



APPENDIX A – PEER REVIEW



System Review Report

January 31, 2014

To the Partners of Carr, Riggs & Ingram, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2013. 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 a 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*; audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC applicable to non-SEC issuers in effect for the year ended June 30, 2013, 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(ies)* or *fail*. Carr, Riggs & Ingram, LLC has received a peer review rating of *pass*.

Eide Bailly LLP

Eide Bailly LLP

www.eidebailly.com

800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612.253.6500 | F 612.253.6600 | EOE

J.B. Watson & Co. PLLC – Wadesboro, NC

Staff in firm – 8 - 3 are partners

PERSONNEL/YEARS OF EXPERIENCE

Partner(s) in Charge:	Deneal Bennett, CPA	30 years
	David Burns, CPA	26 years
Senior Staff Personnel:	Jacob Karr, CPA	3 years
Other Staff:	TBD	

CURRENT GOVERNMENTAL CLIENTS/LENGTH OF TIME

Includes (they currently have 10 municipalities/ governmental entities they audit):

Town of Wadesboro	40 years
Town of Marshville	17 years
Town of Mt. Gilead	12 years

LAST PEER REVIEW/OPINION

May 2013	Pass
----------	------

PROFESSIONAL MEMBERSHIPS

NCACPA
AICPA

THINGS TO CONSIDER

All three Senior members are CPAs. They delivered their proposal in person, and the Partner in Charge Ms. Bennett stated she would be involved in the field work most of the time.

TOWN OF INDIAN TRAIL

AUDIT PROPOSAL - FIRST SECTION

For the Years Ending June 30, 2016, 2017, and 2018

JBW

J. B. WATSON & Co., P.L.L.C.
Certified Public Accountants

J. B. WATSON & CO., P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

120 SOUTH RUTHERFORD STREET

P.O. BOX 341

WADESBORO, N.C. 28170

JAMES F. HANNA, CPA
DENEAL H. BENNETT, CPA
J. DAVID BURNS, CPA

TELEPHONE (704) 694-5174
FACSIMILE (704) 694-6970

April 28, 2016

Jim Wojtowicz, Finance Director
Town of Indian Trail
PO Box 2430
Indian Trail, NC 28079

Dear Mr. Wojtowicz:

In response to your request, we are pleased to submit this proposal to serve as the independent certified public accountants of Town of Indian Trail for the years ending June 30, 2016, 2017, and 2018. With our experience in the governmental sector, we feel confident we can meet the requirements you have established.

Our practice began in the 1950's and has been serving Anson and the surrounding counties ever since. Our services include government, non-profit, and commercial audits; compilation and review procedures; projections; tax preparation; bookkeeping; and consulting. It is our goal, given the opportunity, to meet your needs with the highest quality service available in a prompt and efficient manner.

Our commitment to the governmental sector is demonstrated by the successful completion of eight peer reviews and active participation in specialized governmental continuing education programs. Our staff understands the complexities and unique issues facing local governments. We can provide solid guidance and advice through our local, hands-on involvement with the Town.

We believe a close working relationship between the Town and J.B. Watson and Co., P.L.L.C. will result in a cost-effective and efficient audit. The extensive experience of our staff will provide a strong resource for your management. We look forward to hearing from you. If you should have any questions, please feel free to call me at (704) 694-5174 or email me at dbennett@jbwandco.com.

Respectfully submitted,



Deneal H. Bennett, CPA
Member

*Town of Indian Trail
Proposal*

Table of Contents

	<u>Page</u>
Request for Proposal Requirements	1
The Firm	4
The Town of Indian Trail Service Team	5
Local Government Clients	11
Our Understanding of the Engagement	12
References	14
Peer Review Letter	15

***Town of Indian Trail
Proposal***

***Request for Proposal Requirements
First Section***

1) Job Staffing

Our goal is to provide the best possible service to our clients using the expertise of our staff. All staff involved with your audit will have the appropriate training, education, and experience. We strive to provide the highest professional service at the most reasonable fees. The anticipated service team for Town of Indian Trail at this time is as follows:

Partners: Deneal Bennett, CPA will be the engagement partner.
David Burns, CPA will be the technical reviewer.

Staff: Jacob Karr, CPA

Intern(s): To be determined

See the service team biographies that follow at pages 5-10.

