



## City of Hendersonville, North Carolina

### A Proposal to Provide Assurance Services

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**GOULD KILLIAN  
CPA GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

January 2024



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CPA GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

January 24, 2024

To: City of Hendersonville

We are pleased to submit our proposal to serve as independent auditors for the City of Hendersonville. We believe quality services delivered in a professional and courteous manner are the key to our success with our clients. Our recent expansion into an office in Hendersonville and Brevard has expanded our footprint in the area.

In addition, we would have Travis work as your direct partner on your audit team. **Having an experienced onsite team leader (Travis - with over 16 years of experience) brings significant consistency and value to our audit proposal. Our practice of having a "seniored" person on site for the duration of the audit gives a significant competitive advantage over other audit firms.**

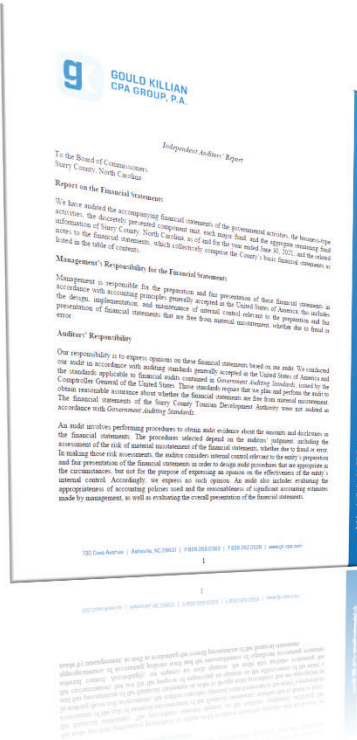
We appreciate the opportunity to propose on providing the requested services to your City. We will provide all of our firm's resources to ensure the highest level of service. We look forward to the possibility of beginning a relationship as City of Hendersonville' local audit firm.

Very truly yours,

Gould Killian CPA Group, P.A.

Daniel R. Mullinix, CPA  
Principal

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## Scope of Services

It is our understanding that Gould Killian CPA Group, P.A. (GK) will provide the following services, beginning with the fiscal year ending June 30, 2024, upon engagement as your auditors:

- Perform an audit and express an opinion on the fair presentation of the City's ACFR. The audit will encompass the City's financial reporting and compliance over major federal and state programs. The audit will be performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and all other applicable laws and regulations.
- Propose any necessary year-end closing adjustments for management approval, based on information provided by the City.
- Provide **open dialogue with management** during all stages of the audit, including planning and exit conferences, and ongoing communications regarding items needed to complete each stage of the audit.
- Communicate any significant deficiencies or material weaknesses. These conditions will be communicated to management when identified, reported in the schedule of findings in the compliance section of the financial statements, and included in the report to the Board.
- Issue a management letter at the conclusion of the audit, if appropriate. The management letter will be used to address findings communicated to management during the course of the audit that are important but that did not meet the threshold to be reported as a significant deficiency or material weakness. We are here to provide best practices and recommendations.
- Assist management in the preparation of the ACFR financial report of the City, including the basic financial statements, required supplementary information, other supplementary information, and statistical schedules which are based on information provided to us by the City. **The reports will be issued by October 31, 2024 or no later than the annual grace period of December 1** upon the City's approval unless unforeseen circumstances warrant a delay in issuance. There could be a delay depending on when the final compliance information for the City of Hendersonville is provided by applicable NC state agencies.
- Provide copies of the reports and other communications as requested.
- **Advise the City on accounting matters**, including accounting assistance during the audit and implementation of new GASB pronouncements.

# Requested Information

**Item 1 - Firm Location.**

Our services for the City will be performed by professionals from our offices located in Asheville, and Hendersonville, North Carolina.

**Item 2 - Staffing.**

We anticipate an engagement team from Asheville/Hendersonville office of four professional staff for the audit: twos principals, one senior and one audit staff member. Additional compliance team members may overlap with the financial audit team depending on the type of grant funding.

