

**Carson City Audit Committee
Agenda Report**

Date Submitted: February 6, 2012 **Agenda Date Requested:** February 14, 2012

To: Audit Committee

From: Nickolas Providenti, CPA – Finance Director

Subject Title: For Possible Action: Approve the Finance Review and Selection Committee’s (consisting of the City Manager, and staff from the Finance Department including the Finance Director, the Deputy Finance director and an Accounting Manager) recommendation for contract award to Kafoury, Armstrong & Co. Certified Public Accountants for the Carson City External Audit Function and authorize staff to prepare a Contract and Board Action Form for Board of Supervisors approval.

Summary: Carson City received sealed Statement of Qualifications (S.O.Q.) to perform the City’s Audit function on February 3, 2012 at 11:00 a.m. The S.O.Q. was, e-mailed to Certified Public Accountants that performed Municipal Audits, published in the Nevada Appeal and posted on Carson City’s website on January 13, 2012. The S.O.Q.’s were opened at approximately 11:10 a.m. on February 3, at 201 North Carson Street, Carson City, Nevada 89701, and sent for review by the Finance Review and Selection Committee. Final selection will be made by Carson City Board of Supervisors and is tentatively set for Thursday, March 1, 2012.

Type of Action Requested: (check one)

- | | |
|--|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other (Specify) |

Does This Action Require A Business Impact Statement: () Yes (X) No

Recommended Committee Action: I move to approve the Finance Review and Selection Committee’s recommendation for contract award to Kafoury, Armstrong & Co. Certified Public Accountants for the Carson City External Audit Function and authorize staff to prepare a Contract and Board Action Form for Board of Supervisors approval.

Explanation for Recommended Committee Action: N/A

Applicable Statute, Code, Policy, Rule or Regulation: Carson City Charter Sec. 3.075.

Fiscal Impact: Up to \$96,910.00 for FY 2011-2012.

Explanation of Impact: Up to \$96,910.00 for FY 2011-2012.

Funding Source: External Audit Budget

Alternatives: None

Supporting Material: None

Prepared By: Kim Belt, Purchasing and Contracts Manager

Reviewed By: Ulrich Prohant **Date:** 2/7/12

Committee Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)



City of Carson City, Nevada

Statement of Qualifications to Provide Audit Services SOQ 1112-148

For the Years Ending June 30, 2012, 2013 and 2014

PRESENTED BY:

**KAFOURY, ARMSTRONG & CO.
CERTIFIED PUBLIC ACCOUNTANTS**



CONTACT PERSON:

Kristen Burgess, CPA
SHAREHOLDER
6140 Plumas Street
Reno, NV 89519
775.689.9100
kburgess@kafoury.com

January 31, 2012

COPY



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Serving our clients since 1941.

January 31, 2012

Ms. Kim Belt
Purchasing and Contracts Manager
Carson City
201 N. Carson Street, Suite 3
Carson City, NV 89701

Dear Ms. Belt:

It is our great pleasure to respond to your Request for Statement of Qualifications No. SOQ1112-148 (SOQ) to provide external audit and agreed upon procedure services to the City of Carson City, Nevada (City), for the fiscal years ending June 30, 2012, 2013 and 2014.

We have been honored over the past several years to perform the audit of the City and the agreed upon procedures over the City's Municipal Solid Waste Landfill (MSWL), and have enjoyed the professional relationship. Our experience with the City has afforded us an in-depth understanding of its operations and control environment, thus providing us a greater awareness of the challenges faced with limited resources in this current economic environment.

We are confident Kafoury, Armstrong & Co. is the most qualified firm to provide the services requested, given the following:

Firm-Wide Governmental Expertise

Established in 1941, Kafoury, Armstrong, & Co. is the leading CPA firm working throughout Nevada in the governmental audit arena. Our four offices located throughout the State, currently serve more than forty (40) local governments, several of which receive the Government Financial Officers Association's Certificate of Achievement for Excellence in Financial Reporting. Our extensive knowledge in governmental audit and accounting is an important asset to our clients as they work to implement continual pronouncements issued by the Governmental Accounting Standards Board (GASB), and other authoritative bodies such as the U.S. Government Accountability Office (GAO). With the new GASB pronouncements that take effect for FY13, our expertise will be an invaluable resource to the City.

