

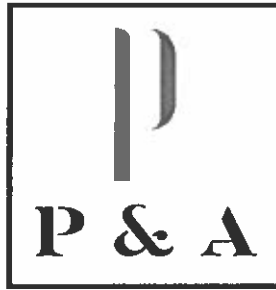
PATRICK & ASSOCIATES, LLC

Tammy Patrick, CPA
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PATRICK & ASSOCIATES, LLC

February 25, 2019

Dear Judge Neal:

The partners of Patrick & Associates, LLC are pleased to present our proposal to provide professional services to the Marshall County Fiscal Court. Our services are delivered to you with an emphasis on providing insight beyond the numbers. To accomplish this goal, Patrick & Associates, LLC, team will provide you with an audit of the highest quality. Namely, our team brings the following expertise to the table:

- Auditing local government entities within the Commonwealth of Kentucky following *Government Auditing Standards* and *Uniform Guidance*
- 48+ years of combined experience working with and training local government officials and auditing local governments and similar organizations that receive local, state and federal funding

We understand we add value to the audit by providing specialized resources and technical proficiency. Our expertise in governmental auditing and accounting combined with our vast access to resources empowers us to solve challenges encountered during the audit. Our highly trained engagement team will maintain a knowledgeable, yet, non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the County's on-going operations.

I can attest that our firm is a legal entity in the State of Kentucky and licensed by the Kentucky State Board of Accountancy.

As a Partner listed on this proposal, I am authorized to make representations for and to bind our firm. Should you have any questions, I encourage you to contact me via telephone at (859) 808-1329 or email at tammy@patrickassoc.com.

This proposal is offered as a starting point in discussion of our firm performing audit services for your organization. We look forward to discussing and reviewing its content with you. We would welcome this opportunity to differentiate our Firm from our competition and further discuss our approach in providing quality service not only during the audit, but throughout the year should the need arise.

This proposal is a firm and irrevocable offer for a period of 60 days.

Sincerely,

Tammy Patrick, CPA

PROPOSAL TO PROVIDE AUDIT SERVICES Marshall County Fiscal Court

BACKGROUND

Patrick & Associates, LLC, is a locally established and respected full-service accounting and auditing firm offering audit, tax, consulting, and accounting services. Our Firm is comprised of two owners that have dedicated their careers to serving the Commonwealth of Kentucky and their citizens, and share a passion to work with Local Governments to improve their communities and the lives of the citizens each client serves.

Our Mission to provide traditional and innovative auditing and accounting services of exceptional value to those we serve in a way that:

- Recognizes the client as our most important asset
- Fosters a partnership with our clients enabling them to reach their goals
- Fulfills the highest standards of our profession, our clients and the public and continuously strives to meet and uphold public trust and the highest ethical standards.

We separate ourselves from our competition by:

- Extensive Partner involvement on each engagement
- Meeting client commitments on a timely basis
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Knowledgeable Professionals Our owners will be involved with your engagement and will provide timely and insightful service to your organization. Our audit approach, which is detailed in this proposal, ensures that communication is established early, and maintained throughout the course of the engagement so that all deadlines are met.

Our firm exceeds all industry standards for financial reporting quality, adheres to stringent continuing education standards and has a depth of expertise that virtually eliminates the traditional “*learning curve*” when presented with the toughest challenges.

We believe our unique combination of technical expertise, combined with our philosophy of total client commitment throughout all phases of the engagement provides our clients the highest quality service and audits available.



PROPOSAL TO PROVIDE AUDIT SERVICES

Marshall County Fiscal Court

THE AUDIT APPROACH

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide a level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner. Our team's approach is to be efficient yet non-intrusive.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning

Our audit planning process includes a risk assessment of the Fiscal Court and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met timely. In addition, we will provide a list and samples of schedules specifically tailored to Marshall County Fiscal Court to aid the Fiscal Court's staff in preparing schedules and providing audit documentation.

Risk Assessment

As part of our extensive planning phase, the engagement team will discuss with management and the Fiscal Court issues surrounding the local government, the Fiscal Court's internal & external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

Control Environment

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- ◊ Disbursements
- ◊ Receipts
- ◊ Payroll
- ◊ Financial reporting
- ◊ Journal entry process
- ◊ IT and general computer controls
- ◊ Grant compliance and reporting

Based on our understanding of the Fiscal Court's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.



