

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

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January 27, 2015

City of High Point  
Attn: Jeff Moore, Financial Services Director  
211 S. Hamilton Street, Suite 214  
High Point, NC 27260

Dear Mr. Moore:

Thank you for the opportunity to propose on the audit of the financial statements of the City of High Point. We appreciate the confidence that you have shown in our firm by asking us to bid on the audit.

Enclosed is a detailed proposal regarding the audit and a brief history of our firm.

Please call me at (828) 327-2727 x308 or email me at [mspivey@martinstarnes.com](mailto:mspivey@martinstarnes.com) if you need additional information.

Sincerely,



Marcela J. Spivey, CPA  
Audit Partner

Enclosures

**SECTION I**

**CITY OF HIGH POINT**

**SECTION I - AUDIT PROPOSAL  
2015 – 2018**

# CITY OF HIGH POINT

## SECTION I – AUDIT PROPOSAL 2015-2018

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# CITY OF HIGH POINT

## SECTION I – AUDIT PROPOSAL 2015-2018

**Firm Name:**

Martin Starnes & Associates, CPAs, P.A.  
730 13<sup>th</sup> Avenue Drive SE  
Hickory, NC 28602

**Request for Proposal – Auditing Services**

**Executive Summary/Scope:**

It is our understanding that we will be engaged to perform an audit of the financial statements for the City of High Point, as required by auditing standards generally accepted in the United States of America. We will also audit the City's compliance with the specific requirements of its major Federal and State programs under the guidelines of OMB A-133 (as required) and its compliance with laws and regulations, and design of its internal control system as required by generally accepted governmental auditing standards (GAGAS "Yellow Book"). Our audit opinion will include an "in relation to" paragraph specifically covering the Schedule of Expenditures of Federal and State Awards (as required).

We will conduct the audit in a timely manner such that all necessary financial and compliance information for all funds is completed and the audit report, management letter, and other applicable reports are presented to the Financial Services Director in a timely manner as outlined in the RFP each engagement year. We will work with the City of High Point to develop a mutually agreed-upon audit calendar that meets the completion dates requested. We will conduct periodic conferences during the audit as well as an exit conference prior to the completion of fieldwork. We will present the financial statements to the City Council at a mutually agreed-upon time during each engagement year.

Our fees include technical assistance and guidance related to new note disclosures during our audit relationship. The audit contract will conform to the North Carolina Local Government Commission (LGC) and be approved by the Secretary of the Commission or his designee prior to audit commencement. We will submit our invoices to the LGC for approval prior to submitting our invoices to the City of High Point for payment.

Our proposal is a firm and irrevocable offer for three months after the delivery of the proposal.

Our firm is best qualified to perform the audit of the City of High Point based on our:

- *Experience in auditing governments in North Carolina*
- *Commitment to the governmental industry*
- *Availability to our clients throughout the year*
- *Record of providing non-traditional services to our governmental audit clients*
- *Commitment to continued education and training, specifically in the governmental arena*

# CITY OF HIGH POINT

## SECTION I – AUDIT PROPOSAL 2015-2018

### **Requirement 1 – Team Assigned to Audit**

Your audit team will consist of the following roles in varying degrees depending on the audit issues that arise during the engagement. We view each engagement as a client of the *firm*, not a client of a specific partner or manager; therefore, if expertise is needed from within the firm, it is utilized.

The majority of our audit team is located in Hickory, North Carolina. We have one Audit Manager who works remotely from Raleigh, North Carolina.

### **Partners, Supervisors, and Staff**

Four to five members of our firm will conduct the audit engagement. Members to be assigned to the engagement are as follows:

**Engagement Partner** – The Audit Partner's role ends with signing the opinion letters and approving the issuance of the audited financial statements. It begins with the staff planning meeting, the client planning meeting, approving the assessment of risk in the engagement, and approving the audit plan. At our firm, the Partners are not figureheads! Since our auditors primarily serve governmental clients, the Partners are actively involved in the scheduling, staffing, and review of the audit engagement. They will also have significant contact with the City's Financial Services Director should there be any concerns regarding the audit, findings that must be addressed, the service level of our staff, and conflicts of any kind. When a decision needs to be made, the client is one contact away from a decision maker.

An Audit Partner will perform the technical review of the audited financial statements. Since the Partners are not directly involved with the day-to-day audit procedures, this functions as an unbiased "forest for the trees" review of the report. Unusual relationships and fluctuations are sometimes overlooked by the team members directly involved in the engagement due to the magnitude of data they must analyze. The Audit Partners are charged with the responsibility of pre-issuance review, GFOA compliance, and LGC compliance.

**Audit Manager** – The Manager's role is to manage every aspect of the engagement which includes: supervising the staff, staying in close contact with the client, monitoring the time budget, monitoring compliance with "on-time" delivery, and resolving differences of opinion within our staff and between our team and the unit. The Audit Managers review our audit workpapers and agree the financial statements to the workpapers. The City will know the face and voice of the Audit Manager as he/she will be intricately involved in the day-to-day management of the client relationship and the audit process.

**Senior Accountant (1)** – The Senior is responsible for conducting the audit from scheduling fieldwork to delivery of the audit opinions. They are also responsible for the first review of the audit workpapers and supervising the staff. The Senior will work directly with your Finance Department personnel.

## CITY OF HIGH POINT

### SECTION I – AUDIT PROPOSAL 2015-2018

**Staff Accountant (1-2)** – Our staff accountants are all full-time employees and perform the support function of the engagement. Each of our staff accountants is dedicated to our governmental auditing niche, and they are trained from the moment we hire them regarding Yellow Book standards, GASB standards, and our governmental audit approach.

We have not submitted specific names for your proposed audit team for two reasons: (1) the quality of our staff is interchangeable at each level, and (2) we will design the remainder of the audit team based on our mutual schedules and our evaluation of the “best fit” for your staff and your engagement complexities. The resumes of our Audit Partners and Managers are at Attachment B.

#### **Continuity Is King**

Typically, there are at least three people in our firm that are keenly aware of the operations of any one particular client (a Partner, a Senior Manager or Audit Manager, and a Senior Accountant). This structure ensures the City continuity of key staff. An unexpected illness or departure from the firm of any one member does not affect the engagement continuity you will come to expect from Martin Starnes & Associates. Also, a wider breadth of people working on the City’s audit offers a wider perspective from which to draw audit conclusions and offer suggestions for improvement. Over 95% of our audit hours are spent serving local governments in North Carolina. We understand the importance of staff continuity; and since we primarily serve one industry, we do not suffer from having two “busy seasons”.

We experience unusually low turnover of our professional staff compared to the public accounting industry, locally and nationally. We are proud to be recognized in the “*Best Firms to Work for 2014*” for mid-sized firms by *Accounting Today*. We have included our ranking of 9<sup>th</sup> in the United States under Attachment C. We have been recognized as a “Best Firm to Work For” in 2008, 2009, 2010, 2012, 2013, and 2014.