Efficient Audit Approach

We understand the importance of an efficient approach to the audit. Experienced staff translates into a minimum of disruption to the daily operations of the City and the ability to pass along cost savings. The members of the proposed team not only have in-depth knowledge of the unique aspects of governmental auditing and accounting, but the majority have experience on the City's prior audit and agreed upon procedures engagements. However, given the longevity of our relationship,

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WINNEMUCCA

Ms. Kim Belt
Purchasing and Contracts Manager
January 31, 2012
Page 2

we understand if you may have an interest in auditor rotation. We are able and willing to provide an alternative to the Engagement Shareholder and/or Project Managers, should the City desire a change.

Commitment to Quality

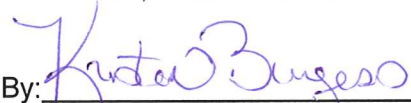
With Kafoury, Armstrong, & Co. you will receive unparalleled commitment to the quality of the work product. We are a member of the American Institute of Certified Public Accountants (AICPA) and the Government Audit Quality Center of the AICPA. Such memberships involve specific requirements in the form of continuing professional education, as well as, examinations of our work product by external peer review. Kafoury, Armstrong, & Co. received a rating of pass, the highest rating available, on our most recent external peer review examination (May 2010), in which several governmental audits were selected for review.

Please let the following serve as our commitment to provide the services requested in your SOQ. This commitment includes issuance of our reports by November 30 of each year, assuming cooperation from City personnel and unforeseen circumstances will not be encountered during the engagements. Kristen Burgess, Shareholder, is authorized to make representations for Kafoury, Armstrong & Co. and bind the Firm to a legal contract with the City of Carson City, Nevada.

We welcome the opportunity to further discuss this SOQ with you.

Very truly yours,

KAFOURY, ARMSTRONG & CO.

By: 

Kristen Burgess, Shareholder

KB:tm

FIRM QUALIFICATIONS AND EXPERIENCE

Kafoury, Armstrong & Co. (the Firm) originated in 1941 with the formation of a public accounting partnership between the late Sam Kafoury and the late Ray Armstrong. We are now the largest state-wide firm of independent professional accountants in Nevada with four offices throughout the State. We have more than 50 years of experience with Nevada governments, an achievement that cannot be equaled by any other CPA firm. Approximately 50 professional employees and shareholders within the Firm have current experience with governmental entities.

Following is a list of current local governments served by the Firm that are similar in nature to the City. We have put an asterisk next to those clients that receive the Certificate of Excellence in Financial Reporting. We would be more than happy to provide the City with a comprehensive list of Firm governmental clients, should the City have an interest.

Carson City*	City of Sparks*	Washoe County*	City of Fernley
Churchill County *	City of Fallon*	Elko County	Pershing County
Douglas County	City of Lovelock	Eureka County	Lander County

We believe our clients have benefited from our expertise and our years of experience in dealing effectively with the continual challenges with accounting, financial reporting, compliance and IT issues facing governments today. We are well versed in the Nevada Revised Statutes and Nevada Administrative Code. In addition, the majority of the Firm’s governmental clients are subject to the Single Audit Act (Act). As such, we have extensive knowledge with the compliance requirements of the Act and the specific requirements related to direct award programs for a significant number of federal agencies as well as awards passed through from the State of Nevada. The Firm has audited over 60 different federal programs granted from over 13 different Federal Departments/Agencies over the past three years.

ENGAGEMENT TEAM

The Reno office of Kafoury, Armstrong & Co. will have primary responsibility for the professional services requested by the City. In selecting our proposed engagement team, we focused on two primary factors: technical expertise and balanced hours. Significant upper level involvement is one of the key features in our audit plan, as well, as an engagement team with prior experience auditing the City. However, given our longevity as the City’s external auditors, we understand if the City would prefer an alternative Engagement Shareholder and/or Project Managers, as well as, other engagement team members. We can accommodate such a request if the City is so inclined.

Listed below are the personnel we plan to utilize on this engagement. Those identified as CPAs are all licensed to practice as certified public accountants in Nevada. If the need arises to replace a team member (i.e. due to unforeseen circumstances such as staff resignation), given the depth and breadth of our staff experienced in governmental audit and accounting, we can commit that the replacement will be at least as qualified as the team member they are replacing.

