Prepared for:

Perry Stokes, Library Director
Baker County Library District

2400 Resort St, Baker City, OR 97814
(541) 523-6419 | director@bakerlib.org

Prepared by:

Roy Rogers, CPA, CGFM
Pauly, Rogers & Co., P.C.

12700 SW 72nd Ave, Tigard, OR 97223
(503) 620-2632 | royr@rascpas.com

AUDITING SERVICES PROPOSAL

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BAKER COUNTY LIBRARY DISTRICT

12700 SW 72nd Ave ·Tigard, OR 97223 · (503) 620-2632

www.paulyrogersandcocpas.com

August 31st, 2026

Perry Stokes, Library Director

Baker County Library District

Thank you for the opportunity to present our qualifications to serve as auditors for Baker County Library District (herein after referred to as the District) for the year ending June 30, 2026, with optional annual renewals through June 30, 2028. We believe this proposal provides all the information you will find necessary about our firm and its services. We also hope this proposal displays our enthusiasm and eagerness to be your auditors!

Pauly, Rogers, and Co., P.C. has been proud to provide auditing services to in Oregon since 1947. Today, we proudly serve many governmental, educational, nonprofit, and commercial organizations, with an average engagement of over 10 years. Our experience, dedication, and longevity puts us in the forefront of the audit industry in our State.

At our firm, we do not consider audits to be a rote exercise. On the contrary, our audits provide an approachable and cooperative experience for our clients, acting as a powerful tool in helping the District increase the effectiveness and efficiency of internal controls, reduce unnecessary and costly procedures, provide clear and compliant financial reports, and develop best practices for financial oversight.

We will not just write up audit findings and let your staff decide how to best fix the issue; instead, we will work with staff to provide options on how to resolve complex audit issues in an efficient manner.

To best serve you, our audit provides:

- **A complete understanding of the work to be performed.** We will ensure that you are apprised of the requirements, standards, and rulings that impact financial accounting and reporting, as well as related compliance. We will communicate during all phases of fieldwork, including a discussion of all audit findings. We are committed to clear communication and do not surprise our clients with audit findings that were not fully discussed with Management on multiple occasions. Our commitment to clear communication includes discussion with the District's personnel regarding your audit's status, outstanding requests, developing issues, and anticipated timelines.

- **Experienced staff to accommodate your needs.** We have over 25 auditors dedicated to auditing in the State of Oregon, including professionals who hold Certified Public Accountant and Licensed Oregon Municipal Auditor credentials. Additionally, our workforce is composed of various unique, skilled individuals, 50% from underrepresented groups, including 30% who are BIPOC. Our people are our strength, and we are confident we can serve your diverse District.
- **A commitment to servicing special service districts.** Our commitment to servicing our State and understanding the complexities of Oregon keeps us in the forefront of auditing in the Pacific Northwest. We specifically audit over 30 special service districts in Oregon each year.
- **Timely delivery of audit reports.** We understand the investment you make in the audit relationship in terms of dollars and time, and we are committed to providing value with every interaction. With your ongoing cooperation, we perform interim work before your books are closed, and we have a large enough staff to perform our final fieldwork, assuming we have received all requested information from the District.
- **Free assistance with questions.** Our willingness to provide minor technical assistance throughout the year without billing for additional services has been one of the trademarks of Pauly, Rogers and Co., P.C.. A great deal of discussion is expected to occur during the year, all of which helps the auditors, as well as the District, properly deal with issues as they arise.

We are confident you will find our firm has the experience and ability to provide the excellent auditing and advisory services you require. You need a firm that understands how special service districts operate, and we are on the leading edge of auditing in the State of Oregon. We want to be Baker County Library District's auditors!

Roy R. Rogers, CPA, as signer of this letter, is authorized to make representations and to execute a personal services contract on behalf of the firm. We accept the terms and conditions of this proposal, and we are ready to enter this contract with the District. This proposal is a firm and irrevocable offer for sixty (60) days from the date of submission on August 31st, 2026. We can be reached at the address and the telephone number listed on page one (1) of this proposal should you have any questions.

Very truly yours,

Roy R Rogers

Roy R. Rogers, CPA, CGFM
Managing Partner
Pauly, Rogers & Co., P.C.

PROFILE OF THE PROPOSER

PROPERLY LICENSED

All Shareholders are licensed by the Oregon State Board of Accountancy as Certified Public Accountants. We are members of the AICPA and are in good standing with the Oregon Board of Accountancy.

INDEPENDENCE

All members of the firm are independent of the District as defined by generally accepted accounting standards, as required by the rules of conduct of the AICPA. We require all staff members to make annual independence representations, which are kept on file in our office.