#### **Requirements 2 and 16 – Experience and References**

Please see Attachment A for a listing of our current audit references of North Carolina counties and municipalities with populations in excess of 50,000, as well as a listing of prior governmental client references. For the fiscal year ending June 30, 2014, we audited **42 counties, 57 municipalities**, and numerous other governmental agencies (152 total governmental units). We have over **1,000 years** of continuous service with our current clients. We are able to maintain our audit relationships by great service, expertise in the governmental accounting field, low turnover of our staff, internal rotation of staff assigned to continuing engagements, and exceptional value-based fees. Since 1992, our firm has lost very few engagements relative to our governmental audit practice size.

In addition, we have an impeccable relationship and reputation with the Local Government Commission and the UNC School of Government and encourage you to contact Sharon Edmundson, Jim Burke, or Sara Shippee at the LGC, or Greg Allison at the School of Government, to verify our reputation.

# CITY OF HIGH POINT

## SECTION I – AUDIT PROPOSAL 2015-2018

### Requirements 3 and 11 – Additional Services

Martin Starnes & Associates, CPAs, P.A. has been serving clients since 1987. We provide auditing services throughout North Carolina. Our services include: annual audits, cost reporting, preparation of various financial reports required by the Office of Management and Budget and the Local Government Commission, mid-year reviews of financial condition, agreed-upon procedure engagements over specific financial and control functions, and facilitating training courses.

Please see our management consulting and additional services provided to clients at Attachment A.

### Requirement 4 – Specific Industry Experience

Each of our senior accountants, audit managers, and audit partners have extensive experience in auditing governmental organizations, programs, activities, and functions that are relevant to the City, including Federal and State Single Audits (including HUD) and audits in accordance with *Government Auditing Standards*. Our ability to maintain our client relationships for a long period of time enables our staff to work on a breadth and depth of governmental clients with varying fund structures and complexities. We have been conducting Single Audits and Yellow Book Audits since 1992.

Please see additional information on professional and technical training provided to our audit staff at Requirement 9.

Please see Attachment C for a copy of our firm's Statement of Policies and Procedures.

### Requirement 5 – Firm Quality Standards/Peer Review

Our professionals are members of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants. Our firm participates in the Quality Review Program sponsored by the American Institute of Certified Public Accountants. Membership in the division requires that we be subjected to a peer review by an independent CPA firm. Such a review assures that the services our clients receive meet the highest standards of the accounting profession. Due to the large number of governmental audits our firm performs, we have numerous governmental clients reviewed during each of our quality reviews. We received an unqualified opinion (pass) with no letter of comments, which is the best review result issued, in 2011, 2008, 2005, 2002, 1999, 1996, and 1993. See the copy of our most recent peer review letter at Attachment C.

We have had several engagements submitted for desk review by a cognizant agency, and the reports were approved without any exceptions or modifications.

**AICPA Governmental Audit Quality Center** – The AICPA has developed the Governmental Audit Quality Center (GAQC). It is a voluntary membership Center designed to help CPAs meet the challenges of performing quality governmental audits. Martin Starnes & Associates, CPAs, P.A. was a charter member of the Center. Our membership in the Center has improved our audit quality through improved training and membership accountability. The GAQC's primary purpose is to promote the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. We strive for excellence in the governmental audit industry, and membership in the Center is an example of our efforts to "stay ahead of the curve" in the industry.

## **CITY OF HIGH POINT**

### **SECTION I – AUDIT PROPOSAL 2015-2018**

#### **Requirement 6 – Professional Experience**

As the City evaluates the qualifications and experience of Martin Starnes & Associates and compares us to other firms, we would like to remind the City of the unique composition of our firm's audit practice. Our audit practice is comprised of over 95% government auditing hours; therefore, a year of experience with MSA is the equivalent to 2-3 years with the typical firm. Why? The typical auditing firm audits clients from a variety of industries and with a variety of risks and reporting issues, one of which is governments. At MSA, our staff is working on a government, completing a government, planning for a government, or training for a government 95 of every 100 hours they work. Our audit staff does not work in the tax department, and that includes all levels from staff accountants to partners. What does this mean to the City of High Point? It means excellence, timeliness, quality at all levels of work, efficient design of procedures, effective evaluation of results, minimal staff turnover, and the highest quality of audit work with the most cost effective fee.

As mentioned previously, we have not submitted specific names for your proposed audit team. We will design the audit team based on our mutual schedules and our evaluation of the "best fit" for your staff and your engagement complexities. Until the audit team is assigned, your primary contact is Marcie Spivey, Audit Partner. Once the team is assembled, the Audit Manager and the Audit Senior will be your contacts. We understand the importance of our staff understanding your business. This is accomplished through training, supervision, and continuity.

The Senior Accountant will be on site 100% of the time, with the Manager on site approximately 10% of the time, and the Audit Partner on site approximately 5% of the time. An Audit Partner will provide technical review of the financial statements.

Please refer to Requirement 4 for information regarding experience of our staff with auditing relevant government organizations, programs, activities, and functions.

#### **Requirement 7 – Experience with GFOA Certificate of Achievement for Excellence in Financial Reporting**

We are proud of our experience with reports receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting. For certificates issued in 2013 (for fiscal years ending June 30, 2012), in North Carolina (the most recent statistics available), there were 54 counties and 86 municipalities that received the Certificate of Excellence from the GFOA. Of these 140 units receiving the "certificate", we audited 48 (or 34%) in 2012. Since 1992, 100% of our clients that have submitted their reports to the GFOA have received the Certificate of Excellence. Please see our list of references for our CAFR clients.

In addition, Paula Hodges and Marcie Spivey, Audit Partners, have been reviewers for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program for several years.



## CITY OF HIGH POINT

### SECTION I – AUDIT PROPOSAL 2015-2018

#### Requirements 8 and 10 – Education

Staff quality is assured by our commitment to continuing education in the field of governmental accounting. All of our professional staff receives a minimum of 40 hours per year in continuing education. Governmental audit staff members average 32 hours **per year in governmental auditing and accounting seminars**. We receive our training from the NCGFOA, Institute of Government at UNC-Chapel Hill, NCACPA, self-study courses from the AICPA or other recognized vendors, and in-house developed training. We attend the State Treasurer's Conference and the Local Government Conference annually. In addition, our Audit Partners and Managers attend NCGFOA conferences annually.

We develop in-house training courses that are government industry specific as well as training on all new audit pronouncements, FASB, and GASB pronouncements. The Audit Partners and the Audit Managers keep the professional staff apprised of all exposure drafts and prepare responses as deemed necessary.

#### Requirement 9 – Specialized Skills

As mentioned above, Paula Hodges and Marcie Spivey, Audit Partners, have been reviewers for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program for several years. Paula and Marcie also serve on the Government Audit and Accounting Task Force of the NCACPA and the NCGFOA.