- Engagement Shareholder – Kristen Burgess, CPA
- Project Manager, Financial Audit/MSWL procedures – Dan Carter, CPA, MAcc
- Project Manager, Single Audit – Debbie Clark, CPA
- Manager, Financial Audit/Single Audit – Lindsay Sessions, CPA
- Senior Accountant, Financial Audit/MSWL procedures – Kevin Green, CPA
- Senior Accountant, Single Audit – Amy Butler, CPA
- Jacquelyn Flickinger, Laura Kelb, Jaycea Jacobsen – Staff Accountants

For more information on the experience, qualifications, roles and responsibilities, and applicable professional memberships of the Engagement Shareholder and Project Managers, we have included their resumes on pages 6-8. We'd be happy to provide the resumes of all members of the proposed engagement team (manager, senior accountants and staff accountants), should the City have an interest.

PROFESSIONAL DEVELOPMENT

Kafoury, Armstrong & Co. prides itself on the strength of its learning culture. We have a formalized professional development program whereby staff receive quality and extensive continuing education from the onset of their career with us.

Audits conducted for the recipients of government monies require that such audits be conducted in accordance with *Government Auditing Standards*. Kafoury, Armstrong & Co. follows all applicable standards in its audit engagements. In complying with these standards, governmental audit staff receive specialized training in the area of governmental audit and accounting.

Several in-house training sessions are held each year in which Kafoury, Armstrong & Co. employees instruct classes in their particular areas of expertise regarding financial and compliance audits of governmental entities. In addition, Kafoury, Armstrong & Co. staff attend the national conferences sponsored by the Government Finance Officers Association (GFOA) as well as the AICPA to stay current on developments in the governmental audit and accounting arena, as well as, to be the leading governmental audit firm and resource for our clients.

For more information regarding continuing education of the proposed engagement team, see pages 6-10.

REFERENCES

City of Sparks, Nevada: Jeff Cronk, CPA, Finance Director – 775-353-2301
Truckee Meadows Water Authority: Jeffrey Tissier, CPA, Chief Financial Officer – 775-834-8048
Churchill County, Nevada: Alan Kalt, CPA, Comptroller – 775-428-1414

FEE QUOTES

We have put a great deal of thought and analysis into our proposed fees for performing the City's audits and the agreed upon procedures over the MSWL for the fiscal years ending June 30, 2012, 2013 and 2014. We felt it prudent to review the results of the our historical audits of the City, taking into consideration the financial challenges facing the City given the current economic conditions and the corresponding reduction in governmental revenues. Additionally, we considered the impact of implementing GASB No. 61 and 63 in FY13.

The fees quoted in this SOQ anticipate that there will be no significant accounting or auditing changes within the industry beyond GASB No. 61 and No. 63 or significant changes within the City that would impact the audits of the City and/or agreed upon procedures over the MSWL. In addition, as per the Scope of Services on page SOQ-3 of the City's Request for Statement of Qualifications, our fee quotes assume a maximum of two (2) major programs would be subject to audit under the Single Audit Act.

We believe our quoted fees reflect our commitment to provide quality service at a fair price. As part of our continuing commitment to the City, the Firm will absorb out-of-pocket expenses (i.e. travel and related costs). Our quoted fees for the requested services for fiscal years ending June

30, 2012, 2013 and 2014 will not exceed \$96,910, \$105,600 and \$101,500. A breakdown of our fee quotes is as follows:

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>Total</u>
Breakdown by Service Provided:				
City				
Basic Financial Statement Audit in accordance with <i>Government Auditing Standards</i>	\$ 102,860	\$ 113,100	\$ 107,500	\$ 323,460
Single Audit (two major programs)	11,000	11,300	11,600	33,900
CAFR certificate review	560	600	600	1,760
Assembly/print of CAFR	3,200	3,300	3,400	9,900
Presentation to Board of Supervisors	1,230	1,300	1,300	3,830
	<u>118,850</u>	<u>129,600</u>	<u>124,400</u>	<u>372,850</u>
Rate Reduction (20%)	<u>(23,770)</u>	<u>(25,900)</u>	<u>(24,900)</u>	<u>(74,570)</u>
	95,080	103,700	99,500	298,280
MSWL				
Agreed Upon Procedures	1,830	1,900	2,000	5,730
Total	<u>\$ 96,910</u>	<u>\$ 105,600</u>	<u>\$ 101,500</u>	<u>\$ 304,010</u>