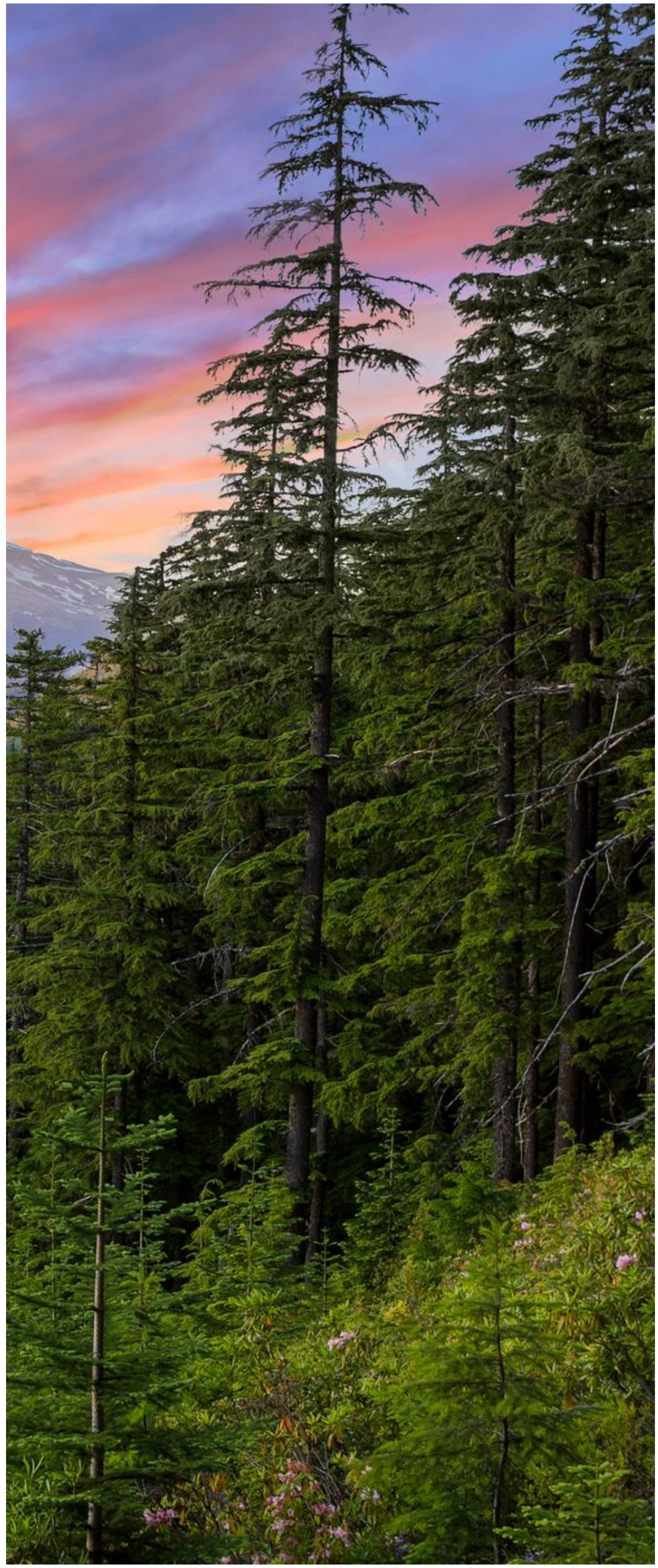
HISTORY & LOCATION

Pauly, Rogers and Co., P.C. is a local firm located at 12700 SW 72nd Avenue in Tigard, Oregon that has been providing quality accounting services since 1947. Our Mission is to provide high quality personnel and cost-effective services to meet our clients' needs with an emphasis on improving our clients' performance, profitability and accountability.

PEER REVIEW

Our firm underwent a peer review for the year ended April 2023. The reviewing firm issued an unmodified opinion with a rating of pass. A copy of the report is included on page 5.

PROFILE OF THE PROPOSER



CLIENT BASE & RANGE OF SERVICES

Our firm specializes in providing auditing, tax and accounting services to special districts and government organizations. We also provide a wide range of financial, consulting and tax services to individuals and businesses. We have very experienced tax personnel who can assist with all your tax needs. Having a full-service tax business under the same roof as our auditing and accounting business ensures a smooth transition for clients wishing to engage in both sets of services.

SUSTAINABILITY

We use an online portal system, ShareFile, for the secure transfer of audit documentation between both parties that helps reduce the use of paper.

PERSONNEL

All Partners and our Senior Compliance Manager are licensed as Certified Public Accountants and Oregon Municipal Auditors, with decades of experience dedicated to auditing Oregon governments and special districts. Additionally, we have 2 Compliance Managers, 9 Client Service Managers (Audit Leads), 14 Associates, and 3 support staff, all available to accommodate the District's needs. More information regarding our staffing and assignment methodology can be found on page 8.

CliftonLarsonAllen LLP
CLAconnect.com

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Owners of Pauly, Rogers and Co., P.C. and the
Peer Review Committee of the Oregon Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Pauly Rogers and Co., P.C. in effect for the year ended April 30, 2023. 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 and complying with a system of quality control 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 and compliance with the system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing* Standards, including compliance audits under the Single Audit Act; and audits of employee benefit plans.

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.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Pauly, Rogers and Co., P.C. in effect for the year ended April 30, 2023 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*. Pauly, Rogers and Co., P.C. has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
May 31, 2024

EXPERIENCE WITH SPECIAL SERVICE DISTRICTS

Our firm has over 75 years of serving Oregon and its local special service districts. This extensive experience has allowed us to develop procedures and practices that allow us to stay at the forefront of auditing in our state.