PROPOSAL TO PROVIDE AUDIT SERVICES

Marshall County Fiscal Court

Substantive Procedures

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process for actual testing. Our substantive audit procedures will include the following:

- ◊ Tests of account details
- ◊ Analytical procedures
- ◊ Use of data analysis software
- ◊ Unpredictability tests
- ◊ Review of management's estimates
- ◊ Review of subsequent events and contingencies

Audit Sampling

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive and compliance testing samples are generally selected using non- statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas which have a higher risk of misstatement due to fraud.

Closing Conferences and Formal Presentation

We believe regular communication with management will be a critical part of the success of our audit engagement. Therefore, we will provide regular updates to management regarding the progress of the audit during meetings with key personnel.

Additionally, the engagement partner will meet with management to review any potential adjusting journal entries, drafts of the management and communication with those charged with governance letters, and a draft of the financial statements, as prepared by management.

We will make every effort to complete our work in sufficient time to meet the applicable deadlines each year. We will make a formal presentation of the audit results and reports to Fiscal Court management and be available to respond to their questions.

Preparation of Audit Report and Review

Audit workpapers are reviewed throughout the audit by the engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner.

Upon approval, we will issue drafts of all reports based on a predetermined schedule allowing adequate time for review and distribution of reports.

Work Paper Retention

Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by oversight or cognizant agencies, parties designated by the federal or state governments, auditors of entities of which the Fiscal Court is a sub recipient of grant funds or component unit, and additional auditors if requested by them.



PROPOSAL TO PROVIDE AUDIT SERVICES Marshall County Fiscal Court

THE ENGAGEMENT TEAM

The team assigned to perform the audit of the Marshall County Fiscal Court is composed of highly trained professionals with extensive experience in audit engagements. Our small, efficient working group will maintain a knowledgeable, yet non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the County's on-going operations. The technical qualifications of Patrick & Associates, LLC, CPA firm personnel ensures service of the highest quality. Engagements at Patrick & Associates, LLC, are conducted under the supervision of an engagement partner, which assures that quality standards are maintained and all client requirements are met.

We propose the following audit team:

TAMMY PATRICK, CPA, Engagement Partner
BETH FRANCIS, Engagement Partner

All audit partners have been involved in the implementation of GASB financial reporting requirements and the Regulatory Basis of Accounting prescribed and permitted by the Kentucky Department for Local Government. In addition to auditing and assisting with the preparation of GASB and regulatory financial statements, all audit partners have provided hands-on assistance with implementation of new GASB and regulatory financial reporting requirements.

The U.S. Government Accountability Office's Yellow Book, *Government Auditing Standards*, requires auditors to maintain their professional competence through continuing professional education. Each auditor performing work under generally accepted government accounting standards is required to complete a minimum of 80 hours of continuing professional education every two years; 24 of the 80 hours must be directly related to government auditing or the government environment. All of our staff exceed the required educational hours, receiving governmental and Uniform Guidance-specific training throughout the year through external conferences. Furthermore, all engagement team members, have current Uniform Guidance experience. All staff receive governmental and Uniform Guidance-specific training throughout the year through external conferences.



**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

TAMMY PATRICK, CPA, CGMA
Engagement Partner

Tammy's professional career includes more than 24 years of governmental auditing and accounting experience. She began her career at the Kentucky Auditor of Public Accounts in 1994 as a field auditor and was promoted to Quality Assurance Manager in 2011. While serving as Quality Assurance Manager, she provided technical assistance to local government entities and state agencies audited by the KY APA, training to various government official organizations, conducted technical reviews of audit reports and supporting documentation, maintained the APA's system of Quality Control and managed their Peer Review program. Upon retiring from the Kentucky Auditor of Public Accounts in 2018, she co-founded Patrick & Associates, LLC.

