

MAULDIN & JENKINS

mjcpa.com

4208 Six Forks Road, Suite 1000

Raleigh, NC 27609

**City of Hendersonville,
North Carolina**

**Technical Proposal to Provide Audit Services
Fiscal Years June 30, 2024 through 2026**

Mauldin & Jenkins Certified Public Accountants

Contact Person: Tim Lyons, CPA, Partner

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Going Further.



VISION

To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.

*Over 700 Governmental Units Served
Throughout the Southeast*



Going Further.



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A – Firm’s Statement of Policy and Procedures



Transmittal Letter

January 25, 2024

City of Hendersonville, North Carolina
160 Sixth Avenue East
Hendersonville, NC 28792

Ladies and Gentlemen:

We appreciate the opportunity to propose on providing audit services to the **City of Hendersonville, North Carolina** (the "City"), and we are pleased to submit a qualifications package including cost estimates to provide annual financial and compliance auditing services for the City. The contract for such audit services will be for five consecutive fiscal years beginning with the fiscal year ended June 30, 2024, and ending with the fiscal year ended June 30, 2026.

We have read the Request for Proposal (RFP) and fully understand its intent and contents. We understand the time frame for performance of the annual financial audits as stipulated by the City and agree to provide the services described in the proposal. We will conduct preliminary and final fieldwork and will issue all of the deliverables and reports substantially prior to the required due dates.

As professionals serving the public sector, Mauldin & Jenkins is qualified to serve the City. We believe that **Mauldin & Jenkins is the leader in auditing state and local governments in the Southeast**. This leadership was achieved by recognizing that we are an important part of our client's success, with our objective being to ensure that accurate information is reported to the governing body, management, regulatory agencies and investors, and citizens. Given the complexities of the City's financial operations and the ongoing significant changes in accounting standards, we feel that it is important that you select an auditing firm that is **focused and experienced** in the governmental industry. We differentiate ourselves from our peers via:

- ❖ **Experience with Governments.** As auditors for more governments in the Southeast than any other firm, our professionals are thoroughly versed in the complex governmental arena and have consistently provided the highest quality of service to our government clients. We serve:
 - **700+ state and local governments across the Southeastern U.S.A.**
 - **25 government units in the State of North Carolina.**
 - **150+ cities and 65+ counties;**
 - **175 governments awarded the GFOA and/or ASBO Certificates of Achievement for Excellence in Financial Reporting.**
 - **70+ stand-alone business-type utility authorities (water/sewer, gas, electric, airports, transit)**
 - **290+ of Single Audits as required by the Uniform Guidance resulting in over \$4 billion of federal funding audited on an annual basis.**

Mauldin & Jenkins provides 156,000+ hours of service to over 700 governmental units in the Southeast on an annual basis utilizing over 150 professionals across the Firm.



- ❖ **Nationally Recognized.** Mauldin & Jenkins is consistently ranked in the Top 100 by various publications as one of the largest certified public accounting firms in the country. We are a regional firm, but the firm's influence is shared nationally. Our partners have volunteered to serve: on the American Institute of CPA's (AICPA's) Governmental Audit Quality Center's (GAQC) Executive Committee in 2022; the AICPA's State and Local Government Expert Panel in 2021; the AICPA's sole representative to the Government Accounting Standards Advisory Council (GASAC); the 2015 Chairman of the board of the AICPA; and a board member of the International Federation of Accountants (IFAC) in 2016. In 2020, our own Joel Black was appointed to serve as the Chairman of the Governmental Accounting Standards Board (GASB).  Mauldin & Jenkins is a leader nationally.
- ❖ **Remote Audits and Suralink.** At management's discretion, Mauldin & Jenkins is effective in working from a remote environment. We utilize new technologies, like Suralink, to add organization and transparency to the audit process and we continue to develop new and efficient ways to conduct audits on-site, in the remote environment, or in a combination / hybrid model. We have the experience and the resources to adapt to you.
- ❖ **Information Technology Services.** We also have resources to address the evolving cybersecurity threats to your government with Certified Information Systems Auditors (CISA) on staff and certified by the AICPA to provide cybersecurity advisory services and the newly created cybersecurity assessment.
- ❖ **Staff Continuity.** Our staff retention rates are considered to be among the best in the profession. We are able to not only provide consistency with the partner and manager on our engagement teams, but seniors as well. We also have enough resources at the partner, manager, and senior levels to provide for periodic rotations as requested by our clients.
- ❖ **Education.** Mauldin & Jenkins' clients have the opportunity to register and receive approximately 30 hours of continuing education on an annual basis, free of charge. We take our experience in serving governments and choose timely and relevant topics to provide ongoing education to our clients, both virtually and in-person. Sessions are limited to clients only.
- ❖ **Responsiveness and Large Firm Resources with Small Firm Sensitivity.** We pride ourselves in responding to the needs of our clients; not only the ability to meet deadlines, but also to respond to other requests. Our ability to be responsive is enhanced by the open communications and good working relationship we have with our clients. Our resources provide for the flexibility to meet your needs and to perform our services in an efficient and effective manner.

This proposal represents a firm offer for 60 days from the date of the proposal. As a member of Mauldin & Jenkins, Tim Lyons is authorized to bind, and make representations for the Firm, and he will be the ultimate party responsible for the quality of the report and working papers. We welcome the opportunity to meet with you to present our proposal and our qualifications. Please contact us at (833) 818-0406. Again, on behalf of Mauldin & Jenkins, thank you for the opportunity to serve.

Sincerely,
MAULDIN & JENKINS, LLC



Tim Lyons, CPA, CGMA
Partner

1. North Carolina Office Location that Will Handle the Audit

A Century of Service

Mauldin & Jenkins’ commitment to government began when our Firm was established in 1918. Since then, we have viewed service to governments as significant to the overall success of the Firm. Today, the governmental sector is an industry that has been specifically identified for our continued growth in professional services. Accordingly, all professionals, from entry-level accountants to partners (who select the governmental sector as their focus) are trained to understand the issues and meet the needs of state and local governmental entities.



As noted previously, **Mauldin & Jenkins employs 45 partners, directors and managers who dedicate 100% of their time serving government clients.** We also have numerous additional professionals with current experience in providing services to governmental entities, many of whom spend their time exclusively on government clients.

Mauldin & Jenkins’ dedicated professionals can bring a comprehensive understanding of the issues that face government entities as well as “bench strength” at all levels, allowing us to respond swiftly and effectively to your evolving needs.

The goal of our government practice is to help governments improve their financial processes and strategies so that they can in turn achieve their goal of improving the lives of their citizens. This shared commitment to the goals of our clients has resulted in a significant government clientele.

As noted in our transmittal letter, we currently serve over 700 governments in the Southeast. We know of no other regional firm that can match our governmental experience.

I was apprehensive when the decision was made to go with Mauldin & Jenkins thinking our city was too small for a larger firm. I couldn’t be more pleased with their helpful attitude and professionalism. The audit process is now smooth and painless.

**Pam Herring,
City of Rockmart,
Clerk/Finance Officer**

Location of the Office from which the Work is to be Performed

Our Raleigh Office will act as the lead in providing services to the City with additional staff roles coming from our other offices as needed. Since 2015 when we first began working with governmental entities in North Carolina, we have utilized resources from several of the Firm’s offices. Over the last two (2) years, we have concentrated those resources in Columbia, South Carolina as our practice continued to grow. With the recent opening of our Raleigh Office, we are excited to serve the City from this new location while continuing to utilize resources from our Columbia Office as needed to ensure that the knowledge and expertise of auditing local governments in North Carolina is there.



The individuals mentioned in this proposal, Mr. Tim Lyons, Mr. Doug Moses, Ms. LeAnn Bagasala, and Mr. Chad Jackson are known across the Southeast for their involvement with governmental entities. They have significant experience in governmental audit and accounting, and will play significant roles in providing ongoing services to the City.

Together, the Raleigh and Columbia offices employ more than **25 professionals with current experience in providing services to governmental entities** and who will meet the continuing professional education requirements set forth in the U.S. General Accounting Office *Government Auditing Standards*.

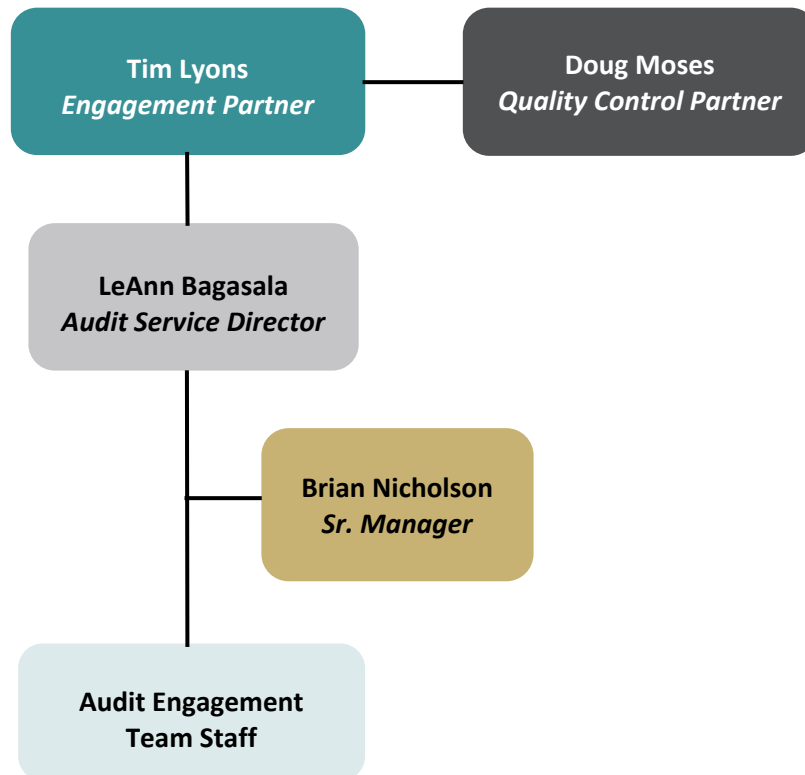
A further profile of these offices is found in the following table:

Professional Staff by Level	Raleigh / Columbia	Firm-Wide
Partners	5	70
Directors/Managers	10	120
Senior Associates	12	104
Associates	21	221
Total	48	515

2. Number of People by Level within the Office Locations

Proposed Staffing and Qualifications

In order to provide the highest quality service in the most cost-efficient manner, Mauldin & Jenkins has formed a client service team which will function as a cohesive unit and would represent a superb assortment of talent and experience for the audit of the City. The unit would be assembled as:



The above team dedicated to audit the City will include (at a minimum): two partners, one full-time director (senior manager), and at least two staff professionals. The manager (LeAnn) and the staff professionals will be dedicated to serving the City full time throughout the conduct of their role in the audit (i.e., whether remote or on-site, the team is dedicated to the City during the week(s) when the audit is scheduled). Other governmental audit professionals will be available to assist throughout the fieldwork and the preparation of the financial reports. The audit partner in-charge of fieldwork will correspond with City management on financial reporting, audit, and related issues on an ongoing basis, and this individual will also be dedicated to serve the City throughout fieldwork, reporting and conclusion in all respective fiscal years. Mauldin & Jenkins has the depth of resources which allows us to provide you with significant resources of knowledgeable professionals to meet your deadlines.

