



### PROPOSED FEES

The proposed fees reflect DHG's engagement strategy to provide high-quality services using the number of individuals needed to perform the work in the most cost-efficient manner. We strive to use a mix of professionals who can provide the necessary levels of experience and subject matter knowledge at the lowest possible cost.

If our fee estimate is significantly different from other estimates provided, we would appreciate the opportunity to discuss the matter with you further. We do not want professional fees to be the determining factor in your final selection. We strongly believe that DHG's services are price-competitive, taking into account our industry emphasis and level of skilled professionals. We respectfully request the opportunity to discuss our fees further if they are out-of-line with our competitors or your expectations.

Title	Rate Per Hour	Onsite		Auditor Office	Total Audit Hours	Audit Costs
		Interim	YE			
Partner	375	8	8	8	24	\$9,000
EQR	375			8	8	3,000
Sr Manager	250	12	18	12	42	10,500
Senior Associate	185	24	24	24	72	13,320
Associates	165	24	80	60	164	27,060
Clerical	75			5	5	375
		68	130	117	315	\$63,255
					Discount	(2,155)
					<b>FY 2022</b>	<b>61,100</b>
					<b>FY 2023</b>	<b>62,930</b>
					<b>FY 2024</b>	<b>64,810</b>

#### Breakout of \$61,100

48,600

Base Audit

7,500

F/S Preparation

5,000

Single Audit\*

**61,100**

*\*Up to 2 major programs; thereafter, \$2,500/program*

# DHG

**GOVERNMENTAL**

**A PROPOSAL FOR / The Town of Carrboro**

**MARCH 2022**

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## **SECTION 1: PROFILE OF THE FIRM**

## PROFILE OF THE FIRM



Indicate the Audit firm's North Carolina office location(s) that will handle the audit.

### LOCAL PRESENCE

DHG maintains the local connection with The Town and looks forward to the opportunity of continuing to serve you from our High Point and Winston-Salem locations. DHG High Point delivers timely and innovative solutions to businesses of all sizes and scale with the goal of creating space for growth and profitability for our clients. Nearly ten partners call High Point home and offer focused experience to clients in all industry areas.

#### DHG High Point

1829 Eastchester Drive  
High Point, NC 27265  
p 336.889.5156  
f 336.889.6168

#### DHG Winston-Salem

100 N. Main Street / Suite 2300  
Winston-Salem, NC 27101  
p 336.714.8100  
f 336.714.8145



Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit.

STAFF CLASS	NUMBER OF PROFESSIONALS
Partner / Principal / Director	1
Senior Manager	1
Manager	-
Senior Associate / Senior Consultant	1
Associate / Consultant	2
Client Accountant	1
Administrative Staff	1

## PROFILE OF THE FIRM / CONTINUED



Provide a list of the audit firms' local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.

Below and on the following pages is a list of current and prior government audit clients served within the last seven years by the Triad DHG offices including the number of years the units have been served by DHG and services performed.

Unit	Years Served	Services Performed
<b>Bald Head Island Transportation Authority</b> Bald Head Island, North Carolina	3	Financial Statement Audit Preparation of Financial Statements
<b>Beaufort County Schools</b> Washington, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Bladen County Schools</b> Elizabethtown, North Carolina	15+	Preparation of Financial Statements
<b>Brunswick County Schools</b> Bolivia, North Carolina	5	Assistance with CAFR Preparation
<b>Cabarrus County Schools</b> Concord, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Carrboro Tourism Development Authority</b> Carrboro, North Carolina	10+	Financial Statement Audit Preparation of Financial Statements
<b>CenterPoint Human Services</b> Winston-Salem, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Information Technology Advisory Services Maintenance of Fixed Assets Listing Preparation of Financial Statements
<b>Centralina Council of Governments</b> Charlotte, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements

## PROFILE OF THE FIRM / CONTINUED

Unit	Years Served	Services Performed
<b>Charlotte - Mecklenburg Schools</b> Charlotte, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance CAFR Assistance State Retirement Plan Examination Agreed-Upon Procedures
<b>City of Danville</b> Danville, Virginia	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Agreed-Upon Procedures Preparation of Financial Statements
<b>City of Mount Airy</b> Mount Airy, North Carolina	10+	Financial Statement Audit
<b>City of Winston-Salem</b> Winston-Salem, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form State Retirement Plan Examination
<b>Cleveland County Schools</b> Kings Mountain, North Carolina	5+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements State Retirement Plan Examination
<b>Elkin City Schools</b> Elkin, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Franklin County Schools</b> Louisburg, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements CAFR Assistance

