas we intend to examine, the questions we have as a result of our fluctuation analysis and other areas we will want to test on the year ending balances.

At the conclusion of this segment, you will expect to know the testing samples on the year end balances we intend to examine so that you have the ability to pull the appropriate documentation. You will know the major questions we have regarding audit schedules and fluctuation analysis so that you have the ability to research the answers. We will conduct a progress conference and will also communicate to you any additional information we will need that we have not already received.

Final Fieldwork

We expect we will conduct our final fieldwork following the receipt of the trial balances and audit schedules. We anticipate on-site final fieldwork to begin during the beginning of the month of April. During the final fieldwork we will examine the supporting documentation on the testing items we selected in the previous segment and obtain answers to our questions we provided. We will address any further audit items that may arise during this segment, so that when the final fieldwork is over, our audit procedures are complete, and our audit file will be finished.

The audit review by our management will be conducted in your offices during final fieldwork, so that any issues that arise can be easily communicated and quickly resolved. Our goal is to be very proactive in our communications, which should help to eliminate any surprises by completing our primary workpaper review during final fieldwork.



Audit Approach (Continued)

Engagement Conclusion

At this conclusion, we will have an exit conference with the Town of Paonia's management that will include a discussion of our audit process, the results of our audit work, summarize any management comments (including significant deficiencies, material weaknesses, or issues of non-compliance of Federal awards). We say we will summarize these items because we will be communicating any issues we find throughout the audit process, in both interim and final fieldwork. We expect you will have no surprises.

Final fieldwork will be conducted by an In-Charge and staff auditor and Timothy Ahopelto will be conducting the Quality Review of the final audit. We expect final fieldwork to consist of 2 aforementioned auditors for a period of 1 week. At the conclusion of this segment, you should already know if there were any audit findings and have had the opportunity to respond to those audit findings. If we do not encounter any audit irregularities or delays, we anticipate submitting the report to the Town of Paonia, on time and on budget.

Summary

We believe a well-executed audit is a result of a high level of communication through all phases of the audit process. That is why we have highlighted extensive communication processes throughout the audit steps noted above. We pledge to you we will maintain a high level of communication throughout the audit and throughout the year.

Summary Schedule for FY-2022 Audit Engagement

- Meet with Town staff September 29, 2023.
- Auditor provides PBC schedules to Town by October 2, 2023.
- Draft report and management letter to the Town Administrator/Treasurer by October 23, 2023.
- Town Administrator/Treasurer review of draft and provide comments to auditor by October 30, 2023.
- Auditor revisions/edits completed by November 3, 2023.
- Town Administrator/Treasurer prepares MD&A by November 8, 2023.
- Auditor provides final report by November 10, 2023.
- Partner of audit firm provides the management letter and presents audit report of the Financial Statements to Mayor and Town Board on the December 2023 board meeting.



Audit Approach (Continued)

Proposed Segments of the Engagement

The audit work plan, month/time proposed, staff involvement (P-partners, M-managers/l-in-charge, S-senior and staff auditors) and number of hours are estimated as follows and may be adjusted to accommodate a mutually agreed upon time, if necessary:

	<u>P</u>	<u>M/I</u>	<u>S</u>	<u>Hours</u>
<u>Audit Planning</u> (December through February)				
Entrance conferences	X	X	X	2
Documentation of control systems	X	X	X	22
Testing control systems	X	X	X	20
Audit risk and fraud assessment	X	X	X	10
Audit plan preparation	X	X	X	14
<u>Audit Evaluation and Modification</u> (March through April)				
Internal control testing	X	X	X	30
Compliance testing	X	X	X	30
Verification procedures	X	X	X	30
Final analytical review	X	X		5
Conclusions on account balances	X	X		5
Prior audit follow-up	X	X	X	5
<u>Audit Evaluation and Modification</u> (April through May)				
Evaluation of audit results	X	X	X	5
Draft communications	X	X		8
Preliminary exit conferences	X	X		5
<u>Audit Reporting</u> (May through June)				
Report preparation and review	X	X	X	20
Exit conferences	X	X	X	2
Finalize audit communications	X			2
Presentation to Mayor and Town Board	X		X	1
Total				216

Major segments of the Town accounting system will be audited using the most efficient and effective method possible. Some segments will be audited using a substantive approach, including confirmation with third parties. Sampling will be used to verify expected results where applicable.

Analytical review procedures will be performed using templates that the firm has developed. This tool plus the experience of the firm personnel makes analytical procedures very effective.