Our firm actively supports and participates in the following governmental associations:

- **NC Government Finance Officers' Association (GFOA)** – sponsor both semi-annual meetings and have been a speaker on numerous occasions at the conferences
- **National GFOA** – sponsor and allow Audit Partners to volunteer time to review CAFRs for Certificate of Excellence Program
- **NC Government Finance Officers' Association** – sponsor annual meeting and have been a speaker on numerous occasions at the conferences
- **Institute of Government (Chapel Hill)** – sponsor of "Friends of the Institute" events across the State; capital campaign sponsor; guest lecturer at the Institute
- **NC City and County Management Association** – exhibitor and sponsor
- **NC League of Municipalities** – exhibitor and sponsor
- **NC Association of County Commissioners** – associate member and sponsor

As mentioned previously, we have representatives at NCGFOA conferences each year.

The governmental industry has been good to Martin Starnes & Associates, and we are committed to supporting the industry any way we can.

# **CITY OF HIGH POINT**

## **SECTION I – AUDIT PROPOSAL 2015-2018**

### **Requirement 12 - Tentative Engagement Timeline**

#### **Audit Planning**

We work on our government engagements year-round. We begin by downloading your 12/31 trial balance in January or February of each year. We use this data to assess audit risk, plan our interim procedures, perform preliminary analytic review, and gather data about new projects, funds, and departments. We also stay current with the City by reading the minutes of the Council's meetings each month. We will meet with the appropriate members of the Finance Department to plan the engagement each year. At this meeting, timetables for our responsibilities and the City's responsibilities will be agreed upon.

#### **Interim and Final Fieldwork**

Generally, we will perform interim fieldwork at a mutually agreed-upon week from March–June of each year. During interim, we will update our understanding of internal controls, test compliance (Federal and State programs, as required), and audit transactions in capital project funds, special revenue funds, and capital outlay. Our team will be on site for up to one week. We are planned and prepared when we arrive; therefore, once we come on site, we will stay until our objectives are completed. If we have internal control or compliance findings, we will discuss those with management at the completion of our interim procedures.

In a typical year, we will perform final fieldwork in September–October. Final fieldwork will last approximately one week on site and several weeks in the office. Before we begin the on site portion of the fieldwork, we will have imported final trial balances, planned our procedures, and coordinated with the finance staff any data needed for our procedures. Our staff will hit the ground running and complete our procedures timely, efficiently, and with minimal interruption of your staff. We will provide any audit adjustments, compliance findings, and internal control findings at the completion of final fieldwork.

Our typical timeline for the City will be as follows:

- January/February – Download 12/31 trial balance and perform preliminary analytic procedures. This procedure allows us to keep informed of changes at the City before the audit commences.
- March/April – Planning meeting with the Financial Services Director. At the planning meeting, we will mutually agree on the fieldwork timetable, client prepared schedules, etc. The purpose of this meeting is to get your staff and our staff on the same page.
- Mutually agreed-upon time between March and June – Interim fieldwork (test internal controls and grant compliance)
- July – Download unadjusted final trial balance and perform yet another analytic review of the City
- August/September – Import final trial balance; perform preliminary analytical procedures; perform final risk assessment. Begin final fieldwork. Adjusting entries will be provided at the end of fieldwork.
- By October 31<sup>st</sup> – Submission of report to Local Government Commission
- November/December – Presentation to the City Council

## **CITY OF HIGH POINT**

### **SECTION I – AUDIT PROPOSAL 2015-2018**

#### **Requirement 13 - Client Assistance**

To expedite the audit, we need the final trial balance in electronic format (preferably Excel) one week before final fieldwork is scheduled to begin. This allows us to import your trial balance into our audit software and begin identifying our risk areas before fieldwork actually begins. We will also download your interim trial balance for risk assessment and planning purposes as of 12/31, 3/31, and 6/30 (unadjusted).

We prefer all of the client assistance outlined in the RFP to be provided in electronic format whenever possible. The City can expedite the audit process by minimizing immaterial post-final AJE's and providing all items on the "Prepared By Client" list before fieldwork begins. Please see a sample PBC list at Attachment D.

It is our understanding that the City will draft the financial statements and footnotes and print the final CAFR copies.

#### **Requirement 14 – Professional Liability Insurance**

We presently carry professional liability insurance with Continental Insurance. Our policy limits are \$3,000,000 per claim and \$3,000,000 in the aggregate.

#### **Requirement 15 – Regulatory Action**

There has never been any regulatory action taken by an oversight body against our firm. Our firm is not currently involved in litigation of any kind.

**ATTACHMENT A**  
(References and Additional Services Provided)

Current References - Municipalities with Populations of at Least 50,000

Municipality	Client Contact	E-Mail Address	Address	Phone	GFOA Certificate Report
City of Gastonia	Ms. Melody Usery	melodyu@cityofgastonia.com	186 West Franklin Blvd., Gastonia, NC 28053	(704) 866-6708	**
City of Rocky Mount	Ms. Amy Staton	amy.staton@rockymountnc.gov	PO Box 1180, Rocky Mount, NC 27802	(252) 972-1201	**
City of Wilson	Ms. Kim Hands	khands@wilsonnc.org	PO Box 10, Wilson, NC 27894	(252) 399-2140	**
Town of Chapel Hill	Mr. Kenneth Pennoyer	kpennoyer@townofchapelhill.org	405 Martin Luther King Jr. Blvd. Chapel Hill, NC 27514	(919) 968-2712	**
Town of Huntersville	Ms. Janet Stoner	jstoner@huntersville.org	PO Box 664, Huntersville, NC 28070	(704) 875-6541	**