Breakdown by Personnel/Hours:

		JUNE 30, 2012		
		<u>City</u>	<u>MSWL</u>	<u>Total</u>
<u>Ave. Hourly Rates</u>		<u>Hours</u>	<u>Hours</u>	<u>Hours</u>
Shareholder	\$ 250	70	1	71
Managers	155	170	4	174
Senior Accountants	110	260	8	268
Staff Accountants	90	480	-	480
Administrative	80	40	1	41
		<u>1,020</u>	<u>14</u>	<u>1,034</u>

The City will, in all likelihood, have more than two major federal award programs subject to audit for the fiscal years ending June 30, 2012, 2013 and 2014. We estimate the City will have between 4 and 6 major programs for FY12, as the City has remaining ARRA monies available for expenditure. As requested on page SOQ-3 of the City's Request for SOQ, we will discuss with the City a modification to our fee quotes for each additional major program subject to audit. We do anticipate the fee for each additional major program to range from \$4,500 - \$5,500 given that the number of hours to audit a major program ranges from 40 – 60 hours, depending on the nature of the federal award program. For additional hours for services not contemplated by the City as part of this SOQ, our fees would be based on our standard hourly rates.

VALUE ADDED SERVICES

Kafoury, Armstrong & Co. stays abreast of current and upcoming changes in the environments in which our clients operate. As we become aware of issues impacting our clients, we notify them through various means such as letters addressing the issues, articles posted to our website, seminars, and other means. As a courtesy, we have provided our clients with sample checklists and training seminars to help them learn and understand changes in the accounting and auditing profession. We have provided these services free of charge in the past and believe that the support we provide helps make our clients stronger and more efficient, which improves the entire audit process.

RESUME

Kristen Burgess, CPA

Engagement Shareholder

Education: B.S. Business Administration,
California State University, Northridge

Experience: 17 years with Kafoury, Armstrong & Co.

City Experience: 5 years and Engagement Shareholder
5 years as Project Manager



OVERVIEW

Kristen is a Shareholder in the Reno office and has served as the Engagement Shareholder for the audit of Carson City for the past five years. As the Engagement Shareholder, Kristen has the ultimate responsibility for assuring the engagement is performed in accordance with the applicable professional standards and is completed in a timely manner. She will be present at entrance, progress, and exit conferences with management and the Audit Committee. She will also present the audit results to the Board of Supervisors.

Kristen is the Engagement Shareholder for the following local government engagements that are similar in audit scope and approach to the audit of the City:

- Carson City
- Churchill County
- City of Sparks
- Truckee Meadows Water Authority

MEMBERSHIPS

- AICPA, Nevada Society of CPAs and Government Finance Officers Association

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	8.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
GASB 54 Course	Kafoury, Armstrong & Co.	02/05/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
Ethics: AA&C LLP-Accounting Firm Practice Development Committee	AICPA	12/30/09	1.00
Ethics: BAN&K Advisory Services LLC - You Are The Audit Partner	AICPA	12/30/09	1.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/10/09	2.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
Fraud with Jeanne Yamamura	Kafoury, Armstrong & Co.	01/20/09	2.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			89.00

RESUME

Dan Carter, CPA, MAcc Project Manager – Financial Audit/MSWL Procedures

Education: B.S. in Agricultural Business, Cal-Poly State University, San Luis Obispo, California
 Masters of Accountancy, University of Nevada, Reno

Experience: 9 years with Kafoury, Armstrong & Co.

