



CITY OF HAPEVILLE, GEORGIA

RFP FOR PROFESSIONAL AUDITING SERVICES

Fiscal Years Ended June 30, 2017 through 2020

Tendered by:

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

1503 Bass Road

P.O. Box 6315

Macon, Georgia 31208

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TITLE PAGE

Subject: CITY OF HAPEVILLE, GEORGIA
Request for Proposals: Professional Auditing Services

Firm Information: CLIFTON, LIPFORD, HARDISON & PARKER, LLC
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mark@clhp.com

Contact: Mark O. Hardison, CPA – Engagement Partner (*ext 401*)
Kenneth R. Neil, CPA – Director of Audits (*ext 404*)
David C. McCoy, CPA – Audit Manager (*ext 405*)

Date: June 7, 2017

The undersigned offers and agrees to furnish the services in accordance with the attached proposal herein.



Mark O. Hardison, CPA (member)

Federal ID Number: 58-2253342

LETTER OF TRANSMITTAL

We understand CITY OF HAPEVILLE, GEORGIA is soliciting the services of a qualified certified public accounting firm to audit its financial statements for the fiscal years ending June 30, 2017 through 2020. We are very pleased to have the opportunity to bid on these contracts.

The major provisions of the required services are as follows:

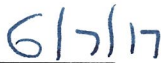
- CITY OF HAPEVILLE, GEORGIA desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with accounting principles generally accepted in the United States of America.
- The audit shall be performed in accordance with auditing standards generally accepted in the United States of America, as set forth by the American Institute of Certified Public Accountants and the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*. The audit shall be performed in accordance with American Institute of Certified Public Accountants (AICPA), Generally Accepted Auditing Standards (GAAS), and *Government Auditing Standards*. At the completion of the audit the auditor will issue the required reports in accordance with the standards listed above and identified in the request for proposal.
- If CITY OF HAPEVILLE, GEORGIA requires a Single Audit during any part of the engagement, it will be performed in accordance with U.S. General Accounting Office's *Government Auditing Standards and Uniform Guidance for Federal Funds* (formerly OMB Circular A-133), *Audits of States, Local Governments and Non-Profit Organizations*.
- The audit will include a management letter of comments and recommendations, which shall contain observations noted during the course of the examinations.

The owners and professionals employed at CLIFTON, LIPFORD, HARDISON & PARKER, LLC understand the significance of quality service that is provided timely and at a fair price. Our long-standing approach to professional engagements is to ensure that we offer our clients, when needed and desired, services beyond that merely contemplated at the onset of the engagement. We can provide assistance and training regarding accounting and auditing pronouncements, audit risk alerts, newly adopted and proposed regulations, and assistance with understanding compliance requirements unique to CITY OF HAPEVILLE, GEORGIA'S operations.

CLIFTON, LIPFORD, HARDISON & PARKER, LLC, as a professional firm employing professionals, is well-qualified to provide the required services to CITY OF HAPEVILLE, GEORGIA. Our firm is a member of the AICPA Governmental Audit Quality Center. The firm has provided over 60 years of tax, audit and other accounting services in Georgia. The audit team will include Mark O. Hardison, as the engagement partner with over 36 years of governmental auditing experience as well as Kenneth R. Neil, as concurring reviewer, with over 30 years auditing experience. The firm has enjoyed superlative results in providing assistance to a variety of audit clients in continually receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting. As this proposal reflects, the firm has a wide range of experience with other local governments, non-profits, and related entities. We look forward to a valued relationship with CITY OF HAPEVILLE, GEORGIA.



Mark O. Hardison, CPA, Engagement Partner



Date



**CITY OF HAPEVILLE, GEORGIA
AUDIT PROPOSAL**

PROFILE OF AUDIT FIRM

FIRM QUALIFICATIONS AND EXPERIENCE

The members and staff of CLIFTON, LIPFORD, HARDISON & PARKER, LLC are dedicated accounting professionals and strive to provide the varied clients of the firm with quality accounting services. Our firm, one of the oldest in the Middle Georgia region, has been actively engaged in governmental and not-for-profit auditing in Georgia for over sixty years. Our firm recognized the challenges and opportunities of serving governmental and not-for-profit entities at a time when most firms took little or no interest in these areas of practice.

