

POWELL COUNTY BOARD OF EDUCATION

Audit Proposal for the year ending June 30, 2026

Technical Proposal

Submitted by:

Summers, McCrary & Sparks, PSC

110 E LOWRY LN

Lexington, Kentucky 40503

(859) 264-8785

Contact Persons:

Ryan R. Laski, CPA

PROPOSAL FOR PERFORMING THE ANNUAL AUDIT FOR
POWELL COUNTY BOARD OF EDUCATION

FOR THE YEAR ENDING JUNE 30, 2026

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SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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1961-1992
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1982-2022

March 16, 2026

Alicia Frazier, CFO
Powell County Schools
691 Breckinridge St
Stanton, KY 40380

Dear Ms. Frazier:

We are pleased to have the opportunity of submitting a proposal for the auditing services of the Powell County Board of Education for the year ending June 30, 2026. If performed by our firm, the audit shall be conducted in accordance with generally accepted accounting principles, generally accepted auditing standards, Governmental Auditing Standards, Kentucky Department of Education's State Compliance Requirements and the Single Audit Act and the provisions of the Uniform Guidance.

We wish to point out that our firm is a member of the Private Companies Practice Section (PCPS) and the Government Audit Quality Center of the American Institute of Certified Public Accountants. Membership in these organizations are voluntary and member firms are required to meet and maintain rigorous quality and education requirements in addition to peer review every three years. We are members of the Kentucky Society of CPA's and The American Institute of CPA's. All of our staff working on this engagement has satisfied the continuing professional education requirements pursuant to the Governmental Auditing Standards as a means to provide quality control over audit engagements.

The Governmental Auditing Standards, which you are required to follow, requires that your auditor have a Peer Review and that this Peer Review letter be given to you before they are eligible to perform your audit. We have enclosed our prior report with this proposal to demonstrate our compliance with this requirement.

We would also like to emphasize that our firm is available to assist Powell County Board of Education with any questions relating to accounting standards or Redbook requirements which may arise throughout the year.

We have included with this proposal the following required documents per your RFP instruction: Qualifications and Experience of the Firm, Project Team and Qualifications, Audit Quote and References.

Should we receive the engagements, we would begin our procedures once the Board as submitted its AFR on July 25, and will submit the audit to KDE on or before November 15.

We look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan R. Laski, CPA". The signature is stylized and cursive.

Ryan R. Laski, CPA
Summers, McCrary & Sparks, PSC

Firm Qualifications

Profile of the Firm

Summers, McCrary & Sparks, PSC is a 60 year old Certified Public Accounting firm with offices in Lexington and Winchester, Kentucky. The Firm is a member of the AICPA Private Company Practice Section and Governmental Audit Quality Control organizations. The firm conducts 35 to 40 audits each year; of which, approximately 15 follow the guidelines of Governmental Auditing Standards and/or the Uniform Guidance. The Firm has seven (7) CPAs and three (2) degreed accountant.

The firm and firm personnel have been performing audits since 1966. A detail of our experience is outlined on pages 5-6 of this proposal. During this time period, the firm has never been reprimanded for substandard work.

The firm and all of the firm's CPA's are licensed in the State of Kentucky with the Kentucky State Board of Accountancy. All of the firm's staff has completed the required Continuing Professional Education requirements of the Governmental Auditing Standards and the State Board of Accountancy.

The Firm has never had any disciplinary action taken by the Kentucky State Board of Accountancy in its' 60 year history.

Audit Approach and Staffing

Our understanding of the services to be performed for the Powell County Board of Education consists of auditing the June 30, 2026 financial statements in accordance with generally accepted auditing standards, Governmental Auditing Standards, and the provisions of the Uniform Guidance. Additionally, KDE with specify certain audit requirement within the annual auditor's contract that we will fulfill.

Our philosophy is to provide efficient, quality audit services, while applying the applicable governing professional auditing standards, making the use of our staff expertise and Powell County Board of Education's personnel to complete the audit in a cost effective manner. Our policy on subsequent engagement is to try to use the same staff but to rotate the assigned audit sections. We believe this system provides a fresh set of perspective on the audit procedures while being efficient in the District's operations.