City Experience: 9 years



OVERVIEW

As the Project Manager, Dan will oversee all engagement activities and be the primary contact for City with respect to the financial audit and MSWL agreed upon procedure aspects of the engagement. Dan will review the more specialized and complex portions of the engagement. He will also be responsible for keeping the Engagement Shareholder updated on the progress of the engagement. He will be present at entrance, progress, and exit conferences with management and the Audit Committee. He will also present the audit results to the Board of Supervisors. Dan is the Project Manager for the following state and local government engagements that are similar in audit scope and approach to the audit of the City:

- Carson City
- Reno/Sparks Convention and Visitors' Bureau
- City of Sparks
- Henderson District Public Libraries

MEMBERSHIPS

- AICPA and Nevada Society of CPAs

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Nevada Property Tax Paradox	NVCPA	09/21/11	1.00
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
Perfecting Analytical Procedures	Practitioners Publishing Co.	07/07/11	2.00
IT Round Table - Computer Tips	Kafoury, Armstrong & Co.	06/03/11	2.00
Nevada's Economic Outlook	NVCPA	05/18/11	1.00
Computer Forensics and Data Security	NVCPA	03/16/11	1.00
Real Estate and Investment Sales	Kafoury, Armstrong & Co.	03/15/11	1.00
State Tax Issues	Kafoury, Armstrong & Co.	03/08/11	1.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
Property Assessment in Nevada	NVCPA	10/20/10	1.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	8.00
The Recovery Act: Information You Need to Plan & Perform Your 2010 Single Audits	AICPA	05/19/10	2.00
Sampling Strategies in Financial Statement Audits	Strafford	04/28/10	2.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Risks and Solutions to Identifying and Fixing Segregation of Duties Issues	NVCPA	03/17/10	1.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
Advanced Governmental Accounting	GFOA	07/24/09	20.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			120.00

RESUME

Debra Clark, CPA

Project Manager – Single Audit

Education: B.S. Business Administration
University of Nevada, Reno

Experience: 13 years with Kafoury, Armstrong & Co.

City Experience: 9 years



OVERVIEW

As the Project Manager, Debra will oversee all engagement activities and be the primary contact for City with respect to the single aspects of the engagement. Debra will review the more specialized and complex portions of the engagement; specifically the major program determination and any potential findings identified by the audit team. She is also responsible for keeping the Engagement Shareholder updated on the progress of the engagement.

Debra is the Project Manager for the following state and local government engagements that are similar in audit scope and approach to the Single Audit of the City:

- Carson City
- City of Sparks
- Douglas County
- Washoe County School District
- State of Nevada
- Washoe County
- Regional Transportation Commission
- Reno-Tahoe Airport Authority

MEMBERSHIPS

- AICPA and Nevada Society of CPAs

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
An Overview of the 2011 OMB Compliance Supplement	AICPA	06/29/11	2.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
2010 AICPA NGAA West Conference	AICPA	09/28/10	14.00
2010 AICPA NGAA Conference	AICPA	09/26/10	8.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	9.00
Governmental Audit Quality Center - 2010 Annual Webcast	AICPA	04/27/10	2.00
AICPA's New Guidance on Sampling in a Single Audit Environment	GAQC	02/10/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
Federal ARRA Fraud Prevention and Detection Training	State of Nevada	12/01/09	3.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
2009 AICPA NGAA East Conference	AICPA	08/12/09	24.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
Internal Control Considerations in Single Audits	AICPA	03/24/09	2.00
KAC-Risk Management Seminar	Kafoury, Armstrong & Co.	01/12/09	4.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			145.00

APPLICABLE CONTINUING PROFESSIONAL EDUCATION

The following is the detail continuing professional education records for the members of the proposed engagement team, excluding the Engagement Shareholder and Project Managers. For information regarding the Engagement Shareholder and Project Managers, see their respective resumes on pages 6-8.