**Item 3 & 4 - Current and Prior Governmental Clients. (list for references at item 16)**

Local Governmental Audit Clients (Consecutive Years)	
[Prior within last two years]	
Rutherford County, NC	10+ Years
Madison County, NC (consulting and FS prep)	3+ Years
Haywood County, NC	4+ Years
Yancey County, NC	4+ Years
City of Weaverville, NC	10+ Years
City of Black Mountain, NC	(Prior) 8 Years
Surry County, NC	(Prior ) 3+ Years
Watauga County, NC	(Prior) 3 Years
City of Marion, NC	6+ Years
City of Spindale, NC	4+ Years
Woodfin Sanitary Water and Sewer Authority	10+ Years
Broad River Water Authority	4+ Years
City of Brevard, NC	10+ Years
Alleghany County, NC	(Prior ) 3 Years
Polk County, NC	(Prior) 5+ Years

# Requested Information

## *Item 5 - Additional Services.*

We currently provide consulting services specifically for one county including helping to close their year end accounting in preparation for their annual audit. We provide all the documentation needed as requested by their audit firm. In addition, we review the draft of the financial statements provided by their accounting firm and provide advice to financial management of the county.

We have assisted local governments their initial CAFR (now ACFR) implementation including obtaining the GFOA certificate of achievement every year we have served as their auditors. We have performed agreed-upon procedures when requested. In addition, we have performed the pension attest services per the State Auditor for many of our clients and the **Medicaid attest services** for all of our counties. We assist several clients with the preparation of their Annual Financial Information Reports.

## *Item 6- Peer Review Letter.*

Our past three peer reviews have earned the **highest positive designation**. Please see Appendix A to view a copy of our most recent peer review letter.

## *Items 7, 8, & 9 - Professional Experience and Qualifications.*

### Staffing commitment.

Our engagement team will be four professional staff: one principal, one senior manager, one in-charge and one audit staff member. Also, these individuals will work on compliance matters including testing major single audit programs.

Our audit team approach is different from other firms. Our involvement of the senior manager and principal is much more extensive than other firms that rely on senior and staff levels. The leadership of the audit team will be consistent and not change from year to year. Plus, the senior manager has prior experience as the role of assistant finance director in a North Carolina county.

Our commitment is a very high level of involvement from the partner and senior manager. This will bring over 30+ years of experience within your audit teams. We are the primary audit team. Our senior manager and in-charge will be fully engaged with your management team to ensure an efficient audit and address all concerns and questions in a professional and timely manner. We believe supervision is a key component in an effective and efficient audit. **A principal or in-charge will be on-site at all times during fieldwork.** We expect the principal to be on-site at least 80% of the time, and the in-charge to be on-site 100% of the time.

# Requested Information

## New Accounting Standards Implementation.

As noted previously, the members of the audit team receive annual training to stay current on governmental accounting and auditing issues, including new pronouncement implementation. We take advantage of conferences and seminars hosted by the UNC School of Government and the Local Government Commission (LGC), in addition to other conferences and webinars throughout the year. Every year seems to bring new challenges to governmental financial reporting, and we stay current on those changes so that we can advise and assist our clients.

## Your Professional Team.

Below are key members who will be engaged in the City's engagement team. Brief biographies which include relevant educational background, training, and professional experience.

### **Daniel R. Mullinix**

#### **Technical Engagement Principal**

Dan's governmental experience covers his 24+ year career in public accounting. His previous firm experience included Ernst & Young and Elliott Davis. He is the firm's assurance principal responsible for the governmental audit clients and an essential resource providing guidance and hands-on direction of the engagement. In 2018, he completed his MBA in Business Analytics at Clemson University.

### **Travis S. Keever**

#### **Engagement Principal (Primary Contact)**

As the engagement principal, Travis will be responsible for the overall audit planning, fieldwork and completion. He will be responsible for supervising staff as they execute the established audit plan, and evaluating the results of the audit. Travis has 16+ years of governmental auditing experience, auditing counties, municipalities, and authorities. His current audit responsibilities include managing all our county audits (Rutherford, Surry, Haywood, and Yancey) plus majority of the municipalities.

#### **Audit In-Charges and Staff**

Our audit staff are essential to providing an excellent audit. They are well trained through a combination of continuing professional education classes, hands-on programs and on-the-job training. Managers and supervisors provide continuous oversight and feedback throughout the audit process so that audit staff have the tools they need to perform the audit efficiently and effectively. Every member of our team is encouraged to use analytical and critical thinking skills in performing the audit and exhibit only the most professional behavior in interacting with each other and with our clients.

# Requested Information

## ***Item 9, 10 & 11 - Specialized Skill and Background.***

Travis Keever has prior experience within accounting and finance in a North Carolina county. He participated in specific training program with the UNC School of Government dealing with the different aspects of state and local regulation requirements, etc.

Dan Mullinix recently completed a 3 year MBA program in business data analytics with Clemson University. He participated in the program to build upon his skills in ways to analyze and use data within his accounting and audit profession to aid in providing more in-depth services to clients.