Current References - Counties with Populations of at Least 50,000

County	Client Contact	E-Mail Address	Address	Phone	GFOA Certificate Report
Alamance County	Ms. Susan Roberts	susan.roberts@alamance-nc.com	124 West Elm Street, Graham, NC 27253	(336) 570-4025	**
Brunswick County	Ms. Julie Miller	jmliller@brunswick-nc.com	PO Box 249, Bolivia, NC 28422	(910) 253-2070	**
Cabarrus County	Ms. Susan Fearington	SBFearington@cabarruscounty.nc.gov	65 Church Street SE, Concord, NC 28025	(704) 920-2104	**
Caldwell County	Mr. Stan Kiser	skiser@caldwellcounty.nc.gov	905 West Avenue NW, Lenoir, NC 28645	(828) 757-1471	**
Catawba County	Mr. Rodney N. Miller	rmiller@catawbacounty.nc.gov	100-A Southwest Blvd, Newton, NC 28658	(828) 465-8200	**
Cleveland County	Mr. Brian Epley	brian.epley@clevelandcounty.nc.gov	311 East Marion Street, Shelby, NC 28151	(704) 484-4808	**
Davidson County	Ms. Jane Kiker	jane.kiker@davidsoncounty.nc.gov	PO Box 1067, Lexington, NC 27292	(336) 242-2029	**
Harnett County	Ms. Kimberly Honeycutt	khoneycutt@harnett.org	PO Box 760, Lillington, NC 27546	(910) 893-7557	**
Henderson County	Mr. Carey McLelland	carey@hendersoncounty.nc.gov	113 North Main Street, Hendersonville, NC 28793	(828) 697-4821	**
Lee County	Ms. Lisa Minter	lminter@leecounty.nc.gov	106 Hillcrest Drive, Sanford, NC 27331	(919) 718-4600	**
Lincoln County	Ms. Deanna Rios	drios@lincolncounty.org	115 West Main Street, Lincolnton, NC 28092	(704) 736-8487	**
Moore County	Ms. Caroline Xiong	cxiong@moorecounty.nc.gov	PO Box 905, Carthage, NC 28327	(910) 947-6310	**
Surry County	Ms. Betty Taylor	taylorb@co.surry.nc.us	118 Hamby Road, Suite 333, Dobson, NC 27017	(336) 401-8250	**
Wilkes County	Mr. Jerry Shepherd	jshepherd@wilkescounty.net	110 North Street, Wilkesboro, NC 28697	(336) 651-7315	**
Wilson County	Ms. Phyllis Vick	pvick@wilson-co.com	2201 Miller Road South, Wilson, NC 27893	(252) 399-2950	**

## Prior References

Our firm previously performed audits for the following governmental units:

Prior Client	Contact	E-Mail Address	Address	Phone	Years Served
East Carolina Behavioral Healthcare	Ms. Joy Futrell	jfutrell@ecbhinc.org	144 Community College Road Ahsokie, NC 27910	(252) 332-7426	5
Elkin Tourism Development Authority	Mr. John Holcomb	jwholcomb@elkinnc.org	PO Box 857, Elkin, NC 28621	(336) 835-9800	2
Hyconeteechee Regional Library System	Ms. Luchinda Munger	lmunger@co.orange.nc.us	137 West Margaret Lane, Hillsborough, NC 27278	(919) 245-2525	3
Madison County	Ms. Darlyne Rhinehart	drhinehart@madisoncountync.org	2 North Main Street, Marshall, NC 28753	(828) 649-2521	2
Mental Health Partners	Ms. Lori Mathes	lmathes@catawba-countync.gov	1985 Tate Blvd. SE, Suite 529, Hickory, NC 28602	(828) 323-8041	3
New Hanover County	Ms. Jennifer Maready	jmaready@nhcgov.com	230 Government Center Dr. Ste 165, Wilmington, NC 28403	(910) 798-7187	5
New Hanover County Tourism Development Authority	Ms. Jennifer Maready	jmaready@nhcgov.com	230 Government Center Dr. Ste 165, Wilmington, NC 28403	(910) 798-7187	3
Town of Garysburg	Ms. Fannie Greene	garysburg@embarqmail.com	505 Old Highway, Garysburg, NC 27831	(252) 536-2167	5
Town of Holden Beach	Mr. David Hewett	david.hewett@hbtownhall.com	110 Rothschild Street, Holden Beach, NC 28462	(910) 842-6488	5
Town of Mooresboro	Ms. Beverly Earle	bevearlegle@shelby.net	PO Box 355, Mooresboro, NC 28114	(704) 434-5079	3
Town of Nags Head	Ms. Kim Kenny	kimkenny@townofnagshead.net	5401 South Croatan Highway, Nags Head, NC 27959	(252) 449-2020	6
Town of Winterville	Mr. Anthony Bowers	anthony.bowers@wintervillenc.com	2571 Railroad Street, Winterville, NC 28590	(252) 756-2221	5
Water & Sewer Authority of Cabarrus County	Mr. Michael Wilson	mwilson@wsacc.org	PO Box 428, Concord, NC 28027	(704) 786-1783	5
Yadkin Valley Sewer Authority	Mr. John Holcomb	jwholcomb@elkinnc.org	PO Box 857, Elkin, NC 28621	(336) 835-9800	2

## **Additional Services Provided To Governmental Clients**

### **Pitt County:**

Conducted "Agreed Upon Procedures" internal audit engagement on various departments (2 years).  
Assisted client with internal audit function on an annual basis (2 years).  
Performed a working capital analysis of local ABC Board to determine ability of local Board to increase distributions to the County (1 year).  
Performed "Agreed Upon Procedures" for ancillary units (12 years).

### **City of Lexington:**

Conducted "Agreed Upon Procedures" engagement on central warehouse inventory procedures (2 years).  
Taught a 4-hour seminar on the implementation issues related to GASB 34.

### **Alexander County:**

Conducted "Agreed Upon Procedures" engagement on Landfill and Convenience Centers (1 year).  
Assisted finance department with monthly closing process during extended illness of Finance Officer (1 year).  
Performed mid-year review of financial condition and recommended a plan of action to address budget shortfalls (1 year).

### **Surry County:**

Taught a leadership training course (1 year).  
Assisted client with posting all property tax revenues for entire year after data conversion from old accounting system failed (2 years).  
Conducted "Agreed Upon Procedures" internal audit engagement on various departments (1 year).  
Performed "Agreed Upon Procedures" for ancillary units (12 years).

### **Macon County:**

Assisted client with bank reconciliation problems and fixed asset conversion (2 years).

### **Northampton County:**

Performed mid-year review of financial condition and recommended a plan of action to address budget shortfalls (10 years).

### **Catawba County:**

Performed "Agreed Upon Procedures" for ancillary units (10 years).

### **Brunswick County:**

Assisted client with implementation of new audit software (1 year).

### **Harnett County:**

Conducted "Agreed Upon Procedures" engagement related to capital assets (1 year).

### **Montgomery County:**

Conducted "Agreed Upon Procedures" engagement on evidence room inventory (1 year).

### **Lincoln County:**

Conducted "Agreed Upon Procedures" engagement on Register of Deeds' procedures (1 year).

### **Cleveland County Board of Education:**

Conducted "Agreed Upon Procedures" engagement on credit card transactions (1 year).