SINGLE AUDIT PROGRAMS

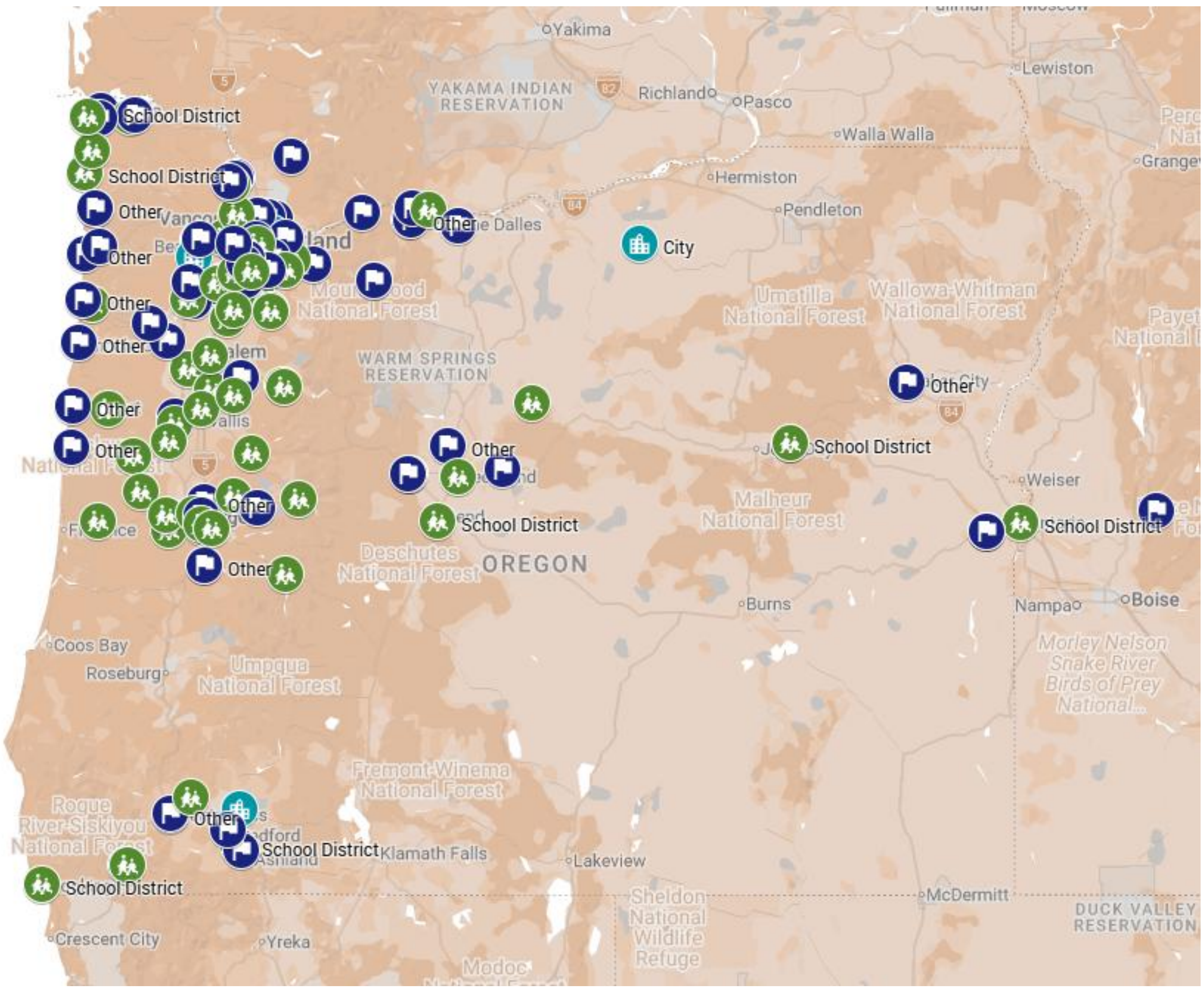
We have developed specialized audit programs and procedures to ascertain compliance with the many requirements of the Single Audit Act Amendments of 1996 and OMB Uniform Guidance, the Oregon Revised Statutes and other state and federal audit and reporting requirements. *For more information about our Single Audit procedure, please refer to page 15*.

SAMPLE OF SIMILAR CLIENTS & REFERENCES

CLIENT	ENGAGEMENT DETAILS	REFERENCE
JOSEPHINE COMMUNITY LIBRARY DISTRICT	**2018 – Present** Annual financial statement audit; Government Auditing Standards reporting; Oregon Minimum standards reporting; drafting of financial statements.	Kate Lasky, Library Director klasky@josephinelibrary.org | (541) 476-0571
WALLOWA LAKE IRRIGATION DISTRICT	**2023 – Present** Annual financial statement audit; Government Auditing Standards reporting; Oregon Minimum standards reporting; drafting of financial statements.	Joseph Dawson, Board Secretary Joseph.g.dawson@gmail.com | (541) 426-2299
OCHOCO IRRIGATION DISTRICT	**2017 – Present** Annual financial statement audit; Single Audit; Government Auditing Standards reporting; Oregon Minimum standards reporting; drafting of financial statements.	Windy McKinney, Office Manager windy@ochocoid.org | (541) 447-6449
SISTERS-CAMP SHERMAN RFPD	**2014 – Present** Annual financial statement audit; Government Auditing Standards reporting; Oregon Minimum standards reporting; drafting of financial statements.	Julie Spor, Executive Assistant spor@sistersfire.com | (541) 585-1240
BAKER COUNTY (local reference)	**2017 – Present** Annual financial statement audit; Government Auditing Standards reporting; Oregon Minimum standards reporting; drafting of financial statements.	Christena Cook, Administrative Service Director ccook@bakercounty.gov | (541) 523-8209

EXPERIENCE WITH MUNICIPAL GOVERNMENTS

STATEWIDE SERVICE & EXPERIENCE



City

Education Service Districts, School Districts, & Charter Schools

Other (Special Service Districts, Nonprofits, etc.)

