

# Root, Spitznas & Smiley, Inc.

Certified Public Accountants

900 State Street  
Suite One  
Erie, Pennsylvania 16501-1450

814-453-7731  
FAX: 814-455-6799

Michael N. Barko, CPA  
J. Randolph Gehrlein, CPA  
James T. Scavona, CPA

March 24, 2009

Mr. J. Petter Turnquist  
Business Administrator  
Warren County School District  
185 Hospital Drive  
Warren, Pennsylvania 16365

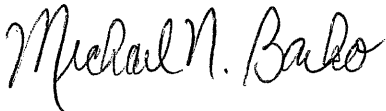
Dear Petter:

Per your request in the newspaper advertisement, attached is our firm's qualifications and credentials. In addition to those listed, we would hope that our audit services to the District over the last several years would qualify us to perform future audits of the District. We would be happy to discuss an extension of our current contract should you wish to do so.

We look forward to hearing from you, and if any clarification is needed with regard to the attached, please let me know.

Very truly yours,

Root, Spitznas and Smiley, Inc.



Michael N. Barko, CPA  
Principal

**I. Profile of Root, Spitznas and Smiley, Inc.**

**A. Firm Organization**

Root, Spitznas and Smiley, Inc., a local CPA firm, was founded in Erie, Pennsylvania in 1916 under the name of Root and Company. In 1947 the name was changed to its present name of Root, Spitznas and Smiley, Inc.

**B. Firm Size**

The management and control of each aspect of the firm's practice is carried out through the three principals in the various functional areas. All of the principals and three of the remaining professional staff are CPA's, most of whom are active members of both the American and Pennsylvania Institutes of Certified Public Accountants. The firm's total complement of personnel is presently 10.

Principals	3
Managers	2
Seniors	2
Staff	2
Clerical	<u>1</u>
	<u>10</u>

**C. Single Audit Experience** In addition to Warren County School District, we have performed single audits for the following School Districts.

1. Punxsutawney Area School District for the year ended June 30, 1986 through and including June 30, 2008. Contact person - Susan Robertson, Business Manager, 475 Beyer Avenue, Punxsutawney, PA 15767, 814-938-5151.
2. Northwestern School District for the year ended June 30, 1989 through and including June 30, 2008. Contact person - Paul P. Sachar, Business Manager, One Harthan Way, Albion, PA 16401, 814-756-4116.
3. Butler Area School District for the year ended June 30, 1995 through and including June 30, 2008. Contact person - Cathy Rodgers, Director of Business Services, 167 New Castle Road, Butler, PA 16001, 724-287-8721.

**D. Additional Services to Governmental Entities**

In offering supportive services, we strive to provide our clients with our objective, independent analysis of the situation and advice and support required to enable the client to attain their business objectives.

1. Assist in preparation of District's PDE
 

Warren County School District	1994 to 1997
Northwestern School District	1990 to 1997
Punxsutawney Area School District	1990 to 1997
Butler Area School District	1995 to 1997
  
2. Audit of "PLANCON J" final costs for various construction projects of
 

Warren County School District	
Punxsutawney Area School District	
Northwestern School District	
Butler Area School District	
  
3. Performed audit of various parking and school building authorities and charter schools.
  
4. Performed *Agreed-Upon Procedures Engagement* for Northwestern School District in 1996 related to CMO and REMIC Investments.
  
5. Assist in implementation of *Governmental Accounting Standards Board Statement No. 34*

Warren County School District	2003
Punxsutawney Area School District	2003
Northwestern School District	2003
Butler Area School District	2003
Erie Parking Authority	2003

**E. Quality Review**

Responsibility for maintaining knowledge of current developments in specialized industries is vested among the principals. All audit policies and procedures are determined by the firm's Accounting and Auditing Technical Committee (AATC) and approved by the firm's Board of Directors.

In accordance with standards established by the American Institute of Certified Public Accountants, we have initiated a quality control process for all audit engagements. A member of the AATC is responsible for an independent review of the quality of each audit report issued by the firm.

The firm participated in a consulting review during October, 1986 and a Quality Control Peer Review during 1990. The reviews were conducted through the American and Pennsylvania Institutes of Certified Public Accountants by another CPA firm. The purpose of the consulting review was to prepare the firm for the 1990 peer review. Effective January 1, 1989, the AATC prepared the firm's quality control document, which became the basis for conducting our peer review.

In August, 1990, the firm successfully completed our peer review and was notified that the system of quality control for our accounting and auditing practice met the objectives of quality control standards established by the American Institute of Certified Public Accountants. The firm has successfully completed all of its subsequent peer reviews during the years 1993, 1996, 1999, 2002, 2005 and 2008. A copy of our most recent peer review report is included with this letter.

The firm's AATC updates our quality control document periodically, and performs annual internal inspections of a sample of completed audits.

#### **F. Audit Program**

##### **1. Audit Program**

Technical support is provided in the accounting and auditing area through a subscription with Practitioners Publishing Company (PPC). As subscribers to PPC, our firm utilizes their four volume accounting and auditing manual as a basis for Root, Spitznas and Smiley's policies and practices. Also, as subscribers, we have available PPC's Audit Modules (audit program) for use in conducting our audits.