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Engagement Team

We have selected an audit team that we believe will be effective and efficient for the audit. The supervisory personnel are as follows:

Jim Hinkle – Managing Partner

Jim is our Managing Partner and will oversee the engagement to ensure you receive the highest level of service in both quality of audit and personalized service. We expect you to become one of our significant references!

Timothy Ahopelto – Partner & Audit Director

Timothy will be the Audit Manager for your engagement. Timothy brings more than 20 years of experience providing audit and consulting services to various industries during his career in public accounting including local governments. Timothy will bring the detailed knowledge of new GASB pronouncements, how they may impact the Town and assist with the implementation of new standards applicable to the Town. Timothy will ensure the Town has access to a knowledge base on all accounting and reporting issues pertinent to the Town during the audit and throughout the year.

Wade Fisher – Manager and Audit In-Charge

Wade has over 15 years of experience providing audit and accounting services. Wade will be your Senior Auditor & In-charge as the Town's point of contact and communicator throughout the auditing process. He will be the Senior Auditor In-Charge performing audit procedures. Wade has the experience in planning and executing large and complex audits. He is forward-thinking and has recommended best practices to help clients strengthen their internal control processes.



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Engagement Team (Continued)

James D. Hinkle, CPA/ABV, CVA, CMAP, MAFF, CFF **Partner**

(T) (303) 796-1000
(F) (303) 796-1001

Jim@HinkleCPAs.com



Engagement Responsibility: Jim will be the Engagement Partner and have responsibility for communication with management and primary reviewer of all audit work.

Education: B.S. Accounting and Business Administration, Kansas University, Lawrence, Kansas.

Current Responsibilities: Audit Partner in the public accounting firm of Hinkle & Company, PC.

Other Related Training/Education: Certified Public Accountant in the State of Colorado, Oklahoma, California, Arkansas, Kansas, and Missouri. Member of the American Institute of CPAs and the Colorado Society of CPAs and the Oklahoma Society of CPAs.

Professional Experience: Jim has over 35 years of experience with national public accounting firms and Hinkle & Company, PC.

Jim spent 13 years with Baird, Kurtz & Dobson (BKD) in Kansas City and Tulsa. During this time, he was one of two members who taught Single Audits in internal CPE classes. For two years, Jim left public accounting and managed a \$20 million sales organization who was a previous BKD client.

In 1997, Jim began Hinkle & Company, PC and built a full-service CPA Firm that provides audit, income tax and bookkeeping services to clients throughout the Midwest. Today, the Firm employs over 27 professional and support staff, performs over 200 audits and services over 800 tax clients. The Firm is licensed to practice in seven states throughout the Midwest.



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Engagement Team (Continued)

Timothy Ahopelto, CPA **Audit Manager – Accounting & Auditing Director**

(T) (303) 796-1000
(F) (303) 796-1001

Timothy@HinkleCPAs.com



Engagement Responsibility: Timothy will be the Manager and the primary audit contact on all interim and final fieldwork procedures.

Education: B.S. Business Administration cum laude, University of Arizona, Tucson, Arizona.

Current Responsibilities: Audit Manager in the public accounting firm of Hinkle & Company, PC.

Other Related Training/Education: Certified Public Accountant in the State of Colorado. Member of the American Institute of CPAs and Colorado Society of CPAs. Most continuing education in the past three years has been related to accounting and auditing.

Professional Experience: Timothy has over twenty years of experience with local public accounting firms in Colorado.

Timothy has provided audit and consulting services to various industries during his career in public accounting, including governments, and not for profit organizations as well as public and non-public companies in the manufacturing, software, and consulting industries.

Timothy is currently responsible for audits of counties, cities, school districts and charter schools of varying sizes in Colorado.

Timothy has performed internal control and policies and procedures reviews and presented recommendations to management and governing boards.



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Engagement Team (Continued)

Wade Fisher, CFE, MAFF **Manager and Senior Auditor**

(T) (719) 645-4935
Colorado Springs Office

Wade@HinkleCPAs.com



Engagement Responsibility: Wade will work with Jim Hinkle as the Senior In-Charge Auditor and is responsible for completing the detailed audit work.

Education: M.S. Accounting, Suffield University, Twin Falls, Idaho.

Other Related Training/Education: Certified Fraud Examiner designation from the Association of Certified Fraud Examiners; Master Analyst in Financial Forensics designation from the National Association of Certified Valuators and Analysts.

Current Responsibilities: Senior Auditor and Consultant in the public accounting firm of Hinkle & Company, PC.

Professional Experience: Wade will be the Senior Auditor In-Charge for your engagement. Wade has worked with cities, economic districts, universities, and authorities and brings over 15 years' experience in audit, accounting, and consulting. Wade has the industry experience and background in planning and executing large and complex Single Audit Act audit engagements both in the non-profit and governmental sectors. Wade provides litigation support to our affiliate FVR, PLLC.