Pauly, Rogers and Co., P.C. audits various entities from cities, districts and counties; school, library and education service districts, including charter schools; special service districts like parks, fire and water; non-profit organizations; and many more. We perform over 150 total engagements in the State of Oregon every year. Please contact Roy Rogers if you would like additional listings of our clients.

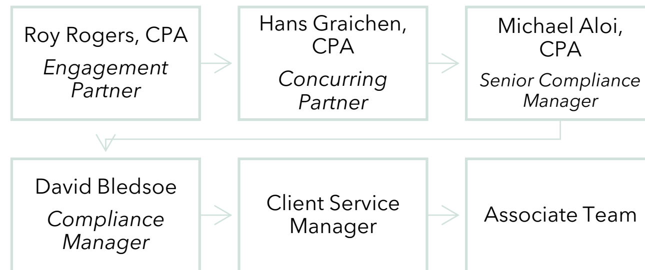
STAFFING: SIZE, TRAINING & EXPERIENCE

STAFFING & ASSIGNMENT METHODOLOGY

Roy R. Rogers will act as the Engagement Partner and will be directly involved in managing and performing aspects of the audit, while Hans Graichen will act as a Concurring Partner on the audit. We have found this review procedure essential in providing quality audit reports for our clients. Michael Aloi will work as our Senior Compliance Manager, and David Bledsoe will act as our Compliance Manager. A Client Service Manager from your assigned Compliance Manager's team will be appointed to the audit, supported by a team of up to 5 associates.

Each engagement is anchored by a dedicated Compliance Manager and Client Service Manager, who serve as your primary points of contact from planning through delivery. Our audits follow standardized methodologies, with detailed documentation and multi-level reviews, so quality, professionalism, and timelines remain consistent. As a result, our clients experience reliable delivery and high-quality service year after year. While team members are assigned to several clients to work on concurrently, they remain dedicated to the District during scheduled phases of work. Resumes have been provided starting on page 10 for key staff members involved in the audit, including their credentials and history with the firm.

Like most firms in the auditing industry, there can be some natural movement within engagement teams. An occasional rotation of our Audit Leads might occur as their skills and knowledge expand; however, your Engagement Partner and Managers will not change. If a shift in personnel is required, we assure you that your audit team will continue to consist of members who are similarly qualified and experienced to your previously assigned team.



CONSULTING SERVICE EXPERIENCE

Most consultations are considered part of the audit fee. For those that are not, we will advise the District in advance. We would be happy to provide a list of services we have done in the past. These have included payroll questions, accounting issues, reporting issues and internal control questions.

CONTINUING EDUCATION & PROFESSIONAL DEVELOPMENT

All assigned staff have received a minimum of 24 hours of continuing education in governmental accounting and auditing within the past year, and at least 40 hours within the past two years. In addition, all audit staff members meet GAO's *Government Auditing Standards* "yellow book" education requirements. Our firm employs a wide range of professional development resources available through the Oregon Society of Certified Public Accountants, the Association of Governmental Accountants, the American Institute of Certified Public Accountants and local colleges and universities. This program offers diversity to staff members and allows the firm to acquire specialized knowledge in key areas such as accounting and auditing. We also conduct in-house training for all staff on all newly implemented Governmental Accounting Standards Board (GASB) pronouncements each year to keep up to date with current standards.

STAFFING: SIZE, TRAINING & EXPERIENCE

AUDITING COMPUTERIZED ACCOUNTING SYSTEMS

Our firm has developed computerized audit techniques that will be used for analytical review purposes and sampling. The in-charge auditor and their team are well versed in auditing with our computerized audit techniques. These procedures are a standard part of fieldwork. These techniques allow us to increase sample sizes and decrease detection risk. This benefits our clients by providing a timely product and the increased efficiency provides the product at a competitive fee. In addition to computer assisted audit techniques, Pauly, Rogers and Co., P.C. uses a software package to assist with auditing that allows us to increase audit efficiency while reducing the use of almost all paper.

We encourage the use of our secure electronic delivery system, ShareFile, which is very similar to Dropbox in that it is any easy and convenient way to send and receive information much more securely than email. This system enables us to receive information as it becomes available and will help in making the audit more efficient. We also request that we be given read-only remote access (or backup file) to your general ledger system. This will allow us to pull reports directly from your general ledger, which provides for a more valid and efficient audit, and it also reduces your staff time devoted to audit requests.

VALUE ADDED SERVICES

As one of the largest local governmental auditing firms in the State of Oregon, we have developed and seen various best practices across the state. We will share these best practices with the District, which allows the District to implement the most efficient and effective policies and procedures. We pride ourselves on viewing our role as advisors to the District in reducing your overall financial risks, rather than providing a commodity-based service of providing you with your opinion letters once a year. We strive to build a partnership with the District and will stay in regular contact to ensure all accounting and auditing related issues are addressed in real time.