Lindsay Sessions, CPA – Manager, Financial Audit/Single Audit

Course	Sponsor	Date	Hours
Young Professionals Leadership Training Day	NVCPA	10/20/2011	8.00
Nevada Property Tax Paradox	NVCPA	9/21/2011	1.00
AuditWatch University Level 5: Moving Beyond In-Charge	Thomson Reuters	8/4/2011	24.00
Governmental Day	Kafoury, Armstrong & Co.	7/26/2011	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	7/26/2011	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	7/25/2011	8.00
Nevada's Economic Outlook	NVCPA	5/18/2011	1.00
Computer Forensics and Data Security	NVCPA	3/16/2011	1.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	2/10/2011	3.00
Cost Segregation an Opportunity Worth Pursuing	Kafoury, Armstrong & Co.	1/19/2011	1.00
AGA Professional Development Conference	AGA	1/14/2011	12.00
The Plight of the State and Municipal Finance during these Recessionary Times	NVCPA	9/22/2010	1.00
AuditWatch University Level 4: Experienced In-Charge Training	Thomson Reuters	8/18/2010	24.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	8/5/2010	6.00
Governmental Day	Kafoury, Armstrong & Co.	6/11/2010	8.00
Legislative & Regulatory Issues: What's Around the Corner for Nevada CPA'S	NVCPA	6/4/2010	1.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	3/18/2010	2.00
Risks and Solutions to Identifying and Fixing Segregation of Duties Issues	NVCPA	3/17/2010	1.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	3/11/2010	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	3/4/2010	2.00
AGA Professional Development Conference	AGA	1/8/2010	12.00
Ethics and Professional Conduct for Nevada CPA's	Prof. Education Services	7/17/2009	4.00
Audit Sampling: Old Issue, New Guidance	SmartPros	6/25/2009	2.00
Fraudulent Journal Entries: Detecting Management Overrides	SmartPros	6/25/2009	2.00
Monitoring Internal Controls: What the New Guidance Means	SmartPros	6/25/2009	2.00
Disclosing Investment Risk: A Tough Task in Tough Times	SmartPros	6/11/2009	2.00
			138.00

Kevin Green, CPA – Senior Accountant, Financial Audit/MSWL Procedures

Course	Sponsor	Date	Hours
New In-Charge Training	20.20 Audit Training	07/27/11	24.00
Intermediate Governmental Accounting	Gov't Finance Officers Assoc.	03/25/11	20.00
Real Estate and Investment Sales	Kafoury, Armstrong & Co.	03/15/11	1.00
State Tax Issues	Kafoury, Armstrong & Co.	03/08/11	1.00
Kafoury IT Roundtable	Kafoury, Armstrong & Co.	12/17/10	2.00
KAC Government Accounting Training	Kafoury, Armstrong & Co.	08/10/10	3.00
The Power of Prof. Communication: Business Writing, Style and Organization	AICPA	08/06/10	1.00
Styles of Supervision	AICPA	08/05/10	2.50
Understanding the Entity and Assessing Risk - Parts 1 & 2	AICPA	08/05/10	5.00
Workpaper Review	AICPA	08/05/10	3.00
Audit Tools: Confirmations and Sampling	AICPA	08/04/10	2.00
Auditing Accounts Receivable	AICPA	08/04/10	2.00
Auditing Inventory - Parts 1 & 2	AICPA	08/04/10	4.50
Companion to PPC'S Guide to Audits of Local Governments - Courses 1-3	PPC	08/04/10	23.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/10/09	2.00
FASB Codification	Thomson Reuters	08/17/09	1.00
Government Auditing Standards: The New Yellow Book	CCH	06/16/09	3.00
			100.00

Amy Butler, CPA – Senior Accountant, Single Audit

Course	Sponsor	Date	Hours
Accounting/Auditing with Excel: Practical Applications for Max Performance	AICPA	11/21/11	9.00
Audit Workpapers: Reviewing Field Work Documentation	AICPA	08/26/11	4.00
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
Single Audit & Yellow Book Deficiencies: Documentation, Representation Letters and Reporting Issues	AICPA	06/01/11	1.00
Single Audit & Yellow Book Deficiencies: Major Program Determination Allowable Costs & Abuse	AICPA	06/01/11	2.00
Perform Complex Single Audits with Ease	Thomson Reuters	05/03/11	1.00
Professional Ethics: the AICPA's Comprehensive Courses	AICPA	02/07/11	8.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Level III Training	Kafoury, Armstrong & Co.	07/01/10	6.00
AuditWatch University Level 3: Beginning In-Charge Training	Thomson Reuters	06/30/10	24.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Single Audit Fundamentals Part III: Understanding and Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
FASB Codification	Thomson Reuters	08/17/09	1.00
AuditWatch Level 2: Semi-Senior	Kafoury, Armstrong & Co.	06/18/09	24.00
A & A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	4.00
Fraud with Jeanne Yamamura	Kafoury, Armstrong & Co.	01/20/09	2.00
			<u>116.00</u>

