

**TOWN OF HOLDEN BEACH  
REQUEST FOR PROPOSALS – AUDIT SERVICES**

The Board of Commissioners of the Town of Holden Beach invites qualified independent auditors (hereinafter called “auditor”) having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Town of Holden Beach to reimburse firms for any expenses incurred in preparing proposals in response to this request.

**Type of Audit**

The audit will encompass a financial and compliance examination of the town’s Financial Reports in accordance with the laws and / or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards and all applicable laws and regulations.

**Period**

The term of the contract will be for the audit of fiscal year July 1, 2017 to June 30, 2018, however, the town reserves the right to negotiate terms for an additional two years. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since the governing board may not appropriate funds beyond the current fiscal year, the remaining years of the agreement are subject to annual governing board approval.

**Requirements**

The audit must be conducted in accordance with generally accepted auditing standards any applicable procedures for the audit of a government’s financial statements prepared in accordance with GAAP.

The audit must be completed and final reports rendered no later than four months following the fiscal year end (October 31).

Twenty copies of each audit report, management letter, and other applicable reports must be supplied to the Town within the timeframe cited above. In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission. Any other copies required will be charged on an as needed basis in addition to the quoted fee.

The auditor will provide an oral presentation to the BOC at the first meeting following audit approval by the Local Government Commission.

The financial audit opinion will cover the financial statements for the government activities, the business-type activities, the financial statements of the aggregate discretely presented component towns, each major fund and the remaining fund information, which

collectively constitutes the basic financial statements. The combining and individual financial statements, schedules and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work.

### **Other Services**

The auditor will prepare, type, and print the audited financial statements. The auditor will submit a draft for review by the Town Manager. The Town Manager will return the draft with proposed revisions within 10 working days.

### **Description of Selection Process**

Ten copies of the proposal should be submitted to the Town of Holden Beach, 110 Rothschild Street, Holden Beach NC 28462.

Proposals should be submitted by 5:00 pm on May 15, 2018, to Heather Finnell, Town Clerk. Proposals will be reviewed and interviews with the top firms will be scheduled in March. Proposals will be evaluated based on educational and technical qualifications of the firm's staff, in addition to, experience, audit approach, and cost proposals.

### **Proposals**

Proposals should include the following information

1. Indicate the number of people (by level) that will handle the audit.
2. Provide a list of the office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.
3. Indicate the experience of the office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.

4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review) and any accompanying letters.
5. Describe how the firm meets professional independence standards.
6. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
7. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
8. Describe any additional assistance or information that you would provide to the Town of Holden Beach outside of the performance of the audit. This may include response to requests for information and workpapers, access to continuing education opportunities, or discussion of application of new pronouncements.
9. Fee Schedule

### **Additional Information**

All proposals should also include the following requested information:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team, and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government's staff, if other than that outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Other information.

### **Audit Contract & Payment of Audit Fees**

The audit contract must be approved by the Local Government Commission (LGC). Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the Local Government Commission and their approval of the audited financial statements.

## **Description of the Governmental Entity and Accounting System**

### *Entity*

The Town of Holden Beach is a municipality in North Carolina with a permanent population of approximately 603 according to the 2016 Census results and a seasonal population of approximately 15,000. The municipality operates both a water and sewer collection system.

### *Fund and Account Groups*

The Town of Holden Beach maintains the following funds and account groups at approximately the same level as the prior year: General Fund, Water/Sewer Fund, along with capital project funds, assorted special revenue funds and general fixed asset account group. A copy of the Town of Holden Beach's Annual Financial Reports for the previous year, and a copy of the current year Annual Budget will be provided upon request.

### *Grants, Entitlements, and Shared Revenues*

The Town received Powell Bill Funds of approximately \$35,000.

### *Budgets*

The town budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The town also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

### *Accounting Records*

The Town of Holden Beach maintains its physical accounting records at the Town Hall located at 110 Rothschild Street, Holden Beach NC.

The town maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on a virtual cloud based server. The software is developed by Harris Computers.

### *Assistance Available to Selected Audit Firm*

The town will make available to the auditor sufficient help to pull and file records, and prepare and mail all necessary confirmations. The following accounting procedures will be completed and documents prepared by the town's staff no later than August 31:

1. The books of account will be fully balanced.
2. All subsidiary ledgers will be reconciled to control accounts.

3. All bank account reconciliations for each month will be completed.
4. The town's personnel will prepare the following items indicated by an x.

General

- a. All normal year-end adjusting entries.
- b. Working Balance Sheet for each fund.
- c. Working Statement of Revenues, Expenditures (Expenses), and Changes in Fund Balance (Retained Earnings) for each fund.
- d. A copy of the final budget as of June 30, the original budget, and all amendments.
- e. A copy of all project ordinances and all amendments for all active projects during the audit period.
- f. A copy of all contracts in force at the statement date.
- g. A copy of official Town financial policies.

Cash and Investments

- a. All bank reconciliations for each month.
- b. List of outstanding checks, showing check number, payee, date, and amount
- c. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at statement date.

Receivables

- a. Aged trial balance of accounts, taxes, and miscellaneous receivables as of the statement date.

Other assets

- a. Schedule of insurance coverage.

Fixed Assets

- a. Schedule of all capital outlays during the audit year.
- b. Schedule of all capital dispositions during the audit period.

Current Liabilities

X a. Trial balance of accounts payable.

Long-Term Debt

X a. Analysis of long-term debt.

X b. Computation of vested vacation payable as of the audit date.

5. The following will be compiled for each grant:

- a. Grant agreement.
- b. Budget.
- c. All financial reports.
- d. All applicable laws or regulations.
- e. Correspondence with the grantor agency, including monitoring reports.
- f. CFDA # and/or pass-through grant #.

*Size and Complexity of Town*

1. Personnel/Payroll

a. Number of employees. 24 full-time (2 part-time)3  
seasonal

b. Frequency of payroll. Bi-weekly

c. Number of payroll checks 754 annually

2. Property Taxes (Sewer Capital Charges & Dredging Fees Included in Total)

a. Number of bills issued. 3,790

b. Dollar amount collected through April 23, 2018 4,495,651

c. Dollar amount of levy. 4,619,734

3. Bank Accounts

a. Number of bank accounts. 4

b. Average monthly activity in each bank account:

1. Number of deposits. 60

2. Number of withdrawals/checks. 110

c. The following financial applications are on the financial software system:

Budgetary Accounting

Accounts Payable

Privilege License

Payroll

Payroll

Accounts Receivables

Water/Sewer Billing

Tax Billing/Collections

*Special Conditions*

The Town collects Occupancy Tax for Brunswick County's Tourism Development Authority.

The Town reserves the right to utilize the services of the auditor for additional consultation throughout the year for a period of up to twenty hours at no additional fee.