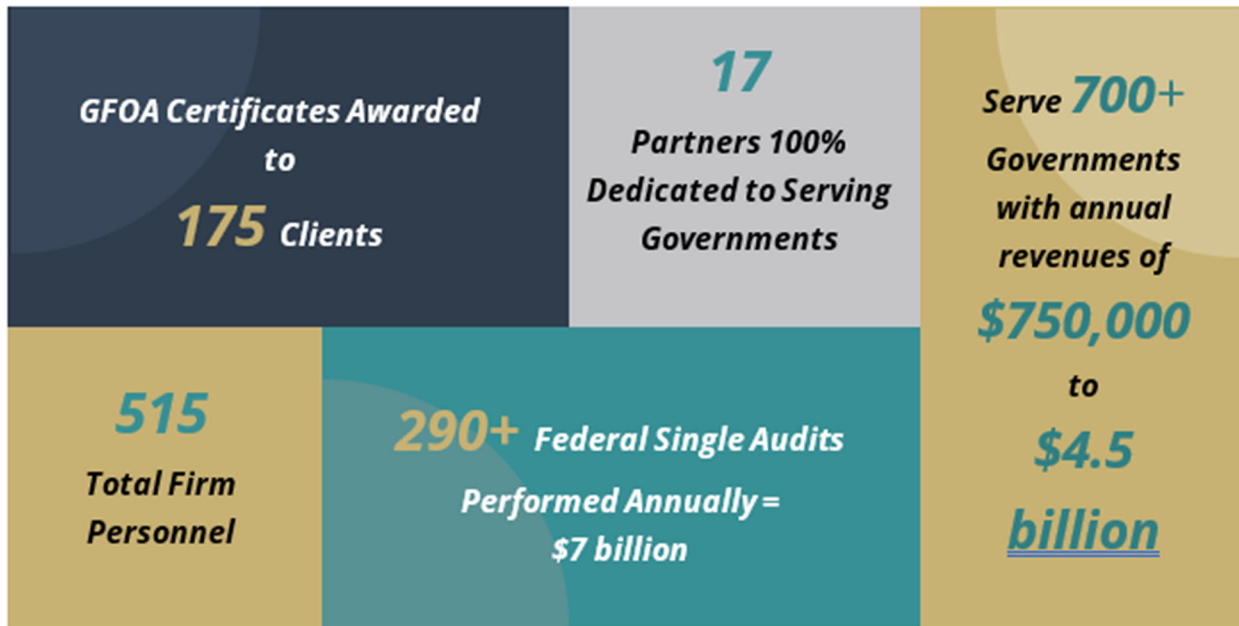
3. Current and Prior Governmental Audit Clients

Governments Served

Perhaps the greatest indicator of our reliability as a professional service provider to state and local governments is our list of governmental clients.

Beginning on the following page, we have included the following lists:

1. A list of the local office's current and prior governmental audit clients, including the type(s) of services performed and the number of years served for each.
2. Additional services to governmental clients by government and type of services provided.
3. A list of our Firm's governmental clients served in the past three (3) years.





No.	Municipalities	Service Provided	Years Served
1	Aiken, SC	Audit, Single Audit	2015 - Present
2	Asheville, NC	Performance Audit	2019 (One time Performance Audit)
3	Black Mountain, NC	Audit	2019 – 2021
4	Chapin, SC	Audit	2018 - Present
5	Charleston, SC	Audit, Single Audit	2015 - Present
6	Clover, SC	Audit	2017 - Present
7	Garner, NC	Audit, Single Audit	2018 - Present
8	Goose Creek, SC	Audit	2017 - Present
9	Hemingway, SC	Audit	2019 - Present
10	Hendersonville, NC	Audit, Single Audit	2021 - Present
11	Jacksonville, NC	Audit, Single Audit	2022 - Present
12	Johnsonville, SC	Audit	2019 - Present
13	New Bern, NC	Audit, Single Audit	2015 - 2018
14	North Augusta, SC	Audit	2020 - Present
15	Orangeburg, SC	Audit, Single Audit	2018 - Present
16	Pamlico, SC	Audit	2019 - Present
17	Rock Hill, SC	Audit, Single Audit	2019 - Present
18	Rocky Mount, NC	Audit, Single Audit	2023 - Present
19	Selma, NC	Audit, Single Audit	2015 - Present
20	Seneca, SC	Audit	2023 - Present
21	Summerville, SC	Audit	2015 - Present
22	Wilkesboro, NC	Audit, Single Audit	2019 - Present
23	Zebulon, NC	Audit, Single Audit	2021 – Present

No.	Counties	Service Provided	Years Served
1	Beaufort County, SC	Audit, Single Audit	2016 - Present
2	Berkeley County, SC	Audit, Single Audit	2020 – Present
3	Bertie County, NC	Audit, Single Audit	2023 - Present
4	Buncombe County, NC	Audit, Single Audit	2023 - Present
5	Calhoun County, SC	Audit, Single Audit	2019 - Present
6	Colleton County, SC	Audit, Single Audit	2014 - Present
7	Columbus County, NC	Audit, Single Audit	2022 – Present
8	Darlington County, SC	Audit, Single Audit	2015 - Present
9	Edgefield County, SC	Audit, Single Audit	2014 - Present
10	Fairfield County, SC	Audit, Single Audit	2022 - Present
11	Florence County, SC	Audit, Single Audit	2022 - Present
12	Gates County, NC	Audit, Single Audit	2018 - Present
13	Greene County, NC	Audit, Single Audit	2022 - Present
14	Greenville County, SC	Audit, Single Audit	2019 - Present
15	Halifax County, NC	Audit, Single Audit	2018 - Present
16	Horry County, SC	Audit, Single Audit	2023 - Present
17	Lancaster County, SC	Audit, Single Audit	2014 - Present



18	Laurens County, SC	Audit, Single Audit	2015 – Present
19	Montgomery County, NC	Audit, Single Audit	2020 – Present
20	Moore County, NC	Audit, Single Audit	2022 - Present
21	Newberry County, SC	Audit, Single Audit	2022 - Present
22	Oconee County, SC	Audit, Single Audit	2014 - Present
23	Orange County, NC	Audit, Single Audit	2016 – 2020; 2022 and Forward
24	Orangeburg County, SC	Audit, Single Audit	2022 – Present
25	Richland County, SC	Audit, Single Audit	2021 – Present
26	Wake County, NC	Audit, Single Audit	2022 - Present

No.	State Governmental Entities	Years Served
1	Aiken Technical College	2020 - Present
2	Trident Technical College	2019 - Present
3	Central Carolina Technical College	2019 - Present
4	Francis Marion University	2018 - Present
5	Denmark Technical College	2021 - Present
6	Tri-County Technical College	2019 - Present
7	Williamsburg Technical College	2018 - Present
8	South Carolina Department of Transportation	2019 - Present
9	South Carolina Infrastructure Bank	2019 - Present
10	South Carolina Insurance Reserve Fund	2018 - Present
11	South Carolina Jobs-Economic Development Authority	2018 - Present

No.	School Systems & Charter Schools	Years Served
1	Clarendon County School District One	2019 - Present
2	Florence School District One	2019 - Present
3	Florence School District Three	2020 - Present
4	Marlboro County School District	2001 - Present
5	Richland County School District One	2014 - Present
6	Sumter County Schools	2018 - Present
7	Horry County Schools	2021 - Present
8	Orangeburg County Schools	2021 - Present
9	East Point Academy of South Carolina	2014 - Present
10	Montessori School of Camden, SC	2019 - 2021

No.	Transit Authorities (Stand-Alone Entities)	Years Served
1	Central Midlands Regional Transit Authority	2013 - 2017
2	Santee Wateree Regional Transit Authority	2017 - Present
3	Waccamaw Regional Transit Authority	2017 - Present
4	Pee Dee Regional Transit Authority	2020 - Present



4. Client References

In addressing the City's interest in the qualifications and client references of Mauldin & Jenkins, we have provided the names, addresses, and telephone numbers of personnel of current governmental clients of the Firm. To demonstrate to the City both our experience in auditing similar municipalities as well as auditing governments in North Carolina, we have provided a diverse list of clients for references that we think speak very well for our ability to serve the City:

- 1) **City of Jacksonville, North Carolina**
Sabrina Adams, Finance Director
815 New Bridge Street, Jacksonville, NC 28541
(910) 938-5245
sadams@jacksonvillenc.gov

- 2) **Town of Garner, North Carolina**
David Beck, Finance Director
900 7th Avenue, Garner, NC 27529
(919) 773-4413
dbeck@garnernc.gov

- 3) **City of Rocky Mount, North Carolina**
Krystal Hunter, Finance Director
331 S. Franklin Street, Rocky Mount, NC 27804
(252) 972-1200
Krystal.Hunter@rockymountnc.gov

- 4) **Buncombe County, North Carolina**
Mason Scott, Assistant Finance Director
200 College Street, Suite 420, Asheville, NC 28801
(828) 250-4137
Mason.Scott@buncombecounty.org

- 5) **Halifax County, North Carolina**
Mary Duncan, Finance Director
10 N. King Street, Halifax, NC 27839
(252) 583-3771
duncanm@halifaxnc.com

5. Experience of Local Office in Providing Additional Services

Census Data Testing for State Managed Pension Plans

Mauldin & Jenkins has worked with Orange County, Madison County, Moore County, Montgomery County, Town of Zebulon, and Halifax County who have been selected for census data testing related to the Local Governmental Employees' Retirement System (LGERS) in North Carolina. Additionally, we have worked with the State of Georgia's auditors of the Teachers' Retirement System of Georgia and the Employees' Retirement System of Georgia for the past several years to perform census data testing for selected entities in order to provide assurance to the plan auditors.

Other Services

In addition to providing financial and compliance auditing services for the clients listed on the previous pages, we also routinely perform various other types of services for our clients including:

- Agreed upon procedure engagements;
- Landfill financial assurance reporting;
- Forensic audits;
- Compilation services;
- Other consulting services;
- Bond financing and issuance services including consent letters and comfort letters for the solid majority of our governmental clients.

To highlight specific engagements aside from annual financial statement and compliance audit services provided to our governmental clients, consider the following:

1. **City of Rocky Mount, North Carolina** – In 2020, Mauldin & Jenkins was engaged by the City of Rocky Mount to conduct an assessment over the City's billing and collection processes. Our governmental advisory services team (more information found in Section 13 below) performed a thorough consulting engagement that resulted in several recommendations for improvement to the City's operations and internal controls.
2. **Cobb County School District** – Beginning in 2013, Mauldin & Jenkins began providing performance audit services to the School District by reviewing and testing internal controls at each of the School District's 109 schools. At each location, we conduct tests of each school's compliance with internal policies and procedures and consider potential sources of improvement by comparing current operations to industry best practices and State of Georgia laws and regulations.
3. **Gwinnett County and DeKalb County** – Since becoming auditors for Gwinnett County we have annually performed special compliance procedures for the County as well as each municipality within the County for compliance related to their Special Purpose Local Option Sales Tax Program. For DeKalb County, we performed similar procedures related to their compliance with a bond referendum for a General Obligation Bond Program.



4. **Florence County School District 1** – After significant turnover amongst upper-level management of the School District, Mauldin & Jenkins was engaged to conduct a performance audit covering several aspects of operations, including HR/payroll, contracting and purchasing, p-cards, etc. Our performance audit generated several suggestions for improvement to align the School District’s operations with industry best practices and creating for efficient and effective internal control processes. We’ve conducted several performance audits of this type for our governmental audit clients as they are conducted in accordance with *Government Auditing Standards* which require us to remain independent of the entity. We’ve found that our experience as the entity’s external auditor gives us significant advantage over an outside firm as we already have the baseline knowledge of the entity’s controls and operations.