## PROFILE OF THE FIRM / CONTINUED

Unit	Years Served	Services Performed
<b>Guilford County Schools</b> Greensboro, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements CAFR Assistance State Retirement Plan Examination
<b>Harnett County Schools</b> Lillington, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements CAFR Assistance
<b>Hillsborough Tourism Board</b> Hillsborough, North Carolina	5	Financial Statement Audit Preparation of Financial Statements
<b>Hillsborough Tourism Development Authority</b> Hillsborough, North Carolina	5	Financial Statement Audit Preparation of Financial Statements
<b>Lee County Schools</b> Sanford, North Carolina	10+	Preparation of Data Collection Form Preparation of Financial Statements
<b>MI Connection Communications Systems</b> Mooresville, North Carolina	7+	Financial Statement Audit Preparation of Financial Statements
<b>Moore County</b> Carthage, North Carolina	5	Preparation of Data Collection Form CAFR Assistance
<b>Moore County Airport</b> Pinehurst, North Carolina	5+	Preparation of Financial Statements
<b>Moore County Schools</b> Carthage, North Carolina	15+	Preparation of Data Collection Form Preparation of Financial Statements
<b>Mount Airy City Schools</b> Mount Airy, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Mount Airy Tourism Development Authority</b> Mount Airy, North Carolina	10+	Financial Statement Audit

## PROFILE OF THE FIRM / CONTINUED

Unit	Years Served	Services Performed
<b>Nash-Rocky Mount Schools</b> Nashville, North Carolina	5+	Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>New Hanover County Schools</b> Wilmington, North Carolina	5+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Piedmont Authority for Regional Transportation</b> Greensboro, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Forms Internal Control Risk Advisory Services Agreed-Upon Procedures Preparation of Financial Statements
<b>Richmond County Schools</b> Hamlet, North Carolina	15	Preparation of Financial Statements
<b>Rowan-Salisbury Schools</b> Salisbury, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Agreed-Upon Procedures Preparation of Financial Statements
<b>Sandhills Mental Health Center</b> West End, North Carolina	15+	Financial Statement Audit Preparation of Data Collection Form
<b>Sanford ABC Board</b> Sanford, North Carolina	10+	Financial Statement Audit State Retirement Plan Examination
<b>Sanford Lee County Airport</b> Sanford, North Carolina	20	Preparation of Financial Statements
<b>Stanly County Schools</b> Albemarle, North Carolina	3	Financial Statement Audit Preparation of Data Collection Form State Retirement Plan Examination



## PROFILE OF THE FIRM / CONTINUED

Unit	Years Served	Services Performed
<b>Stokes County Schools</b> Danbury, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Agreed-Upon Procedures Preparation of Financial Statements
<b>Surry County Schools</b> Dobson, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance IT Advisory Services (Training) Agreed-Upon Procedures Preparation of Financial Statements
<b>Town of Aberdeen</b> Aberdeen, North Carolina	20+	Financial Statement Audit Preparation of Data Collection Form Preparation of Financial Statements
<b>Town of Biscoe</b> Biscoe, North Carolina	5+	Preparation of Financial Statements Preparation of Annual Financial Information Report
<b>Town of Carrboro</b> Carrboro, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Town of Dobbins Heights</b> Dobbins, North Carolina	15+	Preparation of Financial Statements
<b>Town of Hillsborough</b> Hillsborough, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Town of Jamestown</b> Jamestown, North Carolina	10+	Financial Statement Audit CAFR Assistance

## PROFILE OF THE FIRM / CONTINUED

Unit	Years Served	Services Performed
<b>Town of Kernersville</b> Kernersville, North Carolina	10+	Financial Statement Audit Preparation of Annual Financial Information Report Preparation of Financial Statements
<b>Town of Oak Ridge</b> Oak Ridge, North Carolina	10+	Financial Statement Audit Preparation of Financial Statements
<b>Town of Siler City</b> Siler City, North Carolina	5	Financial Statement Audit Preparation of Financial Statements
<b>Town of Southern Pines</b> Southern Pines, North Carolina	10+	Financial Statement Audit Preparation of Financial Statements
<b>Vance County Schools</b> Henderson, North Carolina	2	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements
<b>Village of Pinehurst</b> Pinehurst, North Carolina	10+	Financial Statement Audit
<b>Wake County Public Schools</b> Raleigh, North Carolina	1	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance CAFR Assistance
<b>Winston-Salem/Forsyth County Schools</b> Winston-Salem, North Carolina	10+	Financial Statement Audit Preparation of Data Collection Form Reconciliation of Federal and State Financial Assistance Preparation of Financial Statements State Retirement Plan Examination



Indicate the experience of the local 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.