Governmental and not-for-profit auditing and accounting has changed considerably during the last ten years. CLIFTON, LIPFORD, HARDISON & PARKER, LLC has been on the forefront of this change and we have developed a thorough understanding of the accounting and auditing problems of the governmental sector. The firm has required its principals and staff to undertake continuing professional education to update and improve their skills in governmental accounting and auditing. The firm has assisted a number of clients in continually obtaining the prestigious Certificate of Excellence Award from the Government Finance Officers Association and currently has four staff members serving as reviewers for GFOA in the program. The firm currently performs governmental audits for fifteen municipalities, six counties, one regional commission and approximately thirty-five governmental agencies.

CLIFTON, LIPFORD, HARDISON & PARKER, LLC has continued to streamline its governmental auditing practice in an effort to provide the highest level of service possible for its governmental auditing clients. CLIFTON, LIPFORD, HARDISON & PARKER, LLC is a mid-size local firm with offices located in Macon and Warner Robins, Georgia. The firm is large enough to have the experience and resources available to provide excellent service to our clients and is small enough to provide the personal service and partner access that is rarely available from larger firms.

OFFICE SIZE AND KEY PROFESSIONAL STAFF ASSIGNED

	<u>Firm-wide</u>	<u>Governmental Audit Employees</u>
Partners	6	3
Directors	2	1
Managers	3	2
Supervisor and Seniors	4	3
Staff	6	3
Support Staff	8	2
	<u>29</u>	<u>14</u>



**CITY OF HAPEVILLE, GEORGIA
AUDIT PROPOSAL**

PROFILE OF AUDIT FIRM
(CONTINUED)

OFFICE SIZE AND KEY PROFESSIONAL STAFF ASSIGNED (CONTINUED)

CLIFTON, LIPFORD, HARDISON & PARKER, LLC has offices in Macon, Georgia and Warner Robins, Georgia. The following key professionals will be assigned to work on the City of Hapeville, Georgia engagement out of the Macon office:

Mark O. Hardison, CPA
Kenneth R. Neil, CPA, CFE
David C. McCoy, CPA

Engagement Partner
Director of Audits, Concurrent Reviewer
Audit Manager

LITIGATION HISTORY

CLIFTON, LIPFORD, HARDISON & PARKER, LLC has not been involved in any litigation in the past ten (10) years and there are no active or pending litigation matters. There are no active claims against CLIFTON, LIPFORD, HARDISON & PARKER, LLC or against clients of CLIFTON, LIPFORD, HARDISON & PARKER, LLC where our firm is named.

LITIGATION HISTORY

CLIFTON, LIPFORD, HARDISON & PARKER, LLC and the individual members have not ever been involuntarily removed from a contract or failed to complete a contract as assigned.

CONFIRMING STATEMENT

CLIFTON, LIPFORD, HARDISON & PARKER, LLC meets the minimum qualifications required to properly and adequately provide the services contemplated hereby. Our firm currently has an Accounts Professional Liability Insurance Policy with Plaza Insurance Company and a Worker's Compensation policy with Auto-Owners Insurance Company. See Attachment B of this proposal for a summary of coverage thresholds.

INDEPENDENCE AND FIRM LICENSE

Our firm is independent of City of Hapeville, Georgia and is licensed (ACF003825) to practice in the State of Georgia. Our firm has no conflicts of interest with regard to any other work performed by the firm for City of Hapeville, Georgia, its members or related agencies.



CITY OF HAPEVILLE, GEORGIA AUDIT PROPOSAL

PROFILE OF AUDIT FIRM **(CONTINUED)**

EXTERNAL QUALITY CONTROL REVIEW

The firm of Henderson, Hutcheson & McCullough, PLLC completed our most recent peer review for 2016. We received a peer rating as pass. As required by the standards established by the Peer Review Board of the AICPA, our most recent and prior review included governmental engagements.

GOVERNMENTAL AUDIT QUALITY CENTER

Our firm is a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center. As part of our Center membership requirements and our commitment to quality, Mark O. Hardison has been named the firm's designated partner in charge of ensuring the quality of our services performed under Government Auditing Standards and Uniform Guidance.