Other Non-Attestation Services

Other services beyond the above attestation types which Mauldin & Jenkins currently provide to our clients include:

- Federal and State income tax planning/return preparation;
- Payroll tax issues;
- Multi-state income tax issues;
- State sales tax matters;
- Information technology (IT) systems consulting;
- Cost accounting issues;
- Profitability consulting;
- Advanced cost management;
- Human resources (HR) predictive index services and interviewing and hiring;
- Business, strategic and succession planning;
- Information technology engagements.

Governmental Attestation Services

Other attestation services beyond financial and compliance audits which Mauldin & Jenkins currently provides to our clients include:

- Forensic audits
- Performance audits
- Information systems audits
- Cybersecurity Assessments
- Agreed-upon procedures
- Bond issuance services
- Capital asset inventory services

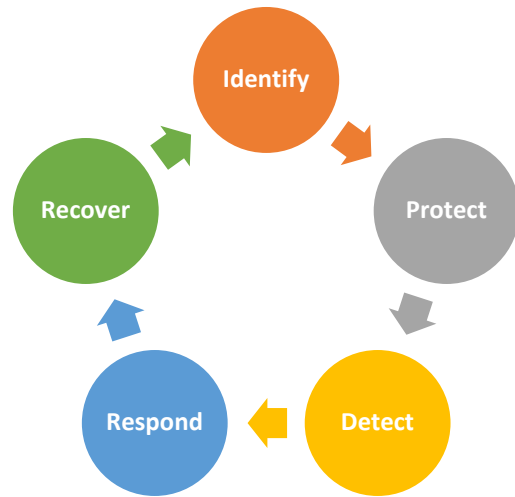
Governmental IT Solutions

As noted above, Mauldin & Jenkins performs various IT attestation and non-attestation services. The following are three such services.

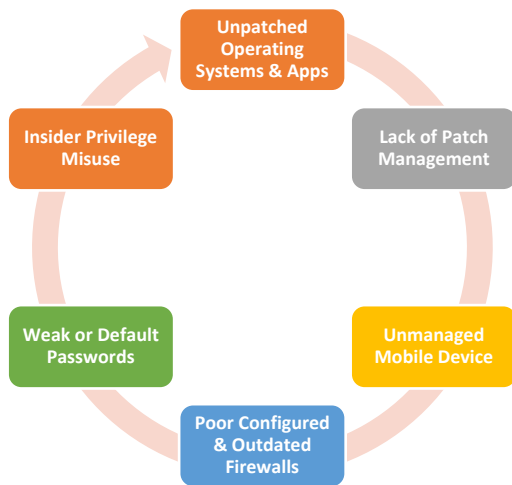
Cybersecurity Framework Engagements

With governments dealing with IT ransoms, cybersecurity is one of the top issues on the minds of nearly every government (large & small). Managing this business issue is especially challenging. A government with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner.

Services can be provided via: 1) attestation engagements or 2) consulting engagements. The AICPA has established standards for performing attestation engagements in this arena with the issuance of the SOC for Cybersecurity as part of its suite of System and Organization Controls (SOC) reporting. Consulting services can be provided while not compromising auditor independence.



System Vulnerability Assessments Engagements



This is the process of defining, identifying, classifying and prioritizing vulnerabilities in computer systems, applications and networks infrastructures, and providing an assessment with necessary knowledge, awareness and risks to understand the threats to determine appropriate reactions. Using specialized tools and applications, we can access networks to scan with automated tools and interrogate every device connected to network with the objective of searching for misconfigurations, unsupported software, missing software updates and patches, etc.

Penetration Testing Engagements

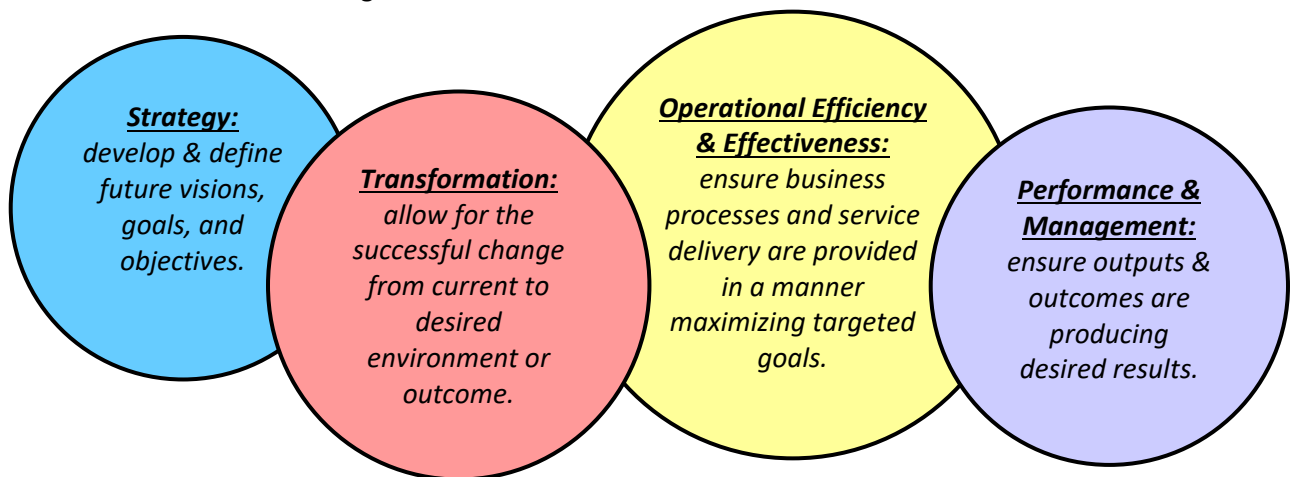
This is the practice of testing a computer system to find security vulnerabilities that a hacker / attacker could exploit using automation or manual applications. The process involves gathering information about the target before the test, identifying possible entry points, attempting to break in – actually or virtually – and reporting back the findings. Tests come from external or internal angles of entry. Our main objective is to identify security weaknesses. Penetration testing can also be used to: test an organization's security policy; its adherence to compliance requirements; its employees' security awareness; and, the government's ability to identify and respond to security incidents.



"We would like to express our sincere appreciation for the quality of service provided by the staff of Mauldin & Jenkins. We would like to thank you for the level of detail and accountability you have demonstrated on this project and the way you conduct business as a whole. Our team could not be more satisfied with your work, and we look forward to continuing this relationship."
Angela Jackson, City of Fairburn (GA), Finance Director

Governmental Advisory Services

Beyond traditional audit and accounting services and IT services, we provide advisory services that are wide-ranging in nature. Our experienced government advisory team helps governments, governmental agencies and special purpose governmental organizations balance fiscal responsibility with the latest business strategies to achieve targeted and overarching objectives. Our advisory services can be summarized via the following bubbles.





Cities. Cities we have served within the past three years:

Georgia

- 1) Albany
- 2) Alpharetta
- 3) Americus
- 4) Ashburn
- 5) Atlanta
- 6) Austell
- 7) Avondale Estates
- 8) Bainbridge
- 9) Baldwin
- 10) Ball Ground
- 11) Barnesville
- 12) Bloomingdale
- 13) Brookhaven
- 14) Brunswick
- 15) Butler
- 16) Byron
- 17) Cartersville
- 18) Cedartown
- 19) Centerville
- 20) Chamblee
- 21) Chattahoochee Hills
- 22) Clarkston
- 23) College Park
- 24) Colquitt
- 25) Conyers
- 26) Cordele
- 27) Covington
- 28) Dacula
- 29) Dalton
- 30) Decatur
- 31) Doraville
- 32) Douglasville
- 33) Duluth
- 34) Dunwoody
- 35) Fairburn
- 36) Fayetteville
- 37) Flovilla
- 38) Forest Park
- 39) Forsyth
- 40) Garden City
- 41) Grovetown
- 42) Griffin
- 43) Hapeville
- 44) Hinesville
- 45) Holly Springs
- 46) Jefferson
- 47) Johns Creek

- 48) Kennesaw
- 49) Kingsland
- 50) LaGrange
- 51) Lake Park
- 52) Lawrenceville
- 53) Leesburg
- 54) Lilburn
- 55) Lone Oak
- 56) Lyons
- 57) Manchester
- 58) Mansfield
- 59) Milledgeville
- 60) Milner
- 61) Milton
- 62) Monroe
- 63) Morrow
- 64) Nashville
- 65) Newton
- 66) Norcross
- 67) Oxford
- 68) Palmetto
- 69) Peachtree City
- 70) Peachtree Corners
- 71) Pearson
- 72) Perry
- 73) Pooler
- 74) Powder Springs
- 75) Port Wentworth
- 76) Reynolds
- 77) Richmond Hill
- 78) Riverdale
- 79) Rockmart
- 80) Rome
- 81) Roswell
- 82) Sandy Springs
- 83) Savannah
- 84) Sharpsburg
- 85) Social Circle
- 86) South Fulton
- 87) St. Mary's
- 88) Stockbridge
- 89) Stonecrest
- 90) Suwanee
- 91) Temple
- 92) Thunderbolt
- 93) Tifton
- 94) Toccoa
- 95) Tucker

- 96) Turin
- 97) Tybee Island
- 98) Union City
- 99) Valdosta
- 100) Villa Rica
- 101) Waycross
- 102) West Point
- 103) Willacoochee

Alabama / Mississippi

- 104) Athens, AL
- 105) Huntsville, AL
- 106) Tuscaloosa, AL
- 107) Gulfport, MS
- 108) Meridian, MS
- 109) Prattville, AL
- 110) Sheffield, AL

Florida

- 111) Apopka
- 112) Callaway
- 113) Clewiston
- 114) Crystal River
- 115) Destin
- 116) Gulf Stream
- 117) Fernandina Beach
- 118) Ft. Myers Beach
- 119) Haines City
- 120) Hallandale Beach
- 121) Indiantown
- 122) Islamorada
- 123) Jupiter Inlet Colony
- 124) Jupiter Island
- 125) LaBelle
- 126) Lake Placid
- 127) Longboat Key
- 128) Marco Island
- 129) Naples
- 130) New Port Richey
- 131) North Port
- 132) Palmetto
- 133) Pensacola
- 134) Pinecrest
- 135) Plant City
- 136) Tarpon Springs
- 137) Tequesta
- 138) Wildwood

North Carolina

- 139) Black Mountain
- 140) Garner
- 141) Hendersonville
- 142) Jacksonville
- 143) Rocky Mount
- 144) Selma
- 145) Zebulon
- 146) Wilkesboro

South Carolina

- 147) Aiken
- 148) Beaufort
- 149) Cayce
- 150) Chapin
- 151) Charleston
- 152) Clemson
- 153) Clinton
- 154) Clover
- 155) Fountain Inn
- 156) Hanahan
- 157) Hardeeville
- 158) Hemingway
- 159) Hilton Head Island
- 160) Hollywood
- 161) Georgetown
- 162) Goose Creek
- 163) Johnsonville
- 164) Kiawah Island
- 165) Mount Pleasant
- 166) North Augusta
- 167) North Charleston
- 168) Orangeburg
- 169) Pamplico
- 170) Rock Hill
- 171) Seabrook Island
- 172) Seneca
- 173) Summerville
- 174) Winnsboro

Tennessee

- 175) Bristol
- 176) Clarksville
- 177) Jackson
- 178) Lebanon
- 179) Morristown
- 180) Spring Hill



Counties. Counties we have audited or are in the process of serving within the past three years:

Georgia

- 1) Athens-Clarke
- 2) Augusta-Richmond
- 3) Bacon
- 4) Barrow
- 5) Bryan
- 6) Butts
- 7) Camden
- 8) Charlton
- 9) Chatham
- 10) Clayton
- 11) Columbus-Muscogee
- 12) Crisp
- 13) DeKalb
- 14) Dougherty
- 15) Douglas
- 16) Emanuel
- 17) Floyd
- 18) Forsyth
- 19) Gwinnett
- 20) Henry
- 21) Irwin
- 22) Jackson
- 23) Jeff Davis
- 24) Jenkins
- 25) Jones
- 26) Lamar
- 27) Lee
- 28) Liberty
- 29) Long
- 30) Lumpkin
- 31) Macon
- 32) Macon-Bibb
- 33) McIntosh
- 34) Meriwether
- 35) Mitchell
- 36) Monroe
- 37) Morgan
- 38) Newton
- 39) Paulding
- 40) Pierce
- 41) Polk
- 42) Rockdale
- 43) Spalding
- 44) Stephens
- 45) Stewart
- 46) Sumter
- 47) Talbot
- 48) Tattnall
- 49) Taylor
- 50) Toombs
- 51) Troup
- 52) Turner

- 53) Walton
- 54) Whitfield
- 55) Wilkes

Florida

- 56) Alachua
- 57) Hernando
- 58) Union
- 59) Walton

North Carolina

- 60) Bertie
- 61) Buncombe
- 62) Columbus
- 63) Gates
- 64) Greene
- 65) Halifax
- 66) Madison
- 67) Montgomery
- 68) Moore
- 69) Orange
- 70) Wake

South Carolina

- 71) Aiken
- 72) Beaufort
- 73) Berkeley

- 74) Calhoun
- 75) Colleton
- 76) Darlington
- 77) Dorchester
- 78) Edgefield
- 79) Fairfield
- 80) Florence
- 81) Greenville
- 82) Hampton
- 83) Horry
- 84) Jasper
- 85) Lancaster
- 86) Laurens
- 87) Newberry
- 88) Oconee
- 89) Orangeburg
- 90) Richland
- 91) Sumter

Tennessee

- 92) Hamilton

Alabama

- Jefferson

Business-type Special Purpose Governments. Please see the following for a listing of business-type stand-alone special purpose business-type governments we have served in the past three years:

Water/Sewer & Electric Utility

- 1) Albertville Municipal Utilities Board
- 2) Athens Electric Utility
- 3) Athens Water and Sewer Utility
- 4) Atlanta Watershed
- 5) Augusta Utilities (Water/Sewer Ops)
- 6) Barrow County Water & Sewer Authority
- 7) Beaufort Jasper Water & Sewer Authority
- 8) Berkeley County Water & Sanitation
- 9) Bristol Essential Services
- 10) Bristol Joint Sewer System
- 11) Broad Creek Public Service District
- 12) Brunswick - Glynn Joint Water & Sewer Comm.
- 13) Butts County Water & Sewer Authority
- 14) Cape Fear Public Utility Authority
- 15) Catawba River Water Supply Project
- 16) CDE Lightband
- 17) Charleston Water System
- 18) Chatsworth Water Works Commission
- 19) City of Sheffield Utilities
- 20) Clarksville Gas, Water & Wastewater
- 21) Clayton County Water Authority
- 22) Cobb County - Marietta Water Authority
- 23) Dutton Waterworks
- 24) Eatonton-Putnam Water & Sewer Authority

- 25) Edgefield County Water & Sewer Authority
- 26) Electric Power Board of Chattanooga
- 27) Englewood Water District
- 28) Gladeville Utility District
- 29) Grand Strand Water & Sewer Authority
- 30) Greenwood Commissioners of Public Works
- 31) Greenville Water System
- 32) Guntersville Water and Sewer Board
- 33) Gwinnett County Water and Sewerage Authority
- 34) Hamilton Co. Water & Wastewater Treatment
- 35) Henry County Water Authority
- 36) Huntsville Utilities
- 37) Limestone County Water and Sewer Authority
- 38) Lumpkin County Water & Sewerage Authority
- 39) Macon Water Authority
- 40) Middle Georgia Regional Water & Sewer Authority
- 41) Mount Pleasant Waterworks
- 42) Newton County Water & Sewerage Authority
- 43) North Charleston Sewer District
- 44) Onslow Water & Sewer Authority
- 45) Orangeburg Department of Public Utilities

- 46) Peace River/Manasota Reg. Water Supply Auth.
- 47) Peachtree City Water & Sewerage Authority
- 48) Polk County Water Authority
- 49) Susanville Sanitary District
- 50) Seabrook Island Utility Commission
- 51) Seacoast Utility Authority
- 52) Section Waterworks
- 53) Sheffield Utilities
- 54) Tampa Bay Water
- 55) Waterworks & Sewer Board of the Town of Parrish
- 56) Warren County Utility District
- 57) Crisp County Power Commission
- 58) Electric Power Board of Chattanooga, TN
- 59) Emerald Coast Utilities Authority
- 60) Greer Commission of Public Works

Airports

- 61) Atlanta Hartsfield-Jackson International Airport
- 62) Augusta-Richmond County Regional Airport
- 63) Charleston County Aviation Authority
- 64) Glynn County Airport Commission
- 65) Gwinnett Airport Authority
- 66) Halifax-Northampton Regional Airport Authority

- 67) Horry County Airport
- 68) Moore County (Pinehurst) Airport Authority
- 69) Paulding County Airport Authority
- 70) Walterboro-Colleton County Airport Commission

Transit

- 71) Chatham Area Transit Authority
- 72) Chattanooga Area Reg. Transportation Authority
- 73) Jackson Transit Authority, TN
- 74) Lakeland Area Mass Transit District
- 75) Lowcountry Regional Transit Authority
- 76) Macon-Bibb County Transit Authority
- 77) Pee Dee Regional Transit Authority
- 78) Santee Waterree Regional Transit Authority
- 79) South Florida Regional Transportation Authority
- 80) Waccamaw Regional Transportation Authority

Gas

- 81) Athens Gas Utility
- 82) Austell Natural Gas System
- 83) Natural Gas Acquisition Corp.

Certificates of Achievement & Excellence in Financial Reporting



Mauldin & Jenkins has served **over 700 governments** in the past several years, and **175** governmental units who obtain the GFOA's Certificate of Achievement for Excellence in Financial Reporting (and, or the ASBO's Certificate of Excellence in Financial Reporting).



Mauldin & Jenkins' clients have never failed to obtain the Certificate! Every Annual Comprehensive Financial Report submitted has received the award. The following are current clients:

Counties:

- 1) Aiken, SC
- 2) Athens-Clarke
- 3) Augusta-Richmond
- 4) Barrow
- 5) Beaufort, SC
- 6) Buncombe, NC
- 7) Butts
- 8) Camden
- 9) Cartersville
- 10) Chatham
- 11) Clayton
- 12) Colleton, SC
- 13) Columbus-Muscogee
- 14) DeKalb
- 15) Douglas
- 16) Edgefield, SC
- 17) Florence, SC
- 18) Floyd
- 19) Forsyth

- 20) Glynn
- 21) Greenville, SC
- 22) Gwinnett
- 23) Halifax, NC
- 24) Hamilton, TN
- 25) Henry
- 26) Horry, SC
- 27) Jackson
- 28) Lancaster, SC
- 29) Liberty
- 30) Macon-Bibb
- 31) Morgan
- 32) Moore, NC
- 33) Newton
- 34) Oconee, SC
- 35) Orange, NC
- 36) Paulding
- 37) Richland, SC
- 38) Rockdale
- 39) Spalding

- 40) Wake, NC
 - 41) Walton
 - 42) Whitfield
- Cities:**
- 43) Aiken, SC
 - 44) Albany
 - 45) Alpharetta
 - 46) Americus
 - 47) Apopka, FL
 - 48) Austell
 - 49) Ball Ground
 - 50) Beaufort, SC
 - 51) Black Mountain, NC
 - 52) Bluffton, SC
 - 53) Bradenton, FL
 - 54) Bristol, TN
 - 55) Brookhaven
 - 56) Brunswick
 - 57) Callaway, FL

- 58) Cartersville
- 59) Cayce, SC
- 60) Chamblee
- 61) Charleston, SC
- 62) Chamblee
- 63) Chapin, SC
- 64) Clarksville, TN
- 65) Clemson, SC
- 66) College Park
- 67) Conyers
- 68) Cooper City, FL
- 69) Covington
- 70) Decatur
- 71) Douglasville
- 72) Dunwoody
- 73) Fayetteville
- 74) Fairburn
- 75) Forest Park
- 76) Forsyth
- 77) Garden City



- | | | | |
|------------------------|-------------------------|----------------------|-------------------------|
| 78) Garner, NC | 94) Kingsland | 110) Peachtree City | 126) St. Mary's |
| 79) Georgetown | 95) Marco Island, FL | 111) Pensacola, FL | 127) Sandy Springs |
| 80) Griffin | 96) Lagrange | 112) Perry | 128) Savannah |
| 81) Gulfport, MS | 97) Lawrenceville | 113) Pinecrest, FL | 129) Social Circle |
| 82) Haines City, FL | 98) Longboat Key, FL | 114) Plant City, FL | 130) Stockbridge |
| 83) Hallandale Bch, FL | 99) Milledgeville | 115) Pooler | 131) Suwanee |
| 84) Hapeville | 100) Milton | 116) Port Wentworth | 132) Thunderbolt |
| 85) Hardeeville, SC | 101) Monroe | 117) Powder Springs | 133) Tarpon Springs, FL |
| 86) Hendersonville, NC | 102) Morristown, TN | 118) Prattville | 134) Thomasville |
| 87) Hinesville | 103) Morrow | 119) Richmond Hill | 135) Tuscaloosa, AL |
| 88) Holly Springs | 104) Mount Pleasant, SC | 120) Riverdale | 136) Union City |
| 89) Huntsville, AL | 105) Naples, FL | 121) Rockhill | 137) Valdosta |
| 90) Jacksonville, NC | 106) N. Augusta, SC | 122) Rockmart | 138) Villa Rica |
| 91) John's Creek | 107) N. Charleston, SC | 123) Rocky Mount, NC | 139) Zebulon, NC |
| 92) Kennesaw | 108) North Port, FL | 124) Rome | |
| 93) Kiawah Island | 109) Palmetto | 125) Roswell | |

Boards of Education:

- | | |
|---------------------------------------|--|
| 140) Atlanta Public Schools | 156) Cape Fear Public Utility Authority |
| 141) Beaufort County Schools | 157) Central Savannah River Area Regional Comm. |
| 142) Bibb County Schools | 158) Charleston Water System |
| 143) Cartersville City Schools | 159) Clayton County Water Authority |
| 144) Cobb County Schools | 160) Cobb County - Marietta Water Authority |
| 145) Fayette County Schools | 161) Emerald Coast Utilities Authority |
| 146) Fulton County Schools | 162) Greenville Technical College |
| 147) Gwinnett County Schools | 163) Greenville Water System |
| 148) Horry County Schools | 164) Greenwood Commissioners of Public Works |
| 149) Lee County School District | 165) Greer Commission of Public Works |
| 150) Marietta City Schools | 166) Henry County Water Authority |
| 151) Richland Co. School District One | 167) Lowcountry Regional Transportation Authority |
| 152) Savannah-Chatham County Schools | 168) Macon Water Authority |
| | 169) Mount Pleasant Waterworks |
| | 170) North Charleston Sewer District |
| | 171) Onslow Water & Sewer Authority |
| | 172) Port of Corpus Christi Authority |
| | 173) Public Building Authority of Knox Co. & Knoxville |
| | 174) South Florida Transportation Authority |
| | 175) Tampa Bay Water Authority |

State Governmental Entities:

- 153) Ga. Environ. Fin. Auth. (GEFA)
- 154) Ga. Ports Authority

Other Governmental Entities:

- 155) Beaufort Jasper Water & Sewer Authority

6. Mauldin & Jenkins' Quality Control Program

External Peer Review

In the mid-70s, the Private Companies Practice Section (PCPS) was founded by the American Institute of CPAs (AICPA) to establish a voluntary quality assurance program for CPA firms. There are requirements for membership in the section, which include mandatory continuing education for each member of the professional staff and a key element is a tri-annual independent review of a firm's quality control system in its practice of public accounting. Mauldin & Jenkins has been a member of the section from inception.