The audit module for governmental units provides the framework for the audit tests and procedures we perform.

## **II. Personnel Qualifications and Experience**

The Root, Spitznas and Smiley, Inc. overall concept is designed to guide and monitor the program of its staff in pursuit of their career objectives in relation to our business needs. This is accomplished through formal external and internal continuing professional education programs and on-the-job assignments which are determined annually through a continuing evaluation of each individual's specific skills and abilities. All personnel who will be assigned to the audit have had extensive Single Audit and governmental audit experience.

The following principal would be responsible for the Single Audit of the District:

#### **A. MICHAEL N. BARKO, CPA, PRINCIPAL**

Mike received a B.S. degree in Accounting from the Pennsylvania State University in 1976. Upon graduation he began his public accounting career with another local firm.

In August of 1980 Mike became a CPA in Pennsylvania, #CA-15126-L and joined the firm as a senior in the Accounting and Auditing Department. Mike advanced through the various supervisory levels within the firm and in May of 1990 was admitted as a principal of the firm.

Mike completed the American Institute of Certified Public Accountants Not-For-Profit Accounting and Auditing Program and on December 9, 1997 was awarded the Certificate of Educational Achievement.

Mike's 30 years of public accounting experience has concentrated heavily in providing audit services to organizations with federal, state and local grant funded programs.

Mike is a member of the firm's Accounting and Auditing Technical Committee and is specifically responsible for the internal quality review and inspection of governmental and not-for-profit engagements. Mike is an active member of the American and Pennsylvania Institutes of Certified Public Accountants. Mike is also a Board member of the East Erie Suburban Recreation and Conservation Authority.

**B. JOHN W. ORLANDO, CPA, MANAGER**

John is a 1992 graduate of Gannon University where he received a B.S. degree in Accounting. He has been associated with the firm since 1993.

In September of 1997 John became a CPA in Pennsylvania. John advanced through the various supervisory levels within the firm and is currently a manager.

John's 15 years of public accounting experience has concentrated heavily in providing audit services to organizations with federal, state and local grant funded programs.

In 2007, John was made a member of the firm's Accounting and Auditing Technical Committee and is specifically responsible for internal quality review and inspection of governmental and not-for-profit engagements. John is an active member of the American and Pennsylvania Institutes of Certified Public Accountants.

**III. Other Information**

We confirm and make the following representations to you:

- A. Root, Spitznas and Smiley, Inc. (RS&S) is a properly licensed CPA firm in the State of Pennsylvania.
- B. RS&S meets the independence standards of the GAO's *Government Auditing Standards* (2003 Revision).
- C. RS&S, nor none of its principals, is not under suspension or debarment by the Commonwealth or any other state or federal government.
- D. RS&S federal I.D. # is 25-1381610.
- E. RS&S carries professional liability insurance with an independent insurance carrier with \$25,000 deductible and \$3,000,000 coverage.

January 26, 2009

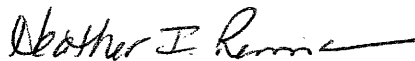
John R. Gehrlein, CPA  
Root, Spitznas & Smiley, Inc.  
Suite 1  
900 State Street  
Erie, PA 16501-1424

Dear Mr. Gehrlein:

It is my pleasure to notify you that on January 23, 2009, the PICPA/DSCPA/VISCPA Peer Review Committee accepted the report on the most recent peer review of your firm. The due date for your next review is November 30, 2011. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the reviewer's opinion was unmodified. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Heather I. Reimann, CPA  
Manager - Professional &  
Technical Standards

cc: Cathie J Bridges, CPA

Firm Number: 10059656

Review Number: 266059

# R.A. MERCER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

63 SO. MAIN STREET  
CATTARAUGUS, NY 14719  
(716) 257-9511

RAYMOND A. MERCER, CPA 1931-1983

JOHN J. DAVIS, CPA \*  
CATHIE J. BRIDGES, CPA \*\*  
KENNETH FRANK, CPA  
ROGER J. LIS, JR., CPA \*\*  
JULIE L. JAGODA, CPA  
DENISE D. VELOSKI, CPA  
KATHRYN A. LARRACUENTE, CPA

\*\* ROBERT W. IRWIN, CPA  
\* Also Licensed in Florida  
\*\* Also Licensed in Pennsylvania  
Fax (716) 257-9513  
[www.ramercercpa.com](http://www.ramercercpa.com)

November 11, 2008

To the Partners  
Root, Spitznas & Smiley, Inc.

We have reviewed the system of quality control for the accounting and auditing practice of Root, Spitznas & Smiley, Inc. (the firm) in effect for the year ended May 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPA's (AICPA). The firm is responsible for the designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with 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 with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practices with emphasis on higher-risk engagements. The engagements selected include among others, audits of Employee Benefit Plans and engagements performed under *Government Accounting Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate.

These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Root, Spitznas & Smiley, Inc. in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

R.A. MERCER & CO., P.C.

*R.A. Mercer & Co., P.C.*