We are committed to achieving the highest quality and most efficient audits possible with our specialized team of auditors. We have over 60 years of experience in performing governmental audits.

RESULTS OF FEDERAL AND STATE REVIEWS

There are no pending or disciplinary actions against the firm.

AUDIT TEAM DESIGN

We anticipate designing the audit team to include the engagement partner, one engagement manager and one senior auditor overseeing the work of two specialized staff auditors. It is our firm's policy to notify the local government officials prior to preliminary fieldwork of any changes to the key audit team members. We have learned over the last 60 years of providing auditing services to governmental agencies the importance of keeping the same fieldwork team together from year to year. It is our guarantee that we will make every effort to provide City of Hapeville, Georgia the same audit professionals for each year of the four year contract.

Our partners are highly involved in the planning of fieldwork and the design and selection of audit procedures because our firm recognizes that this ensures the quality and efficiency of our audit. The partner's involvement also allows each audit to be specifically designed to meet the needs of our individual clients. In addition to placing knowledgeable, experienced auditors on site, we also maintain a high level of communication between the engagement team and our partners and managers when conducting fieldwork. This enables us to address any special issues that may arise while still at the client's office. Firms that wait to address these areas until after leaving the client's office experience a loss of efficiency that often results in an extended amount of time between conducting the audit fieldwork and issuing the final audit report.



**CITY OF HAPEVILLE, GEORGIA
AUDIT PROPOSAL**

PROFILE OF AUDIT FIRM
(CONTINUED)

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES
(SELECTED CLIENTS)

City of Avondale Estates, Georgia

City auditor from 2008 to the present.
Engagement Partner: Mark O. Hardison, CPA
Total Staff Hours: 150 Hours
Deadline requirements for the State of Georgia
and GFOA met all years.
Received GFOA Certificate of Excellence Award
Mr. Kenneth H. Turner, Director of Finance
21 North Avondale Plaza
Avondale Estates, Georgia 30002
(404) 294-5400

Greene County, Georgia

County auditor from 2002 to the present.
Engagement Partner: Mark O. Hardison, CPA
Total Staff Hours: 480 Hours
Deadline requirements for the State of Georgia
and GFOA met all years.
Received GFOA Certificate of Excellence Award
Mr. Byron Lombard, County Manager
1034 Silver Drive, Suite 201
Greensboro, Georgia 30642
(706) 453-7716

Jasper County, Georgia

County auditor from 2004 to the present.
Engagement Partner: Mark O. Hardison, CPA
Total Staff Hours: 300 Hours
Received GFOA Certificate of Excellence Award
last six years.
Mr. Mike Benton, County Manager
126 W. Greene St, Suite 18
Monticello, Georgia 31064
(706) 468-4900

City of Newnan, Georgia

City auditor from 2006 to the present.
Engagement Partner: Mark O. Hardison, CPA
Total Staff Hours: 265 Hours
Deadline requirements for the State of Georgia
and GFOA met all years.
Received GFOA Certificate of Excellence Award
Mr. Cleatus Phillips, City Manager
25 LaGrange Street
Newnan, Georgia 30263
(770) 254-2358

Camden County, Georgia

County auditor from 2010 to the present.
Engagement Partner: Mark O. Hardison, CPA
Total Staff Hours: 330 Hours
Deadline requirements for the State of Georgia
and GFOA met all years.
Received GFOA Certificate of Excellence Award
Mr. Mike Fender, Director of Finance & Budget
200 East 4th Street
Woodbine, Georgia 31569
(912) 576-6682



CITY OF HAPEVILLE, GEORGIA
AUDIT PROPOSAL

PROFILE OF AUDIT FIRM
(CONTINUED)

PARTNER QUALIFICATIONS AND EXPERIENCE

Mark O. Hardison, CPA (Engagement partner)
Managing Partner

State of Georgia License 6792
Years in Public Accounting 36

Governmental Auditing Experience (selected clients):

Cities and Counties (* denotes Single Audit engagement, ^ denotes CAFR):