INDUSTRY EXPERIENCE: Fiscal Courts
Special Districts
Fee Officials
Cities
Not-for-profit
School Boards

OTHER EXPERTISE: Kentucky Department of Local Government's
Regulatory Basis of Accounting
GASB implementation
GAAP
Federal A-133 grant compliance
Federal and State compliance and financial reporting
Fraud investigations
Internal control implementation
Peer reviews

RELEVANT ENGAGEMENT EXPERIENCE: Responsible for managing state and local government audit program committees to ensure audit work performed was conducted in accordance with applicable auditing standards. Reviewed audit documentation and reports to verify audit documentation supported the audit opinion rendered. Served as technical resource for management, field auditors and local government officials on the implementation of auditing and accounting standards and compliance issues.

DESIGNATIONS: Certified Public Accountant
(CPA) Chartered Global
Management Accountant
(CGMA)

PROFESSIONAL MEMBERSHIPS: American Institute of Certified Public Accountants

EDUCATION: Bachelor of Business Administration, Accounting



**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

Morehead State University – Morehead, Kentucky



PATRICK & ASSOCIATES, LLC

February 25, 2019

**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

BETH FRANCIS
Engagement Partner

Beth has specialized in auditing for over 24 years, focusing on such industries as governmental and non-profit entities. She began her career at the Kentucky Auditor of Public Accounts in 1994 as a field auditor and was promoted to Central Branch Manager in 2006. As Central Branch Manager, she was an integral part of the management team, where she provided expert insight in the areas of local government compliance and internal control evaluation as well as technical guidance and training on the implementation of new accounting and auditing standards to local government officials and state agencies. Upon retiring from the KY APA in 2018, she co-founded Patrick & Associates, LLC.

INDUSTRY EXPERIENCE: Fiscal Courts
Fee Offices
Not-for-profit
Special
Districts

OTHER EXPERTISE: Local Government Trainings
Kentucky Department for Local Government's Regulatory Basis of Accounting
Consulting on new accounting and auditing pronouncements
Federal Grant Compliance
Fraud Audit
Engagements
GAAP Financial
Reporting
Review and evaluation of internal controls

RELEVANT ENGAGEMENT EXPERIENCE: Managed over 32 counties and 23 auditors as manager with Auditor of Public Accounts
Responsible for the only 5 counties in the state reporting on a GAAP basis
Participated in providing training to all types of county officials in the Commonwealth of Kentucky
Prepared training for auditors working on local government audits

EDUCATION: Bachelor of Science, Accounting
University of Kentucky - Lexington, KY



PROPOSAL TO PROVIDE AUDIT SERVICES Marshall County Fiscal Court

CONTINUING EDUCATION

Continuing education is a top priority for Patrick & Associates, LLC. Each of our team members receives a wide variety of annual training and content updates from highly qualified instructors, ensuring that they remain on the forefront of issues that could potentially impact our clients.

Individuals who work on audits subject to Government Auditing Standards must obtain, every two years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. At least 20 of the 80 hours must be obtained annually. Individuals responsible for conducting substantial portions of the fieldwork, planning, directing, or reporting on audits subject to Government Auditing Standards must obtain 24 of those hours in subjects directly related to the government environment and government auditing.

All members of the engagement team meet all continuing education requirements of Federal, State and Applicable professional organizations.

SCOPE OF SERVICES

We understand that the Marshall County Fiscal Court requires timely audit services and we are committed to meeting those deadlines. With our experience and expertise, we fully understand the audit requirements, as well as your expectations.

The period covered will be for the fiscal year ending June 30, 2018. It is our understanding the scope of services will be the following:

1. Audit the financial statements and submit audit report to the Marshall County Fiscal Court for fiscal year ending June 30, 2018, to include all applicable footnotes.
2. Prepare Management letter, to include a statement of audit findings and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, legality of actions, and any instances of non-compliance with laws and regulations and any other material matters.
3. Perform Single Audit, if required.
4. Attend Fiscal Court meeting, if requested, when audited financial statements are presented.

The audit will be performed in accordance with generally accepted accounting principles; generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky.



**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

LISTING OF RECENT SIMILAR PROJECTS

Patrick & Associates, LLC, CPAs has extensive experience in providing audit services for several other district/governmental entities that are similar to that which is requested by the Marshall County Fiscal Court. Below is a list of current relevant projects. These clients can attest to our services and work performed on their behalf. We welcome the Marshall County Fiscal Court to contact any of these clients to inquire about our performance and customer service.