2) List of Current and Prior Governmental Clients

We have provided audit services to a large number of governmental clients in the past. See a complete listing at page 11.

3) Additional Services

In addition to audit services, we provide financial and grant compliance procedures and consulting services. See a complete listing at page 11.

4) Quality Control Programs/Peer Reviews

J.B. Watson & Co., P.L.L.C. has successfully met the objectives of quality control standards established by the AICPA. Our most recent peer review was conducted on May 20, 2013, by Potter and Company, P.A. for the three year period ended December 31, 2012. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Our review resulted in a peer review rating of *pass*. This indicates we have met the objectives of quality control standards established by the AICPA. A copy of our 2012 peer review report is attached at page 15. Our next peer review is scheduled for June, 2016.

5) Professional Governmental Audit Experience

Our service team contains the capability and experience necessary for the Town of Indian Trail's engagement. The team has experience in a variety of governmental audits including towns, school boards, counties, COG's, ABC boards, mental health authorities, and federal

*Town of Indian Trail
Proposal*

*Request for Proposal Requirements
First Section - Continued*

and state grants. We are familiar with governmental accounting and auditing, the State's financial reporting requirements, single audits, sampling, non-profit accounting and auditing, and systems analysis. The professional experience of each team member follows in the biographies at pages 5-10. Based upon our experience, the engagement partners and staff will be on-site 80% of the time for interim and fieldwork.

6) Educational Background

The educational background for each team member is outlined in the biographies that follow at pages 5-10.

7) Professional Experience

The professional experience for each team member is outlined in the biographies that follow at pages 5-10.

8) Specialized Skills, Training, or Background

The specialized skills, training, and background can be found in the biographies that follow at pages 5-10.

9) References

A complete list of references can be found in the references section at page 14.

10) Professional Independence Standards

We represent that J.B. Watson & Co., P.L.L.C. is independent with respect to Town of Indian Trail.

Our firm recognizes that independence and objectivity are essential elements of its practice and accordingly has established policies and procedures that provide reasonable assurance that independence is maintained in fact, as well as in appearance. The policies and procedures adopted by the firm supplement the AICPA's rules of conduct, interpretations of the rules and ethics rulings, and the requirements of any agency before whom members of the firm practice.

Each partner and professional employee is expected to be familiar with and to comply with the AICPA Code of Professional Ethics and the corresponding local codes of the state in which he or she practices and the Code and Pronouncements of any agency before which he or she practices.

*Town of Indian Trail
Proposal*

*Request for Proposal Requirements
First Section - Continued*

An independence statement is used to inform personnel of the firm's independence policies and procedures and advise them they are expected to be familiar with these policies and procedures. Rulings and interpretations of the AICPA, North Carolina Association of CPA's, North Carolina State Board of CPA Examiners, state statutes, and other regulatory agencies under which we practice are referred to in the statement.

11) Liability Insurance

In the opinion of J.B. Watson and Co., P.L.L.C. and our insurance carrier, we have adequate insurance for liability claims.

12) Regulatory Actions Against the Firm

There have not been nor are there presently any regulatory actions against the firm of J.B. Watson and Co., P.L.L.C.

*Town of Indian Trail
Proposal*

The Firm

J. B. Watson, Jr. began this practice in the 1950's. Since its beginning it has emerged into a well-known local firm servicing Anson and surrounding counties. The staff has grown to 8 people, including 3 partners. All partners are residents of Anson County. Additionally, we employ 2-3 interns each year.

We offer a wide range of services while maintaining the quality and close working relationship of a small local office. In addition to our extensive experience in the governmental sector, we also have a variety of business and individual clients ranging from small to large. Our services include government, non-profit, and commercial audits; compilation and review procedures; projections; tax preparation; bookkeeping; and consulting.

We are members of the North Carolina Association of Certified Public Accountants (NCACPA), as well as the American Institute of Certified Public Accountants (AICPA). As a further commitment to quality and to our governmental clients we participate in the peer review process.

Our last peer review was conducted on May 30, 2013, by Potter and Company, P.A. for the three years ended December 31, 2012. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Our review resulted in a peer review rating of *pass*. This indicates we have met the objectives of quality control standards established by the AICPA. Our next peer review is scheduled to be conducted in June, 2016.