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Exhibits

Attached are the following exhibits which are considered an integral part of this proposal.

Exhibit 1	Client References
Exhibit 2	Peer Review Report
Exhibit 3	Firm & CPA Licenses
Exhibit 4	Cost Proposal Bid – Schedule of Professional Fees

Summary

We would like to thank you for this opportunity to be considered for your auditing needs and to provide you with information about Hinkle & Company, PC. We are confident our successful track record in the completion of audits of similar governmental agencies has demonstrated that we possess the qualifications, competence, and capacity to satisfy the requirements for the Town of Paonia's financial and single audit, on time and on budget. If you have any questions, we invite you to please contact us. We are excited about submitting this proposal and we are asking for the opportunity to provide you with professional audit and compliance services. Thank you!



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Exhibit 1 – Client References

<u>Organization Name/Audit type</u>	<u>Contact</u>	<u>Telephone</u>
Town of Silverthorne Audit/CAFR	Laura Kennedy Director of Finance and Administrative Services LKennedy@silverthorne.org (Received GFOA Certificate)	(970) 262-7303
Town of Dillon Audit	Carri J. McDonnell Finance Director CMcdonnell@townofdillon.com	(970) 262-3404
City of Canon City Audit/CAFR	Tammy J. Nordyke Finance Director tjnordyke@canoncity.org (Received GFOA Certificate)	(719) 269-9011
City of Manitou Springs Audit	Rebecca Davis Finance Director rdavis@manitousprings.gov	(719) 685-5481
City of Rifle Audit	Scott Rust Finance Director srust@rifleco.org	(970) 665-6449





Report on the Firm's System of Quality Control

April 29, 2020

To the Members of
Hinkle & Company, PC
and the Peer Review Committee of the OSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Hinkle & Company, PC (the firm) in effect for the year ended September 30, 2019. 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 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.

Exhibit 2 - Peer Review

To the Members of
Hinkle & Company, PC
and the Peer Review Committee of the OSCPA
Page 2

Opinion

In our opinion the system of quality control for the accounting and auditing practice Hinkle & Company, PC in effect for the year ended September 30, 2019 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. Hinkle & Company, PC has received a peer review rating of pass.



HBC CPAs & Advisors
Oklahoma City, Oklahoma

July 23, 2020

James Hinkle
Hinkle & Company PC
5028 E 101st ST Ste A
Tulsa, OK 74137-5821

Dear James Hinkle:

It is my pleasure to notify you that on July 22, 2020, the Oklahoma Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is March 31, 2023. 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,

OSCPA Peer Review Committee

Peer Review Committee
peerreview@oscpa.com
1-800-522-8261 ext. 3805

cc: Lonnie Heim

Firm Number: 900010140928

Review Number: 573771



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
Hinkle & Company PC	James D. Hinkle 8400 E Crescent Pkwy Ste 600 Greenwood Village, CO 80111-2842

Credential Information

License Number	License Method	License Type	License Status	Original Issue Date	Effective Date	Expiration Date
FRM.5000345	Firm Registration	Public Accounting Firm	Active	12/20/2017	09/01/2020	08/31/2023

Supervision

Relationship	Supervisor/Supervisee	License	Start Date	Relationship Type
Supervised By	James Douglas Hinkle	CPA.0034804	12/20/2017	Responsible Individual

Board/Program Actions

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

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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
James Douglas Hinkle	Greenwood Village, CO 80111

License Information

Colorado Certificate holders passed the AICPA Ethics course within 2 years immediately preceding their Colorado application and achieved a minimum score of 90%. Colorado does not provide exam scores. Licensees can obtain their exam score from NASBA, for a fee, by visiting www.nasbastore.org (https://nasbastore.org/index.php?main_page=document_product_info&cPath=248&products_id=1096).

Minimum Training Requirements on the Date of First Issue:

- Prior to 7/1/2015 = 150 hours of education OR 120 hours of education + 1 year of work experience (1800 hours verified by a CPA)
- After 7/1/2015 = 150 hours of education + 1 year of work experience (1800 hours verified by a CPA)

License Number	License Method	License Type	License Status	Original Issue Date	Effective Date	Expiration Date
CPA.0034804	Reciprocity	Certified Public Accountant	Active	09/20/2017	12/01/2021	11/30/2023

Supervision

Relationship	Supervisor/Supervisee	License	Start Date	Relationship Type
Supervises	Hinkle & Company PC	FRM.5000345	12/20/2017	Responsible Individual

Board/Program Actions

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

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Exhibit 3 - Firm & CPA Licenses



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
Timothy Andrew Ahopelto	Denver, CO 80236

License Information

Colorado Certificate holders passed the AICPA Ethics course within 2 years immediately preceding their Colorado application and achieved a minimum score of 90%. Colorado does not provide exam scores. Licensees can obtain their exam score from NASBA, for a fee, by visiting [www.nasbastore.org](https://nasbastore.org) (https://nasbastore.org/index.php?main_page=document_product_info&cPath=248&products_id=1096).

