



MEMORANDUM

TO: Members of the Finance Committee

FROM: Rich Olson, City Manager
Sarah E. Blanchard, Finance Director

DATE: July 28, 2016

REF: Consideration – Approval of Agreement for Audit of Pension Census Data

BACKGROUND:

Due to the Governmental Accounting Standards Board (GASB) issuance of GASB Statements No. 67, 68, and 71 changing the reporting requirements for pension plans by local governments, auditors must now provide assistance in performing audit procedures related to pension attest on census data.

The North Carolina Office of the State Auditor selects a sample of employer participants in the local government retirement system to verify the information submitted by local governments on pension information is correct.

The City of Elizabeth City has been selected this year (see attached list). Our auditors will verify the completeness and accuracy of the retirement information the City reported to the State Treasurer and provide an attestation opinion. This is in addition to the annual audit required.

Our auditors, Carr, Riggs and Ingram have agreed to perform this pension attestation for an amount not to exceed \$3,500. This is comparable to other engagements that have been performed.

STAFF RECOMMENDATION:

By motion, recommend that the City Council approve the attached engagement letter with Carr, Riggs & Ingram, LLC to examine pension census data as required.

Finance Director's Office
City of Elizabeth City, P. O. Box 347, Elizabeth City, NC 27907-0347
Phone: (252) 337-6861 – Fax: (252) 338-8451

UNITS SELECTED FOR PENSION ATTEST ON CENSUS DATA FOR 2015 CALENDAR YEAR
 ATTEST DOCUMENTS DUE TO SLGFD BY OCTOBER 14, 2016

LGERS SAMPLE	TSERS SAMPLE
NAME OF UNIT	NAME OF UNIT
APEX	ALAMANCE COUNTY SCHOOLS
ASHEVILLE	ASHE COUNTY SCHOOLS
ASHEVILLE ABC BOARD	BEAUFORT COUNTY SCHOOLS
ATLANTIC BEACH	CABARRUS COUNTY SCHOOLS
BELHAVEN	CALDWELL COUNTY SCHOOLS
BUNCOMBE COUNTY	GATES COUNTY SCHOOLS
BURGAW	MITCHELL COUNTY SCHOOLS
BURLINGTON	MOORESVILLE CITY SCHOOLS
CANTON	ROBESON COUNTY SCHOOLS
CARY	WAKE COUNTY PUBLIC SCHOOL SYSTEM
CHARLOTTE HOUSING AUTHORITY	WINSTON-SALEM-FORSYTH COUNTY SCHOOLS
CHARLOTTE MECKLENBURG PUBLIC LIBRARY	
CRAVEN COUNTY	
DURHAM COUNTY	
ELIZABETH CITY	
FLETCHER	
FRANKLIN (TOWN)	
FRANKLIN COUNTY	
GASTON COUNTY	
GRANVILLE COUNTY	
GREENE COUNTY	
GUIL-RAND FIRE DEPARTMENT	
HILLSBOROUGH	
IREDELL COUNTY	
KANNAPOLIS	
KILL DEVIL HILLS	
LAKE LURE	
LUMBER RIVER COUNCIL OF GOVERNMENTS	
MECKLENBURG EMER MED SVCS AGCY	
NEW HANOVER COUNTY	
NEW HANOVER COUNTY ABC BOARD	
ONSLow WATER & SEWER AUTHORITY	
PINE KNOLL SHORES	
RANDLEMAN	
SOUTHERN PINES	
SPRING LAKE	
SURF CITY	
WESTERN PIEDMONT COUNCIL OF GVMTS	
WILKES COUNTY	
WILSON COUNTY	
WINSTON-SALEM	

July 18, 2016

To the City Council and Management of City of Elizabeth City
306 E. Colonial Avenue
Elizabeth City, NC 27909

We are pleased to confirm our understanding of the services we are to provide for the City of Elizabeth City, North Carolina.

We will examine the employee census data and underlying payroll records of the City of Elizabeth City, North Carolina for the year ended December 31, 2015 to determine the employee census data provided to the Local Governmental Employees' Retirement System is complete and accurate. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether your employee census data is presented, in all material respects, complete and accurate in conformity with the Retirement System's Handbook. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement.

This report is intended solely for the information and use of the City of Elizabeth City, North Carolina's management, the North Carolina Department of State Treasurer, and the North Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We will also assist with preparing the assertion letter that you have provided complete and accurate employee census data to the NC Local Governmental Employees' Retirement System in conformity with the Retirement System's Handbook for the year ended December 31, 2015 based on information provided by you. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist.

We understand that you will provide us with the basic information required for our examination and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria or assist in the development of the subject matter, but the responsibility for the subject matter remains with you.

At the end of the engagement, we will require a representation letter from management. The attest documentation for this engagement is the property of Carr, Riggs & Ingram, LLC and constitutes confidential information. However, we may be requested to make certain attest documentation available to the North Carolina Department of State Treasurer and / or the North Carolina Office of the State Auditor pursuant to authority given to it by law or regulation. If requested, access to such attest documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the North Carolina Department of State Treasurer and / or the North Carolina Office of the State Auditor. The North Carolina Department of State Treasurer and / or the North Carolina Office of the State Auditor may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Electronic Data Communication and Storage and Use of Third Party Service Provider

In the interest of facilitating our services to your government, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to your government may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records.

You are responsible for the presentation of employee census data in accordance with Retirement System's Handbook; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You agree to assume all management responsibilities for the preparation of the subject matter or assertion and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Jeffery Best, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We expect to begin our examination on approximately August 16, 2016. Our fees will be based upon our standard rates not to exceed \$3,500, and will be rendered periodically as work progresses with a final bill upon issuance of our report. A finance charge is applied to all invoices not paid within thirty (30) days. The finance charge is 1½% per month, which is an annual rate of 18% applied to the past due balance from the previous month. It is understood that our responsibility for such services will extend only to periods covered by our examination and will not include any items pertaining to later periods for which we are not engaged.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Carly Riggs & Ingram, L.L.C.

RESPONSE:

This letter correctly sets forth the understanding of the City of Elizabeth City, North Carolina.

By: _____

Title: _____

Date: _____

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28(a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act. Additionally, the following date is the date this contract was approved by the governing body.

By: _____
Finance Officer Signature

Date Governing Body Approved Contract – G.S. 159-34(a)

Date: _____
Board Approval Date