The peer review aspect has evolved from being voluntary to mandatory and Mauldin & Jenkins is in full compliance with the requirements of having a tri-annual review. In the peer reviewer's latest report dated November 12, 2020, our reviewing firm gave a rating of "pass" which is the highest form of assurance they can render on the system of quality control for our accounting and audit practice.

A copy of the report on our most recent external quality control review is provided on the next page. **The quality control review included a review of specific government engagements, including compliance audits under the Single Audit Act.** No letter of comment was received as a result of this review. We are quite proud to be one of the few Southeast based firms to have undergone this review and to have received such an excellent opinion from a large reputable national firm.

We would also like to note that our peer review has been completed for the Firm's fiscal year ended May 31, 2023 (the most recent tri-annual review). We have been provided with a draft report from our peer reviewer (PB Mares) which indicates that our report will have a rating of "pass" again. The report is with the National Peer Review Committee for final review before it can be released and as soon as it is, we will provide the City a copy along with the LGC in order to approve 2024 (and forward) audit contracts.



REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

November 12, 2020

To the Shareholders of Mauldin & Jenkins, LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mauldin & Jenkins, LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer and an examination of service organization's SOC 1 engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Mauldin & Jenkins, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, 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*. Mauldin & Jenkins, LLC has received a peer review rating of *pass*.

PBMares, LLP

PBMares, LLP



We chose Mauldin & Jenkins and have continued with them, because of their deep understanding and accounting knowledge of our industry and they are an invaluable resource to us. The professionals on their team are easy to work with and pay close attention to our specific concerns. They provide exceptional expertise and service, responding to questions quickly and proficiently. Without question, our decision to use Mauldin & Jenkins for the past years was a sound business decision, delivering the expected results and then some.

David Smith, Henry County (GA), Chief Financial Officer



7. Professional Experience of Engagement Team

Tim Lyons, CPA, CGMA Engagement Partner



Tim Lyons is a partner with Mauldin & Jenkins and is a certified public accountant as well as a chartered global management accountant. His experience covers a variety of clients throughout the Southeast, working mainly in North Carolina, South Carolina, and Georgia.

Tim spends 100% of his time serving clients in the governmental industry, working with all types of entities ranging from large state agencies and institutions of higher education to local counties, school districts, and municipalities. Tim also serves the firm as the partner-in-charge of the Raleigh and Columbia Offices and as a member of the Firm’s Assurance Committee which oversees the entire audit practice of Mauldin & Jenkins.

Years of Professional Experience and Years with Firm

Tim has more than fourteen years of experience in public accounting – a year and a half with a firm based out of Charleston, South Carolina and over thirteen years with Mauldin & Jenkins serving a wide variety of clients in the public services industry.

List of Governmental Clients Served in the Last Three (3) Years

Counties:

Columbus County, NC
Darlington County, SC
Forsyth County, Ga.
Gates County, NC
Greene County, NC
Halifax County, N.
Jefferson County, AL
Laurens County, SC
Madison County, NC
Montgomery County, NC
Moore County, NC
Orange County, NC
Richland County, SC
Wake County, NC
Walton County, Ga.

Cities and Townships:

Atlanta, Ga.
Black Mountain, NC.
Bristol, Tennessee
Brookhaven, Ga.
Cartersville, Ga.

Decatur, Ga.
Douglasville, Ga.
Garner, NC
Hendersonville, NC
Jacksonville, NC
Johns Creek, Ga.
LaGrange, Ga.
Monroe, Ga.
Milton, Ga.
Rockmart, Ga.
Rocky Mount, NC
Sandy Springs, Ga.
Social Circle, Ga.
Selma, NC
Wilkesboro, NC
Zebulon, NC

School Districts:

Atlanta Public Schools
Beaufort County Schools
Clarendon County School District 1

East Point Academy of South Carolina
Florence School District 1
Florence School District 3
Forsyth County Schools
Horry County Schools
Marlboro County School District
Montessori School of Camden
Orangeburg County School District
Richland County School District 1
South Carolina Public Charter School District
Sumter County School District

State Agencies:

Georgia Environmental Finance Authority (GEFA)
Georgia Superior Court Clerks’ Cooperative Authority (GSCCCA)
South Carolina Centers for Economic Excellence (“SmartState”)
South Carolina Department of Transportation
South Carolina Transportation Infrastructure Bank

Higher Education:

Aiken Technical College
Central Carolina Technical College
Denmark Technical College
Francis Marion University
Northeastern Technical College
Tri-County Technical College
Trident Technical College

Other Governmental Units:

Austell Natural Gas System
Cape Fear Public Utility Authority

Cobb County-Marietta Water Authority
Cobb County-Marietta Water Authority Retirement Plan
Columbus County Tourism Development Authority
E.G. Fisher Public Library
Forsyth County Public Library
Fulton County School Employees' Pension Fund

Halifax-Northampton Regional Airport Authority
Jacksonville Tourism Development Authority
Moore County Airport Authority
Moore County/Southern Pines Convention and Visitors' Bureau
Halifax County Tourism Development Authority
Santee-Lynches Regional Council of Governments
Santee-Lynches Regional Development Corporation



Tim Lyons

Doug Moses, CPA

Engagement Quality Control Review Partner



Doug Moses is a member (i.e., partner) and a certified public accountant with Mauldin & Jenkins, LLC. He specializes in serving local and state governmental entities and is a partner who works exclusively in the governmental sector of the Firm's audit practice. Doug is a member of the Firm's Executive Committee, which governs the actions and direction of the Firm. Doug also heads up the Firm's Diversity and Inclusion Initiative Program and serves as a member of the Leadership and Career Development Committee, helping provide policy and procedural recommendations to establish and monitor a leadership, educational, and mentoring programs for the development of the Firm's human resources.

Years of Professional Experience and Years with the Firm

Doug has over 20 years of experience with the Firm. Doug serves both large and small governmental units and is involved in serving over 50 such governmental entities. Doug obtained his CPA certificate in 2001.

Doug brings a particular expertise to the team in two (2) main areas:

1. **Experience Serving Large Municipalities** – Doug serves as the engagement partner and main client contact for the City of Atlanta, Georgia where the Firm is engaged to provide external audit services to the City which includes auditing the City, the Hartsfield-Jackson Atlanta International Airport, the City of Atlanta Department of Watershed, and three (3) different defined benefit pension plans. Doug's experience is particularly useful and important and will bring value to the City.

- 2. **Experience Serving Governments with Utility Operations** – Doug works with approximately fifty (50) governmental entities throughout the Southeast on an annual basis with significant utility operations. In addition to the City of Atlanta, Doug also works with DeKalb County, Georgia and Jefferson County, Alabama.

For these reasons, we have dedicated Doug to the City of Hendersonville to serve as the quality control review partner.



Doug Moses

LeAnn Bagasala, CPA
Audit Service Director



LeAnn is a director and a certified public accountant with Mauldin & Jenkins, LLC specializing in serving local and state governmental entities. LeAnn joined the Mauldin & Jenkins in February 2022 with a significant amount of experience serving governments in North Carolina with two other large CPA firms.

With 12 years of progressive experience in public accounting, including time at a Big 4 firm, LeAnn provides comprehensive assurance and accounting services to a variety of governmental entities with a particular focus on counties and municipalities in North Carolina. LeAnn is a leader in her field, having presented seminars on a variety of topics. She has also been selected to lead instructional trainings both internally and externally.

Years of Professional Experience and Years with Firm

LeAnn has over twelve years of experience in public accounting and just joined Mauldin & Jenkins in February 2022. LeAnn holds active CPA licenses in both North Carolina and Virginia.

LeAnn has significant experience providing services governmental entities in North Carolina prior to joining Mauldin & Jenkins:

Counties:

- Columbus County, NC
- Cumberland County, NC
- Durham County, NC
- Forsyth County, NC
- Gates County, NC
- Greene County, NC
- Guilford County, NC

- Halifax County, NC
- Moore County, NC
- Montgomery County, NC
- Onslow County, NC
- Orange County, NC
- Person County, NC
- Randolph County, NC
- Rockingham County, NC

- Wake County, NC
- Aiken County, SC
- Calhoun County, SC
- Greenville County, SC
- Fairfield County, SC
- Richland County, SC
- Roanoke County, VA

Municipalities:

Angier, NC
Fuquay-Varina, NC
Garner, NC
Harrisburg, NC
Holly Springs, NC
Jacksonville, NC
Morganton, NC

Morrisville, NC
Raleigh, NC
Reidsville, NC
Salisbury, NC
Selma, NC
Wake Forest, NC
Warrenton, NC
Zebulon, NC

Cayce, SC
Chapin, SC
Clemson, SC
North Augusta, SC
Norfolk, VA
Selma, VA

Higher Education:

Francis Marion University
Central Carolina Technical
College

Florence County (SC) School
District One
Orangeburg County (SC)
School District

Triangle Transit Authority
(GoTriangle)
Greenville (SC) Water
System
Greenwood Commissioners
of Public Works
Greer Commissioners of
Public Works
Santee-Lynches Regional
Council of Governments

School Systems:

Richland County (SC) School
District One
Sumter County (SC) School
District

Other Governmental Units:
Cape Fear Public Utility
Authority
Charleston (SC) Water
System

Brian Nicholson, CPA
Senior Manager



Brian is a senior manager with Mauldin & Jenkins. His experience with the firm covers a variety of state and local governmental organizations. Such experience is very balanced between cities, counties, education and other special purpose entities, and he stays steady all year long.

Brian spends 100% of his time serving state and local governments all of which utilize the new reporting model. Brian works with local governments in Georgia and South Carolina, and also serves various entities within the State of South Carolina’s reporting entity.

Brian is a senior manager with Mauldin & Jenkins. His experience with the firm covers a variety of state and local governmental organizations. Such experience is very balanced between cities, counties, education and other special purpose entities, and he stays steady all year long.

Brian spends 100% of his time serving state and local governments all of which utilize the new reporting model. Brian works with local governments in Georgia and South Carolina, and also serves various entities within the State of South Carolina’s reporting entity.



Years of Professional Experience and Years with the Firm

Brian has almost seven (7) years of experience in public accounting, all with Mauldin & Jenkins, serving a wide range of clients in the governmental sector. Brian started in the Macon, Georgia office, but has since been in the Columbia, South Carolina office for the past 4+ years.

