

## **City of Dry Ridge, Kentucky**

### **PROPOSAL FOR PROFESSIONAL SERVICES**

**VAN GORDER, WALKER & CO., INC.  
3216 Dixie Highway  
Erlanger, Kentucky 41018**

**859-431-0700**

**Contact Person: John R. Chamberlin, CPA  
Audit Partner  
[jchamberlin@vgwcpa.com](mailto:jchamberlin@vgwcpa.com)**

**City of Dry Ridge, Kentucky**  
**Proposal for Professional Services**

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April 22, 2016

Ms. Amy Kenner, City Clerk/Treasurer  
City of Dry Ridge, Kentucky  
31 Broadway  
Dry Ridge, KY 41035

Ms. Kenner:

Thank you for inviting us to submit this proposal to perform audit services for the City of Dry Ridge, Kentucky. The purpose of the enclosed presentation is to describe to you our qualifications under the following categories:

- Firm Information for Van Gorder, Walker & Co., Inc.
- Qualifications
- Staffing
- Experience
- Quality Assurance and Quality Control Procedures
- Scope of Services and Our Approach to the Engagement
- Cost Proposal

Your selection of an independent auditor is an important decision. We believe our proposal will demonstrate that as a full service firm, including audit, management consulting, information technology, and tax services, we are well qualified to serve the City of Dry Ridge, Kentucky.

Van Gorder, Walker & Co., Inc.'s principal service to the City of Dry Ridge, Kentucky (City) will be the annual audit which leads to an opinion on the City's financial statements. We will perform this audit in accordance with auditing standards generally accepted in the United States as adopted by the American Institute of Certified Public Accountants and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We will also prepare a letter delineating weaknesses, if any, that we find in the City's system of internal control and include recommendations for improvements, where applicable.

Fieldwork will begin after July 31 of each contracted year. One (1) electronic copy in Portable Document Format (PDF) of the audit draft will be furnished to Management no later than November 1 of each contracted year. Once reviewed, bound copies and one electronic copy of the final report will be delivered no later than December 1 of each contracted year. A representative from Van Gorder, Walker and Company, Inc. will present the final report to the City of Dry Ridge, Kentucky City Council no later than the January meeting.

We believe that communication is an important process that needs to be done throughout the year rather than just during the audits. Consequently, we will be informing the City's management and council throughout the year of significant events affecting either governmental accounting or the accounting profession, in general, as it relates to the City of Dry Ridge, Kentucky.

We sincerely appreciate the opportunity to propose on this engagement and trust that this statement of our qualifications is responsive to your requirements. If you require any additional information, please contact us.

Warmest Regards;

*John R. Chamberlin*

John R. Chamberlin, CPA  
Audit Partner

**Van Gorder, Walker, & Co., Inc.**  
**3216 Dixie Highway**  
**Erlanger, Kentucky 41018**  
**(859) 431-0700**  
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## INTRODUCTION & EXECUTIVE SUMMARY

Van Gorder, Walker & Co., Inc. is a local certified public accounting firm and we operate solely from our office in Erlanger, Kentucky. Our firm has three partners and eight professional staff members.

We are a full-service public accounting firm in that we offer services in the areas of auditing, accounting, tax and management consulting. We serve hundreds of clients in both the public and private sector, from the very small to the very large in both categories. It is our philosophy to be unique by providing the broad range of service and in-depth industry experience our clients expect; and, at the same time, retain the personal service and responsiveness which has contributed to our growth.

Our firm is an equal opportunity employer and does not discriminate in its employment practices because of race, color, religion, age, sex, marital status, political affiliation, national origin, or persons with disabilities.

Van Gorder, Walker & Co., Inc. was organized as a Kentucky corporation in October 2000 through the merger of two northern Kentucky certified public accounting firms. **Our firm partners have practiced in Northern Kentucky since 1980.**

A firm's performance is largely dependent on the specific individuals assigned to an engagement. We will provide a team, which will give you a breadth of experience combined with specific expertise in governmental and not-for-profit operations. Staffed by CPAs and professional accountants, each audit engagement progresses through stages of fact-gathering, risk assessment, analysis, testing and report preparation. Our firm provides a complete range of public accounting services to its government, not-for-profit organizations, and private enterprise clients.