Clients

Washington County Fiscal Court

Grant County Fiscal Court

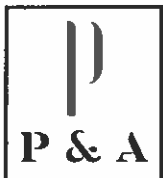
Pendleton County Fiscal Court

Scope of Services

Fiscal Court Audit – Fiscal Year 2018

Fiscal Court Audit – Fiscal Year 2018

Fiscal Court Audit – Fiscal Year 2018



**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

COST PROPOSAL

TOTAL PRICE FOR AUDIT SERVICES (ALL-INCLUSIVE)

We determine our fees based on the complexity of work performed, the scope of services, our estimate of time spent and the level of professional staff needed. The fee we are proposing for the service required is an important factor in the decision-making process. Ultimately, we believe that the most important factors are the quality of the work we provide and our reputation in the community.

The following is a breakdown of our estimated fee for the service discussed:

<u>Service</u>	<u>FY2017/18</u>
Audit the financial statements of the Marshall County Fiscal Court	\$22,500
Management Letter	<u>Included</u>
Total	\$22,500

Additional Professional Services

Patrick & Associates, LLC may also furnish other accounting services, which may include advisory and system accounting services as requested by the Marshall County Fiscal Court. If it should become necessary for the Fiscal Court to request Patrick & Associates to render any additional services to either supplement the services requested to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Fiscal Court and Patrick & Associates, LLC. Any such additional work agreed to between the Fiscal Court and Patrick & Associates will be cost negotiated before such work begins.



**PROPOSAL TO PROVIDE AUDIT SERVICES
Marshall County Fiscal Court**

CERTIFICATIONS

License to Practice

Patrick & Associates, LLC is a properly licensed, certified public accounting firm in the State of Kentucky. All certified public accountants involved in audit engagements of the Firm are licensed to practice in the State of Kentucky and have received at least the minimum number of continuing professional education hours required by the State Board of Accountancy and American Institute of Certified Public Accountants.