List of Audits Performed for Governments in the Last Two Years

Cities:

- Aiken, SC
- Brunswick, GA
- Charleston, SC
- Chapin, SC
- Clover, SC
- Goose Creek, SC
- Hardeeville, SC
- Hemingway, SC
- Hendersonville, NC
- Johnsonville, SC
- North Augusta, SC
- North Charleston, SC
- Orangeburg, SC
- Pamplico, SC
- Rock Hill, SC
- Summerville, SC
- Wilkesboro, NC

Counties:

- Beaufort County, SC
- Berkeley County, SC
- Calhoun County, SC
- Colleton County, SC
- Darlington, County, SC
- Edgefield County, SC
- Greenville County, SC
- Henry County, GA
- Lancaster County, SC
- Laurens County, SC
- Oconee County, SC

Higher Education:

- Aiken Technical College
- Central Carolina Technical College
- Coker University
- Denmark Technical College
- Morris College
- Northeastern Technical College
- Tri-County Technical College
- Trident Technical College
- Williamsburg Technical College

State Government Entities:

- South Carolina Department of Transportation
- South Carolina Jobs-Economic Development Authority
- South Carolina Insurance Reserve Fund
- South Carolina Transportation Infrastructure Bank

Other Governmental Entities:

- Charleston Water System
- Catawba River Water Supply Project
- Edgefield County Water & Sewer Authority
- Georgetown County Water & Sewer Authority
- Greer Commission of Public Works
- Greenwood Commissioners of Public Works
- Pee Dee Regional Transportation Authority
- Santee Wateree Regional Transportation Authority
- Waccamaw Regional Transportation Authority

Chad Jackson
Senior Associate



Chad is a Senior Associate with Mauldin & Jenkins. His experience with the firm covers a variety of state and local governmental organizations. Chad spends the majority of his time serving state and local governments all of which utilize the new reporting model. Chad works with local governments in North and South Carolina.

Years of Professional Experience and Years with the Firm

Chad has a total of 9 years of experience working with governments; almost 4 years of experience in public accounting, as well as 5 years working in state government with the State of South Carolina.

List of Audits Performed for Governments in the Last Two Years

Counties:

- Gates County, NC
- Orange County, NC
- Wake County, NC
- Greene County, NC
- Columbus County, NC
- Halifax County, NC
- Moore County, NC
- Montgomery County, NC
- Lancaster County, SC
- Fairfield County, SC
- Edgefield County, SC

Municipalities:

- Town of Zebulon, NC
- Town of Wilkesboro, NC
- Town of Selma, NC
- Town of Garner, NC
- Town of Black Mountain, NC
- City of Jacksonville, NC
- City of Hendersonville, NC

Other Governmental

Entities:

- South Carolina Department of Transportation
- South Carolina Transportation Infrastructure Bank
- Charleston Water System
- SC Centers of Economic Excellence
- Santee Lynches Regional Council on Governments
- South Carolina Public Charter School District

8. Education and Training of Engagement Team

Tim Lyons, CPA
Engagement Partner

Degree/Certifications and Audit Training

Tim graduated in 2006 from Furman University in Greenville, South Carolina with a Bachelor of Arts in Accounting and subsequently, obtained his Master of Science in Accountancy from the College of Charleston (South Carolina) in 2009. Tim holds active CPA licenses in North Carolina, South Carolina and Georgia.

Tim has obtained and instructed a significant amount of continuing professional education over the last three years, including:

- Podcasts Hosted with LumiQ During 2023:
 - “GASB Updates for 2023 and Beyond” (Spring 2023)
 - “Audit Considerations and Risks for Government Financing (Summer 2023)
 - “GASB 94” (Fall 2023)
- 2023 Government Finance Officers Association of the US & Canada – Annual Governmental GAAP Update Webcast – Participant
- 2023 Government Finance Officers of South Carolina Annual Conference – Live Conference (Hilton Head Island, SC) – Instructor (“Auditing Standards and Yellow Book Updates for 2023”)
- 2023 Mauldin & Jenkins Annual Governmental Conference – Live Conference (Chattanooga, TN) – Instructor and Participant
- 2023 UNC School of Government Local Government Auditor Conference – Virtual Conference – Instructor (“Auditing Standards and Yellow Book Updates for 2023”)
- 2023 Mauldin & Jenkins Government Client CPE– Virtual Conference – Instructor (“Updates in the Debt Environment for State and Local Governments”)
- 2023 South Carolina Association of School Business Officials – Spring Conference Myrtle Beach, South Carolina – Instructor (“New GASB Standards and Upcoming Changes in School District Accounting”)
- 2022 Mauldin & Jenkins Government Client CPE– Virtual Conference – Instructor (“Implementing GASB Statement 87”)
- 2022 Mauldin & Jenkins Government Client CPE– Virtual Conference – Instructor (“GASB Update”)
- 2022 Mauldin & Jenkins Annual Governmental Conference – Virtual Conference – Instructor and Participant
- 2021 South Carolina Association of CPAs Fall Fest – Instructor (“Accounting for Debt in a Government”)
- 2021 AICPA Webcast – Participant (“Navigating the New AICPA Ethics Interpretation: State and Local Government Client Affiliates”)
- 2021 South Carolina Association of CPAs Virtual Webinar – Instructor (“Overview of the ACFR and Common Deficiencies in Seeking the GFOA Certificate”)
- 2021 Mauldin & Jenkins Annual Governmental Conference – Virtual Conference – Instructor and Participant
- 2021 South Carolina Association of CPAs Spring Splash Virtual Conference – Instructor (“Reporting Issues with Component Units and Changes Brought on by GASBs 84 and 97”)



- 2021 Mauldin & Jenkins Government Client CPE – Virtual Webinar – Instructor (“GASB Update and GASB 87”)
- 2021 Mauldin & Jenkins Government Client CPE – Virtual Webinar – Panelist (“Ask the Auditor!”)

Doug Moses, CPA
Quality Assurance Partner

Degree/Certifications and Audit Training

Doug graduated from Georgia Southern University in 1999 with a Master of Business Administration with emphasis in accounting and from Georgia Southwestern State University in 1997 with a Bachelor of Business Administration degree with a major in accounting (Magna Cum Laude). He has been a speaker at free quarterly CPE provided to our clients and several internal conferences.

Doug has obtained and instructed a significant amount of continuing professional education over the last three (3) years including:

- 2023 M&J Annual Governmental Accounting & Auditing Conference – Participant
- 2023 OCTANE Governmental Accounting Conference –Participant
- 2023 GGFOA Governmental Conference – Participant
- 2022 M&J Free Client CPE Classes – Coronavirus State & Local Fiscal Recovery Fund – The Final Rule is Here! – Participant
- 2022 M&J Advancing Advisory Lunch & Learn- Entrepreneurial Operating System - Participant
- 2022 M&J Annual Governmental Accounting & Auditing Conference, Virtual – Participant
- 2022 OCTANE Governmental Accounting Conference – Instructor and Participant
- 2022 GGFOA Governmental Conference – Participant
- 2021 Rainmaker Training – Participant
- 2021 GASB Update and GASB 87, Leases – Participant
- 2021 M&J Annual Governmental Accounting & Auditing Conference, Virtual - Participant
- 2021 OCTANE Governmental Accounting Conference – Instructor and Participant
- 2021 M&J Achieving Excellence in Financial Reporting – Ask the Auditor – Participant and Panelist
- 2021 Highlights of the 2020 Compliance Supplement, Webinar – Participant
- 2021 Provider Relief Fund Updated Reporting Requirements - Participant
- 2021 Coronavirus State & Local Fiscal Recovery Fund – What We Know Now – Participant
- 2021 GGFOA Governmental Conference – Participant



LeAnn Bagasala
Client Service Director

Degree/Certifications and Audit Training

LeAnn graduated from East Carolina University with a Bachelor of Science in Accounting and subsequently a Master of Science in Accountancy. Additionally, LeAnn has obtained and instructed a significant amount of continuing professional education over the last three years including:

- 2023 Managing People, Risk and IRS Requirements – Participant
- NCGFOA 2023 Fall Conference – Participant
- 2023 Advancing Advisory: Governmental – Participant
- 2023 Accounting and Auditing Potpourri – Participant
- 2023 Accounting and Auditing Potpourri – Instructor- “Detecting Fraud Before It’s Too Late – Revenue”
- NCGFOA 2023 Summer Conference – Participant
- 2023 Governmental Conference – Participant
- 2023 Governmental Conference – Instructor-“Improving and Excelling in Client Service in a Remote Environment”
- 2023 Advancing Advisory: Nonprofit – Participant
- 2023 Yellow Book Update- Participant
- 2023 Accountants’ Responsibility Regarding Fraud, Part I
- 2023 Octane Conference -Instructor- “Detecting Fraud Before It’s Too Late – Revenue”
- 2023 Ethics for Virginia CPAs – Participant
- 2022 GAAS Update – Participant
- 2023 Not-for-profit Accounting and Auditing Update- 2023- Participant
- NCGFOA 2023 Spring Conference- Participant
- 2022 Internal Inspection Findings and Suggestions – Participant
- 2022 Internet Crime, Cybersecurity and Privacy Updates – Participant
- NCGFOA 2022 Fall Conference- Participant
- 2022 Governmental Conference
- 2022 GASB Update- Participant
- 2022 Managing a Virtual Team – Participant
- 2022 Audit Update- Participant
- 2022 Ethics and Professional Conduct for Virginia CPAs – Participant
- 2022 Independence Requirements for Auditors - Participant
- Elliott Davis February 2022 A&A Monthly Webcast – Participant
- Elliott Davis 2022 A&A Kickoff – Participant
- Elliott Davis December 2021 A&A Monthly Webcast – Participant
- NCGFOA 2021 Fall Conference – Participant
- Elliott Davis November 2021 A&A Monthly Webcast – Participant
- Elliott Davis October 2021 A&A Monthly Webcast – Participant
- Elliott Davis September 2021 A&A Monthly Webcast – Participant
- 2021 Galasso Learning Solutions GASB Update – Participant
- 2021 Virginia Society of CPAs Government Ethics Theory and Application – Participant
- 2021 NCGFOA Virtual Spring Conference – Participant
- Elliott Davis May 2021 A&A Monthly Webcast – Participant
- Elliott Davis February 2021 A&A Monthly Webcast – Participant



Brian Nicholson, CPA
Senior Manager

Degree/Certifications and Audit Training

Brian graduated from the Georgia College & State University with a B.B.A. in Accounting. He is a Certified Public Accountant. In addition, Brian has obtained a significant amount of continuing professional education over the last three years, as a participant in several seminars and courses including:

- 2023 Spring Mauldin and Jenkins Quarterly CPE
- 2023 SCACPA Fall Fest Accounting Conference
- 2023 Student Financial Aid Seminar - Online
- 2023 Mauldin and Jenkins Governmental Conference - Instructor
- 2022 Mauldin & Jenkins Government Client CPE– Virtual Conference – (“Implementing GASB Statement 87”)
- 2022 Mauldin & Jenkins Government Client CPE– Virtual Conference – (“GASB Update”)
- 2022 Mauldin & Jenkins Annual Governmental Conference – Virtual Conference
- 2022 Mauldin & Jenkins LEAP Conference – Instructor
- 2022 Student Financial Aid Seminar – Online
- 2022 Mauldin & Jenkins ACFR Training - Instructor
- 2021 Compliance Supplement Addendum Webinar – Self Study
- 2021 Student Financial Aid Seminar - Online
- 2021 Thomson Reuters Audit Watch Level 6 – Online
- 2021 Mauldin & Jenkins GASB Update & GASB 87, Leases - Online

Chad Jackson, CPA
Manager

Degree/Certifications and Audit Training

Chad graduated from the University of South Carolina with a B.S. in Accounting, and a licensed CPA in the State of South Carolina. In addition, Chad has obtained a significant amount of continuing professional education over the last two years, as a participant in several seminars and courses including:

- 2023 Mauldin & Jenkins Annual Governmental Conference – Chattanooga, Tn.
- 2023 Single Audit Training
- 2022 Mauldin & Jenkins Annual Governmental Conference – Athens, Ga.
- 2022 Thomson Reuters Audit Watch Level 5 – Atlanta, Ga.