Audit Team

Managing Partner

Ryan Laski, CPA is a 2004 graduate of the University of Kentucky with a Bachelor of Science in accounting. In the past two years, he has 82 hours of continuing professional education in auditing and accounting including 41 hours in governmental auditing and accounting. Ryan works on most of the Firm's governmental and non-profit audits following Government Auditing Standards and Uniform Guidance. Ryan has been a member of the Kentucky Department of Education's Redbook Revision Taskforce.

Audit Partner

Thomas S. (Tom) Sparks, CPA, is a 1982 graduate of the University of Kentucky with a Bachelor of Science in Accounting. He was certified as a public accountant in 1987. In the past two years, he has completed 93 hours of continuing education in auditing and accounting including 31 hours of governmental accounting and auditing. Tom has conducted and supervised numerous audits of governmental units over the past 41 years. He is a past member the Kentucky Society of Certified Public Accountant's Board and the Governmental Accounting and Auditing Committee.

Partner

Emily Jackson, CPA is a 2014 graduate of Eastern Kentucky University, with a Bachelor of Business Administration, Accounting Major. Emily started with the firm in January of 2015 and has worked on most of the firms governmental and not for profit audits. She is very well versed in Munis. Emily has completed 80 hours of continuing education in auditing and accounting, including 30 hours governmental auditing and accounting. Emily has a significant understanding of how MUNIS operates.

Justin Nichols, CPA is a 2006 graduate of Morehead State University with a Bachelor in Business Administration, Accounting Major and a graduated with his Masters of Science in Accounting from the University of Kentucky in 2007. Justin started with the firm in December of 2016. Justin has completed 99 hours of continuing education over the past two years. Justin has over fifteen years of experience in attestation engagements and has assisted with governmental auditing engagements.

Staff

Jessie Sanderfur, CPA is a 2019 graduate of Asbury University with a Bachelor of Science in Accounting. Jessie started with the firm in 2018 as an intern and was hired full time upon her graduation. During the past two year he has completed 81 hours of continuing education in accounting and auditing and 36 governmental auditing and accounting.

Maggie Hughes is a 2023 graduate of Asbury University with a Bachelor of Science in Accounting. Maggie started with the firm upon her graduation. During the past two years she has completed 80 hours of continuing education in auditing and accounting, including 38 hours governmental auditing and accounting.

All of the CPA's who work on governmental audits have obtained the required Government Auditing Standard's Continuing Professional Education (CPE) requirement of 24 hours of training in Governmental Auditing. The non CPA staff who work on governmental audits have also completed the CPE requirements. The Government Auditing Standards require that entry level staff with less than two years of experience with the firm have a prorated number of hours. Auditors of government units are required to follow the Government Auditing Standards and thus, they must meet the CPE requirements.

Over the past year our staff has partaken in multiple CPE conferences and classes that focused on the following relevant auditing and accounting issues:

- Yellow Book Overview
- Testing Compliance and Internal Control over Compliance
- Major Program Determination
- KDE Auditor workshop
- GASB Update

- Auditing Laws and Regulations
- Writing Report Findings
- Trends and Current Focus of the Auditor of Public Accounts
- Kentucky Model Procurement
- Fraud
- Kentucky Department of Education Finance Officer/Auditor Workshop

Quality Control and Continuing Education

Summers, McCrary & Sparks, PSC has been a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants since 1983. A member in this organization is required to have a Peer Review every three years covering audits, reviews and compilations that were issued. Summers, McCrary & Sparks, PSC is a member in good standing having received unqualified opinion in the past, the last of which was issued in 2023. We are scheduled to have a peer review in 2026. (A copy of our previous peer review letter is on pages 8-9).

Our firm exceeds the minimum continuing professional education requirements established by the Comptroller General of the United States for independent public accountants performing audits of state, county, city and other governmental bodies. Further, our annual continuing professional education record exceeds the minimum standards promulgated by the Kentucky State Board of Accountancy, the Kentucky Society of CPA's and the American Institute of CPA's.

Prior Experience and References

Below is a listing of all Kentucky school boards our firm has audited over the past two years. We have noted the last fiscal year we audited each district, and have included each District's finance officer's contact information for reference purposes.