Services provided to Van Gorder, Walker & Co., Inc.'s clients are **not subcontracted** to any outside firms.

In both 2009 and 2010, Van Gorder, Walker & Co., Inc. was recognized as one of the fastest growing companies in Northern Kentucky with an *Emerging 30 Award* by the Northern Kentucky Chamber of Commerce.

In 2010, Van Gorder, Walker & Co., Inc. was recognized as a finalist for the Northern Kentucky Chamber of Commerce's Small Business *SUCCESS* Award.

In 2011, Van Gorder, Walker & Co., Inc. was awarded the Northern Kentucky Chamber of Commerce's Small Business *SUCCESS* Award in the category of "Professional Service".

## **EXPERIENCE**

A partial list of current governmental and not-for-profit audit clients, audit year end dates, audit specialties associated with each client, and points of contact are as follows:

### ***Audits of Entities funded by Property taxes***

- **City of Erlanger, Kentucky – 2014-2015**  
Multiple governmental, proprietary, and fiduciary funds, component units, KRS and bond compliance, OMB A-133 compliance, CAFR reporting – **180 hours/year**  
Greg Engleman, Chief Financial Officer (859) 727-7945 [greg.engleman@cityoferlanger.com](mailto:greg.engleman@cityoferlanger.com)
- **City of Fort Mitchell, Kentucky –2010-2015**  
Multiple governmental funds, KRS compliance – **130 hours/year**  
Amy Guenther, City Treasurer (859) 331-1212 [aguenther@fortmitchell.com](mailto:aguenther@fortmitchell.com)
- **City of Cold Spring, Kentucky – 2007-2015**  
Multiple governmental funds, KRS and bond compliance – **125 hours/year**  
Steve Taylor, City Administrator (859) 441-9604 [stevet@coldspringky.com](mailto:stevet@coldspringky.com)
- **City of Edgewood, Kentucky – 2014-2015**  
Multiple governmental and fiduciary funds, KRS and bond compliance – **120 hours/year**  
Brian Dehner, City Administrator (859) 331-5910 [bdehner@edgewoodky.gov](mailto:bdehner@edgewoodky.gov)

### ***Audits of Other Public Entities:***

- **Sanitation District No. 1 – 2008-2015**  
Proprietary fund, two OMB A-133 major programs, OMB A-133 compliance, KRS and bond compliance, significant fixed assets and CIP (~\$1Billion) – **365 hours/year**  
Deborah Vinson, Controller (859) 578-6759 [dvinson@sd1.org](mailto:dvinson@sd1.org)
- **Campbell County Fiscal Court Component Units – 2009-2015**  
Multiple governmental funds, one OMB A-133 major program, OMB A-133 compliance and reporting, KRS compliance, Department of Housing and Urban Development (HUD) compliance, proprietary funds – **265 hours/year**  
Matt Elberfeld, County Administrator, (859) 292-3838 [melberfeld@campbellcountky.org](mailto:melberfeld@campbellcountky.org)
- **Boone County Water District – 2006-2015**  
Proprietary fund water district, KRS and bond compliance – **130 hours/year**  
Harry Anness, Director of Operations (859) 586-6155 [boonewater@aol.com](mailto:boonewater@aol.com)
- **Bullock Pen Water District – 2006-2015**  
Proprietary fund water district, KRS and bond compliance – **130 hours/year**  
William Catlett, General Manager (859) 428-2112 [bullockpen@fuse.net](mailto:bullockpen@fuse.net)
- **Boys and Girls Clubs of Greater Cincinnati – 2008- 2015**  
Large, multi-site not-for-profit organization with multiple OMB A-133 major programs, OMB A-133 compliance and reporting; bond compliance – **120 hours/year**  
Brent Seelmeyer, President (513) 421-8909 [bseelmeyer@bgcgc.org](mailto:bseelmeyer@bgcgc.org)

## QUALIFICATIONS

The following information will summarize our qualifications in terms of personnel and experience to perform services for you.