*Town of Indian Trail
Proposal*

The Town of Indian Trail Service Team

Our primary objective is providing quality service to our clients. Our staff offers not only experience but also personal attention. We have assembled an audit team with the capabilities and experience necessary for the Town's engagement. Each team member is highly knowledgeable of accounting and auditing issues as they relate to financial audits of governmental entities.

Following are profiles of the professionals who will be assigned to your engagement team as considered necessary. Deneal Bennett will manage and oversee all aspects of the engagement. David Burns will be the technical review partner. Jacob Karr will be the senior accountant on the audit. Summer interns will also be involved in the audit engagement. The entire service team will be engaged in the daily audit procedures.

The service team we have assembled has excellent accounting and governmental experience. Additionally, due to the firm size, your engagement team will have experienced and knowledgeable management-level personnel on the job at all times. This is an added benefit of a small, local accounting firm.

*Town of Indian Trail
Proposal
The Town of Indian Trail Service Team (continued)*

DENEAL H. BENNETT, CPA

TITLE: Partner

EXPERIENCE: Deneal Bennett has eight years of experience with a regional accounting firm and joined this firm in 1994. Her experience in accounting and auditing includes extensive experience in the areas of governmental and non-profit organizations. She also has significant experience in auditing under the Single Audit Act. She has assisted with the successful completion of the GFOA Certificate of Excellence in Financial Reporting for a governmental unit.

Bennett has worked on the following governmental audits during her career:

Anson County
Montgomery Alcoholic Beverage Control Board
Sandhill Regional Library System
Town of Lilesville
Town of Marshville
Town of Mt. Gilead
Town of Norwood Board of Alcoholic Beverage Control
Town of Peachland
Town of Polkton
Town of Wadesboro
Town of Wadesboro ABC Board
Anson County Hospital
Anson Economic Development Corporation
City of High Point
City of Rockingham
Hamlet Housing Authority
Jamestown ABC Board
Lee-Harnett Area Mental Health, Developmental
Disabilities, and Substance Abuse Authority
Moore County Schools
Pee Dee Council of Governments
Richmond County
Sandhills Center for Mental Health, Developmental
Disabilities, and Substance Abuse Services
Town of East Spencer
Village of Pinehurst

*Town of Indian Trail
Proposal*

The Town of Indian Trail Service Team (continued)

DENEAL H. BENNETT, CPA (continued)

EXPERIENCE

(Continued):

Bennett has been involved with compliance auditing under the Single Audit Act for the above entities under the following programs:

Assaultive Children
Chapter I Reading
Community Development Block Grant
Community Services Block Grant
Drinking Water State Revolving Fund
Federal Emergency Management Agency Programs
Food Stamps/SNAP Cluster
Foster Care and Adoption Cluster
Job Training Partnership Act
Low-Income Home Energy Assistance Block Grant
Medical Assistance Program
National School Lunch Program
North Carolina Clean Water Programs
NC DHHS Crosscutting Requirements
North Carolina Economic Infrastructure Program
North Carolina Housing Finance Agency
PARTF Grants
Pioneer Project
Powell Bill and other NCDOT grants
PSAP Grant Program
Public School Building Capital Fund
Social Services Block Grant
State Aid to Airports
State Aid to Libraries
State Public School Fund
State/County Special Assistance to Adults
Subsidized Child Care Cluster
Temporary Assistance to Needy Families
Thomas S
Title VI B
USDA Grants
U.S. Department of Housing and Urban Development grants
U.S. Department of Justice Grants
Vocational Education
Women, Infants, and Children
Various other Federal and State Grants

Town of Indian Trail***Proposal******The Town of Indian Trail Service Team (continued)*****DENEAL H. BENNETT, CPA (Continued)**

EDUCATION: B.S., Accounting, University of North Carolina at Greensboro, 1986

She has also completed the AICPA "Governmental Accounting and Auditing Certificate of Educational Achievement Program." This is an intensive series of integrated courses in the governmental area, and is the highest level of educational achievement available in governmental auditing.