### Additional Services Provided To Governmental Clients (continued)

We have prepared the AFIR for submission to the local government commission for the following clients:

Beaufort County	3 years
Caldwell County	6 years
Chowan County	4 years
City of Gastonia	11 years
City of Hikory	3 years
City of Kings Mountain	4 years
City of Kinston	2 years
City of Lexington	4 years
City of Mount Holly	4 years
City of Shelby	4 years
Gates County	4 years
Halifax County	11 years
Harnett County	2 years
Hoke County	2 years
Lincoln County	1 year
Macon County	12 years
Montgomery County	4 years
Nash County	8 years
Northampton County	3 years
Pamlico County	3 years
Pitt County	13 years
Rockingham County	5 years
Stanly County	6 years
Swain County	1 year
Town of Banner Elk	7 years
Town of Benson	6 years
Town of Bridgeton	3 years
Town of Franklin	1 year
Town of Grover	5 years
Town of Newport	5 years
Town of North Wilkesboro	8 years
Town of Pine Knoll Shores	4 years
Town of Pineville	3 years
Town of Spindale	5 years
Town of Taylorsville	21 years
Village of Sugar Mtn.	7 years
Wilkes County	5 years
Yadkin County	3 years

We have been asked on numerous occasions to perform agreed-upon procedures engagements, in-depth internal control reviews, and litigation support procedures for various and sundry purposes. Our twelve-months-a-year service model allows us to assist you in virtually any manner you may request as long as our independence standards are met.

As you can see, we are more than the firm who provides your annual audit report; we are your financial consultants year-round.

**ATTACHMENT B**  
(Resumes of Senior Audit Staff)

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*Paula Hodges, Audit Partner*

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<b>Years in Public Accounting:</b>	23
<b>Years with Current Firm:</b>	16
<b>Education Background:</b>	North Carolina State University Bachelor of Arts in Accounting  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the Special Review Committee of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program  Member of the NCACPA Government Auditing and Accounting Committee  Speaker at the North Carolina Government Finance Officers Association conferences  Member of the AICPA and NCACPA  Graduate of Leadership Catawba
<b>Work Experience:</b>	Paula was named Audit Partner in 2011.  Served as Audit Director on all of our governmental audit engagements from 2002-2010  Technical review responsibility for government audit clients  Served as an Audit Senior on counties, municipalities, and public authorities prior to assuming management responsibility in 2002

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*Marcie Spivey, Audit Partner*

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<b>Years in Public Accounting:</b>	19
<b>Years with Current Firm:</b>	19
<b>Education Background:</b>	Lenoir-Rhyne College Bachelor of Arts in Accounting  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the Special Review Committee of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program  Member of the NCACPA Government Auditing and Accounting Committee  Actively involved in Catawba County Chamber of Commerce  Member of the AICPA and NCACPA
<b>Work Experience:</b>	Marcie was promoted to Audit Partner in 2013.  Served as Audit Director for 50% of our governmental audit engagements from 2011-2012  Technical review responsibility for government audit clients  Served as Audit Manager from 2005-2010 with management responsibility for approximately half of our audit clients  Responsibilities include oversight of audit managers, seniors, staff accountants, technical review of workpapers, and in-charge responsibility of several complex engagements.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*Erica Brown, Senior Audit Manager*

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<b>Years in Public Accounting:</b>	14
<b>Years with Current Firm:</b>	8
<b>Education Background:</b>	Salisbury University Bachelor of Science in Business Administration in Accounting, Magna Cum Laude  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the AICPA and NCACPA  NCACPA Young CPA Cabinet Member
<b>Work Experience:</b>	Erica is currently the Audit Manager for several counties and municipalities.  Technical review responsibility for government audit clients  Additional responsibilities include oversight of audit managers, seniors, staff accountants, technical review of workpapers, and in-charge responsibility of several complex engagements.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*Chris Costner, Senior Audit Manager*

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**Years in Public Accounting:** 18

**Years with Current Firm:** 12

**Education Background:** Western Carolina University  
Summa Cum Laude Graduate, May 1996  
BSBA in Accounting

Certified Public Accountant in North Carolina

**Continuing Education:** Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing

**Specialized Training and Other Information:** Member of the AICPA and NCACPA

**Work Experience:** Chris is currently the Audit Manager for several counties and municipalities.

Technical review responsibility for government audit clients

Additional responsibilities include oversight of audit managers, seniors, staff accountants, technical review of workpapers, and in-charge responsibility of several complex engagements.



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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*Amber McGhinnis, Audit Manager*

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<b>Years in Public Accounting:</b>	13
<b>Years with Current Firm:</b>	13
<b>Education Background:</b>	Appalachian State University Bachelor of Science in Business Administration in Accounting, Magna Cum Laude Master of Science in Accounting  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the AICPA and NCACPA
<b>Work Experience:</b>	Amber is currently the Audit Manager for several counties and municipalities.  Technical review responsibility for government audit clients  Additional responsibilities include oversight of audit seniors, staff accountants, and technical review of workpapers.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## *Crystal Roberts, Audit Manager*

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<b>Years in Public Accounting:</b>	11
<b>Years with Current Firm:</b>	11
<b>Education Background:</b>	Lenoir-Rhyne College Bachelor of Arts in Accounting
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the NCACPA
<b>Work Experience:</b>	Crystal is currently the Audit Manager for several counties and municipalities.  Technical review responsibility for government audit clients  Responsibilities include oversight of audit seniors, technical review of workpapers, and in-charge responsibility of several complex engagements.



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## *Tonya Marshall, Audit Manager*

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<b>Years in Public Accounting:</b>	11
<b>Years with Current Firm:</b>	2
<b>Education Background:</b>	Appalachian State University Bachelor of Science in Business Administration in Accounting,  Master of Science in Accounting  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information;</b>	Member of the AICPA and NCACPA
<b>Work Experience:</b>	Tonya is currently the Audit Manager for several counties and municipalities.  Technical review responsibility for government audit clients  Additional responsibilities include oversight of audit seniors, staff accountants, and technical review of workpapers.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## *Ko Tang Cha-Moses, Audit Manager*

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<b>Years in Public Accounting:</b>	8
<b>Years with Current Firm:</b>	7
<b>Education Background:</b>	Gardner-Webb University Bachelor of Science in Accounting Masters of Accountancy  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the AICPA and NCACPA
<b>Work Experience:</b>	Ko Tang is currently the Audit Manager for several counties and municipalities, in addition to a few non-profit entities.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## *Matt Braswell, Audit Manager*

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<b>Years in Public Accounting:</b>	7
<b>Years with Current Firm:</b>	7
<b>Education Background:</b>	Montreat College Bachelor of Science in Business Administration Concentration in Accounting, Magna Cum Laude  Certified Public Accountant in North Carolina
<b>Continuing Education:</b>	Minimum of 40 hours per year with an average of 32 hours in governmental accounting and auditing
<b>Specialized Training and Other Information:</b>	Member of the AICPA and NCACPA
<b>Work Experience:</b>	Matt is currently the Audit Manager for several counties and municipalities, as well as several non-profit organizations.

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## *Michael Edwards, Audit Manager*

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**Years in Public Accounting:** 11

**Years with Current Firm:** 3

**Education Background:** Appalachian State University  
Bachelor of Science in Business Administration in Accounting,  
Magna Cum Laude  
Master of Science in Accounting  
  
Certified Public Accountant in North Carolina

**Continuing Education:** Minimum of 40 hours per year

**Specialized Training and Other Information:** Member of the AICPA and NCACPA

**Work Experience:** Michael is currently the Audit Manager for several for-profit and non-profit organizations. He has 9 years of experience within manufacturing, distribution, retail and non-profit sectors.  
  