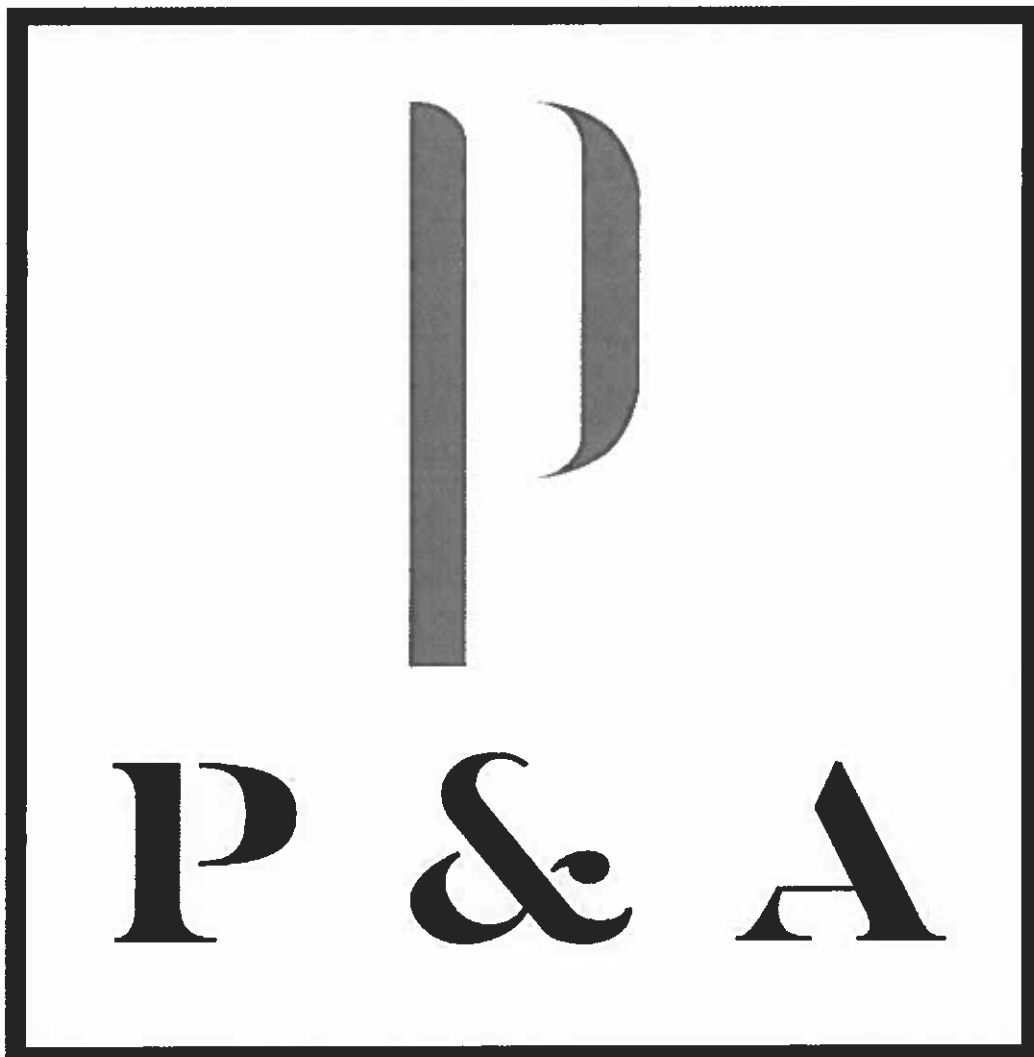
Independence

Patrick & Associates, LLC, is independent of the Marshall County Fiscal Court as defined by U.S. generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards* (latest edition).

Patrick & Associates, LLC, is independent of all associated agencies of the Marshall County Fiscal Court, as defined by U.S. generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.

If Patrick & Associates, LLC shall enter into a professional relationship that would present a conflict of interest during the period of engagement with the Marshall County Fiscal Court; a written notice will be presented to the Marshall County Fiscal Court defining such conflict, if any.





PATRICK & ASSOCIATES, LLC

Tammy Patrick, CPA
tammy@patrickassoc.com
(859) 808-1329

Beth Francis
beth@patrickassoc.com
(859) 333-2360



Emily Martin <emily.martin@marshallcountyky.gov>

Marshall FC Audit Proposal FYE 2018

4 messages

Tammy Patrick <tammy@patrickassoc.com>
To: Emily Martin <emily.martin@marshallcountyky.gov>
Cc: Beth Francis <beth@patrickassoc.com>

Mon, Feb 25, 2019 at 4:16 PM

Emily,

Thank you so much for your taking time to speak with me this afternoon regarding your FYE 2018 audit. As promised, I have attached a cost proposal for the audit. Beth and I sharpened our pencils a little this afternoon and adjusted the cost down to \$22,500. If you or Judge Neal have any further questions or concerns please do not hesitate to contact me. We would love the to have the opportunity to work with you and I know we can work together to make your audit a pleasant experience.

Sincerely,
Tammy Patrick, CPA
Patrick & Associates, LLC
tammy@patrickassoc.com
(859) 808-1329

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181K

Emily Martin <emily.martin@marshallcountyky.gov>
To: Tammy Patrick <tammy@patrickassoc.com>
Cc: Beth Francis <beth@patrickassoc.com>

Tue, Feb 26, 2019 at 8:23 AM

Thank you, I will let you know.

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Emily Martin
Marshall County Treasurer
(270) 527-4725
(270) 527-3194 Fax

Emily Martin <emily.martin@marshallcountyky.gov>
To: Kevin Neal <kevin.neal@marshallcountyky.gov>, Brad Warning <brad.warning@marshallcountyky.gov>

Tue, Feb 26, 2019 at 8:23 AM

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Emily Martin
Marshall County Treasurer
(270) 527-4725
(270) 527-3194 Fax

 **Marshall FC 2018 CP.docx**
181K

Emily Martin <emily.martin@marshallcountyky.gov>

Thu, Mar 7, 2019 at 1:16 PM

To: Kevin Neal <kevin.neal@marshallcountyky.gov>, Brad Warning <brad.warning@marshallcountyky.gov>

Where are we on this? Should we bring it up to fiscal court?? We need to get someone scheduled and they seem to be our only offer....

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