GASB Reporting and Training

Our proposed engagement team has obtained a significant amount of experience and education with all GASB reporting requirements over the last several years. Included with each proposed team member’s bio (above) is a complete list of all CPE attended (and related certifications) over the last three years.

9. Keeping Staff Informed of Emerging Issues

As we've noted earlier, serving state and local governments is a major part of our Firm. As a result, we've invested significant resources into this industry as we work with governments year-round.

We take regular, proactive steps to keep our staff informed of emerging issues that governmental entities face. We accomplish this by doing the following:

- Your proposed engagement partner (Tim Lyons) is a member of the AICPA's State and Local Government Expert Panel (SLGEP). The SLGEP works directly with the standard setters (GASB, OMB, etc.) in reviewing and commenting on proposed guidance, serving on task forces to conduct research on emerging issues, etc. In the last few months, Tim led a task force in writing the comment letter to GASB on its proposed guidance involving Certain Capital Assets Disclosures and currently sits on a task force assisting with research into the GASB's project on Going Concern Uncertainty and Severe Financial Stress.
- To ensure this up-to-date knowledge is communicated regularly with our staff, Tim hosts a regular internal webinar for Firm personnel called "Technical Topics Tuesdays." On a monthly basis, Tim hosts a one hour Zoom meeting for all governmental personnel to discuss and review these emerging issues. Staff are afforded the opportunity to ask questions, present issues that they are hearing and seeing with their clients, etc.
- Annually, all Firm personnel who work in our governmental practice attend the Mauldin & Jenkins Governmental Conference. This three-day event brings all of our practice members together to review new accounting and reporting standards, new audit standards, emerging issues from OMB and the Comptroller General, etc. This training conference is geared towards making sure all personnel are updated and ready for the upcoming audit season.
- Finally, as it relates to North Carolina specifically, we have a great working relationship with the UNC School of Government (Tim has taught at the annual Local Government Auditors Conference the last 2 years) and the LGC. We serve on the NCACPA's Government Audit Committee and attend all NCGFOA conferences to ensure that any North Carolina specific items are communicated to all relevant personnel on a timely basis.

10. Professional Experience of Proposed Team Auditing Relevant Functions

Our proposed engagement team provides a combined over fifty years of experience providing financial and compliance audit services to local governments throughout the southeast. Each member of the engagement team spends 100% of their time providing these services to our governmental clients. Each member of the team has previous experience, including services provided in the most recent 2022 fiscal year audits, providing services to governments which provided the following services:

- Water & Sewer services
- Electric services
- Gas services
- Solid Waste/Garbage services
- Transportation services

Additionally, each of the proposed engagement team have served the following type of entities:

- Counties
- Municipalities
- School Districts (County and Municipal)
- State agencies
- Development Authorities
- Airport Authorities
- Convention and Tourism Bureaus
- Stand-alone Utility Authorities
- Libraries

11. Specialized Skills of Engagement Team

Tim Lyons, CPA
Engagement Partner

Professional and Civic Activities: Tim is involved in a variety of organizations to both support the governmental industry and to promote the CPA profession overall. At the national level, he is a graduate of the AICPA's Leadership Academy, Class of 2012 and is a current member of the AICPA's State and Local Government Expert Panel. As a part of this fifteen-member panel, Tim works on financial reporting, audit and attest matters relevant to audits of state and local government financial statements. The expert panel protects the public interest by bringing together knowledgeable parties in the state and local government industry to deliberate and come to agreement on key state and local government issues. It also plays a significant advocacy role through analysis and comment on exposure documents of the Governmental Accounting Standards Board and other proposals affecting state and local governments.



Also at the national level, Tim is a member of the Special Review Committee for the Government Finance Officers' Association (GFOA), reviewing Annual Comprehensive Financial Report submissions from all across the U.S. for governments seeking to obtain the Certificate of Achievement for Excellence in Financial Reporting.

At the state level, Tim is involved with the state GFOA organizations as a periodic presenter at the annual conferences as well as with the State CPA societies. Outside of the CPA profession, Tim was appointed by Governor Henry McMaster to the Board of Directors for Children's Trust of South Carolina. Children's Trust is the only statewide organization whose mission is the prevention of child abuse, neglect and injury throughout South Carolina by forming partnerships with local governmental and nonprofit organizations including many counties, school districts, and other governmental agencies.

Doug Moses, CPA
Quality Assurance Partner

Doug is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, Georgia Society of Certified Public Accountants, Government Finance Officers Association, the National Association of Black Accountants, the Georgia Government Finance Officers Association and the Association of Government Accountants.

Doug is also an active member of the Georgia Southwestern's GSW Foundation, Inc., and the alumni board of trustees for Georgia Southwestern State University where he is the past-president of the Alumni Board and past-chair of the GSW Foundation. He has spoken at several graduation commencements which included the December 2005 Graduation Commencement at Georgia Southwestern State University in which the former President Jimmy Carter and his wife attended (the former President personally commended Doug on his speech during a private luncheon held on campus). Doug also serves on the Educational Foundation of the Ga Society of CPAs where he serves as the Chair for the College Outreach Committee.

LeAnn Bagasala, CPA
Client Service Director

Professional and Civic Activities: LeAnn is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, and North Carolina Association of Certified Public Accountants. LeAnn frequently attends North Carolina Government Finance Officers Association conferences, events, etc. and is an active member of the Junior League of Greenville.

Brian Nicholson, CPA
Senior Manager

Professional and Civic Activities: Brian is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, Georgia Society of Certified Public Accountants, and the South Carolina Association of Certified Public Accountants.



12. Mauldin and Jenkins' Independence Policies

We hereby affirm that Mauldin & Jenkins, LLC is independent with respect to the City of Hendersonville, North Carolina and related outside entities as defined by generally accepted auditing standards.

We meet the independence standards of Generally Accepted Auditing Standards and the U.S. General Accounting Office *Government Auditing Standards* (2018 revision). We are also independent with respect to the City within the meaning of Part 1.200 of the Code of Professional Conduct of the American Institute of CPAs and the applicable published rules and interpretations thereunder.

To further understand the above paragraph, we have not:

- Prepared or performed reconciliation services;
- Performed bookkeeping services; or,
- Provided other consulting services

for the City during the past year or any time prior. Independence is very important to the integrity of an audit, and we are independent with respect to the City. Further, we have no conflicts of interest or local bias.

We have had no business relationships or made payments to any officer or employee of the City Council or Board of Directors of the City of Hendersonville, North Carolina who is or has been in a policy making or significant management position relating to any aspect of the proposed work in the past five years. Our Firm, nor any partner or employee, has made any contributions to any political campaigns of any person serving as on City Council or as a Board of Director member of the City of Hendersonville, North Carolina. We have made no payments or commitments to make payments to any person, Firm or corporation for services rendered in soliciting business for the City of Hendersonville, North Carolina. Written notice will be provided to the City provided any professional relationships are entered into with the City during the period of this agreement.

We will conduct our audits objectively and will report findings, opinions, and conclusions objectively. As noted above, we are free from personal and external impairments to independence, are organizationally independent and will maintain an independent attitude and appearance so that opinions, conclusions, judgments, and recommendations are impartial and will be viewed as impartial by knowledgeable parties. There are no situations that might lead others to question our independence.

An excerpt from the Firm's Policy Manual on our policies and procedures is included in **Appendix A**.



13. Mauldin & Jenkins’ Insurance Policies

Mauldin & Jenkins carries sufficient commercial insurance to cover the minimum requirements. Mauldin & Jenkins also agrees to have a Certificate of Insurance properly executed by our insurance company upon notice of award of audit contract, if so desired. Our insurance companies, Cincinnati Insurance Company and the Travelers Indemnity of America are licensed (admitted) in the State of North Carolina per review of the North Carolina Department of Insurance (NCDOI) website. The NCDOI website lists these Insurers with the “Company Type” of F&C.

14. Regulatory Actions

Mauldin & Jenkins has not had any disciplinary actions taken (nor are any pending) against the Firm during the past three years with any state or Federal regulatory bodies or professional organizations.

15. Why Mauldin and Jenkins

We believe that we are the right firm for the City of Hendersonville for three (3) main reasons:

1. **Large Firm Resources; Small Firm Feel.** Mauldin & Jenkins is a national leader in the governmental industry. A previous Firm partner is the current GASB Chair; a current Firm partner is a member of the AICPA’s State and Local Government Expert Panel; another current Firm partner is a member of the AICPA’s Government Audit Quality Center Executive Committee. We combine this level of leadership, presence, and knowledge with the feel of a small firm. You will have direct access to your engagement partner who is involved every step of the way in your audit process.
2. **A One Stop Shop for Governments.** The Governmental Practice of Mauldin & Jenkins has all of the resources and personnel to serve your needs. In addition to annual auditing services, we’ve performed the following for our governmental clients just in the last twelve (12) months:
 - a. **Advisory Projects** that examine all aspects of government operations, budgeting, etc.
 - b. **IT Consulting Projects** that assist with examining cybersecurity threats, policies, procedures, etc.
 - c. **Tax Advocacy Projects** that have abated erroneously assessed IRS penalties.

No matter what needs arise, we have all of the resources and personnel to serve the City.

3. **Experience working with the City.**

There are proponents in the governmental sector that believe in changing auditors periodically. The belief is that changing auditors improves audit quality of an audit by providing a “fresh look”.

Recognizing this proposal is a rebid of financial and compliance audit services currently provided by Mauldin & Jenkins to the City of Hendersonville, and the possibility that governing board members and evaluation team members may believe it to be prudent to rotate auditors on a periodic basis, we would like to offer the following actual headline and article which was posted on the AICPA’s Center for Audit Quality website:



**CENTER
 FOR AUDIT
 QUALITY**

Accounting Today reports that a new academic paper calls mandatory audit firm rotation into question. Based on a complex experiment involving students who did not even know they were playing the role of auditors; **the study concludes that mandatory rotation could inhibit professional skepticism rather than encourage skepticism.**

“Professional skepticism requirements are intended to elevate auditors' skepticism of their clients and, ultimately, audit quality,” the study says. **“This benefit disappears and even reverses when auditors rotate.** That is, rotation and a skeptical mindset interact to the detriment of audit effort and financial reporting quality.”

The study argues that auditors who are subject every few years to mandatory rotation feel less confident about their ability to audit a new client. "Rotating auditors, aware that they will not be in a long-term relationship, will...likely perceive themselves to be less competent in evaluating the honesty or dishonesty of the [corporate] manager relative to auditors who do not rotate." As a result, **"rotating auditors would find it difficult to garner psychological support for the probability of manager dishonesty, leading them to be less likely to choose high levels of audit effort than non-rotating auditors."**

The above conceptual thoughts as researched and issued by *Accounting Today* and the AICPA Audit Quality Center are considered to be relevant to all certified public accounting firms. We tend to agree with the thoughts communicated herein by the AICPA's Center for Audit Quality. That being said, if you feel differently from the conceptual thoughts communicated above, and that a rotation of auditors is necessary, it is important to note that Mauldin & Jenkins has substantial people resources and can accommodate a change in: 1) lead partner, 2) quality assurance partner, 3) audit staff, and 4) office, should the City believe such changes are necessary.