A listing of our Triad offices' current and prior governmental clients, including the number of years the units have been served by DHG and additional services performed, can be found on [page 3](#). In addition to financial statement preparation, we also provide the following services to our governmental clients:

- Implementation Assistance on New GASB Pronouncements
- Agreed-Upon Procedures Reports for Various Needs
- Assistance with Initial and/or Subsequent ASBO and/or GFOA Submissions
- Bookkeeping Assistance
- Budget Consultation and Assistance
- Capital Asset Depreciation Computations
- Internal Control Assessments
- Assistance with Physical Inventories
- Consultation on Accounting Policies and Procedures Manual
- Sales and Use Tax Services
- Payroll Tax Consultation Services
- Forensic Audit Services
- Cash Flow Forecasts and Projections
- Pension Examinations
- Long-Term Debt Restructuring Alternatives
- IT Risk Assessments
- Security Assessments
- Procurement Policy Implementation
- Annual Financial Information Report (AFIR) Preparation

## PROFILE OF THE FIRM / CONTINUED



**Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.**

Our commitment to quality is demonstrated by our enrollment in the AICPA Governmental Audit Quality Center. The firm's latest peer review, conducted in 2020, resulted in the issuance of an unqualified opinion that the system of quality control for the accounting and auditing practice met the objectives of quality control standards established by the AICPA and was in compliance during the year under review. No letter of comments was issued, which indicates that no deficiencies were detected and no recommendations for corrections or improvements were necessary. The review included engagements performed under Government Auditing Standards. Our most recent peer review report can be found in [Appendix A](#).



**Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Relevant experience and education with the new GASB reporting requirements should be clearly communicated.**

We have assembled an audit team that encompasses the capabilities and experience necessary for The Town's engagement. The team assembled has significant experience in:

- A wide variety of governmental audits, including municipalities, counties, school boards, mental health authorities, and federal and state grants.
- Auditing under the single audit concept.
- Auditing entities with utilities, enterprise funds and internal service funds.
- Accounting, auditing and financial reporting principles for local governmental units.
- Audit sampling techniques.
- Auditing local governments that utilize data processing equipment.
- Accounting systems analysis.
- Successful implementation of GASB and FASB pronouncements.
- A wide variety of consulting services tailored for local governments.

For resumes that describe the professional experience auditing relevant government organizations of each senior and higher-level person assigned to the audit, please see the Client Service Team section of this proposal in [Appendix B](#).

The percentage of time we anticipate each senior associate and above will be on site is as follows:

Engagement Partner	25%
Senior Manager	50%
Senior Associate	90%

## PROFILE OF THE FIRM / CONTINUED



**Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.**

For resumes that describe the relevant educational background of each individual assigned to the proposed audit, senior level and higher, please see the complete biographies of all team members of the Client Service Team in [Appendix B](#).



**Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., NCDOT, FTA, Water/Sewer, Electric service function).**

We have extensive experience serving government entities with utilities, enterprise funds, and internal service funds. All of the key members of your proposed service team have experience auditing governments in accordance with generally accepted auditing standards, Government Auditing Standards, the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the provisions of the Uniform Guidance, the State Single Audit Implementation Act, and a variety of other applicable laws and regulations. For individual experience, please review biographies of team members in [Appendix B](#).



**Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.**

By performing numerous governmental audits, our team has hands-on experience in all facets and levels of local government. With a team that understands the complexities of governmental operations, we provide effective and innovative solutions to problems which will enable The Town to operate more efficiently and help meet your financial objectives.

To further our commitment to local governments, we spend our time learning all we can about the issues and challenges facing your industry. We actively support and are involved in numerous local, regional, and national associations and organizations. We take pride in advising association leaders in how to help their members.

Our involvement in these groups includes activities such as serving on boards, speaking, and exhibiting at trade shows, writing articles for industry publications, and sponsoring special events. Several of the organizations we are actively involved with include:

- AICPA Government Audit Quality Center
- Association for Government Accountants
- National Association of Local Government Auditors
- North Carolina Association of Certified Public Accountants - Governmental Accounting and Auditing Committee
- North Carolina Citizens for Business and Industry
- North Carolina Government Finance Officers Association
- North Carolina League of Municipalities

For resumes that describe the relevant skills, training, and background of each partner/director, manager or senior associate assigned to the proposed audit, please see the Client Service team section of this proposal in [Appendix B](#).

## PROFILE OF THE FIRM / CONTINUED



Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.

Providing exceptional client service is a cornerstone of our success and integral to our firm's core values. To uphold this quality of service, we meet with our clients on a regular, proactive schedule to understand fully their needs and assess our performance in meeting our clients' expectations. This communication process ensures a more efficient and effective response to the opportunities and challenges our clients face.