**PROFESSIONAL/
CIVIC****ACTIVITIES:**

American Institute of Certified Public Accountants
North Carolina Association of Certified Public Accountants
First Baptist Church, Wadesboro - Choir, Foundation Committee,
Personnel Committee Member, Pastor Search Committee Member
Past South Piedmont Community College Foundation - Treasurer
Past Anson County Jaycees Charter Member
Past Greensboro Jaycee

*Town of Indian Trail
Proposal
The Town of Indian Trail Service Team (continued)*

DAVID BURNS, CPA

TITLE: Partner

EXPERIENCE: David Burns joined the practice in 1992 and since has gained a broad-based knowledge of accounting and auditing procedures. He has also acquired excellent experience in the area of auditing under the Single Audit Act. David has twenty-six years of income tax experience with this firm and another local firm.

Burns has worked on the following governmental engagements:

Anson County
Montgomery Alcoholic Beverage Control Board
Town of Lilesville
Town of Marshville
Town of Mount Gilead
Town of Norwood Board of Alcoholic Beverage Control
Town of Peachland
Town of Polkton
Town of Wadesboro
Town of Wadesboro ABC Board

Burns has been involved with compliance auditing under the Single Audit Act for the above entities under the following programs:

Community Development Block Grant
North Carolina Clean Water Grants
North Carolina Housing Finance Agency
Powell Bill and other NCDOT grants
U.S. Department of Justice Grants
USDA Grants
Various other Federal and State Grants

EDUCATION: B.S., Business Administration/Accounting, Wingate College, 1990

**PROFESSIONAL/
CIVIC**

ACTIVITIES: North Carolina Association of Certified Public Accountants
Deep Springs Baptist Church, Peachland
Twin Valley Country Club - Treasurer

***Town of Indian Trail
Proposal***

The Town of Indian Trail Service Team (continued)

JACOB T. KARR, CPA

TITLE: Senior Accountant

EXPERIENCE: Jacob Karr joined the firm in August, 2013 after completing his master's degree in June from Wingate University. He completed an internship with Wingate University from August, 2012 to May, 2013. Jacob has gained a broad-based knowledge of accounting and auditing procedures, especially in the governmental area. He has also acquired experience in auditing under the Single Audit Act.

Karr has worked on the following governmental engagements:

Anson County
Montgomery Alcoholic Beverage Control Board
Sandhill Regional Library System
Town of Lilesville
Town of Marshville
Town of Mt. Gilead
Town of Norwood Board of Alcoholic Beverage Control
Town of Peachland
Town of Polkton
Town of Wadesboro
Town of Wadesboro ABC Board

Karr has been involved with compliance auditing under the Single Audit Act for the above entities under the following programs:

NC DHHS Crosscutting Requirements
Powell Bill and other NCDOT grants
Public School Building Capital Fund
State Aid to Libraries
Temporary Assistance to Needy Families

EDUCATION: B.S., Accounting, Wingate University, 2012
Master of Accounting, Wingate University, 2013

**PROFESSIONAL/
CIVIC**

ACTIVITIES: North Carolina Association of Certified Public Accountants
Delta Mu Delta, Business Honor Society – Officer

***Town of Indian Trail
Proposal***

Local Government Clients

J.B. Watson & Co., P.L.L.C. currently provides and/or has provided audits for the following governmental units:

Anson County - 15 years (1), (2)
Montgomery Alcoholic Beverage Control Board - 40+ years (2)
Sandhill Regional Library System - 11 years
Town of Lilesville - 40+ years (2)
Town of Marshville - 17 years (2)
Town of Mt. Gilead - 12 years (2)
Town of Norwood Board of Alcoholic Beverage Control - 6 years
Town of Peachland - 40+ years (2)
Town of Polkton - 40+ years (2)
Town of Wadesboro - 40+ years (2)
Town of Wadesboro ABC Board - 40+ years (2)
Town of McFarlan - (1)
Town of Morven - (1), (3)
Town of Troy - (1)
Montgomery County - (1)
Anson County Board of Education - (1)
Montgomery County Board of Education - (1)

- (1) Prior audit client
- (2) Successfully assisted in implementing GASB 34
- (3) Current bookkeeping client

We have provided additional services for the above clients as needed. Our experience includes assistance with computer system selection, analysis, installation, and maintenance; monthly to quarterly bookkeeping assistance; internal control analysis; capital asset reconciliations and reporting; assistance with LGC and other reporting requirements, including AFIR and Data Collection Form; and other services as required by our clients. When requested, we have also provided compilation and review services for the above clients. We have also assisted clients in finding the appropriate outside consulting firms for water and sewer rate studies, water and sewer system analysis, engineering assistance, and grant administration.

