

Memo

To: Mayor & Council

From: Lyle L Layton 

Date: December 29, 2014

Re: Audit Proposal

Please see the attached proposal for audit services from the Town's current auditor, John Cutler & Associates, LLC for audit years 2014-2016.

John's prior contract for audit services ended with the 2013 audit. John Cutler & Associates has been performing the annual audit since 2006 at a very reasonable cost. He is proposing increasing his annual fee to \$8,500 which is still below the \$9,900 charged by the prior auditor for his final year.

I have been very fortunate in working with only two auditors here in New Castle and both have been very good to work with. Mr. Cutler and his staff are very professional and knowledgeable. His practice is almost exclusively audits for governments, special districts and charter schools. One of his staff formerly worked in the Office of the State Auditor. The town has not received any letters of concern from the state regarding John's audits. John rotates his staff so as to provide a fresh look at the Town's records and procedures. His field auditors also annually change areas of detailed examination without prior notice in order to provide an unbiased and accurate audit report.

Therefore I recommend approval of John Cutler & Associates, LLC "Audit Proposal" for the year ending 12/31/2014 and the subsequent two years.

Please contact me if you have any questions.

AUDIT PROPOSAL FOR
Town of New Castle, Colorado
FOR THE
YEAR ENDING DECEMBER 31, 2014
AND THE SUBSEQUENT TWO YEARS

OFFERED BY

JOHN CUTLER & ASSOCIATES, LLC
600 17th Street, Suite 2800 South
Denver, Colorado 80202
(303) 634-2259
fax (303) 496-4631
email john@jccpa.net

CONTACT PERSON

John L. Cutler, CPA
Principal

DATE

December 22, 2014

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JOHN CUTLER
& ASSOCIATES

December 22, 2014

Lyle Layton
Town of New Castle
450 W. Main Street
New Castle, Colorado 81647

Dear Mr. Layton:

We are pleased to respond to your inquiry for auditing services for the Town of New Castle for the years ending December 31, 2014 and the subsequent two years.

Understanding of the Work to be Performed

John Cutler & Associates, LLC will audit the financial statements of the Town of New Castle for the years ending December 31, 2014 and the subsequent two years. The audit will be performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants.

The financial statements of the Town are the responsibility of the governing board. It is our responsibility to express an opinion on the financial statements based on our audit.

Our audit will be in accordance with generally accepted auditing standards and will include tests of the accounting records and other auditing procedures as we consider necessary to express an opinion on the financial statements.

We do not contemplate a detailed audit of all transactions, nor do we expect that we will necessarily discover fraud, should any exist. We will, however, inform you of any finding that appears unusual or abnormal. As a normal part of the auditing process, we will review the internal accounting controls, as well as review your overall financial operation.

Management Letter

After our audit field work is complete, we will prepare a draft "management letter" to be submitted to management. The philosophy of this letter is to address reportable conditions and offer some suggestions on how the financial operations can be improved.

Commitment to Perform the Work Within Established Deadlines

The firm is available and committed to meet any audit time requirements of the Town.

Firm Profile

The firm maintains one office located in downtown Denver, Colorado. Approximately 90% of the firm's revenues are generated from auditing services. Of these audit clients, governmental and non-profit entities, comprise approximately 85%. In addition, the firm provides a full range of services, including accounting, tax, management services, and information technology consultation.

The firm's principal and managers perform the audit procedures because of our belief that governmental and non-profit auditing requires specialized knowledge and experience. Our professional staff members are available to assist with technical issues because we are at your site. We work with our clients throughout the year. We encourage phone calls during the year and do not charge additional fees for these calls.

The firm has never received a qualified quality control opinion. A copy of the most recent peer review is included in this proposal.

Principal, Supervisory and Staff Qualifications and Experience

We have selected an audit team that we believe will be effective and efficient for the audit. The personnel and positions are as follows:

Principal – John Cutler
Manager – Uli Keeley
Senior – Christy Reeves
Information Systems Consultant – Linda Frueh

All of the above individuals have many years of audit experience with governmental and non-profit entities. Many of the firm's governmental and non-profit clients are required to have Single Audits. Consequently, our staff has had extensive experience with the Single Audit and Circular A-133.

Profiles of the principal, manager and consultant follow this proposal.

Electronic "Paperless" Audits

The firm requires that all audit work papers be maintained electronically. This "paperless" audit provides increased efficiency in the audit process for both the firm and its clients.

Independence

John Cutler & Associates, LLC is independent of the Town of New Castle as defined under the requirements of the AICPA and GAO. The firm, its members and contractors are all independent as described under the preceding standards.

License to Practice in the State of Colorado

The firm of John Cutler & Associates, LLC is licensed to practice public accounting in the State of Colorado.

References

City of Cherry Hills Village
Karen Procter, Finance Director
(303) 783-2723

City of Dacono
Kelly Stroh, Business Manager
(303) 833-2317 x122

City of Black Hawk
Lance Hillis, Finance Director
(303) 582-2283

Town of Nederland
Eva Forberger, Town Treasurer
(303) 258-3266

City of Idaho Springs
Katie Jackson, Treasurer
(303) 567-4421

In addition, the firm currently is performing audits for forty other governmental organizations.

Consultation Beyond the Scope of the Audit

Unless such consultation requires substantial additional time, we will not charge any fees and you will not be charged. We encourage questions from our clients as we believe this benefits the client and the firm. If a project does require substantial time, we will charge our normal hourly rates which range from \$75/hr to \$150/hr.

Why Choose John Cutler & Associates, LLC?