A firm's performance is largely dependent on the specific individuals assigned to an engagement. We will provide a team, which will give you a breadth of experience combined with specific expertise in governmental and not-for-profit operations.

Staffed by professional accountants, each audit engagement progresses through stages of fact-gathering, risk assessment, analysis, testing and report preparation.

Our firm provides a complete range of public accounting services to its government, not-for-profit organizations, and private enterprise clients. Typical among these are:

- Auditing
- Bookkeeping/Accounting
- Business Budgeting
- Business Valuations
- Cash-Flow Analysis
- Forecasts and Projections
- Information Systems Management
- Litigation Support
- Money Management
- Personal Financial Planning
- Retirement Planning
- Tax Planning and Preparation

Services provided to Van Gorder, Walker & Co., Inc.'s clients are **not subcontracted** to any outside firms.

John Chamberlin, MBA, CPA (audit partner) has logged many hours in performing audits of governmental and not-for-profit entities over the years. Patty Edgley and Connie Hartke (senior auditors) have also performed numerous audits of governmental and not-for-profit entities.

## **STAFFING AND RESUMES**

We have selected a service team to provide the needed combination of talents required by this engagement.

### **Engagement Organization**

**Engagement Partner** – John Chamberlin, MBA, CPA

As engagement partner, Mr. Chamberlin will be responsible for:

- Acting as the primary contact for the client as well as the audit team
- Overall direction of the audit engagement, leading the audit team
- Selection and focusing of the resources of the firm necessary for the success of the assignment
- Review of auditing procedures
- Assurance of technical quality of the final report

**Senior Auditors** – Patty Edgley, Connie Hartke

The audit senior staff will be responsible for:

- Responsible for the development and day to day implementation of the audit plan
- Preparation of the City's audit report, financial statements, note disclosures, and supplemental information

**Staff Auditor** – Brian A. Green

The audit staff will be responsible for:

- Account tracing, reconciliation, and assisting in implementing the day-to-day performance of the plan
- Data entry, copying, proof-reading and administrative duties inherent in the audit plan



**John R. Chamberlin, MBA, CPA, Engagement Partner**

John has twelve years of experience in public accounting and seven years of experience in corporate business operations. Prior to pursuing this career, he served as a Captain in the United States Air Force.

Professional association memberships include the American Institute of Certified Public Accountants and the Kentucky Society of Certified Public Accountants, where he has served on the Society's Leadership Council and is the immediate past chairman of the Society's Government Accounting Committee. John will be serving on the Kentucky Society of Certified Public Accountants Board of Directors beginning in June 2016.

In addition, John is the immediate past treasurer on the Board of Directors of Holly Hill Children's Services in California, Kentucky.

John has a Masters of Business Administration from Northern Kentucky University, a Bachelor of Arts from the University of Kentucky, and other professional development courses. He is a resident of Cold Spring, Kentucky and is licensed to practice public accounting in Kentucky.

**Lori A. Owen, CPA, Partner**

Lori has twenty-eight years of experience in public accounting and not-for-profit accounting. Lori specializes in payroll, tax, and internal controls compliance.

Professional association memberships include the American Institute of Certified Public Accountants and the Kentucky Society of Certified Public Accountants. Lori is active in the Northern Kentucky Chamber of Commerce Women's Roundtable.

Lori has a Bachelor of Accountancy degree from Northern Kentucky University and lives in Fort Thomas, Kentucky. Lori is licensed to practice public accounting in Kentucky.

**Patty M. Edgley, Senior Auditor**

Patty has twenty-nine years of audit and accounting experience in government accounting. She spent twenty-two years in accounting at the Housing Authority of Newport and was the finance director for twelve of those years.