- City of Cochran, Georgia
- City of Gray, Georgia
- City of Perry, Georgia^*
- City of Union Point, Georgia*
- City of Newnan, Georgia^
- City of Loganville, Georgia
- City of Avondale Estates, Georgia^
- City of Greensboro, Georgia*
- City of Porterdale, Georgia*
- City of Hinesville, Georgia*^
- City of Winder, Georgia
- Bibb County, Georgia*^ (1981-2003)
- Greene County, Georgia*^
- Jasper County, Georgia*
- Oglethorpe County, Georgia
- Pike County, Georgia
- Wilkinson County, Georgia
- Camden County, Georgia*^
- Crawford County, Georgia*
- Webster County, Georgia

Governmental Agencies (selected clients):

- Macon-Bibb County Board of Health*
- Macon-Bibb County Urban Development Authority
- Solid Waste Management Authority of Crisp County
- Development Authority of Bibb County
- Development Authority of Jones County
- Macon-Bibb County Industrial Authority
- River Valley Regional Commission
- Greene County Airport Authority*
- Greene County Recreation Commission
- Griffin-Spalding County Hospital Authority
- Griffin-Spalding Development Authority
- Crisp Dooly Joint Development Authority
- Liberty Consolidated Planning Commission
- Greene County Development Authority

Non-Profit Organizations (selected clients):

- Southwest Georgia United Empowerment Zone*
- Meals on Wheels
- Spalding Collaborative Authority

Professional Organizations:

- American Institute of Certified Public Accountants
- Georgia Society of Certified Public Accountants
- Charter Member of the Georgia Governmental Finance Association
- GFOA – Reviewer for the Certificate of Achievement for Excellence in Financial Reporting Program

Continuing Professional Education:

All requirements for governmental continuing professional education have been met.



CITY OF HAPEVILLE, GEORGIA
AUDIT PROPOSAL

PROFILE OF AUDIT FIRM
(CONTINUED)

DIRECTOR OF AUDITS QUALIFICATIONS AND EXPERIENCE

Kenneth R. Neil, CPA, CFE
Director of Audits

State of Georgia License 8074
Years in Public Accounting 30

Governmental Experience (selected engagements):

Cities and Counties: (* denotes Single Audit engagement ^denotes CAFR)

- City of Hinesville, Georgia*^
- City of Loganville, Georgia
- City of Perry, Georgia^
- City of Newnan, Georgia
- City of Byron, Georgia*
- City of Thomaston, Georgia*^
- City of Porterdale, Georgia*
- City of Avondale Estates, Georgia^
- Oglethorpe County, Georgia
- Walton County, Georgia

Governmental Agencies:

- Middle Georgia Regional Library
- Macon-Bibb County Industrial Authority
- Northeast Georgia Regional Development Center*
- Middle Georgia Regional Commission*^
- Griffin-Spalding Development Authority
- Macon-Bibb County Urban Development Authority
- Development Authority of Bibb County
- Solid Waste Management Authority of Crisp County
- Crisp Dooly Joint Development Authority
- Griffin-Spalding Hospital Authority

Non-Profit Organizations:

- Macon-Bibb County Convention and Visitors Bureau
- Southwest Georgia United Empowerment Zone*
- Volunteer Macon*
- Spalding Collaborative Authority

Electric Utilities (selected engagements)

- Coweta-Fayette EMC
- Greystone Power Corporation
- Central Georgia EMC
- Snapping Shoals EMC
- Southern Rivers Energy
- Bryan Texas Utilities

Professional Organizations:

- American Institute of Certified Public Accountants
- Georgia Society of Certified Public Accountants
- Association of Certified Fraud Examiners
- GFOA – Reviewer for the Certificate of Achievement for Excellence in Financial Reporting Program

Continuing Professional Education:

All requirements for governmental continuing professional education have been met.