Jacquelyn Flickinger – Staff Accountant

Course	Sponsor	Date	Hours
Staff Level I Training	Kafoury, Armstrong & Co.	06/15/11	24.00
Checkpoint: Accounting & Auditing for Professionals	Thomson Reuters	04/28/11	1.00
Preparing Governmental Financial Statements Under GASB No. 34: Introduction to Govt Financial Reports and Fund Accounting Overview from PPC	PASS Online	04/14/11	7.00
Checkpoint: Researching the New FASB Codification System	Thomson Reuters	04/05/11	1.00
KAC Government Accounting Training	Kafoury, Armstrong & Co.	08/10/10	3.00
Audit Assurance Services	UNR	05/18/09	45.00
Government/Not-for-Profit Accounting	UNR	05/18/09	45.00
			<u>126.00</u>

Laura Kelb and Jaycea Jacobsen – Staff Accountants

Both Laura and Jaycea are first year staff accountants with Kafoury, Armstrong & Co. As such, CPE records are not yet available; however, for an indication of the training they will receive prior to their involvement with the City audit, see Jacquelyn Flickinger's continuing education reflected above.

ESTIMATED MANPOWER / EXPENSE MATRIX

Following is a summary of our planned approach to the audit of the City for the fiscal year ending June 30, 2012. We anticipate a similar approach for fiscal years ending June 30, 2013 and 2014; however, for the year ending June 30, 2013 we anticipate additional hours given the new GASB pronouncements that will take effect in that year.

Engagement Approach	TimeFrame	FY12 Hours						
		Total	Eng Shldr	Project Mgrs	Mgrs	Senior Accts	Staff Accts	Admin
Entrance Conference with Management/Audit Committee	May	4	2	2				
Risk Assessment / Planning - Financial Engagement team brainstorming/assess fraud risk factors Update understanding of City's control environment Inquiries of City personnel - key controls and related walkthroughs Preliminary materiality thresholds established	June - July	90	10	10	20	40	10	
Risk Assessment - Single Audit Engagement team brainstorming/assess fraud risk factors Major program determination from preliminary SEFA prepared by City Determination of direct/material compliance requirements	June - July	8	1	2		4	1	
Compliance Testing - Single Audit (two major programs)	June - July	40		3		12	25	
Tests of Controls	June - July	60			4	16	40	
City Provide Financial Statements/Footnotes/Final SEFA Foot/cross-foot and other testing over financial statement presentation Read Letter of Transmittal and Statistical Sections Perform procedures of management's discussion and analysis Update/finalize compliance testing for single audit	October	80	16	20	20		24	
Continue Risk Assessment - Financial Audit Preliminary analytical review/ read BOS meeting minutes Assess risk of material misstatement Test City's major fund determination/update materiality thresholds	October	30	6	8		16		
Development of Audit Programs	October	8	1	7				
Further Audit Procedures - Financial Sustantive tests over account balances/transaction classes Test government wide conversion/test footnote disclosures Perform procedures over supplementary information	Oct -Nov	540			10	150	380	
Perform CAFR Certificate Review	November	3	1	2				
Review of Audit Work/Communication with City Review of audit work (financial / Single audit) prepared by staff Engagement shareholder review / final analytical procedures Provide audit adjustments/corrections to FS to City, if applicable Provide compliance findings to City, if applicable	Oct -Nov	90	26	20	22	22		
Progress Meeting with Audit Committee, if needed	Oct -Nov	2	1	1				
Draft Reports	November	5	1		4			
Engagement Quality Control Review	November	10			10			
Exit Conference with Audit Committee	November	4	2	2				
Assemble/Bind Copies of CAFR	November	40						40
Presentation to Board of Supervisors	November	6	3	3				
		1,020	70	80	90	260	480	40

NOTE: Completion of the MSWL agreed upon procedures is anticipated to occur during October-November of each year with issuance of our report by November 30 each year.

NOTE: The proposed timeframe above is based on historical timing of the engagement; however we would anticipate our entrance conference with management to include development of the timeline for the upcoming engagement period.