WHY CHOOSE US?

We have a passion for auditing as demonstrated by over 75 years of dedication to this field.

Unlike other audit organizations, we don't just do the minimum to meet standards. We provide real value and dig deep to see systems are working as designed.

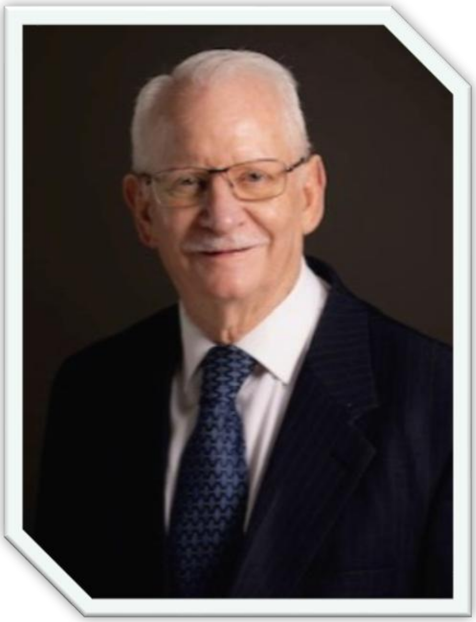
We go beyond just writing up material weaknesses and significant deficiencies. We provide valuable Best Practices that benefit the District.

We put in the necessary hours to perform a thorough audit, not just to meet the fee amount.

We are involved with our industry's own professional organizations so we can see trends and new accounting pronouncements well into the future. We pass that information to our clients.

Our staff are well trained, so they don't waste our clients' time.

RESUMES



Roy R. Rogers, CPA, CGFM

Managing Partner

Roy R. Rogers is the Managing Partner of Pauly, Rogers & Co., P.C. and has led the firm's growth from a staff of four to more than 30 professionals. With over 45 years of experience providing accounting, auditing, consulting, and advisory services to governmental entities, he has extensive expertise serving local governments, including special service districts.

Roy has been the Engagement Partner for financial statement audits, compliance audits, and consulting engagements. He oversees engagement planning, technical review, report issuance, and quality assurance while advising clients on internal controls, risk management, and governance best practices.

Roy has conducted peer reviews for other public accounting firms and has extensive experience performing risk assessments and internal control evaluations. He is also a frequent speaker at state, national, and international conferences on leadership, governance, and organizational excellence.

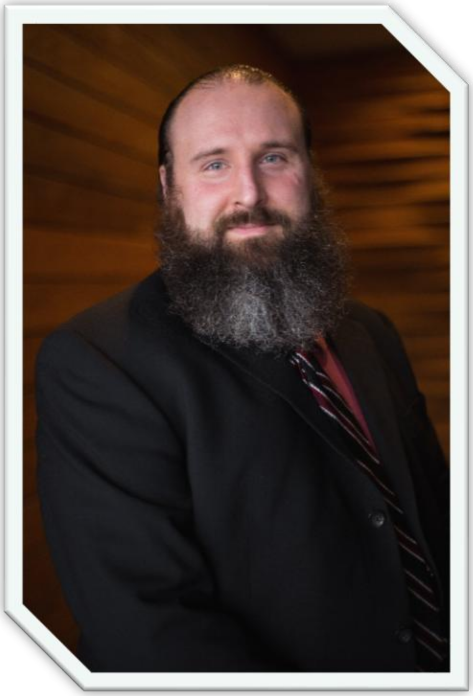
PROFESSIONAL ACHIEVEMENTS

- Past AICPA Council and Committee Member
- OSCPA Past President
- Oregon State Board of Accountancy Liaison
- Tigard Rotary Past President
- Past Mayor of Tualatin
- Past Washington County Commissioner

EDUCATION, DESIGNATIONS, AND PROFESSIONAL MEMBERSHIPS

- Bachelor of Science Degree in Accounting, from Portland State University
- Certified Public Accountant #2148
- Licensed Oregon Municipal Auditor #658
- Certified Government Financial Manager
- Certified Global Management Accountant
- OSCPA and AICPA Member
- Past GFOA Technical Reviewer for the ACFR Program

RESUMES



Hans Graichen, CPA

Concurring Partner

Hans joined Pauly, Rogers & Co., P.C. in 2006 and has since participated in hundreds of audit engagements for governmental and nonprofit organizations. His extensive experience encompasses every stage of the audit process, providing him with the knowledge and perspective to oversee engagements from planning through report issuance. Hans serves in a supervisory capacity, providing an additional level of review to help ensure each engagement is conducted in accordance with applicable professional standards and the firm's quality control procedures.

Throughout the engagement, Hans reviews audit documentation, evaluates significant accounting and reporting matters, and provides guidance to the engagement team on complex auditing issues as they arise. He works closely with the assigned audit staff to promote consistency, accuracy, and compliance while helping ensure the audit is completed efficiently and with the high level of quality clients have come to expect from Pauly, Rogers & Co., P.C. His experience across a wide variety of engagements allows him to offer valuable insight during the review process and strengthen the overall quality of the firm's assurance services.

PRESENTATIONS

- Audit presenter at Council and Board Meetings for numerous Oregon municipal and non-profit entities.