We perform significant number of NC governmental audits including municipalities and water authorities. We have the knowledge and a consistent team of individuals. We will not be a different team each year like other firms. We do not speak or provide articles etc. Our focus is serving our clients that have a positive experience and not a new team each year.

## ***Item 12 - Independence Standards.***

In all matters relating to our audit work, the City and our firm will be free from personal, external and organizational impairments to independence. If we use an outside specialist, we will ensure the specialist is not impaired. For services provided that are outside the scope of the audit, we will evaluate and ensure supplemental safeguards (if required) are complied with as mentioned in the Yellow Book Standards. If such non-audit services would impair our independence, we would not perform the non-audit service.

An excerpt from the firm's Quality Control Manual containing the Statement of Policy and Procedures related to independence for all attest engagements is provided at Appendix C. Our firm is active in monitoring the firm and team member relationships with our clients to adhere to all applicable independence standards including surveying our audit team members annually.

## ***Item 13 - Insurance Coverage.***

The firm consistently maintains appropriate insurance coverage including professional liability insurance in amounts we feel are adequate to meet any claims that may arise. In addition, we maintain consistent communication with our professional insurance carrier to identify potential risks, etc.

## ***Item 14 - Regulatory Action.***

There has been no regulatory action taken against our firm.

## ***Item 15 - Why Gould Killian?***

Although our firm is three offices with one being Hendersonville, we believe direct interaction with our clients. We do not believe in sending "blue" staff to work on your engagement with no consistent oversight. We will bring a team of knowledgeable staff and work efficiently to complete the audit and to provide an overall consistent good experience year by year. This is why majority of our clients stay with Gould Killian for the long-term.



# Requested Information

## Item 16 – Other (References).

### City of Weaverville

Tonya Dozier  
(Finance Officer)

828-645-7116

Client – 10+ Years



### City of Marion

Dawn Pendland  
(Finance Director)

828.652.3551 (Ext 305)

Client - 8+ Years



### City of Brevard

Dean Luebbe  
(Finance Director)

828-885-5600

Client - 10+ Years



Appendix A – Peer Review



# **BATCHELOR, TILLERY & ROBERTS, LLP**

CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 18068  
RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR  
WM. JAMES BLACK, JR.  
SCOTT E. CABANISS  
MICHELLE W. LEMANSKI  
JARED L. PILAND  
DAVID C. CORN, JR.

## **Report on the Firm's System of Quality Control**

3605 GLENWOOD AVENUE, SUITE 350  
RALEIGH, NORTH CAROLINA 27612  
TELEPHONE (919) 787-8212  
FACSIMILE (919) 783-6724

To the Owners of Gould Killian CPA Group, PA and the Peer Review  
Committee of Coastal Peer Review, Inc.:

We have reviewed the system of quality control for the accounting and auditing practice of Gould Killian CPA Group, PA (the firm) in effect for the year ended January 31, 2023. 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](http://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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 the requirements of applicable 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 an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

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 Gould Killian CPA Group, PA in effect for the year ended January 31, 2023, 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*. Gould Killian CPA Group, PA has received a peer review rating of *pass*.

*Butcher, Jilley & Roberts, LLP*

July 14, 2023

Appendix B – Statement of Policies and  
Procedures



## RELEVANT ETHICAL REQUIREMENTS

It is the firm's policy that all professional personnel be familiar with and adhere to relevant ethical requirements of the AICPA, contained in the Code of Professional Conduct, the State of North Carolina Board of Accountancy, and the State of North Carolina CPA Society in discharging their professional responsibilities. Furthermore, it is the policy of our firm that, for engagements subject to Government Auditing Standards and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest. Any transaction, event, circumstance, or action that would impair independence or violate the firm's relevant ethical requirements policy on an audit, attestation, review, compilation engagement, or other service subject to the standards of the AICPA Auditing Standards Board or the AICPA Accounting and Review Services Committee (as required under Rules 201 and 202) 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 rules of the AICPA Code of Professional Conduct, the situation will be evaluated by referring to the Conceptual Framework for AICPA independence Standards and applying professional judgment to determine whether an independence breach has occurred. The firm will take appropriate action to eliminate those threats 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 a client's business during the period of a attest 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 client (or the client's officers or directors, 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:
    - 1) evaluating the performance or recommending the compensation of the attest engagement partner,
    - 2) directly supervising or managing the attest engagement partner and all of that partner's superiors,
    - 3) consulting with the attest engagement team about technical or industry-related issues specific to the engagement, or
    - 4) participating in or overseeing quality control activities, including internal monitoring, with respect to the attest engagement.