16. References for Different Governmental Agencies

In Section #4 above, we've provided the City with five (5) client references. We are, of course, happy to provide any additional references that the City believes are necessary. We believe that we have satisfied this request earlier in our proposal but certainly if the City would like additional clients to contact, please let us know.



Closing

We appreciate the opportunity to serve City of Hendersonville, North Carolina. We believe Mauldin & Jenkins is the “right” Firm for the City. Our experience and knowledge in the governmental sector of accounting is vast and ever improving. We would be very pleased to share our experience and understanding of governmental accounting and operations for the benefit of the City.

We would greatly appreciate your recommending us for your continued audit, accounting, and financial reporting needs. Should you or anyone at the City have any questions with regards to this proposal or about Mauldin & Jenkins, please feel free to contact us.

Appendix A

*Copy of Mauldin & Jenkins' Policy and Procedures
Regarding Independence*

Appendix A
Firm's Statement of Policy and Procedures
(excerpt from Firm's Policy Manual)

RELEVANT ETHICAL REQUIREMENTS

It is the Firm's policy that all professional personnel be familiar with and follow relevant ethical requirements of the AICPA, contained in the *Code of Professional Conduct*, the Boards of Accountancy in States in which the Firm provides services, and the State CPA Societies in which the Firm provides services in discharging their professional responsibilities. Furthermore, it is the policy of our Firm that, for engagements subject to *Government Auditing Standards*, Public Company Accounting Oversight Board ("PCAOB") standards, and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards, including any that may be more restrictive. Any transaction, event, circumstance, or action that would impair independence or violate the Firm's relevant ethical requirements policy on an audit, attest, review, compilation, or other service subject to the standards of the AICPA Auditing Standards Board or the AICPA Accounting and Review Services Committee (as required under the *General Standards and Compliance With Standards Rules*) is prohibited. Additionally, when the Firm and its professional personnel encounter situations that raise potential independence threats, but such situations are not specifically addressed by the *independence rule* of the AICPA *Code of Professional Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for Independence* and applying professional judgment to determine whether an independence breach exists. The Firm will take appropriate action to eliminate threats to independence or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the Firm will withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach.

Although not necessarily all-inclusive, the following are considered to be prohibited transactions and relationships:

1. Investments by any partner or professional employee in an attest client's business during the period of a professional engagement, including a commitment to acquire any direct or material indirect financial interest in a client.
2. An investment in an entity or property by any of the following individuals and the attest client (or the client's officers or directors, an affiliate or any partner who has the ability to exercise significant influence over the client) that enables them to control (as defined by GAAP for consolidation purposes) the entity or property:
 - a. An individual on an attest engagement team.
 - b. An individual in a position to influence the attest engagement by doing any of the following:
 - i. evaluating the performance or recommending the compensation of the attest engagement partner/director,
 - ii. directly supervising or managing the attest engagement partner/director and all of that partner's superiors,
 - iii. consulting with the attest engagement team about technical or industry-related issues specific to the engagement, or
 - iv. Participating in or overseeing quality control activities, including internal monitoring, with respect to the attest engagement.
 - c. A partner, director or manager who provides nonattest services to the attest client beginning once he or she provides ten or more hours of nonattest services to the client within any fiscal year and ending on the later of the date:
 - i. the Firm signs the report on the financial statements for the fiscal year during which those services were provided, or
 - ii. he or she no longer expects to provide ten or more hours of nonattest services to the attest client on a recurring basis.
 - d. A partner/director in the office in which the lead attest engagement partner/director primarily practices with respect to the attest engagement.
 - e. The Firm and its employee benefit plans.
3. Borrowing from or loans to a client, an affiliate, or client's personnel during the period of a professional engagement by any of the individuals listed in items 2. a.–e., except as grandfathered or permitted.
4. Accepting or offering gifts or entertainment from or to a client unless reasonable in the circumstances or approved by the Managing Partner.

5. Certain family relationships between professional personnel and client personnel. (Consult the Assurance Committee for a ruling on such relationships.)

Notwithstanding the preceding policy and list of prohibited transactions and relationships, at the Managing Partner's discretion, certain prohibitions can be waived if it is deemed to be in the best interest of the Firm. However, in so doing, the engagement service performed for the client must be limited to that allowed by AICPA professional standards.

The Firm ensures compliance with this policy by implementing the following procedures:

1. All personnel have ready access to the relevant ethical requirements to which the Firm is subject. Those requirements include the AICPA *Code of Professional Conduct*, the State Boards of Accountancy in states where we provide services, and the State CPA Societies ethical requirements in states where we provide services. The Firm provides access to those ethical requirements to all professional personnel. The Firm expects its personnel to be familiar with those relevant ethical requirements.
2. All professional personnel who work on attest engagements and are required to be independent sign an independence statement when hired (and annually thereafter) acknowledging their familiarity with the Firm's relevant ethical requirements policy and procedures, particularly with regard to independence. The independence statement also lists known circumstances and relationships, if any, that may create a potential threat to independence or violate the Firm's relevant ethical requirements policy. The Firm keeps a copy of the independence statements, which includes the professional standards of relevant ethical requirements that govern the Firm. Professional standards, including the AICPA's *Conceptual Framework for Independence*, and the advice of the Assurance Committee are consulted if an employee is unsure if a threat to independence should be reported to the Managing Partner.
3. All professional personnel review the Firm's current client list in conjunction with completing the annual independence statement for identification of threats to, or breaches of, independence. The current client list is maintained by Central Office and changes to the list are communicated on a timely basis by a memorandum from Central Office. When hired (and annually thereafter), all professional personnel are required to sign an independence statement, as stipulated in Procedure 2 above, that confirms this responsibility.
4. Ethics training is provided or obtained for professional personnel as required by relevant State Boards of Accountancy. Additional training is provided as needed (or required) that covers the Firm's relevant ethical requirements policy and procedures and the independence and ethical requirements of all applicable regulators.
5. To ensure that independence is properly addressed at the engagement level, as part of the acceptance and continuance decision, the engagement partner/director obtains and considers relevant information about the engagement and evaluates circumstances and relationships that could cause a potential threat to independence, if any. In addition, for audit and review engagements, the engagement partner/director forms a conclusion on compliance with independence requirements. In evaluating potential independence threats, any familiarity threat related to senior personnel recurring on an audit or attest engagement for five years or more will be considered, including any other specific rotation requirements of regulatory agencies or other authorities. Additionally, the work programs and forms in the attest materials used by the Firm contain steps requiring an evaluation of independence on each new and recurring engagement. Furthermore, those materials contain reporting guidance for the types of engagements where a lack of independence is allowed. All professional personnel remain alert for any evidence of noncompliance with relevant ethical requirements during the engagement and are required to promptly notify the engagement partner/director and the Managing Partner or the Assurance Committee of any circumstances or relationships that may create a potential threat to independence (such as a potential prohibited transaction) or an independence breach, so that appropriate action can be taken. For clients of whom the firm is not independent, the only attest service performed is a compilation, and the firm discloses its lack of independence in the related report.
6. If a potential threat to independence is identified, the Assurance Committee accumulates and the Managing Partner communicates relevant information to appropriate personnel so (a) Firm management and the engagement partner/director can determine whether they satisfy independence requirements, (b) the engagement partner/director can take appropriate action to address identified threats to independence, and (c) the Firm can maintain current independence information. For clients of whom the Firm is not independent, only compilation services are performed and the Firm discloses the lack of independence in its accountant's reports for those clients.

7. If performing a group audit, the Firm is required to obtain a written representation regarding the component auditor's independence with respect to the client. The auditing materials used by the Firm contain examples of representation letters to use in such situations. Furthermore, in a review or attest engagement, if another Firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other Firm's independence is required. The engagement programs in the attest materials used by the Firm contain steps to ensure compliance with this procedure.
8. The engagement partner/director (or the accountant in charge under the partner's supervision) has the primary responsibility for determining if there are unpaid fees on any of his or her clients that would impair the Firm's independence. The engagement work programs and standard forms used by the Firm contain steps to ensure compliance with this procedure. The Firm's client accounts receivable listing and the engagement partner/director's knowledge of unbilled fees should be considered in making this determination. In addition, the Managing Partner has secondary responsibility to review the Firm's accounts receivable listing on a periodic basis to identify potential independence problems.
9. The engagement partner/director has the primary responsibility to identify all nonattest services performed for an attest service client and for determining if such nonattest services threaten independence with respect to that client. Reviewing nonattest services performed for attest clients includes obtaining and documenting an understanding with the client regarding the client's responsibilities for the nonattest services performed by the Firm (including how the firm was satisfied that client personnel had the skills, knowledge, or experience to oversee the nonattest services). The Firm will only provide nonattest services to an attest client when the client accepts its responsibilities. Where applicable, this includes determining whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards*. Firm engagement work programs for all attest and compilation engagements include steps to ensure compliance with this procedure.
10. The engagement partner/director has the primary responsibility for determining whether actual or threatened litigation has an effect on the Firm's independence with respect to the client. The Firm's independence could be impaired by litigation (a) between the client and the Firm, (b) with the client company's securities holders, and (c) from other third parties.
11. If the Firm is engaged as principal auditor to report on the basic financial statements of a financial reporting entity, all professional personnel must be independent of the financial reporting entity. If the Firm is engaged as principal auditor to report on a major fund, non-major governmental and enterprise fund, internal service fund, fiduciary fund, or blended component unit of the financial reporting entity, all professional personnel must be independent of the fund or entity the Firm reports on. The engagement partner/director has the primary responsibility for determining whether the Firm's relationship with entities in the governmental financial statements has an effect on independence.
12. The Managing Partner has the primary responsibility for determining whether the Firm was a party to a cooperative arrangement with a client that was material to the Firm or the client.
13. The Managing Partner is responsible for monitoring the Firm's independence of attest clients at which partners or other senior personnel have been offered management positions or have accepted offers of employment. The independence, integrity, and objectivity questionnaire used by the Firm, and the client acceptance checklists used by the Firm in attest engagements, include questions to help ensure compliance with this requirement.
14. The Managing Partner and the Assurance Committee are responsible for obtaining the annual employee independence statements, reviewing them for completeness, and accumulating relevant information relating to identified threats in relevant ethical requirements matters (including questions from the annual independence statements and those from other sources). In determining a resolution, the Managing Partner and the Assurance Committee consider the AICPA's Code of Professional Conduct, including the *Conceptual Framework for Members in Public Practice* and the *Conceptual Framework for Independence* and, when necessary, consults the AICPA or the State CPA Societies for assistance in interpreting independence, integrity, and objectivity rules. Documentation of the resolution of a relevant ethical requirements matter is filed in the client's workpaper files. The Managing Partner is also responsible for determining actions to be taken when professional personnel violate Firm independence policies and procedures. The action for each incident is determined based on its unique circumstances and may include eliminating a personal impairment, requiring additional training, drafting a reprimand letter, or even termination. The chairman of the Executive Committee will annually review all potential independence matters identified from the annual independence statements and report the results of

his/her review to the Executive Committee.

15. If a breach of independence is identified, the breach and the required corrective actions are promptly communicated to (a) the Managing Partner, (b) the engagement partner/director, who (along with the Firm) needs to address the breach, and (c) other relevant personnel in the Firm and those subject to the independence requirements who need to take appropriate action and (d) those charged with governance at the attest client. The engagement partner/director confirms to the Managing Partner when required corrective actions related to the independence breach and noncompliance with these policies and procedures have been taken.
16. At least annually, the Assurance Committee reviews the Firm's RELEVANT ETHICAL REQUIREMENTS policy and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.



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