Additional responsibilities include oversight of audit seniors, staff accountants, and technical review of workpapers.

## ATTACHMENT C

(Statement of Policies and Procedures, Peer Review Letter,  
and Recent *Accounting Today* Article)

## Martin Starnes & Associates, CPAs, P.A.

### Statement of Policies and Procedures

#### INDEPENDENCE

It is the policy of our firm that all employees be familiar with and adhere to the independence rules, regulations, interpretations, and rulings of the AICPA and NC State Board of CPA Examiners. In this regard, any transaction, event, or circumstance that would impair the firm's independence on compilation, review, audit, forecast, projection, or attestation engagements is prohibited. Although not necessarily inclusive of all transactions or events that may impair our firm's independence, the following are considered to be prohibited transactions:

- Investments by any employee in a client's business
- Investments by any employee with a client, or with client personnel
- Borrowing from or loans to a client, or client's personnel
- Accepting cash or gifts from a client (with the exception of non-cash token Christmas gifts of nominal value)
- Certain family relationships between employees and client personnel  
(Consult the partners for more details on this rule.)

Notwithstanding the preceding policy and list of prohibited transactions, at the partner's discretion, certain prohibitions can be waived if it is to be in the best interest of the firm. However, in so doing, the engagement service performed for the client must be limited to that allowed by the **AICPA professional** literature for non-independent situations.

The procedures listed below should be followed to ensure compliance with this policy:

All employees are required to sign a representation letter when hired (and annually thereafter) that acknowledges their familiarity with the firm's independence policies and procedures.

All employees are required to notify a partner of any potential violation of a prohibited transaction or independence rule as soon as they become aware of such a situation. To acknowledge that responsibility, all employees are required when hired (and annually thereafter) to sign a representation letter and to list situations they know of that could impair our firm's independence. The firm's library contains the authoritative rules on independence that govern the firm. (That literature and the advice of the partners should be consulted when an employee is not sure if a transaction, event, or circumstance impairs our firm's independence.)

All employees are required to review the firm's client list annually for possible independence violations. A list of new clients is provided periodically throughout the year and is communicated to each employee on a timely basis. Any independence violations should be communicated to the partners on a timely basis. When hired and annually, all employees are required to sign a representation that confirms this responsibility.

## **Martin Starnes & Associates, CPAs, P.A.**

### **Statement of Policies and Procedures**

#### **INDEPENDENCE (continued)**

If our firm is engaged as principal auditor and another firm is engaged by our firm to examine a subsidiary, branch, division, governmental unit, or to perform procedures on an element or account grouping with a client's financial statement, the engagement team is required to obtain a representation regarding the other firm's independence with respect to our client. The auditing manuals used by the other firm contain examples of representation letters that may be used in such situations; however, they are not required to be in writing or in the form prescribed by the audit manuals of this firm. Furthermore, in a compilation, review, forecast, projection, or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The engagement programs in the accounting and auditing manuals used by our firm contain steps to ensure compliance with this procedure.

The partner or the in-charge accountant under the direct supervision of the partner has the primary responsibility for determining if there are significant unpaid fees on any of his clients that would impair the firm's independence. The engagement work program used by the firm contains program steps to ensure compliance with this procedure. The firm's client accounts receivable listing and the partner's knowledge of any unbilled fees should be considered in making this determination. In addition, the partners have the secondary responsibility to review the firm's accounts receivable listing on a periodic basis to identify potential independence problems.

The partners are responsible for resolving questions relating to the independence matters and are available to provide guidance. In so doing, the partners should, when necessary, consult the AICPA or the NC State Board of CPA Examiners for assistance in interpreting independence rules. Documentation of the resolution of an independence matter should be filed in the client's permanent workpapers.

To ensure that our firm's independence policy and procedures are properly considered at the engagement level, the work programs in the accounting and auditing manuals used by the firm contain steps that require a determination of independence on each new and recurring client. Furthermore, these manuals contain reporting guidance for those types of engagements where a lack of independence is allowed.

To monitor compliance with our firm's policy and procedures on independence, representation letters are obtained when an employee is hired, and annually thereafter, and are routed to the managing partner for his review. During our firm's annual quality control inspection program, a sample of employee personnel files will be reviewed to determine that a current independence representation is on file. Also during this inspection, a sample of engagements will be reviewed to determine compliance at the engagement level with our firm's independence policy.





**Koonce, Wooten & Haywood, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the  
Peer Review Committee, North Carolina Association  
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. 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. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, 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*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