- c. A partner 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:
    - 1) the firm signs the report on the financial statements for the fiscal year during which those services were provided, or
    - 2) 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 in the office in which the lead attest engagement partner primarily practices with respect to the attest engagement.
  - e. The firm and its employee benefit plans.
3. Borrowing from or loans to a client, 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 and approved by the managing partner.
  5. Certain family relationships between professional personnel and client personnel. (Consult the managing partner 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 professional personnel are required to sign a representation letter when hired (and annually thereafter) that acknowledges their familiarity with the firm's relevant ethical requirements policy and procedures, particularly with regard to independence. Such signed representation letters are also required from part-time, seasonal, and contract professionals and any other individuals who work on accounting and auditing engagements and are required to be independent. Ethics training is provided for professional personnel on a periodic basis. Such training covers the firm's relevant ethical requirements policy and procedures and the independence and ethical requirements of all applicable regulators.
2. All professional personnel review the firm's current client list in conjunction with completing the representation letter for identification of threats to, or breaches of, independence. The current client list is maintained by the Firm Administrator and changes to the list are communicated on a timely basis from the Board of Directors. When hired (and annually thereafter), all professional personnel are required to sign a representation that confirms this responsibility.
3. Ethics training is provided for professional certified personnel at least annually as required by the State of North Carolina Board of Accounting. 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.

4. To ensure that independence is properly addressed at the engagement level, the engagement partner will consider relevant information about client engagements and evaluate the overall effect, if any, on independence requirements as part of the engagement and acceptance decision. In making this determination, 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 terms in the accounting and auditing manuals used by the firm contain steps requiring an evaluation of independence on each new and recurring engagement. Furthermore, those manuals contain reporting guidance for the types of engagements where a lack of independence is allowed.
5. All professional personnel are required to promptly notify the Quality Control Partner 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. To acknowledge that responsibility, professional personnel are required when hired (and annually thereafter) to sign a representation letter and to list known circumstances and relationships that may create a potential threat to independence or violate the firm's relevant ethical requirements policy.
6. If a potential threat to independence is identified, the Quality Control Partner accumulates and communicates relevant information to appropriate personnel so (a) firm management and the engagement partner can determine whether they satisfy independence requirements, (b) the engagement partner can take appropriate action to address identified threats to independence, and (c) the firm can maintain current independence information.
7. If the firm is engaged as principal auditor and another firm is engaged to audit a subsidiary, branch, division, governmental component unit, or to perform procedures on an element or account grouping within a client's financial statement, the engagement team is required to obtain a written representation regarding the other firm's independence with respect to the client. The auditing manuals used by the firm contain examples of representation letters to use in such situations. Furthermore, in a review or attestation 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 accounting and auditing manuals used by the firm contain steps to ensure compliance with this procedure.
8. The engagement partner (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 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's knowledge of unbilled fees should be considered in making this determination. In addition, the Quality Control 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 has the primary responsibility to identify all nonattest services performed for an attest service client and for determining if such nonattest services impair 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. Where applicable, this includes determining



whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards* for ongoing, planned, and future audits. Firm engagement work programs for all attest and compilation engagements include steps to ensure compliance with this procedure.

10. The engagement partner 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, nonmajor fund, internal service fund, fiduciary fund, or governmental 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 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 Quality Control 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 engagement partner is responsible for obtaining the representation letters, reviewing them for completeness, and accumulating relevant information relating to identified threats to relevant ethical requirements matters (including questions from the representation letters and those from other sources). In determining a resolution, firm management should consider the AICPA's *Conceptual Framework for AICPA Independence Standards* and, when necessary, consult the AICPA or the North Carolina State CPA Society for assistance in interpreting independence, integrity, and objectivity rules. Documentation of the resolution of a relevant ethical requirements matter should be filed in the client's permanent workpaper files. Firm management 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.
14. The Quality Control Partner, in conjunction with the engagement partners, are 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 procedures used by the firm in attest engagements include questions to help ensure compliance with this requirement.
15. If a breach of independence is identified, the firm promptly communicates the breach and the required corrective actions to (a) the engagement partner, who (along with the firm) has the responsibility to address the breach and (b) other relevant personnel in the firm and those subject to the independence requirements who need to take appropriate action. The engagement partner confirms to the firm when required corrective actions related to the breach and noncompliance with these policies and procedures have been taken.
16. At least annually, the ethics partner 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.