- **Experience** – John Cutler & Associates, LLC concentrates almost exclusively on auditing governmental and non-profit entities. A principal will be on site during the audit, providing immediate access to expertise. All staff members have extensive experience with Single Audits. Larger firms may staff an audit with less experienced personnel or use an audit as a training opportunity; our staffing level provides sufficient personnel to perform the work, without extraneous personnel that reduce efficiency.

Why Choose John Cutler & Associates, LLC? (Continued)

- **Electronic “Paperless” Audits** – The firm’s electronic audit software and procedures add efficiency to each audit engagement and simplify communications between the auditors and clients. We will send draft reports by e-mail, saving time and resources, and we will provide you with an electronic version of your report that you may post to your web site and send to parties who request your audit.
- **Accessibility to Principal** – The Principal will be on site during the audit, ensuring that audit issues are resolved quickly and that the work is completed on schedule. In addition, the Principal is available throughout the year to discuss and assist with accounting and audit issues. These communications are performed at no additional cost to the Town because the firm believes they are beneficial to both the Town and the firm.
- **Small Firm that Concentrates on Small Clients** – We concentrate on smaller clients at John Cutler & Associates, LLC. Rather than being “lost in the shuffle,” you will receive priority services and attention.

Firm and Irrevocable Offer

This proposal and fees represent a firm and irrevocable offer. Our fees to perform services for the years ending December 31, 2014, 2015, 2016 are as follows:

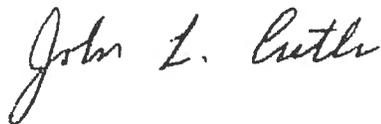
2014	\$ 8,500
2015	8,500
2016	8,500

If any additional audit work is necessary, we will discuss any changes in fees with management in advance of performing any audit work.

Concluding Comments

Thank you for considering John Cutler & Associates, LLC as the independent auditors for the Town of New Castle. If you have any questions regarding this proposal, we would be glad to discuss them with you.

Sincerely,



John L. Cutler, CPA
Principal

John L. Cutler

Education: BS Accounting, Metropolitan State College of Denver, Denver, Colorado.

Other Related Training/Education: Certified Public Accountant in the State of Colorado. Member of the American Institute of Certified Public Accountants and the Colorado Society of CPAs. Has completed continuing education courses in governmental and non-profit accounting and auditing and tax return preparation.

Professional Experience: Has over twenty years of experience with local, regional and national public accounting firms providing audit and consulting services to SEC, corporate, governmental and non-profit clients.

Has assisted clients in software selection and implementation and computer system efficiency.

John has many years' experience in all aspects of the audit function, including assistance in obtaining the GFOA and ASBO award for excellence in financial reporting. In addition, he has tax return experience with individual, commercial and non-profit entities.

Uli Keeley

Education: BS in Accounting, Regis University, Denver, Colorado.

Other Related Training/Education : Certified Public Accountant in the State of Colorado, Member of the American Institute of Certified Public Accountants and the Colorado Society of CPAs. Uli has completed continuing education courses in accounting, auditing and ERP Implementation (SAP).

Professional Experience: Uli has over fifteen years of experience in the banking industry and over six years experience in governmental accounting and auditing with local accounting firms and with the State of Colorado.

Uli has been responsible for all aspects of the accounting cycle. She has helped clients document and/or streamline accounting procedures, complete major accounting system conversions (SAP), and compile internal & external financial reporting. Uli has also managed accounting functions including year-end audit preparation, general ledger, fixed assets, accounts payable, accounts receivable, and treasury.

Christy Reeves

Education: BS in Accounting, Metropolitan State College, Denver, Colorado.

Other Related Training/Education: Certified Public Accountant in the State of Colorado, Member of the American Institute of Certified Public Accountants and the Colorado Society of CPAs. Christy has completed continuing education courses in accounting, auditing, and fraud.

Professional Experience: Christy has over fourteen years of experience in governmental accounting and auditing which includes working for local governments, accounting firms, and with the Office of the State Auditor in Colorado.

Christy has been responsible for all aspects of the accounting cycle. Working for local governments in Colorado, she has managed accounting functions including year-end audit preparation, general ledger, fixed assets, accounts payable, and accounts receivable. Christy has also been responsible for the audits of local governments in Colorado including working in the Local Government Audit Division of the Office of the State Auditor.

Linda Frueh

Education: BA Sociology, St. Lawrence University; Industrial Sociology, University of Vienna, Austria.

Other Related Training/Education: Has completed numerous information systems and other professional training courses.

Professional Experience: Has over twenty-four years of information systems consulting experience, including eight years with a national accounting firm. Formed the Colorado Consulting Group, Inc. in 1982.

Linda has performed operational audits, information systems audits, chart of accounts design, financial systems design, long range and strategic planning, accounting software selection, and profit improvement & cost center analysis. Much of this work has been performed for non-profit and governmental entities. Her involvement will be focused on information systems operations and will be a smaller amount of the audit staff time.



Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

System Review Report

August 14, 2012

To the Shareholder
John Cutler & Associates, LLC
and the Peer Review Committee of the Colorado Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of John Cutler & Associates, LLC (the firm) in effect for the year ended May 31, 2012. 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. The firm is responsible for designing a system of quality control and complying with it to provide the firm 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*.

In our opinion, the system of quality control for the accounting and auditing practice of John Cutler & Associates, LLC in effect for the year ended May 31, 2012, 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*. John Cutler & Associates, LLC has received a peer review rating of *pass*.

Haynie & Co.