EDUCATION, DESIGNATIONS, AND PROFESSIONAL MEMBERSHIPS

- Bachelor of Science in Criminology from Southern Oregon University.
- Bachelor of Science in Accounting from Portland State University.
- Certified Public Accountant #13022
- Licensed Oregon Municipal Auditor #1510

RESUMES

Michael Aloi, CPA

Senior Compliance Manager

Michael has been involved in numerous engagements. He has extensive audit and review experience, including all phases of the audit and review process. Michael will review all facets of the audit, together with the planning and development of a program that will fulfill all professional standards and requirements applicable to the organization.

During the fieldwork and reporting phases, Michael will assist with any difficult accounting and reporting issues, provide technical support for the engagement team, and assist the engagement team with implementing new auditing standards. He is very detail-oriented and spends significant time researching standards and regulations to ensure compliance with the proper rules and regulations. He will review the audit report and financial report to ensure they have been prepared accurately. Michael goes to great lengths to make himself available to the engagement staff and clients so he can answer questions, help solve problems, and consult with client staff regarding any proposed transactions or changes in policies.

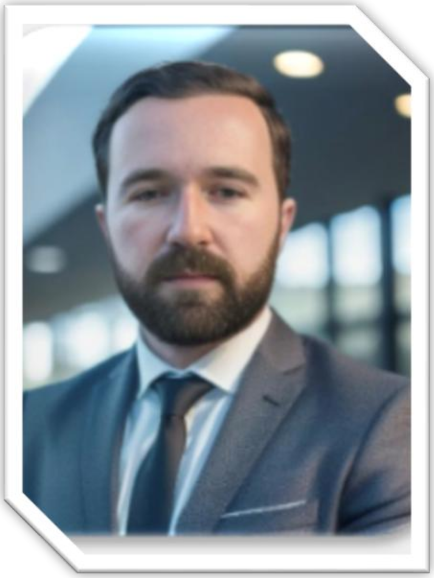
PRESENTATIONS

- Audit presenter at Council and Board Meetings for numerous entities.
- Presenter at continuing education training sessions on a variety of accounting and auditing topics.

EDUCATION, DESIGNATIONS, AND PROFESSIONAL MEMBERSHIPS

- Bachelor of Science in Accounting and a Master of Business Administration in Professional Accounting from Canisius College.
- Master of Library and Information Studies from State University of New York at Buffalo.
- Certified Public Accountant #14637
- Licensed Oregon Municipal Auditor #1627

RESUMES



David Bledsoe

Compliance Manager

David has conducted over two hundred audits and directly supervises dozens of audits annually. Within his role at the firm David has led technical implementations for GASB and FASB pronouncements.

With a focus on performing audits of educational entities including charter schools, school districts, and education service districts, he enjoys partnering with business offices to ensure timely and accurate financial reporting. During fieldwork David will supervise or perform phases of the audit ensuring that work is completed with strict adherence to professional standards. At the conclusion of the audit, David will ensure that all reports to the board include any audit findings and best practice recommendations, in addition to key stakeholder takeaways.

PRESENTATIONS

- Audit Presenter at Board Meetings for numerous Education Service & School District clients
- Leads firm trainings on technical accounting and auditing standards and frameworks
- Presented for the Oregon Association of School Business Officials (OASBO)

EDUCATION, DESIGNATIONS, AND PROFESSIONAL MEMBERSHIPS

- Bachelor of Arts in Business Administration with a focus on Accounting from University of Portland

David's Team of Client Service Managers (Audit Leads)

- Abraham Gomez
- Taite Keys
- Timothy Lamotte
- Nicole Darcy

TIMELINE

Our firm strives to work efficiently and effectively with our clients to ensure we produce quality work. We estimate our professional staff would devote approximately 89 hours on the District's engagement. These hours are an estimate based upon our experience of auditing Districts similar to you.

May 10 Hours	**Written Work & Planning:** The audit program will be written by the team & Roy including any special procedures developed after meeting with the District. The engagement letter and planning will also be executed during this time.
June/July 24 Hours	**Interim & Compliance Work:** Internal control, audit risk and materiality would be evaluated. Initial compliance work will begin.
August/September 36 Hours	**Audit Fieldwork:** Audit fieldwork will be conducted at an agreed-upon time when the books are closed. The exit conference would take place immediately upon completion of the fieldwork and would include a discussion of our study of the internal control system and the observations and conclusions from it. We would also communicate any potential findings and recommendations at this time.
October 16 Hours	**Draft & Review Reports:** Preparation of the audit file and financial reports, including technical and second Partner review.
November 3 Hours	**Presentation & Delivery:** The final reports will be printed and delivered by the agreed-upon date.

** For FY26, we cannot guarantee a November 15 delivery due to late issuance of the RFP.*

ESTIMATED HOURS BY TEAM MEMBER

Associate Team:	Client Service Manager:	Senior & Compliance Managers:	Partners:	Total:
37	34	14	4	89

Note: *These hours are an estimate based upon our auditing experience. Since we do not bill by the hour, other than for special projects, we will spend whatever amount of time is necessary to meet professional standards and perform the audit in accordance with the proposal.*

APPROACH TO THE ENGAGEMENT

PLANNING

Annually, our firm develops and updates audit programs for all our audit clients, specifically tailored for you. This process involves the firm's Partners, Managers and Senior Associates, and is designed to develop programs that meet all professional standards of the American Institute of Certified Public Accountants and the *Minimum Standards for Audits of Oregon Municipal Corporations*. During this time, the team would contact the District's personnel to discuss areas of emphasis, timing of fieldwork and reporting or other ways our firm can better meet the needs of the District.