Please feel free to contact any of our current governmental audit clients listed below.

UNIT	CONTACT
<b>Town of Kernersville</b> 134 East Mountain Street Kernersville, NC 27284	<b>Samuel Johnson,</b> Accountant 336.992.5457
<b>Piedmont Authority for Regional Transportation</b> 107 Arrow Road Greensboro, NC 27409	<b>Connie Conklin</b> Finance Director 336.291.4320
<b>Town of Jamestown</b> Post Office Box 848 Jamestown, North Carolina 27282	<b>Judy Gallman</b> Finance Officer 336.454.1138



Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.

DHG recognizes that independence, integrity, and objectivity are essential elements of its practice and, accordingly, we have 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 Code of Professional Conduct, the rules and regulations of applicable state boards, and any other regulatory agency under which we practice. DHG acknowledges that in some instances the independence rules of certain regulatory agencies are more restrictive than those of the AICPA. It is the policy of our firm and a professional requirement that professional personnel performing engagements subject to such rules be familiar with and comply with the rules of those agencies. As a further commitment to professional independence standards, DHG early implemented the more restrictive GAO independence standards. Please see our firm's Statement of Policy and Procedures related to independence in [Appendix C](#).

## PROFILE OF THE FIRM / CONTINUED



**Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.**

Over the course of our more than 50-year history, DHG has maintained the financial strength and liquidity necessary to serve our clients. In the opinion of the firm's counsel, DHG has adequate coverage for general liability and other insurance claims. The firm has a standard policy with an independent insurance carrier, which includes a normal deductible. No breaks in coverage due to changes in insurers or other events have occurred. Please see our firm's certificate of insurance in [Appendix D](#).



**Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.**

There has been no regulatory action or investigation taken by any oversight body against DHG or the North Carolina offices.



**Comment on your knowledge of and relationship with the NC Local Government Commission and the University Of North Carolina School of Government in Chapel Hill.**

DHG has had a close working relationship with the NC Local Government Commission for several years. The primary engagement team is on a first-name basis with many of the LGC's staff, and have an open line of communication. In addition, we have attended several events with members of the University of North Carolina School of Government in Chapel Hill, and often use them a resource during the course of our audits, as necessary.

## **SECTION 2: AUDIT APPROACH**



## AUDIT APPROACH



### Type of audit program used (tailor-made, standard government, or standard commercial).

We will prepare tailor-made audit programs to be used in The Town's audit. We will start with a standard governmental audit program for each significant audit area and add or remove audit procedures based on risk assessment of each audit area. Our risk assessments are based on various factors and whether The Town has internal controls in place to mitigate those risk factors. We make these assessments during our "brainstorming" planning meetings.



### Use of statistical sampling.

Auditing standards generally accepted in the United States of America and Government Auditing Standards permits the use of both statistical and non-statistical sampling techniques. DHG primarily uses non-statistical sampling techniques for both control and substantive tests. Sampling forms published by Practitioners Publishing Company (PPC) and the AICPA Guide on Audit Sampling are the primary sources we use to determine sample sizes. We also use a data extraction and analysis software program called IDEA, whenever possible, for sampling applications. IDEA enables us to generate systematic, monetary unit, and random sample sizes more efficiently than manual methods.



### Use of automated processes and internal control testing methods.

DHG deploys the latest advanced technologies to bring efficiencies and greater value to our assurance practice. For example, we use Kira Systems' machine learning and document analysis software and MindBridge AI (artificial intelligence) for machine learning-based data analysis.

Machine learning platforms like Kira can automatically identify and extract information from contracts, leases and purchase agreements and highlight only the relevant data to be used in an audit. Using Kira for machine learning-assisted review of contracts has been helpful in strengthening audit quality while improving efficiency.

MindBridge AI is a data analytics tool used by DHG for private company audits that leverages machine learning to quickly analyze financial transactions. The use of this capability saves time in that it allows our professionals to more quickly reach an in-depth understanding of a company's financial position and identify risks. We spend less time searching through large volumes of data and more time analyzing it, verifying accuracy and performing high-level functions throughout the audit. MindBridge also helps reduce audit risk by limiting human error and providing more comprehensive sample sets for analysis.

Learn more about DHG's use of MindBridge in our [case study](#).

## AUDIT APPROACH / CONTINUED



### Use of computer audit specialists.

DHG has dedicated Information Technology (IT) staff who can accompany audit engagement teams to the client's facilities. They have helped a variety of organizations adapt information technology risk management capabilities in times of significant expansion and other regulatory change. They can provide insights that will benefit IT management in the areas of business continuity, security issues, systems integration risks, internal controls and internal audit activities.