**CITY OF HAPEVILLE, GEORGIA
2017 Audit Services**

PROFILE OF AUDIT FIRM
(CONTINUED)

AUDIT MANAGER QUALIFICATIONS AND EXPERIENCE

David C. McCoy, CPA
Audit Manager

State of Georgia License 24128
Years in Public Accounting 17

Governmental Auditing Experience (selected audits):

Cities and Counties (* denotes Single Audit engagement, ^ denotes CAFR):

- Camden County, Georgia*^
- Crawford County, Georgia
- Greene County, Georgia*^
- Jasper County, Georgia*^
- Oglethorpe County, Georgia
- Pike County, Georgia
- Webster County, Georgia
- Wilkinson County, Georgia
- City of Avondale Estates, Georgia^
- City of Gray, Georgia
- City of Greensboro, Georgia
- City of Hinesville, Georgia*^
- City of Oglethorpe, Georgia
- City of Porterdale, Georgia*
- City of Thomaston, Georgia*^
- City of Union Point, Georgia*

Governmental Agencies:

- Coastal Georgia Regional Commission*^
- Development Authority of Jones County
- Georgia Mountains Regional Commission*
- Greene County Airport Authority*
- Heart of Georgia Regional Development Center*
- Macon-Bibb Industrial Authority
- McIntosh Trail Regional Development Center*
- Middle Georgia Regional Commission*^
- Northeast Georgia Regional Commission*
- River Valley Regional Commission*
- Liberty Consolidated Planning Commission

Non-Profit Organizations:

- Christian Church in Georgia
- Meals on Wheels
- South Georgia United Methodist Conference

Professional Organizations:

- American Institute of Certified Public Accountants
- Georgia Society of Certified Public Accountants
- GFOA – Reviewer for the Certificate of Achievement for Excellence in Financial Reporting Program.

Continuing Professional Education:

All requirements for governmental continuing professional education have been met.



CITY OF HAPEVILLE, GEORGIA
2017 Audit Services

PROFILE OF AUDIT FIRM
(CONTINUED)

OTHER STAFF AUDITORS AND ACCOUNTANTS

When assigning team members to an engagement, we assign staff members based upon prior experience and expertise. Staff assigned to perform governmental audits has substantial background and training in the unique accounting and auditing requirements specific to state and local governments. It is our firm's policy to require all non-certified auditors to obtain forty hours of governmental continuing professional education each year.



SPECIFIC AUDIT APPROACH

SPECIFIC AUDIT APPROACH

Our firm's policy is to use Practitioners Publishing Company's *Audits of Local Governments* practice guides. These guides provide for a specific audit approach that combines authoritative requirements with specifically tailored practice aids to help the auditor work both effectively and efficiently. These guides are tailored to address the specific needs and requirements of each engagement. Our audit work would commence upon the approval of our engagement letter with City of Hapeville, Georgia. An outline of our audit approach follows:

PLANNING AND INTERIM AUDIT PROCEDURES

The objectives for this phase is to insure that the audit (including the Single Audit, if applicable) has been properly planned, including the development of an audit strategy, making an appropriate assessment of audit risk, and development of an audit plan. In subsequent years, we would insure that changes to planning matters have been adequately considered and documented. This phase will include the following procedures:

- Review of correspondence files, workpapers, permanent files and audit reports of the predecessor auditor. We would also review any current year interim financial reports.
- Inquire of management about whether there were findings and recommendations from previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit being undertaken and whether the recommendations have been implemented.
- Evaluate whether appropriate corrective action was taken to address findings and recommendations that could have a material effect on the financial statements.
- Determine whether a Single Audit in accordance with Uniform Guidance or a financial audit in accordance with *Government Auditing Standards* will be performed through discussion with appropriate client officials and consideration of applicable statutes.
- Identification of laws and regulations that may have a direct and material effect on the determination of financial statement amounts.
- Review of Board minutes, budgets and contracts.
- Determine potential related parties.
- Apply analytical procedures to preliminary financial data, analyze results and document significant changes.
- Perform risk assessment procedures to obtain an understanding of the City and its environment, including its internal control, and to identify the risks of material misstatement. Procedures will be designed to obtain (or in subsequent years, update) understanding of internal controls and will include inquires of management and others, observation of entity procedures and controls, inspection of documents and records, and tracing transactions through the system (walkthroughs). When obtaining our understanding of the design and implementation of internal controls, we will focus on the identified risks to the financial statements, the controls the City has in place to mitigate those risks, whether or not those controls are properly designed and implemented and the significant audit areas or transaction classes that are covered by those controls.