Minimum Training Requirements on the Date of First Issue:

- Prior to 7/1/2015 = 150 hours of education OR 120 hours of education + 1 year of work experience (1800 hours verified by a CPA)
- After 7/1/2015 = 150 hours of education + 1 year of work experience (1800 hours verified by a CPA)

License Number	License Method	License Type	License Status	Original Issue Date	Effective Date	Expiration Date
CPA.0021210	Examination	Certified Public Accountant	Active	09/26/2001	12/01/2021	11/30/2023

Board/Program Actions

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

Generated on: 3/2/2023 3:29:01 PM



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
Janae Cheri Jensen	8390 E. Crescent Parkway, Suite 600 Greenwood Village, CO 80111

License Information

Colorado Certificate holders passed the AICPA Ethics course within 2 years immediately preceding their Colorado application and achieved a minimum score of 90%. Colorado does not provide exam scores. Licensees can obtain their exam score from NASBA, for a fee, by visiting [www.nasbastore.org](https://nasbastore.org) (https://nasbastore.org/index.php?main_page=document_product_info&cPath=248&products_id=1096).

Minimum Training Requirements on the Date of First Issue:

- Prior to 7/1/2015 = 150 hours of education OR 120 hours of education + 1 year of work experience (1800 hours verified by a CPA)
- After 7/1/2015 = 150 hours of education + 1 year of work experience (1800 hours verified by a CPA)

License Number	License Method	License Type	License Status	Original Issue Date	Effective Date	Expiration Date
CPA.0027174	Examination	Certified Public Accountant	Active	02/06/2009	12/01/2021	11/30/2023

Board/Program Actions

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

Generated on: 4/6/2023 10:11:20 AM

Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Exhibit 4 – Cost Proposal – Fee Schedule

Town of Paonia, Colorado

Cost Proposal Bid – Schedule of Professional Fees

Hinkle & Company, PC

Hinkle & Company, PC certifies that James D. Hinkle, CPA is entitled to represent the firm, is empowered to submit the bid, and authorized to sign a contract with the Town of Paonia, Colorado.



James D. Hinkle, CPA

September 14, 2023

Date



Town of Paonia, Colorado
Request for Proposal – Professional Auditing Services
For the Years Ending December 31, 2022 - 2026

Exhibit 4 – Cost Proposal – Fee Schedule

Estimated Staffing Needs

We have developed a budget of audit hours that includes a significant portion of time by our most seasoned team. We anticipate the estimated time proposed as follows:

	Estimated Hours**	Quoted Rates	Total
Jim Hinkle (Managing Partner)	16	150	\$ 2,400
Timothy Ahopelto (Partner)	20	140	2,800
Wade Fisher (In-Charge Auditor)	120	115	13,800
(Staff Auditor)	60	100	6,000
	216		\$ 25,000
*Out-of-Pocket expense			None
			<u>\$ 25,000</u>

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY2025</u>	<u>FY2026</u>
Financial Audit	<u>\$ 25,000</u>	<u>\$ 26,500</u>	<u>\$ 27,400</u>	<u>\$ 28,300</u>	<u>\$ 29,300</u>
Single Audit**	<u>\$ 5,500</u>	<u>\$ 5,700</u>	<u>\$ 5,900</u>	<u>\$ 6,100</u>	<u>\$ 6,300</u>

Fees will not exceed amounts shown.

* Out-of-pocket expenses (including transportation, meals, lodging and other travel related expenses) are included in the bid proposal.

** If a Single audit is required during any audit period, we anticipate compliance testing will add an additional 40-50 hours to the engagement and therefore, the fee will increase by the amount shown for each major program required to be audited, respectively.

Fees for services provided will be invoiced as work is completed on the engagement. We expect to send an invoice after interim work is complete, at the end of final fieldwork, and a final invoice upon issuance of the audit opinions.



From: [Fraser, Emma K](#)
To: [Stefen Wynn](#)
Subject: Thanks for submitting your RFP - Town of Paonia
Date: Tuesday, August 22, 2023 9:01:13 AM



Hello Stefen,

We have received your RFP that was recently submitted pertaining to audit services for the Town of Paonia. We are flattered KPMG came to mind for this work.

