



S. Preston Douglas & Associates, LLP
Certified Public Accountants

Town of Sunset Beach

Cost Proposal

Fiscal Year Ended June 30, 2017

Fiscal Year Ended June 30, 2018

Fiscal Year Ended June 30, 2019

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Date of Proposal - April 23, 2017

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1. Audit Program Used

The audit program that will be used for your audit is based on the standard government approach developed by Practitioners Publishing Company (PPC). PPC audit programs and checklists are updated annually for changes in generally accepted accounting standards, Codification of Governmental Accounting Guides, generally accepted governmental auditing standards and the GAO's *Governmental Auditing Standards*.

2. Statistical Sampling

We use various sampling methods in selecting audit evidence. The method we select depends on the size of the population sampled as well as risk factors that are specific to the client. We will use PPC Sampling worksheets (along with auditor judgment) to determine the size of our samples.

Oftentimes, to obtain sufficient audit evidence on a population selected for testing, we use Computer Assisted Audit Techniques (CAATs). CAAT's provide a convenient way to perform procedures on 100% of transactions and account balances. Not only does CAAT's provide essential audit evidence, they normally result in less assistance required of your staff since additional testing, documentation, and printing of reports is reduced. Our preference is to audit "through the computer, not around the computer."

3. Use of Computer Audit Specialists

None.

4. Organization of Audit Team

Your audit will be conducted by a Partner-in-Charge, other partners and staff, as needed, and support personnel.

1. Partner-in-Charge – the Partner-in-Charge will be actively involved in all stages of the audit.
2. Audit Staff – four additional staff members will be available, as needed.
3. Review Partner – one review partner will be available for purposes of quality control over the audited financial statements.
4. Support Personnel – support personnel will be used for word processing/typing of statements and binding of final report, as well as any other administrative tasks related to the audit.

5. Information Contained in Management Letter

The Partner-in-Charge will review all workpapers and communicate any findings to management in an exit conference. Any potential findings, questioned costs, or possible Management Letter comments will be discussed with the appropriate personnel in a timely manner. The Management Letter will document any comments for the board or financial management team such as deficiencies and weaknesses in an entity's organization structure.

6. Assistance Expected from Staff

During the planning stage of the audit, we will work with your staff to determine what reports can be produced from your accounting software.

We will furnish your staff with an Audit Request List. For efficiency purposes, we tailor the Audit Request List to each client. Our goal is to include 90-95% of all requests in the Audit Request List.

During the fieldwork stage of the audit, please have department heads and other staff available for interviews so that we can perform our internal control assessments.

7. Tentative Schedule for Completing the Audit

The tentative schedule for completing the audit is shown below:

Activity	August	September	October
Conduct planning meeting with personnel	X		
Send audit request list	X		
Perform an analytical review		X	
Identify major audit areas and risks		X	
Perform remaining audit procedures		X	
Conduct exit conference with personnel			X
Prepare financial statements			X
Deliver financial statements			X

8. Specified Costs

The total personnel costs listed in this section are "not-to-exceed" amounts.

A. Personnel Costs by Category

Year Ended June 30, 2017

Personnel Category	Estimated Hours			Total	Rate per Hour	Total Cost
	On-Site Interim	On-Site Year End	Auditor's Office			
Partners	8	24	20	52	160.00	\$ 8,320.00
Senior Audit Staff	0	24	20	44	145.00	6,380.00
Staff Accountants	0	24	14	38	100.00	3,800.00
Total Personnel Costs (not-to-exceed)						\$ 18,500.00

B. **Travel** - no separate charge for travel.

C. **Cost of Supplies and Materials** - no separate charge for the cost of supplies and material.

D. **Other Costs** - no separate charge for other costs.

E. **Determining Increases** - increases are based on cost of living adjustments.

8. Specified Costs (continued)

A. Estimated Personnel Costs by Category

Year Ended June 30, 2018

Personnel Category	Estimated Hours			Total	Rate per Hour	Total Cost
	On-Site Interim	On-Site Year End	Auditor's Office			
Partners	8	24	20	52	160.00	\$ 8,320.00
Senior Audit Staff	0	24	20	44	145.00	6,380.00
Staff Accountants	0	24	19	43	100.00	4,300.00
Total Personnel Costs (not-to-exceed)						<u>\$ 19,000.00</u>

B. Travel - no separate charge for travel.

C. Cost of Supplies and Materials - no separate charge for the cost of supplies and material.

D. Other Costs - no separate charge for other costs.

E. Determining Increases - increases are based on cost of living adjustments.

8. Specified Costs (continued)

A. Estimated Personnel Costs by Category

Year Ended June 30, 2019

Personnel Category	Estimated Hours			Total	Rate per Hour	Total Cost
	On-Site Interim	On-Site Year End	Auditor's Office			
Partners	8	24	20	52	160.00	\$ 8,320.00
Senior Audit Staff	0	24	20	44	145.00	6,380.00
Staff Accountants	0	24	19	43	100.00	4,300.00
Total Personnel Costs (not-to-exceed)						<u>\$ 19,000.00</u>

B. Travel - no separate charge for travel.

C. Cost of Supplies and Materials - no separate charge for the cost of supplies and material.

D. Other Costs - no separate charge for other costs.

E. Determining Increases – increases are based on cost of living adjustments.

9. Additional Information

We do not bill for questions/comments/telephone calls/etc. during the year, unless they are complex and time consuming. Our clients routinely ask about budgets, internal controls, grants, and payroll without incurring any additional charges.

AUDIT COST SUMMARY SHEET
Fiscal Year Ending June 30, 2017

1	Base Audit (General Purpose Financial Statements) Includes Personnel costs, travel, and on-site work	\$ <u>18,500.00</u>
2	Finial Statement Preparation	<u>included in base audit</u>
3	Extra Audit Service (\$ <u>80-\$160</u> per hour)	\$ <u>when applicable</u>
4	Other (please explain)	\$ <u>-</u>
5	Other (please explain)	\$ <u>-</u>
	<u>TOTAL</u>	\$ <u><u>18,500.00</u></u>

AUDIT COST SUMMARY SHEET
Fiscal Year Ending June 30, 2018

"Estimated"

1	Base Audit (General Purpose Financial Statements) Includes Personnel costs, travel, and on-site work	\$ <u>19,000.00</u>
2	Finianial Statement Preparation	<u>included in base audit</u>
3	Extra Audit Service (\$ <u>80-\$ 150</u> per hour)	\$ <u>when applicable</u>
4	Other (please explain)	\$ <u>-</u>
5	Other (please explain)	\$ <u>-</u>
	<u>TOTAL</u>	\$ <u><u>19,000.00</u></u>

AUDIT COST SUMMARY SHEET
Fiscal Year Ending June 30, 2019

"Estimated"

1	Base Audit (General Purpose Financial Statements) Includes Personnel costs, travel, and on-site work	\$ <u>19,000.00</u>
2	Finianial Statement Preparation	<u>included in base audit</u>
3	Extra Audit Service (\$ <u>80-\$ 160</u> per hour)	\$ <u>when applicable</u>
4	Other (please explain)	\$ <u>-</u>
5	Other (please explain)	\$ <u>-</u>
	<u>TOTAL</u>	\$ <u><u>19,000.00</u></u>