We anticipate this phase of the engagement to require between 55 and 65 hours.



SPECIFIC AUDIT APPROACH
(CONTINUED)

YEAR-END FIELDWORK

The nature and extent of audit procedures, size and type of samples and analytical procedures performed will be determined, in large part, based on the results of our planning and interim audit procedures. Our tests and procedures will be designed to obtain adequate audit evidence to support management's financial statement assertions. While we are unable to determine the specific audit procedures required without a proper evaluation of control procedures, we anticipate test work in the following areas:

- Cash and Investments
- Payroll and Related Liabilities
- Inventories
- Revenue, Receivables and Receipts – Governmental Funds
- Service Revenue and Receivables – Proprietary Funds
- Capital Assets and Expenditures
- Debt and Debt Service Expenditures
- Equity and Financial Statement Reconciliation
- Insurance and Self-insurance
- Grants and Similar Programs
- Expenditures/Expenses for Goods and Services and Accounts Payable and Other Liabilities
- Federal Awards

We anticipate this phase of the engagement to require between 145 and 155 hours.



SPECIFIC AUDIT APPROACH
(CONTINUED)

CONCLUDING THE AUDIT

Prior to the issuance of the auditors' report, the following procedures will be performed:

- Determine that the City's financial statements are clerically accurate and agree with detailed accounting records.
- Determine annual operating and program budgets and amendments thereto are properly prepared documented and approved.
- Evaluation of commitments and contingencies, subsequent events and related party transactions and determine if these are adequately recorded or disclosed in the financial statements.
- Obtain written representations from management.
- Evaluate misstatements discovered during the audit, including findings and questioned costs.
- Apply final review analytical procedures to audited opinion unit amounts and consider the adequacy of evidence gathered in response to unusual or unexpected balances or relationships identified.
- Determine that financial statements are presented in accordance with generally accepted accounting principles.
- Determine that disclosures are complete, clearly expressed and understandable, and contain financial and other information that is fairly disclosed at appropriate amounts.
- Complete the GFOA General Purpose Preparer Checklist and the Georgia Department of Audits Local Government Audit Report Review Checklist.
- Determine that all required supplementary information is presented in accordance with generally accepted accounting principles.
- Evaluate the effect, if any, on the auditors' report for any generally accepted accounting principles departures.
- If applicable, the results of audit procedures have been considered in the preparation of the Yellow Book or Single Audit Reports.
- Internal control related matters, fraud or illegal acts, abuse, and other matters related to the conduct of the audit have been communicated to the appropriate parties.

We anticipate this phase of the engagement to require between 45 and 55 hours.

USE OF SAMPLES

There are two possible approaches to the issue of audit sampling. Statistical and nonstatistical sampling, if properly applied, are capable of producing appropriate audit evidence. The types of procedures that the auditor applies are not determined by the sampling approach used. Our sampling method will be determined based on circumstances presented in each unique situation. We will use professional judgment in the evaluation of the sufficiency of audit evidence generated by our selected audit approach.



SPECIFIC AUDIT APPROACH
(CONTINUED)

ANALYTICAL PROCEDURES

Analytical procedures are used in general planning to enhance the auditor's understanding of the entity's operations and to identify areas that may represent specific risks. Auditing standards also require the auditor to apply analytical procedures as an overall review in the final stage of the audit. Generally, our analytical procedures would include, but not be limited to, the following:

- Developing expectations by identifying and using relationships that are expected to exist based on an understanding of City of Hapeville and the environment in which they operate.
- Comparing recorded amounts or ratios developed from recorded amounts to expectations.
- Trend analysis – the study of the change in accounts over time.
- Ratio analysis – the study of the relationship between two financial statement amounts
- Reasonableness tests – estimate a financial statement amount or the change in an amount from a prior year.

We are able to perform extensive analytical procedures and create user-defined schedules, with our ENGAGEMENT software program. We also utilize the ActiveData software program for additional testing when applicable.