*Koonce, Wooten & Haywood, LLP*

Koonce, Wooten & Haywood, LLP

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619

919 782 9265  
919 783 8937 FAX

**Durham**  
3511 Shannon Road  
Suite 100  
Durham, North Carolina 27707

919 354 2584  
919 489 8183 FAX

**Pittsboro**  
10 Sanford Road  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX



**Midsized firms (50-249 employees)**

Rank	Firm	Headquarters	Staff	% of employees		% of exec staff		Onboard hours	Training hours	Chief executive
				Male	Female	Male	Female			
1	CCK Strategies	Tulsa, Okla.	62	29	71	63	38	6	33	Terry Cumbey
2	Porter Keadle Moore	Atlanta	59	54	46	71	29	24	60	H. Phillip Moore
3	Boyer & Ritter CPAs	Camp Hill, Pa.	82	56	44	92	8	40	40	Robert Murphy
4	Insero & Co. CPAs	Rochester, N.Y.	71	37	63	53	46	13	48	Nancy Catarisano
5	Warady & Davis	Deerfield, Ill.	76	58	42	81	19	40	55	Gary Rudenberg
6	Snyder Cohn	North Bethesda, Md.	63	33	67	50	50	100	40	Steven Braunstein
7	Lutz	Omaha, Neb.	140	58	42	86	14	16	45	Gary Witt
8	Smith & Howard	Atlanta	85	47	53	71	29	8	58	John Lucht
9	Martin Starnes & Associates CPAs	Hickory, N.C.	53	38	62	40	60	40	120	Victoria Martin
10	Vicenti, Lloyd & Stutzman	Glendora, Calif.	62	30	70	60	40	40	120	C. Pon / L. Saddlemire
11	Berntson Porter & Co.	Bellevue, Wash.	73	42	58	80	20	16	40	Robert Berntson
12	Maxwell Locke & Ritter	Austin, Texas	85	27	73	67	33	8	20	Steven Knebel
13	McGowen, Hurst, Clark & Smith	West Des Moines, Iowa	57	37	63	80	20	10	65	Robert McGowen
14	Cohen & Co./Cohen Fund Audit Services	Cleveland	202	50	50	53	47	40	75	Randall Myeroff
15	Barfield, Murphy, Shank & Smith	Birmingham, Ala.	100	48	52	85	15	78	45	Don Murphy
16	Clark Nuber	Bellevue, Wash.	175	39	61	85	15	32	50	David Katri
17	KraftCPAs	Nashville, Tenn.	175	41	59	75	25	40	50	Vic Alexander
18	Brown Smith Wallace	St. Louis	209	45	55	79	21	15	60	Harvey Wallace
19	Lurie Besikof Lapidus & Co.	Minneapolis	105	36	64	60	40	15	60	Beth Kieffer Leonard
20	Hancock Askew & Co.	Savannah, Ga.	75	35	52	20	80	6	40	Michael McCarthy
21	McKonly & Asbury	Camp Hill, Pa.	70	50	50	75	25	10	40	Terry Harris
22	Hungerford Nichols CPAs + Advisors	Grand Rapids, Mich.	62	48	52	71	29	10	60	Rick Chrisman
23	Anders CPAs + Advisors	St. Louis	137	51	49	73	27	40	60	Robert Minkler
24	NSBN	Beverly Hills, Calif.	80	41	59	55	45	4	40	Kenneth Miles
25	Duffy, Kruspodin & Co.	Encino, Calif.	67	25	75	75	25	1	40	Thomas Duffy
26	RGL Forensics	Denver	172	60	40	66	33	8	20	Angie MacPhee
27	Bennett Thrasher	Atlanta	171	51	49	92	8	24	70	Rick Bennett
28	Anton Collins Mitchell	Denver	95	47	53	80	20	24	50	Greg Anton
29	Henry & Horne	Tempe, Ariz.	114	41	59	67	33	20	70	Chuck Goodmiller
30	Abbott Stringham & Lynch	San Jose, Calif.	70	34	66	57	43	35	75	Ray Scheaffer
31	BeachFleischman	Tucson, Ariz.	119	43	57	70	30	40	40	Bruce Beach
32	Maner Costerisan	Lansing, Mich.	81	58	42	100	0	20	40	Jeffrey Stevens
33	Travis Wolff	Dallas	104	49	51	77	23	5	45	Perry Kaufman
34	Brown Schultz Sheridan & Fritz	Camp Hill, Pa.	82	51	49	70	30	24	60	Kenneth Wolfe
35	Bernard Robinson & Co.	Greensboro, N.C.	98	33	67	60	40	14	40	Wade Pack
36	EEPB CPAs & Advisors	Houston	68	50	50	87	13	16	40	Steve Parkhill
37	True Partners Consulting	Chicago	187	56	44	80	20	4	40	Cary McMillan
38	Skoda Minotti	Mayfield Village, Ohio	220	56	44	85	15	40	65	Gregory Skoda
39	Gelman, Rosenberg & Freedman	Bethesda, Md.	94	54	46	74	26	3	40	Jacqueline Oneto
40	Allen, Gibbs & Houlik	Wichita, Kansas	120	44	56	78	22	8	40	Paul Allen
41	Wymer Brownlee	Enid, Okla.	66	29	71	85	15	40	20	Kyle Brownlee
42	Wolf & Co.	Boston	192	54	46	72	28	24	40	Mark O'Connell
43	Kositzka, Wicks and Co.	Alexandria, Va.	65	31	69	45	55	40	100	Stephen Travis
44	Averett Warmus Durkee	Orlando, Fla.	93	40	60	64	36	8	40	James Warmus

**Large firms (250 or more employees)**

Rank	Firm	Headquarters	Staff	% of employees		% of exec staff		Onboard hours	Training hours	Chief executive
				Male	Female	Male	Female			
1	SC&H Group	Sparks, Md.	300	50	50	89	11	4	52	Ron Causey
2	Kaufman Rossin	Miami	404	55	45	89	11	16	50	Jim Kaufman
3	Armanino	San Ramon, Calif.	422	53	47	88	12	16	50	Andrew Armanino
4	Burr Pilger Mayer Inc.	San Francisco	350	55	45	80	20	6	40	Curtis Burr

**Notes:** Staff — includes all staff, domestic and international. Onboard hours — average number of hours a new hire spends in orientation. Training hours — average number of annual training and development hours received per employee.

**ATTACHMENT D**  
(Sample PBC List)

**CITY OF DOGWOOD**  
**PREPARED BY CLIENT LIST**  
**JUNE 30, 2015**

Interim fieldwork is scheduled for \_\_\_\_\_. Please have the following items ready before we arrive in order to allow us to complete the audit in a timely manner and avoid delays in issuing the financial statements. We only need copies when specifically requested. Otherwise it is up to your discretion whether you want to provide the original or make a copy.

**ITEMS NEEDED FOR INTERIM FIELDWORK**  
**FOR THE YEAR ENDING 6/30/15**

**Trial balance**

In order to aid in setting up your trial balance in our audit software, please provide the following:

4/30/15 trial balance for all funds (including multi-year and project funds) in Excel format, including account number, account name, balance, original budget, and amended budget as of 4/30/15.

List of all new fund numbers or department numbers and names added since 6/30/14

Detail general ledger (Excel file) for the following as of 4/30/15:

- All grant related expenditures
- All capital outlay accounts for General Fund and Enterprise Funds (parent EFs only, not projects)
- All Special Revenue Fund revenue and expenditure accounts
- All Capital Project Fund revenue and expenditure accounts
- All Enterprise Fund Capital Project revenue and expenditure accounts
- If available electronically, please provide a report of Budget Amendments from July 2014-April 2015.
- If available electronically, please provide a report of manual journal entries from July 2014-April 2015.

**Please e-mail board minutes to us on a monthly basis.**

**Internal Controls**

Please complete the attached work paper to document your system of internal controls over financial reporting. For each tab please complete the sections that are highlighted yellow. Read over the control in the left hand column and check the appropriate box on whether it applies to the City. In the comment column explain how your entity accomplishes this control. You will need to document who performs the procedures, how and how often the procedures are performed and how you document that the procedure was performed. We will need this for planning purposes by the first day of field work.

### **Cash Receipts Testing**

1. We plan to make selections of credits posted to the revenue accounts throughout the fiscal year. To do this, we will randomly select accounts in the collections department. *Note that we will make these selections once we arrive for interim fieldwork.*
2. After we make our selections, we will need your staff to assist us in performing a walkthrough for each receipt: 1) Posting of payment to client's account (we can view this on screen); 2) Tracing of amount to daily "Drawer Audit" report; 3) Agreeing total amount per reports to deposit slip and to proper posting in general ledger.
3. To perform these procedures, please have the Billing Registers for the months of August 2014 and February 2015 available for our selections once we arrive for interim fieldwork.

### **Cash Disbursements Testing.**

1. We plan to make selections of cash disbursements throughout the fiscal year and compare to invoices/supporting documentation. *Note that this info was requested above.*
2. After we make our selections we will need your staff to pull the invoices/supporting documentation for each transaction in order to perform a walk-through of the transaction from the general ledger back to its origination.