Professional association memberships include the American Institute of Certified Public Accountants and the Kentucky Society of Certified Public Accountants.

Patty has a Bachelor of Accountancy degree from Northern Kentucky University and lives in Alexandria, Kentucky.

**Connie L. Hartke, Senior Auditor**

Connie has eight years of experience in public accounting and fifteen years of experience in banking, and private company accounting. Connie is currently in the process of preparing for the CPA exam.

Connie has a Bachelor of Accountancy degree from Northern Kentucky University and lives in Burlington, Kentucky.

**Brian A. Green, Staff Auditor**

Brian has two year of experience in public accounting and three years' experience in business operations.

Professional association memberships include the American Institute of Certified Public Accountants and the Kentucky Society of Certified Public Accountants.

Brian has a Bachelor of Accountancy degree from Northern Kentucky University and lives in Elsmere, Kentucky.

## **QUALITY ASSURANCE AND QUALITY CONTROL PROCEDURES**

Quality control has always been a prime concern of public accountants. Recently it has become a matter of high public interest as well. It is no secret that some CPA firms have been strongly criticized for the failure of their efforts in certain instances to maintain high standards.

We at Van Gorder, Walker & Co., Inc. are proud of the reputation we have achieved for high quality work; and we believe it is important for us to urge the entire accounting profession to strive for even higher technical standards – our clients and the public expect nothing less.

Accordingly, we want you to know what Van Gorder, Walker & Co., Inc. is doing to maintain the quality of its professional services. Quality is not the product of just one individual or a number of control procedures, but rather a basic professional attitude to which we have long been dedicated and which continues to permeate our firm. We can identify four unique characteristics of our practice:

- independent review of the audited financial statements prior to their issuance,
- a unique audit program which matches objectives with procedures,
- a commitment to continuing education, and
- a dedication to close supervision of all our work.

Van Gorder, Walker & Co., Inc. strives to maintain the highest quality of its professional services by strictly adhering to the rules and procedures provided in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). In May 2015, our firm received an unqualified opinion, the highest opinion provided, for our system of Quality Control for the accounting and auditing practice.

Our firm is independent in its relationship to the City of Dry Ridge, Kentucky and there have been no disciplinary actions against our firm.

## **SCOPE OF SERVICES**

We propose to perform the audits of the financial statements of the City of Dry Ridge, Kentucky as of June 30, 2016, 2017, and 2018, in accordance with auditing standards generally accepted in the United States as adopted by the American Institute of Certified Public Accountants and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Annual audit services to be performed include at a minimum the following:

- Perform the audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States.
- In accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, we will select the necessary procedures to test compliance and to disclose non-compliance with specific laws, regulations, and contracts.
- Express an overall opinion as to whether the basic financial statements present fairly the financial position of the City, or we will state the reasons why an overall opinion cannot be expressed.
- Provide the City Clerk/Treasurer and the City Council members with a draft of the audited financial statements and, upon approval, present the draft audit report to the City Council.
- Be available for consultation on items that will have a material effect on the City's financial statements.

We will be available for additional services, invoiced separately, which may include the following:

- Attendance at meetings in relation to bond financing or other issues.
- Provide pro-forma financial statements and other special schedules in relation to financing or other issues.
- Research various accounting issues as requested by the City Clerk/Treasurer, Mayor, or the City Council.

## OUR APPROACH TO THE ENGAGEMENT

### Assign Experienced Personnel

The key personnel we will assign to these audits have **significant** experience in auditing governmental and not-for-profit organizations. Governmental and not-for-profit auditing is our specialty, not a sideline business. It is our firm's policy to assign the same key staff members to an engagement each year in order to provide a more efficient and in-depth audit and to rotate staff as necessary to provide a diversity in auditing perspectives.

### Schedule Work Efficiently

We plan to perform as many audit procedures as possible prior to the City's year-end. We believe this practice would minimize disruption to the City's staff at year-end and allow quicker identification of any problem area.