APPROACH TO INTERNAL CONTROL STRUCTURE

An entity's internal control structure consists of the policies and procedures established to provide reasonable assurance that specific objectives will be achieved. For the purposes of this audit, the relevant policies and procedures pertain primarily to the ability to record, process, summarize and report financial data and to ensure compliance with laws and regulations.

In order to gain an understanding of City of Hapeville's internal control structure, we would perform the following:

- Analytical procedures
- Inquiries of appropriate management and staff personnel
- Inspection of documents and records
- Review of system narratives
- Observation of operations

We would document our understanding in the form of checklists provided by the Practitioners Publishing Company Guide, as well as narratives for each significant audit area.



SPECIFIC AUDIT APPROACH
(CONTINUED)

APPROACH TO LAWS AND REGULATIONS

In order to determine the laws and regulations that will be subject to audit testing, we will request City of Hapeville to provide us with information regarding applicable grants and contracts.

An important aspect of the annual audit is the emphasis placed on compliance with State laws and regulations. We will complete the “2016 Edition of Compliance Auditing in Georgia Counties and Municipalities” checklist as compiled by the Carl Vinson Institute of Government.

ANTICIPATED AUDIT PROBLEMS/PROJECT COMPLETION TIME

We understand that the audit is to be fully completed by November 24, 2017. Our firm is fully prepared to schedule preplanning meetings and fieldwork with the City to complete the audit by the due date. If selected as the auditor, we will meet with the City in June and as needed to address audit planning matters and communications to eliminate potential delays in the completion of the audit.

Attachment A

Peer Review Letter



System Review Report

September 15, 2016

To The Partners
Clifton, Lipford, Hardison & Parker, LLC
And the Georgia Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Clifton, Lipford, Hardison & Parker, LLC (the firm) in effect for the year ended March 31, 2016. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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.

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

In our opinion, the system of quality control for the accounting and auditing practice of Clifton, Lipford, Hardison & Parker, LLC in effect for the year ended March 31, 2016, 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* or *fail*. Clifton, Lipford, Hardison & Parker, LLC has received a peer review rating of *pass*.

*Henderson Hutcherson
& McCullough, PLLC*

Attachment B

Accountants' Professional Liability Insurance Policy



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
5/3/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATEHOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATEHOLDER.

IMPORTANT: If the certificateholder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATIONS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificateholder in lieu of such endorsement(s).

PRODUCER NAPLIA 161 Worcester Rd, Ste 504 Framingham, MA 01701	CONTACT NAME:	
	PHONE (AC, No, Ext): (508) 656-1300	FAX (AC, No): (508) 656-1399
INSURED Clifton, Lipford, Hardison & Parker, LLC 1503 Bass Road Macon, GA 31210	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Plaza Insurance Co.	NAIC#: 30945
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPOSA \$ COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/ MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below				PER STATUTE <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A Professional Liability	PAPLNP 000273-01	5/1/17	5/1/18	Per Claim: \$2,000,000 Aggregate: \$2,000,000 Deductible: \$25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

Clifton, Lipford, Hardison & Parker, LLC
1503 Bass Road
Macon, GA 31210

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Stephen Vono

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Attachment C

Cost Proposal

**CITY OF HAPEVILLE, GEORGIA
SUMMARY OF PROFESSIONAL FEES
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 THROUGH 2020**

<u>YEAR</u>	<u>ANNUAL AUDIT</u>	<u>(IF APPLICABLE) SINGLE AUDIT</u>	<u>TOTAL FEES</u>
2017	\$ 33,400	\$ 2,500	\$ 35,900
2018	33,400	2,500	35,900
2019	33,400	2,500	35,900
2020	<u>33,400</u>	<u>2,500</u>	<u>35,900</u>
TOTAL TERM OF CONTRACT	<u>\$ 133,600</u>	<u>\$ 10,000</u>	<u>\$ 143,600</u>

ADDITIONAL SERVICES

The audit fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Additional fees for unusual or unexpected services will be billed on a time-applied basis.