*Town of Indian Trail
Proposal*

Our Understanding of the Engagement

Our primary objective will be to audit the basic financial statements of Town of Indian Trail for the years ending June 30, 2016, 2017, and 2018 for the purpose of expressing our professional opinion on those statements. Our audits will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Required supplementary information, such as Management's Discussion and Analysis and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, as required by the Government Accounting Standards Board, will be presented to supplement the basic financial statements. Combining and individual fund financial statements, budgetary schedules, other supplemental schedules, and the schedule of expenditures of federal and State awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act*, will also be presented for purposes of additional analysis. We will also conduct a single audit of federal and state awards as necessary for each year.

Our proposal assumes the majority of the standard year-end adjustments will be made by your staff, and we will be able to concentrate our efforts on the necessary auditing procedures. Our proposal also assumes all year-end reconciliations will be complete prior to our audit procedures.

It is our understanding the following funds are included in the Town's basic financial statements:

- General
- Enterprise
- Capital Projects

It is our further understanding that the Town of Indian Trail ABC Board will be accounted for as a discretely presented component unit of the Town.

We will complete as much interim auditing procedures prior to June 30 as possible through a mutually agreed upon schedule. Interim procedures will include the study, evaluation, and testing of internal controls including a review of the data processing system. Our preliminary procedures will also include tests of compliance with North Carolina general statutes and compliance with applicable federal and state award requirements, as applicable.

Assuming year-end adjustments and reconciliations are provided to us at the beginning of our audit fieldwork, J.B. Watson & Co., P.L.L.C. will complete the audit and deliver a preliminary draft of the audit report and required journal entries to the Finance Director and/or the members of the Audit Committee by October 1. The preliminary draft will include the basic financial statements, required supplementary information, combining and individual fund financial statements, budgetary schedules, other supplemental schedules, and the schedule of expenditures of federal and State awards, and all applicable *Government Auditing Standards* reports and Single Audit reports.

*Town of Indian Trail
Proposal*

Our Understanding of the Engagement - Continued

Once approved by the State Treasurer's Office, we will then deliver 25 copies of the final audit report, basic financial statements, all applicable single audit reports, and the management letter (if applicable).

Should additional time be required due to issues arising at the Town or additional information needed from outside parties, we will discuss this with the appropriate Town personnel immediately and arrive at a new mutually agreed upon completion date.

J.B. Watson & Co., P.L.L.C. will also be available on an on-going basis to provide consultation on other accounting and auditing matters throughout the contract period. Any additional services to be performed in excess of the original estimates will be negotiated prior to commencement of the work.

We represent that J.B. Watson & Co., P.L.L.C. is independent with respect to Town of Indian Trail. All of our partners and other CPA staff are licensed to practice in the State of North Carolina. We adhere to the AICPA's first standard of fieldwork, including adequate supervision of staff, on a daily basis.

Our workpapers will be available for review by appropriate federal and/or state auditors for the required three year period.

***Town of Indian Trail
Proposal***

References

Town of Marshville

Contact: Tonya Johnson, Town Clerk/Finance Officer
Address: 201 W. Main Street
Marshville, North Carolina 28103
Phone: (704) 624-2515, extension 25
E-mail: tjohnson@marshville.org

Town of Polkton

Contact: Jerricka Burleson, Finance Officer/Town Clerk
Address: PO Box 66
Polkton, North Carolina 28135
Phone: (704) 272-7463
E-mail: townofpolkton@windstream.net

Town of Wadesboro

Contact: Alex Sewell, Town Manager
Address: PO Box 697
Wadesboro, North Carolina 28170
Phone: (704) 694-5171
E-mail: wadesboromanager@windstream.net

TOWN OF INDIAN TRAIL

AUDIT PROPOSAL - SECOND SECTION

For the Years Ending June 30, 2016, 2017, and 2018

JBW

J. B. WATSON & Co., P.L.L.C.
Certified Public Accountants