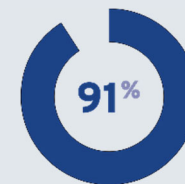
### Organization of the audit team and the approximate percentage of time spent on the audit by each member.

Please refer to the Client Service Team segment included in Appendix B of our proposal for the name and role of each person assigned to the audit engagement. See below for approximate percentage of time spent on the audit.

EMPLOYEE LEVEL	PERCENTAGE OF TIME SPENT ON THE AUDIT
Partner	11%
Engagement Quality Reviewer	3%
Senior Manager	22%
Senior Associate	31%
Associate	31%
Clerical	3%

### GREAT PLACE TO WORK AWARD

In 2021, DHG was re-certified for the 6th year in a row as a Great Place to Work.



of our people say DHG is a Great Place to work.



## STAFF CONTINUITY

DHG's core objective to attract, develop and retain the best and brightest people. Numerous initiatives designed to support this goal have resulted in the firm being named one of the best accounting firms to work for in the U.S. Striving to have low staff turnover helps to build solid, long-lasting relationships. Retaining staff also means recruiting and appropriately training them. DHG maintains one of the most respected programs of in-house training in the industry. With DHG, you can expect an experienced, consistent team that will be responsive to SSI throughout the year.

## AUDIT APPROACH / CONTINUED



### Information that will be contained in the management letter.

Our management letter will conform to auditing standards generally accepted in the United States of America and Government Auditing Standards. It will contain internal control-related matters that we identify during the course of the audit. In addition, we may communicate immaterial instances of noncompliance and other matters that come to our attention, along with recommendations for improvement. Any matter that we consider to be a material weakness, significant deficiency or material noncompliance is required to be communicated in our reports on internal control and compliance under Government Auditing Standards. All comments will be submitted to management in draft form prior to issuance so there are no surprises.



### Assistance expected from the government's staff, if other than outlined in the RFP.

In addition to the level of assistance from The Town's staff identified in the RFP, we would also provide a separate list of requests during the pre-planning conference. We will work with your staff to ensure that the various schedules are prepared in an appropriate format. We will request that your staff type all confirmations, complete all internal control narratives for significant transaction cycles, and pull and/or copy all supporting documentation we request.



### Tentative schedule for completing the audit within the specified deadlines of the RFP.

The prospective schedule for the audit is listed below. The actual dates will be determined in the spring of each year after consultation with management and will depend upon the availability of the appropriate The Town personnel.

AUDIT ACTIVITY	DATE
Pre-planning conference	May 2022
Interim fieldwork completed	June 2022
Year-end fieldwork completed	August 2022
Preliminary financial statement comments to Finance Director	October 10, 2022
Final report to The Town	October 31, 2022

The Finance Director will receive a listing of requested information needed for the audit at the pre-planning conference, periodic conferences during the conduct of the audit, and an exit conference prior to the completion of fieldwork.

## AUDIT APPROACH / CONTINUED

9

Specify costs using the format below for the audit year July 1,2021 to June 30,2022 and audit year July 1,2022 to June 30, 2023. For the three audit years, which follow, list the estimated costs. The cost for the audit years ending June 30,2022 and June 30,2023 is binding, while the third, fourth and fifth years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.

A. Audit firm personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.

1) Estimated hours: categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.

2) Rate per hour.

3) Total cost for each category of personnel and for all personnel costs in total.

B. Travel – itemize transportation and other travel costs separately.

C. Cost of supplies and materials – itemize.

D. Other costs – completely identify and itemize.

1) If applicable, note your method of determining increases in audit costs on a year-to-year basis

Per the RFP requirements, our cost information can be found in the separate attachment labeled “Cost Estimate”.

10

Please list any other information the firm may wish to provide.

We have included information regarding our Inclusion and Diversity (I&D) initiatives within [Appendix E](#) of the proposal.

11

Please include the Summary of Audit Costs Sheet (Attachment 1).

Per the RFP requirements, our cost information can be found in the separate, sealed envelope labeled “Cost Estimate”.