After a careful review by our partners in the Denver area, we have decided to pass on this opportunity but wish you and your organization success in the endeavor.

Best,

Emma Fraser
Audit Growth Manager
KPMG LLP | 1225 17th Street | Denver, CO 80202
Mobile (402) 217-2214
emmafraser@kpmg.com

kpmg.com/socialmedia



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the governing KPMG client engagement letter.

From: [Mindy Rigsby](#)
To: [Stefen Wynn](#)
Cc: [Samira V](#)
Subject: RE: RFP 2023-03 Town of Paonia Audit Services
Date: Wednesday, August 23, 2023 10:01:30 AM
Attachments: [image005.png](#)
[image006.png](#)
[image007.png](#)
[image008.png](#)
[image009.png](#)
[image010.png](#)
[image011.png](#)
[image012.png](#)
[image013.png](#)
[image014.png](#)
[image015.png](#)
[image016.png](#)

Good morning, Stefen,

Our partner group reviewed the RFP and decided that they would not be submitting a proposal at this time. They did ask me to refer you to Dave Patterson with Soronen, Donley, Patterson CPA’s PC. They are another local firm here in Grand Junction. Their phone number is (970) 241-8346.

Thank you and have a great day!

<p>Mindy Rigsby DWC CPAs and Advisors</p> 	<p>☎ 970-243-1921 Ext. 8143 📠 970-243-9214 ✉ Email: mrigsby@dwcadvisors.com</p> <p>464 Main Street Grand Junction CO 81501 www.DWCAdvisors.com</p>
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Dalby, Wendland & Co., P.C., is now DWC CPAs and Advisors. Please update your email contact to @DWCAdvisors.com.

From: Stefen Wynn <StefenW@townofpaonia.com>
Sent: Wednesday, August 23, 2023 9:24 AM
To: Mindy Rigsby <mrigsby@dwcadvisors.com>
Cc: Samira V <SamiraV@townofpaonia.com>
Subject: RE: RFP 2023-03 Town of Paonia Audit Services

Hi Minday,

I’m hoping to be able to talk with a representative from your partner group about the RFP and answer any questions that they may have about it. To be completely frank, I’m worried that no one will respond to the Town’s RFP, as we’ve already received one declination to bid.

In Public Service,

Stefen Wynn, M.P.A.
Paonia Town Administrator



P : (970) 527-4101
F : (970) 527-4102
E : StefenW@TownofPaonia.com

214 Grand Ave.
Paonia, CO 81428
<https://townofpaonia.colorado.gov/>



From: Mindy Rigsby <mrigsby@dwcadvisors.com>
Sent: Wednesday, August 16, 2023 2:53 PM
To: Stefen Wynn <StefenW@townofpaonia.com>
Cc: Samira V <SamiraV@townofpaonia.com>
Subject: RE: RFP 2023-03 Town of Paonia Audit Services

Good afternoon, Stefen,

I have received the RFP for Town of Paonia and forwarded that on to our Partner group. They will look it over and decide if they would like to engage in this audit. If they do decide to proceed, we will submit the proposal by the deadline stated in the RFP.

Thank you and have a great day!

Mindy Rigsby
DWC CPAs and Advisors



☎ [970-243-1921](tel:970-243-1921) Ext. 8143
📠 970-243-9214
✉ Email: mrigsby@dwcadvisors.com

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Dalby, Wendland & Co., P.C., is now DWC CPAs and Advisors. Please update your email contact to @DWCAdvisors.com.

From: Stefen Wynn <StefenW@townofpaonia.com>
Sent: Wednesday, August 16, 2023 11:53 AM
To: Mindy Rigsby <mrigsby@dwcadvisors.com>
Cc: Samira V <SamiraV@townofpaonia.com>
Subject: RFP 2023-03 Town of Paonia Audit Services

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

Hi Mindy,

The RFP that I discussed with you last week is available for your consideration. The Town uses a website called: www.bidnetdirect.com to help solicit bids, you may have received a courtesy email from them. The Town will accept bids through the website or by any method listed in the RFP. I'm hoping that DWC can produce a response to our RFP. If you or any of the audit team have questions, I'm the point of contact for the Town.

In Public Service,



Stefen Wynn, M.P.A.
Paonia Town Administrator
P : (970) 527-4101
F : (970) 527-4102
E : StefenW@TownofPaonia.com
214 Grand Ave.
Paonia, CO 81428
<https://townofpaonia.colorado.gov/>

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