### **Payroll**

1. Please email payroll registers for the months of July 2014 and January 2015 in order for us to make our payroll selections prior to arriving for interim fieldwork. Report should include name, department, rate, hours worked, and gross pay.

### **Budget Amendments/Journal Entries**

We will select certain budget amendments posted to the general ledger revenue and expenditure accounts to test. Please email a report showing all the budget amendments for the year (*note that this info was requested above*). Your staff will need to pull the supporting documentation for the Council's approval of the amendments that we select for testing.

1. Original budget ordinance for 2014-2015.
2. We will also test manual journal entries posted to your system throughout the year. (*note that this info was requested above*).

### **Capital Assets/Capital Outlay**

1. We will select a sample of items purchased from YTD printouts of all capital outlay accounts. Your staff will need to pull the invoices for the additions selected. *Note that this info was requested above.*

### **Long-Term Debt**

1. Copies of all new lease purchase agreements or long-term debt entered into during the 2014-2015 year.

2. Copies of all amortization schedules for new debt.
3. Copy of LGC form for "Annual Bond Principal and Interest Requirements" for the 2014-2015 year.

**Fund Equity**

1. Copy of a schedule showing the reconciliation of fund balances, retained earnings, and contributed capital per the general ledger to the prior year audit report.

**Special Revenue, Capital Projects Funds (governmental), and Enterprise Fund Capital Projects**

1. We plan to make selections of revenues and expenditures throughout the fiscal year and compare to invoices/supporting documentation.
2. After we make our selections we will need your staff to pull the invoices/supporting documentation for each transaction.

*Note that this info was requested above.*

**Compliance**

1. Copy of current year Certified Powell Bill Statement.
2. Please send us info on any large grants (greater than \$300,000 federal or state funds) to be expended by the end of the current fiscal year. If any grants other than Powell Bill will need to be tested for compliance, we will perform this testing during interim as well.

**LEO/OPEB Information**

- Payroll information submitted for most recent OPEB valuation. We will make a sample selection from this information.
- Payroll information submitted for most recent LEO valuation. We will make a sample selection from this information.



Final fieldwork is scheduled for the week of \_\_\_\_\_. Please have the following items ready before we arrive in order to allow us to complete the audit in a timely manner and avoid delays in issuing the financial statements. We only need copies when specifically requested. Otherwise it is up to your discretion whether you want to provide the original or make a copy.

### **ITEMS NEEDED FOR FINAL FIELDWORK FOR THE YEAR ENDING 6/30/15**

#### **Trial Balance & Final Amended Budget**

We need your 6/30/15 trial balance report for all funds in the form of an Excel spreadsheet no later than 2 weeks prior to the beginning of scheduled fieldwork. This trial balance should include all year-end closing and adjusting entries. We will use the file to import the City's final 6/30/15 trial balance into our audit software. We need the trial balances with the account number in one cell, the account name in one cell, the year-to-date account balance in one cell and the final budget in one cell. Please send the file via our Sharefile link or email by \_\_\_\_\_. Please include the final amended budget in the same format as the trial balance.

Detail general ledger (Excel file) for the following from May 1, 2015- June 30, 2015  
(please send to us by \_\_\_\_\_):

- Powell Bill related expenditures
- Other grant related expenditures
- Capital outlay accounts for General Fund and Enterprise Funds (parent EFs only, not projects)
- Special Revenue Fund revenue and expenditure accounts
- Capital Project Fund revenue and expenditure accounts
- Enterprise Fund Capital Project revenue and expenditure accounts
- If available electronically, please provide a report of Budget Amendments from May 1, 2015 - June 30, 2015.
- If available electronically, please provide a report of manual journal entries from May 1, 2015 - June 30, 2015.

#### **Financial Statements**

1. Draft copy of financial statements, MD&A, and footnotes, once available. It is not necessary to provide the statistical tables required in the CAFR.
2. Copy of OPEB actuarial report and OPEB allocation/calculation
3. Copy of LEO actuarial report
4. Copy of prior year CAFR/GFOA comments

#### **Cash**

1. Copies of bank statements and bank reconciliations for June 2015 and July 2015 for all bank accounts. Please include any escrow accounts.
2. Copy of a Schedule of Bank Transfers from the five days prior to year end through the five days after year end.

3. Copy of a Schedule of Investments. The schedule should include the purchase date, maturity day, book value, market value, and accrued interest.
4. Copy of the Local Government Commission Report of Deposits and Investments (LGC 203) for June 30, 2015.

#### **Accounts Receivable**

1. Copy of Interest Receivable Distribution Schedule.
2. Copy of Confirmation provided by the County for ad valorem and motor vehicle taxes
3. Copy of the property tax schedule reconciling the County confirmation to the City's general ledger records.
4. Detail listing for all accounts receivable accounts. Sub-ledgers should agree to the balance in accounts receivable on the City's general ledger.
5. Copy of the schedule of July Billings for June Consumption for enterprise funds.
6. Copy of NCVTS report (summary report)

#### **Inventory**

1. Inventory listing for all funds as of June 30, 2015. Please reconcile the inventory listing to the balance in the general ledger.

#### **Capital Assets**

1. Prepare a schedule that reconciles prior year balances plus additions, less deletions, plus/minus transfers, equaling ending balances by capital asset type. Provide a schedule reconciling the capital asset additions to the capital outlay accounts in the general ledger. A copy of the schedules should be provided for each fund type.
2. Copy of a schedule of assets transferred between funds for each fund.
3. Copy of a schedule of all disposals and sales of capital assets during the year with the proceeds from each transaction and the date. (All Funds).
4. List of all construction in progress at 6/30/15 and any projects shown in the 2014 report as construction in progress that have been completed during the 2014-2015 year. Please make sure that general fund construction in progress is included in your capital assets.
5. Capital asset depreciation schedules.

#### **Accounts Payable and Accrued Liabilities**

1. Detail listing of all accounts payable accounts. Reconcile sub-ledgers to the account balance in the general ledger. Please provide a copy of the accounts payable reconciliation.
2. Have check registers for July, August and September 2015 available for us to make selections for subsequent disbursement testing (please run the registers by fund as we need to make selections by fund for our testing). After we make our selections we will need your staff to pull the supporting documentation.
3. Copy of the schedule for compensated absences payable as of June 30, 2015.
4. Copy of the Estimate of Incurred but not Reported Claims.



5. Detail listing of customer deposits payable. Please make sure that the listing agrees to the balance in the general ledger accounts.
6. Documentation to support amount reported as unpaid claims cost, if applicable

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1. Supporting documentation for the report entries used to convert your modified accrual statements to full accrual.

**Compliance**

1. Powell Bill Expenditure Report for the June 30, 2015 year end
2. Other compliance documentation will be requested as required