To help provide timely audit reports, we normally perform interim work during a mutually agreeable time. We will send an "Audit Itinerary" early in the fiscal year which includes your audit team contact information as well as interim and final audit preparation lists.

UNDERSTANDING BAKER COUNTY LIBRARY DISTRICT'S INTERNAL CONTROLS

During interim work, we perform a review of the accounting records in use and conduct an evaluation of internal control as required by generally accepted auditing standards and, when applicable, Government Auditing Standards. Our process of gaining an understanding of internal control entails interviewing various accounting staff to develop written walkthrough documents that highlight key controls and control weaknesses, filling out control checklists, as well as discussions with supervisory staff on areas where controls may be lacking. Any deficiencies encountered in the accounting records or internal control, together with our recommendations, will be discussed with Management at that time. This procedure may permit implementation of corrective action prior to issuance of the audit report and management letter. The work to be performed would include documentation of our understanding of the District's system of internal accounting controls, initial testing of the accounts payable controls and payroll controls, and initial testing of management's reconciliation procedures for higher risk balance sheet accounts such as cash and investments. Our audit procedures will be developed to target risks identified during our risk assessment of all account balances and transaction classes.

SINGLE AUDIT PROGRAM (IF REQUIRED)

For an audit in accordance with the **Single Audit Act**, if one is required, we begin our study and evaluation of the internal control system governing the federal financial assistance programs and begin to assess control risk. This is performed using checklists and procedures developed through years of experience and the most current authoritative guidance. We will also thoroughly research the federal grants selected and use all the OMB circulars and compliance supplements for all areas that we test. Samples are taken and tests performed to ensure processing of data in accordance with prescribed policies and procedures and good management practices. All samples will be the product of "random" sampling, and sample sizes are in accordance with GAO's government auditing standards requirements and will be large enough to assess the control risk at the low level. Also, we can document the District's compliance with many of the laws and regulations applicable to a Single Audit such as allowable cost, Davis-Bacon Act and procurement procedures. Any problems encountered during our interim tests will be discussed with Management at the conclusion of our interim fieldwork.

APPROACH TO THE ENGAGEMENT

ANALYTICAL PROCEDURES AND SUBSTANTIVE AUDIT TESTS

In conjunction with the District's personnel, we will schedule a period of time to complete the final work at the District. The audit team would usually consist of two to three accountants. During this time, we will complete our testing of the internal control system and begin substantive testing of the District's accounts.

Once we get a copy of the final general ledger, we will perform an initial analytical review that will highlight areas where there may be significant changes from prior years. We will then determine if these changes are reasonable and this will dictate the level of risk and testing to be applied to each area of the audit.

The substantive testing will include independent confirmations where practical and needed, or examination of subsequent activity, when efficient. Tests of expenditures will include sampling of both payroll cycles and employee benefits to ensure adequate coverage. On certain accounts we will perform detailed analytic work that would entail predicting the ending account balance and comparing that with the actual balances and then determining if the difference is reasonable. If not, we would perform additional tests on that account. We will also perform detailed substantive tests on all other significant balance sheets and income statement accounts.

If there are any audit adjustments, we will discuss this with management and give you our reasoning before we proceed with the adjustment. We won't surprise you with journal entries that are not discussed!

We would complete the grant compliance review during this phase, if necessary. Our program guides will be completed and conclusions documented relating to the assertions implicit in grant compliance and financial reporting.

FINANCIAL REPORTING REVIEW AND ANALYSIS

The reporting phase of the engagement will be initiated in the field and completed in our office after completion of on-site fieldwork. The reporting phase would be handled by the team. This phase of the audit will include completion of our audit files, analysis and comparisons, as well as a detailed review of the financial statements.

The review component of the audit includes a review of all workpapers, documents and the financial reports by the team involved in the audit, as well as the compliance manager and manager on the job. At a minimum your audit file and financial statements have three different reviews. The Concurring Partner also performs a technical review of the financial statements and reviews the workpapers for completeness and reviews any important accounting issues, the communication of internal control matters and communication with the governing body, if applicable, and the attorney letter.

APPROACH TO THE ENGAGEMENT

USE OF BAKER COUNTY LIBRARY DISTRICT'S PERSONNEL

This proposal is based on the anticipated cooperation of the District's personnel and the assumption that the District's books will be balanced, reconciled and all accruals made. It is also understood that the District will prepare all mutually agreed-upon internal financial schedules and upload all requested files to our secure ShareFile portal. The schedules we request the District to prepare are no more than those which would be required to prepare a hard, well-documented close of the books at year-end. We request the District send all confirmation letters, retrieve documents, answer questions and, of course, prepare the internal financial statements as early in the audit process as possible so that we can audit the financials.

We do not foresee any unanticipated issues with the audit of the District. However, it is possible that issues will arise during the audit. We will keep you up to date on any major audit issues as we become aware of them.