# APPENDIX A: PEER REVIEW REPORT



8550 United Plaza Blvd., Ste. 1001 — Baton Rouge, LA 70809  
225-922-4600 Phone — 225-922-4611 Fax — [pncpa.com](http://pncpa.com)

A Professional Accounting Corporation

## Report on the Firm's System of Quality Control

To the Partners of  
Dixon Hughes Goodman LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 29, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

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.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Dixon Hughes Goodman LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended February 29, 2020, 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*. Dixon Hughes Goodman LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 13, 2020



National Peer  
Review Committee

December 11, 2020

Ralph Snow  
Dixon Hughes Goodman LLP  
4350 Congress ST Ste 900  
Charlotte, NC 28209-4866

Dear Ralph Snow:

It is my pleasure to notify you that on December 11, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is August 31, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

*Michael Fawley*

Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Candace Wright, David Hinshaw

Firm Number: 900010017108

Review Number: 576076

220 Leigh Farm Road, Durham, NC 27707-8110  
T: +1.919.402.4502 F: +1.919.419.4713  
[aicpaglobal.com](http://aicpaglobal.com) | [cimamaglobal.com](http://cimamaglobal.com) | [aicpa.org](http://aicpa.org) | [cima.org](http://cima.org)

## APPENDIX B: CLIENT SERVICE TEAM



John Frank, CPA / Engagement Partner / High Point, NC  
336.822.4308 / john.frank@dhg.com

### Experience

John Frank has served as engagement partner for The Town for more than 10 years. Since joining the firm in 1984, John has gained a broad-based knowledge of accounting and auditing for governmental entities and closely held companies and their owners. During his career, he has developed a strong working knowledge of numerous industries including local governments, manufacturing, furniture, and construction and real estate. Admitted to partnership of the firm in 1997, he has assisted governmental clients with various accounting and financial reporting issues including CAFR preparation, accounting for debt issuances, grant compliance, and reporting, agreed-upon procedures engagements, and internal control assessments. Additionally, John serves as concurring review partner on numerous governmental audit engagements throughout the firm.

### Professional and Civic Involvement

- American Institute of Certified Public Accountants (AICPA)
- North Carolina Association of Certified Public Accountants (NCACPA)
- High Point Chamber of Commerce, Treasurer
- Immaculate Heart of Mary Church, Finance Committee

### Licenses and Certifications

NC Certified Public Accountant #15854

### Education

University of North Carolina at Chapel Hill, Bachelor of Science,  
Business Administration, concentration in Accounting

Audit	Year(s) Served		
Carrboro Tourism Development Authority	3	Town of Carrboro	10+
City of Winston-Salem	2	Town of Hillsborough	10+
Hillsborough Tourism Development Authority	4	Town of Jamestown	10+
Hillsborough Tourism Board	4	Town of Kernersville	10+
Mount Airy/Surry County Airport Authority	3	Town of Oak Ridge	10+
Piedmont Authority for Regional Transportation	10+	Town of Siler City	3
Town of Aberdeen	3	Town of Southern Pines	3
Town of Biscoe	3	Sandhills Center for Mental Health	3
		Village of Pinehurst	3

John has attended the following governmental related courses over the past few years:

- Cultivate 2017 Audit Technical Conference
- Development: An Auditing Introduction
- Local Government Conference
- Navigate: Governmental and Not-for-Profit Technical Conference (Instructor)
- Single Audit Training



Mark Nicolas, CPA / Managing Partner / Memphis, TN

901.259.3647 / mark.nicolas@dhg.com

### Experience

Mark is managing partner of DHG's Non-Profit, Education and Government industry group, overseeing the services of more than 1,400 clients nationwide. He spearheads the practice's focus on important industry issues that affect our clients and helps identify timely solutions. Mark's accounting career spans more than 25 years and he has been with DHG's audit practice since 2004.

Board members and management seek Mark's advice on improving efficiency, transparency and accountability. Recently he has been focused on helping clients comply with CARES Act funding requirements and implement new accounting standards such as revenue recognition guidance for both for-profits and non-profits and lease accounting under GASB and FASB.

### Professional and Civic Involvement

- American Institute of Certified Public Accountants (AICPA)
- American Institute of Certified Public Accountants (AICPA)
- Government Finance Officers Association (GFOA)
- National Association of College and University Business Officers (NACUBO)
- American Associate of Airport Executives (AAAE)
- Association of Certified Fraud Examiners (ACFE)
- Tennessee Society of Certified Public Accountants
- University of Memphis Accountancy Advisory Board
- University of Memphis MILE Mentor
- C12 Christian CEO Peer Advisory Group