Montgomery County Board of Education 640 Woodford Drive, Mt Sterling, KY 40353	Angela Rhodes, Finance Officer #859-497-8760	June 30, 2025*
Danville Independent School District 115 E. Lexington Ave, Danville, KY 40422	Nicolas Senak, Finance Officer #859-238-1300	June 30, 2025*
Menifee County Board of Education 202 Back Street, Frenchburg, KY 40322	Lorri Bartley, Finance Officer #606-768-8015	June 30, 2025*
Bardstown Independent School District 308 N. Fifth Street, Bardstown, KY 40004	Tracey Rogers, Finance Officer #502-331-8863	June 30, 2025*
Bourbon County Board of Education 3343 Lexington Road, Paris, KY 40361	Michael Swearingen, Finance Officer #859-987-2180	June 30, 2025
Jessamine County Board of Education 871 Wilmore Rd, Nicholasville, KY 40356	Jason U'Wren, Finance Officer #859-885-4179	June 30, 2025*
Woodford County Board of Education 330 Pisgah Pike, Versailles, KY 40383	Shane Smith, Finance Officer #859-879-4600	June 30, 2025

Harrison County Board of Education Mary Grubb, Finance Officer June 30, 2025*
308 Webster Avenue, Cynthiana, KY 41031 #859-234-7110

Berea Independent School District Nathan Sweet, Finance Officer June 30, 2024
3 Pirate Parkway, Berea, KY 40403 #859-986-8446

* Expected to perform June 30, 2026 audit

Timeliness

Our approach to the audit would begin with contacting client management and personnel to ascertain information necessary to plan the audit. A time would also be arranged for the audit team to start preliminary audit procedures as soon as possible after the annual financial report has been submitted to KDE no later than July 25.

In coordination with the Finance Officer, dates would be agreed to during the months of August and September for field work.

Upon completion of field work, we will prepare our report, and present a preliminary draft to the Chief Financial Officer for review. An exit conference will then be set up with the Superintendent and Chief Financial Officer to review the draft. The audit will be submitted to KDE by or before November 15th. The audit will be presented to the Board of Education at a date to be determined.

Fee Proposal

Powell County Board of Education
691 Breckinridge St
Stanton, KY 40380

Quote

Accountant: Summers, McCrary & Sparks, PSC Phone #: 859-264-8785

Address: 110 E. Lowry Ln Fax #: 859-264-1736

Address: Lexington, KY 40503 E-mail: RLASKI@SMSCPA.COM

Per your request for proposal, we understand the following services are to be performed:

- Annual audit of the financial statements for the year ended June 30, 2026 prepared in conformity with generally accepted accounting principles, conducted in accordance with GAAS and GAGAS
- Compliance auditing in accordance with federal and state requirements, including the Uniform Guidance Single Audit
- Preparation of all reports required by KDE, identified in the annual auditor's contract
- Submission of the audit through KDE-designated systems and withing the required timelines
- Management letter containing comments and recommendations with respect to accounting and administrative controls and efficiencies
- Participation in entrance and exit conference
- Presentation of audit findings and results to the Board of Education
- Availability throughout the year to provide advice and guidance on financial accounting and reporting issues

We submit the following proposed fees for the audit of Powell County Board of Education for the fiscal year ending June 30, 2026, along with proposed fees for the two subsequent fiscal years. These fees include all costs associated with the audit, including travel, meetings, reports, and presentations.

Fiscal year ended June 30, 2026	<u>\$ 24,000</u>
Fiscal year ended June 30, 2027	<u>\$ 24,300</u>
Fiscal year ended June 30, 2028	<u>\$ 24,600</u>

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

Summers, McCrary & Sparks, P.S.C.
Lexington, Kentucky
and the Peer Review Alliance Report Acceptance Committee

We have reviewed the system of quality control for the accounting and auditing practice of Summers, McCrary & Sparks, P.S.C. (the firm) in effect for the year ended May 31, 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 on 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 the requirements of 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 on in conformity with the requirements of applicable 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 firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement 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.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Summers, McCrary & Sparks, P.S.C. in effect for the year ended May 31, 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*. Summers, McCrary & Sparks, P.S.C. has received a peer review rating of *pass*.

Mitchell Emert & Hill

November 9, 2023