ABILITY AND WILLINGNESS TO PROVIDE CONSTRUCTIVE SUGGESTIONS

Due to our extensive experience with Oregon governmental audits, we will focus on the critical areas and perform the audit in the most efficient manner possible. We can offer valuable suggestions to the District, as well as compare your procedures with other similar entities. These advantages have kept us in the forefront of municipal auditing in Oregon. As we audit and advise clients, major issues are addressed and solved. We then rely on conversations with client management to address minor issues and advise upper management and Governing Bodies of our clients when major issues arise.

We are not shy about discussing sensitive topics with any level of management. We never blindside our clients with un-reviewed management letter comments and are agreeable to modifying language that does not dilute the message but enhances readers' understanding of the issues.

BOARD OF DIRECTORS

Annually in the planning phase we will send a letter to the Board of Directors requesting information on potential audit areas of interest that we should delve into further. We find that this questionnaire is essential in designing our audit tests. For each issue identified in the questionnaire we will gain a better understanding of the issue and address it as part of our audit process. Upon completion of the audited financial report, we will send the Board a letter detailing the findings of our audit as well as a description of key audit areas and future accounting and auditing pronouncements.

STATEMENT OF SERVICES

The year-end audit report, which we will prepare, will be addressed to the Board and will include:

- Basic Financial Statements, including footnotes
- Other Financial Schedules, including "Supplementary Information"
- Independent Auditors Report required by Oregon State Regulations
- Internal Accounting Control Opinions in Accordance with Government Auditing Standards, if required
- Schedule of Findings and Questioned Costs, if required
- Management Letter, if required
- Required Communications to the Board
- One (1) bound copy, and one (1) PDF copy
- Required Supplemental Information including the Schedule of the Proportionate Share of the Net Pension Liability- Oregon PERS, RHIA, and the Schedules of Contributions
- Copies of working final balances adjusting journal entries at conclusion of audit
- Other schedules as needed

AUDIT SERVICES & FEES

AUDIT FEES

Our not-to-exceed fees for the year ending June 30, 2026, with optional annual renewals through June 30, 2028, for Baker County Library District are listed here. The fees are based on the anticipated cooperation of your staff, and on the assumption *that the books will be closed, balanced and all appropriate accounts reconciled to the details and that the trial balance will have been prepared and made available to us before we begin our final audit work*. It also includes the auditing standards in effect for this year but not changes in standards or potential scope of work changes that might occur in future years. These fees are inclusive of all staff time, all services outlined below, and all out-of-pocket expenses for travel and supplies. Telephone calls and emails from the District seeking advice or assistance are welcomed anytime during the year, and such calls are anticipated as part of the total proposed fee.

Our firm does not perform any services without getting your approval on both the anticipated fee and delivery date. In the event additional work is required and/or additional time is needed to perform the services requested beyond previous years' audits or report requirements, we will issue a change order after consulting with the District to discuss an appropriate and cost-effective course of action.

SERVICES	FY2026 FEES	FY2027 FEES	FY2028 FEES
Annual Audit	$11,200	$11,900	$12,650
Assistance with Compilation of Financial Reports (1Bound Copy)	$3,800	$4,000	$4,200
Additional 9 Bound Copies of Report	$900	$1,000	$1,000
Total	$15,900	$16,900	$17,850
Single Audit (if required)	$4,500	$4,500	$4,500

- **Future year's fees will increase by approximately 5% per year**. The only changes would be for the implementation of any new accounting standards and any reconciliation work requested by the District.
- **Additional Single Audit Programs,** if required, will be priced at $4,000 per program.
- **We do not bill by the hour for audits,** except special projects, so we have not extended the hours by our normal billing rates. We know what it takes to complete an audit and will put in all effort to complete it professionally without the constraint of being subject to only performing hours in accordance with a budget.
- **Additional copies of the report** requested beyond the ten (10) outlined in the pricing chart above are available for $160 per copy.

AUDIT SERVICES & FEES

RATES FOR ADDITIONAL PROFESSIONAL SERVICES

Pauly, Rogers and Co., P.C. can provide the District with a variety of services in addition to the annual audit. Special reports, projects or other work undertaken at the client's request are billed at the following hourly rates for 2026:

Managing Partner	$250	**Partner**	$200
Manager	$190	**Senior Associate**	$170
Associate Staff Accountant	$160	**Support Staff**	$70

At the time of the request, we would estimate the fee to be charged and seek written approval of that fee. Special projects could be unit-priced or receive a reduced fee if they were scheduled at times when we are less busy with audit work.

We are confident you will find our firm has the experience and ability to provide the excellent auditing and advisory services you require. You need a firm that understands how special districts operate, and we are on the leading edge of auditing in the State of Oregon. We want to be Baker County Library District's auditors!

Roy R. Rogers, CPA, as signer of this letter, is authorized to make representations and to execute a personal services contract on behalf of the firm. We accept the terms and conditions of this proposal, and we are ready to enter this contract with the District. This proposal is a firm and irrevocable offer for sixty (60) days from the date of submission on August 31st, 2026. We can be reached at the address and the telephone number listed on page one (1) of this proposal should you have any questions.

Very truly yours,

Roy R Rogers

Roy R. Rogers, CPA, CGFM
Managing Partner
Pauly, Rogers & Co., P.C.