Mark O. Hardison, Managing Partner

**CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE 2017 FINANCIAL STATEMENTS**

	<u>HOURS</u>	<u>HOURLY RATES</u>	<u>TOTAL</u>
PARTNERS	15	\$ 190	\$ 2,850
DIRECTOR OF AUDITS	10	180	1,800
MANAGER	40	155	6,200
SENIOR	120	120	14,400
STAFF	55	90	4,950
CLERICAL	10	50	500
TRAVEL COSTS			<u>2,700</u>
TOTAL PRICE FY 2017 AUDIT	<u>250</u>		33,400
SINGLE AUDIT (IF APPLICABLE)			<u>2,500</u>
TOTAL ALL INCLUSIVE "NOT TO EXCEED" PRICE FOR 2017 AUDIT			<u>\$ 35,900 *</u>
AMOUNT OF PROFESSIONAL SERVICES, IN HOURS, ALLOWED FOR FY2017 YEAR WITHOUT ADDITIONAL COST			<u>16</u>

** The all inclusive audit fee above includes the Hapeville Association of Tourism and Trade, Inc. and the Hapeville Development Authority blended component units.*

**CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE 2018 FINANCIAL STATEMENTS**

	<u>HOURS</u>	<u>HOURLY RATES</u>	<u>TOTAL</u>
PARTNERS	15	\$ 190	\$ 2,850
DIRECTOR OF AUDITS	10	180	1,800
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SENIOR	120	120	14,400
STAFF	55	90	4,950
CLERICAL	10	50	500
TRAVEL COSTS			<u>2,700</u>
TOTAL PRICE FY 2018 AUDIT	<u>250</u>		33,400
SINGLE AUDIT (IF APPLICABLE)			<u>2,500</u>
TOTAL ALL INCLUSIVE "NOT TO EXCEED" PRICE FOR 2018 AUDIT			<u>\$ 35,900 *</u>
AMOUNT OF PROFESSIONAL SERVICES, IN HOURS, ALLOWED FOR FY2018 YEAR WITHOUT ADDITIONAL COST			<u>8</u>

** The all inclusive audit fee above includes the Hapeville Association of Tourism and Trade, Inc. and the Hapeville Development Authority blended component units.*

**CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE 2019 FINANCIAL STATEMENTS**

	<u>HOURS</u>	<u>HOURLY RATES</u>	<u>TOTAL</u>
PARTNERS	15	\$ 190	\$ 2,850
DIRECTOR OF AUDITS	10	180	1,800
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TOTAL PRICE FY 2019 AUDIT	<u>250</u>		33,400
SINGLE AUDIT (IF APPLICABLE)			<u>2,500</u>
TOTAL ALL INCLUSIVE "NOT TO EXCEED" PRICE FOR 2019 AUDIT			<u>\$ 35,900 *</u>
AMOUNT OF PROFESSIONAL SERVICES, IN HOURS, ALLOWED FOR FY2019 YEAR WITHOUT ADDITIONAL COST			<u>8</u>

** The all inclusive audit fee above includes the Hapeville Association of Tourism and Trade, Inc. and the Hapeville Development Authority blended component units.*

**CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF PROFESSIONAL FEES
FOR THE AUDIT OF THE 2020 FINANCIAL STATEMENTS**

	<u>HOURS</u>	<u>HOURLY RATES</u>	<u>TOTAL</u>
PARTNERS	15	\$ 190	\$ 2,850
DIRECTOR OF AUDITS	10	180	1,800
MANAGER	40	155	6,200
SENIOR	120	120	14,400
STAFF	55	90	4,950
CLERICAL	10	50	500
TRAVEL COSTS			<u>2,700</u>
TOTAL PRICE FY 2020 AUDIT	<u>250</u>		33,400
SINGLE AUDIT (IF APPLICABLE)			<u>2,500</u>
TOTAL ALL INCLUSIVE "NOT TO EXCEED" PRICE FOR 2020 AUDIT			<u>\$ 35,900 *</u>
AMOUNT OF PROFESSIONAL SERVICES, IN HOURS, ALLOWED FOR FY2020 YEAR WITHOUT ADDITIONAL COST			<u>8</u>

** The all inclusive audit fee above includes the Hapeville Association of Tourism and Trade, Inc. and the Hapeville Development Authority blended component units.*