### Licenses and Certifications

TN Certified Public Accountant - TN - 14560

### Education

University of Mississippi, Masters in Accounting, Bachelors in Accounting

#### Audit

#### Year(s) Served

Town of Collierville, TN

9

Collierville Schools, TN

7

Millington Schools, TN

7

Metropolitan Nashville Airport Authority

5

Memphis Shelby County Airport Authority

17

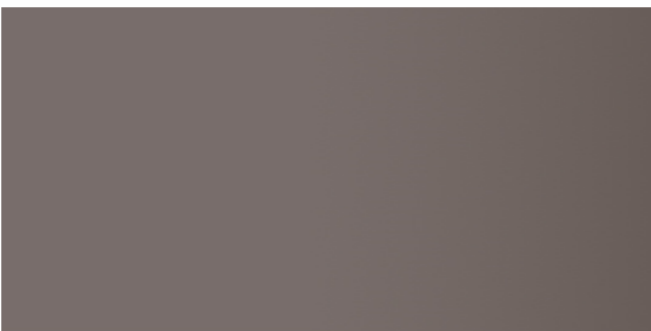
Virginia OPED Trust

3

Mark has attended the following governmental related courses over the past few years:

- Internal Controls: Cradle to Grave
- Technical Deep Dive: Leases
- Client & Engagement Management Tools (Engagement Tracker, MyDHG, etc.)
- Assurance Innovation - What's Here & What's on the Horizon
- 2021 GASB Summary
- 2021 Single Audit Summary
- 2021 EBP Update (Part 2)
- Preventing, Detecting and Deterring Fraud in the Not-for-Profit, Higher Education and Public Sectors
- 2021 EBP Update (Part 1)





Chad Cook, CPA / Engagement Sr. Manager / High Point, NC

336.822.4494 / chad.cook@dhg.com



### Experience

Chad has served The Town for six years. Chad has eleven years of public accounting experience in the areas of audit and accounting. Chad has provided accounting services for governmental clients, as well as a variety of clients in the affordable housing industry, real estate industry, construction industry, and non-profit sectors. These services range from financial statement audits, agreed-upon procedure reports, cost certifications, evaluation of internal controls, and the supervision and guidance of staff performing these services. Further, Chad has experience performing services which ensure compliance with government and other regulatory restrictions in conjunction with financial statement audits.

### Professional and Civic Involvement

- American Institute of Certified Public Accountants (AICPA)
- North Carolina Association of Certified Public Accountants (NCACPA)
- Family Service of Greensboro Foundation, Board Member

### Licenses and Certifications

NC Certified Public Accountant #37209

### Education

Appalachian State University, Master of Science, Accounting, Bachelor of Science in Business Administration, Accounting

Audit	Year(s) Served		
Bald Head Island Transportation Authority	3	Town of Hillsborough	4
Carrboro Tourism Development Authority	6	Town of Jamestown	3
City of Goldsboro	2	Town of Oak Ridge	7
City of Winston-Salem (single audit)	3	Town of Southern Pines	6
Hillsborough Tourism Board	4		
Hillsborough Tourism Development Authority	4		
Mount Airy/Surry County Airport Authority	3		
Piedmont Authority for Regional Transportation	7		
Town of Carrboro	6		

Chad has attended the following governmental related courses over the past few years:

- Local Government Conference
- Navigate: Governmental and Not-for-Profit Technical Conference (Instructor)
- Excellence in Assurance
- Yellow Book & Single Audit Update
- ONEDHG Industries Conference



## APPENDIX C: STATEMENT OF POLICY AND PROCEDURES

At this time, we are not aware of any relationships or conflicts with your organization that would be a risk to our firm's independence and we will take all steps to maintain that condition. If a conflict occurs, we will discuss it with you immediately and a decision will be mutually agreed upon.

It is the policy of the firm that each Partner, Principal, Director, and professional employee is expected to be familiar with and to comply with the independence, integrity and objectivity rules, interpretations and ethics rulings of the AICPA Code of Professional Conduct, and the rules and regulations of other state boards of accountancy as appropriate, state societies as appropriate, state statutes, and any other regulatory agency under which we practice. Firm policy states that, for engagements that are subject to Government Auditing Standards and other regulatory agencies, all professional personnel must be familiar with and adhere to the independence rules included in those standards and that personnel will always act in the public interest. Examples of other regulatory agencies under which we practice include the Securities and Exchange Commission, the PCAOB, the Federal Deposit Insurance Corporation, the U. S. Government Accountability Office (GAO), the Department of Labor, and other governmental agencies. Professional personnel performing engagements for these and other regulatory agencies must also be familiar with and comply with independence rules that, in some instances, are more restrictive than the AICPA rules.