For subsequent years, we will review and update our engagement plan, which specifies the timing and extent of our audit procedures with the appropriate City personnel.

### Utilize City Personnel

We plan to use the City's accountant to prepare schedules, statements and worksheets to help minimize the cost of the audit.

In addition, we will, to the maximum extent practicable, utilize the services of the City's personnel in the performance of certain routine clerical tasks that would otherwise have to be performed by our staff. In accomplishing this, we must, of course, consider limitations on available time of the personnel involved.

### Submit Reports Timely

Upon completing the audits, we will issue our reports on the City's financial statements. Before issuing the reports, we will have worked closely with management to finalize the reports.

Our billings for our services could be tailored to any budgeting requirements that you may have. Our management advisory comments would be communicated soon after year-end work is completed.

### Emphasize Communication

We have found that frequent, open communication often results in a better understanding of the City's financial affairs. Accordingly, we would hold periodic progress meetings to discuss the status of the audit work. We would also discuss the audit and highlights of the financial statements with the City Clerk/Treasurer, Mayor, and the City Council as a whole or any committee thereof.

## COST PROPOSAL FOR AUDIT SERVICES

Our fees are based on the amount of time required to complete an assignment and the level of personnel assigned. We are also reimbursed for out-of-pocket costs, which include travel and report preparation expenses. We may render interim billings as work progresses and a final billing at the conclusion of each engagement. While it is difficult to project the time involved in an initial engagement, we estimate that our fees for the examination of the financial statements will not exceed the range of estimates set forth below. Our fees are based on the assumption that the accounting records will not require significant accruals and fixed asset adjustments to transform the financial statements to the modified accrual basis of accounting, as is required under *Governmental Auditing Standards*.

We estimate the required audit of the financial statements of the City of Dry Ridge, Kentucky for the years quoted will require the following personnel and hourly fees:

Personnel	Approximate Percentage of Total Hours	Quoted Hourly Rate
Partner	15%	\$ 125
Senior Auditors	40%	75
Staff	45%	50
	100%	

### Estimated Fees

Our maximum annual fees for the audits of the financial statements of the City of Dry Ridge, Kentucky, including out-of-pocket expenses, are as follows:

For a three-year engagement for the years ending June 30,

2016	\$9,500
2017	\$9,800
2018	\$9,950

These fees are based upon the estimated number of hours logged in previous years performing this type of audit. Accordingly, in the event our estimate is out-of-line with comparable proposals or with your expectations, we would be pleased to discuss it further with you. Our fee estimate has been computed at rates below our standard maximum fees because of the timing of the work to be performed and our sincere desire to continue a long-term professional relationship with the City. The above estimate of fees is based upon the level of assistance available from the City's accountant in preparing trial balances and working papers. We would anticipate that the level of assistance provided will increase each year, and we look forward to developing a mutually beneficial and cooperative audit effort.

**Van Gorder, Walker & Co., Inc.**  
**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**  
**FOR THE CITY OF DRY RIDGE, KENTUCKY**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partner	<u>20</u>	<u>\$ 150</u>	<u>\$ 125</u>	<u>\$ 2,500</u>
Senior Auditor	<u>55</u>	<u>90</u>	<u>75</u>	<u>4,125</u>
Staff	<u>61</u>	<u>75</u>	<u>50</u>	<u>3,050</u>
Subtotal				<u>\$ 9,675</u>
Out-of-Pocket Expenses:				
Meals and Lodging				<u>n/a</u>
Transportation				<u>75</u>
Other (specify):	<u>Printing / Copying</u>			<u>50</u>
<b>Total All-Inclusive Maximum Price for FY 2016-ONLY audit engagement</b>				<b><u>\$ 9,800</u></b>

In addition, we would like to offer the following maximum rates for a longer term contract:

For the year ended June 30,

2016	\$ 9,500
2017	9,800
2018	<u>9,950</u>

**Total All-Inclusive Maximum cost for FY 2015, 2016, 2017 audit engagements** **\$ 29,250**