

**Canton, Georgia  
Auditor's Invoices  
Historical Costs**

<b><u>Fiscal Year Ended:</u></b>	<b><u>Auditor</u></b>	<b><u>Total Cost</u></b>	
September 30, 2011	Mauldin & Jenkins	\$	33,350
September 30, 2012	Mauldin & Jenkins	\$	37,829
September 30, 2013	Mauldin & Jenkins	\$	35,050
September 30, 2014	Rushton & Co.	\$	35,180
September 30, 2015	Rushton & Co.	\$	35,180
September 30, 2016	Rushton & Co.	\$	35,180 *
 <u>Proposed Fees by Rushton &amp; Co.</u>			
September 30, 2017	Rushton & Co.	\$	39,680
September 30, 2018	Rushton & Co.	\$	39,680
September 30, 2019	Rushton & Co.	\$	39,680

\* Per Contract. Only \$30,000 has been billed/paid as of March 24, 2017

January 18, 2017

Honorable Mayor and  
Members of the City Council  
City of Canton, Georgia  
151 Elizabeth Street  
Canton, Georgia 30114

On behalf of Rushton & Company, LLC, I appreciate the opportunity to express our interest in continuing to serve as independent auditors for the City of Canton, Georgia. Over the past three years, we have obtained a clear understanding of the processes and finances of the City and have made proactive suggestions for improvement. We would like to provide similar assistance over the next three years while keeping our fees for these services at a similar rate.

Over the past three years, the Governmental Accounting Standards Board has been busy issuing twelve new statements for implementation, several of which have required substantial additional procedures by both the City staff and the auditors during the audit process. The most substantial of the new GASB statements that has been implemented already was GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement required significant calculations and adjustments related to your defined benefit pension plan. Although it is customary for additional fees related to additional time and effort for implementation of a statement like 68, we are pleased to note that we kept our fee constant during the process of implementation. Beginning in fiscal year 2017, the City will be required to implement GASB Statement Number 77, *Tax Abatement Disclosures*, which could also require substantial additional procedures. Aside from new GASB Statements, the Office of Management and Budget recently overhauled the previous grant-making policies and audit requirements for federal funds with the implementation of the Uniform Grant Guidance. While the Uniform Grant Guidance did increase the expenditure threshold for the Single Audit requirement from \$500,000 to \$750,000, it also made significant changes to the Single Audit process when a Single Audit is required. Although these new standards and guidance noted above require significant time on our behalf, we recognize the importance of assisting our clients with these items, while maintaining a consistent fee. Therefore, we would like to propose keeping the fee for the next three years similar to the previous three years. The proposed fees for the next three years are as follows:

	2017	2018	2019
<b>All-Inclusive Fee for Audit</b>	<b><u>\$ 34,680</u></b>	<b><u>\$ 34,680</u></b>	<b><u>\$ 34,680</u></b>
<b>Additional Fee if Necessary</b>			
Single Audit	\$ 5,000	\$ 5,000	\$ 5,000

The above annual fees are based on the current accounting and auditing standards issued as of the date of this letter. Any additional future standards or requirements that would increase the hours of the audit engagement may also increase the proposed fee. In this circumstance, any additional hours and fee would be mutually agreed-upon by the City of Canton and Rushton & Company, LLC, before work began. At this time, we do not foresee any future increases above the proposed fee.

The above standard rates include the current and projected billing rates of Rushton & Company, LLC. These rates may differ during the term of the audit engagement due to cost of living and the accounting personnel market. However, the proposed total fees per year will remain as listed above for the entire three year period.

Once again, thank you for considering Rushton & Company for such an important responsibility and partnership with City of Canton, Georgia. I, Clay L. Pilgrim, CPA, will be the partner-in-charge and thereby responsible for all aspects of this engagement. As such, I also will represent the firm in presentation and in signature.

We look forward to continuing a mutually beneficial relationship with you. Should you have any questions please contact me at 770-287-7800 or via e-mail at [cpilgrim@rushtonandcompany.com](mailto:cpilgrim@rushtonandcompany.com)

Sincerely,

A handwritten signature in blue ink that reads "Clay Pilgrim". The signature is written in a cursive, flowing style.

Clay L. Pilgrim, CPA, CFE, CFF  
Audit Partner