# APPENDIX D: CERTIFICATE OF INSURANCE



## CERTIFICATE OF LIABILITY INSURANCE

DIXON-2

QP ID: CM

DATE (MM/DD/YYYY)

03/29/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Patton, Morgan & Clark P.O. Box 1027 Canton, NC 28716 Patton, Morgan & Clark	828-648-2632 <b>CONTACT NAME:</b> Patton, Morgan & Clark <b>PHONE (A/C, No, Ext):</b> 828-648-2632 <b>FAX (A/C, No):</b> 828-648-2642 <b>E-MAIL ADDRESS:</b> <b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> The Travelers Companies Inc, <b>NAIC #</b> 25682 <b>INSURER B:</b> <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>
<b>INSURED</b> Dixon Hughes Goodman LLP P.O. Box 3049 Asheville, NC 28802	

**COVERAGES** **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD. WVD.	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PER <input type="checkbox"/> LOC OTHER:		630-5E183024-COF-21	06/01/2021	06/01/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPIOP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		BA-1N048382-21-43-G	06/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10000		CUP-1J921907-21-43	06/01/2021	06/01/2022	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	UB-6K186824-21-43-G	06/01/2021	06/01/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E L EACH ACCIDENT \$ 1,000,000 E L DISEASE - EA EMPLOYEE \$ 1,000,000 E L DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

### CERTIFICATE HOLDER

### CANCELLATION

Town of Carrboro 301 West Main Street Carrboro, NC 27510	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Patton, Morgan & Clark
--	---

ACORD 25 (2016/03)

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## APPENDIX E: ADDITIONAL INFORMATION

### INCLUSION, DIVERSITY & DHG

Inclusion and Diversity (I&D) are essential and foundational to achieving DHG's mission of building valuable careers with all of our people and helping our clients achieve their goals. At DHG, we are passionate about fostering an inclusive environment that celebrates diversity and creates a workplace where everyone can experience belonging.



When there is a sense of belonging, it empowers people at DHG to bring their best and authentic self to work every day, focusing their workday energy on what matters most – their career and our clients.

**Kevin Price** / Senior Vice President, Inclusion & Diversity

Our dedication to I&D allows us to examine every facet of our firm, and to build an I&D strategy focused on three pillars:



#### INDIVIDUAL JOURNEY

We concentrate on the talent lifecycle of our team members. From recruitment, to development and through the advancement of our people, we commit to ensure the appropriate application of equity. Our goal is to foster an environment that enables all of our professionals to plan their future in a way that successfully integrates their career with their lifestyle, regardless of gender, race, skill set, age or other factors.



#### WORKPLACE CULTURE

DHG supports the distinctive characteristics of our work environment that promote belonging. Our firmwide Inclusion Networks, such as Women Forward, the African American Network, PRIDE+ (LGBTQ) and others, facilitate crucial conversations while promoting greater awareness through connections. In conjunction with a leading human resources consulting firm, DHG participates in nationwide benchmarking studies to measure our progress toward best-in-class diversity representation.



#### ORGANIZATIONAL IDENTITY

DHG believes Inclusion and Diversity are integral to our organization and brand identity. We embrace I&D as a key component to the success of our people, our clients and the communities we serve. Firm leadership encourages and facilitates open discussions on I&D topics and uses our pillars of focus to guide the strategic direction of the firm. We strive to be a thought leader, sharing our I&D perspectives in industry-based publications and as a member of the CNBC Workforce Executive Council.



We accomplish our I&D Strategy at the individual, workplace and organizational levels through:

- AWARENESS:** We pursue and share experiences that drive a deeper acceptance and understanding of everyone.
- ACTION:** We contribute to diverse environments, promote authentic expression and work to build understanding with others.
- ALLYSHIP:** We actively seek to understand others and be the support they need as they encounter challenges.
- ACCOUNTABILITY:** We consistently hold ourselves and others accountable for creating and expanding a culture of inclusion.

Our efforts are considered successful when we are thriving in differences, celebrating unique perspectives and encouraging authentic expression. With diverse and inclusive teams, we bring unique perspectives and better serve our clients through DHG's client experience model of being responsive, taking action and adding value.



Learn more about our I&D efforts in our [I&D Magazine](#).



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#### **I&D at DHG / 6**

Learn more about why Inclusion & Diversity are essential and foundational to achieving DHG's mission.

#### **Year in Review / 8**

Look back on the past year and all that we have achieved together as a firm.

#### **Focus Areas / 10**

We accomplish our I&D Strategy at the individual, workplace and organizational levels through four main focus areas.

#### **Awareness / 12**

Learn more about how DHG pursues and shares experiences that drive a deeper acceptance and understanding of everyone.

#### **Action / 14**

Read how DHG contributes to diverse environments, promotes authentic expression and works to build understanding with others.

#### **Allyship / 18**

We actively seek to understand others and be the support they need as they encounter challenges.

#### **Accountability / 20**

Learn more about how we consistently hold ourselves and others accountable for creating and expanding a culture of inclusion.



**John Frank**  
Engagement Partner  
336.822.4308  
[john.frank@dhg.com](mailto:john.frank@dhg.com)