# Total compensation proposed

As requested by the City, the audit fees to perform the financial and compliance audit for the years ended September 30, 2019 through 2021, as well as for the three one-year extensions, are detailed below:

| Year | Audit Fee | Federal Single Audit | State Single Audit |
|---|---|---|---|
| 2019 | $ 62,000 | $ 3,500 | $ 3,500 |
| 2020 | 63,500 | 3,500 | 3,500 |
| 2021 | 63,500 | 3,500 | 3,500 |
| 2022 | 65,000 | 4,000 | 4,000 |
| 2023 | 66,500 | 4,000 | 4,000 |
| 2024 | 66,500 | 4,000 | 4,000 |

*Note: Fee for federal and state single audit is per major program.*

## Notes to Schedule of Professional Fees

**Note (1) – Unlimited Correspondence:** It is Mauldin & Jenkins' policy to not charge for simple discussions and conversations that occur between the City and Mauldin & Jenkins that are only simple discussions (i.e., a phone call to ask certain questions that do not require additional research).

**Note (2) – Free Periodic Continuing Education:** As noted in our proposal, we provide free continuing education classes to our clients. This could amount to approximately $2,000 of annual savings for the City's finance department per person.

**Note (3) – Additional Services:** If it should become necessary for the City to request Mauldin & Jenkins to provide any additional services (such as bond issuances, etc.), then such additional work shall be performed only if set forth in an addendum to the contract between the City and Mauldin & Jenkins. Any such additional work agreed to between the City and the Firm shall be performed at the same rates set forth in this proposal.

**Note (4) – Cost Savings:** As noted throughout our proposal, we believe Mauldin & Jenkins has the experience and expertise to serve the City at the highest level (our experience includes service to over 450 governments including over 100 municipalities). Our experience allows us to be extremely efficient in providing the necessary services to the City.

**Note (5) – No Hidden Fees or Costs:** The above table contains all pricing information relative to performance of the audit as required by the City including all reimbursement for travel, lodging, communications, etc. Our estimated number of hours and the associated fee estimate indicated are based on our professional judgment and experience with similar governmental entities. So long as there are no significant changes in the operations or the scope of services requested, significant change in the number of major programs requiring single audit procedures, or significant problems requiring additional time, our quoted fees will not change.

**Note (6) – Single Audits:** For the City's audit, the fees proposed in the above table will only be charged if and when a federal or state single audit is required and will be charged per major program.

2.

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# TOTAL COMPENSATION PROPOSED

It is our policy to be open and frank on the subject of our fees. We are always prepared to discuss or explain our fee estimates or bills. Our goal is to arrive at a fee that is fair and beneficial to our clients and us.

## Proposed Cost of Services

Our proposed fees for services for the three years beginning with the fiscal year ending September 30, 2019, are detailed below. **Our fees are stated at "not to exceed" amounts and are all-inclusive.**

| Service | September 30, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| Audit of Financial Statements | $ 60,000 | $ 60,000 | $ 60,000 |

Our fees also include:

- Presentations at meetings related to the scope of this engagement, to discuss operations of your organization and changes in the environment in which you operate, and to review our audit results.
- Availability of technical and industry information to you on a year-round basis, and we will provide occasional consultation and assistance. **We consider this a part of our base fee.** If a request goes beyond the scope of our engagement, we will advise you in advance of doing any additional work and provide you with a fee estimate.

It is our expectation to work with management to continually improve the audit process to maintain our fees as low as possible. As such, there are **no required annual escalations** in our proposal for the first three years.

Proposed fees for the three, one-year extension periods would be as follows:

| Service | September 30, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Audit of Financial Statements | $ 62,000 | $ 62,000 | $ 63,000 |

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## Hourly Pricing Schedule

**Additional Hours in Initial Year**

We anticipate that our hours in the initial year will be an additional 10% to 15% higher than the total engagement hours in subsequent years. We do not focus our attention on short-term productivity measures when establishing a foundation for a successful, long-term relationship. Instead, our focus will be on meeting and exceeding your expectations for service. The time and cost of the initial audit has not been included in the fee estimates, as we consider this a part of our initial investment in you. **As part of our commitment, MSL will absorb the additional hours incurred in the initial year.**

Our hourly billing rates have not increased substantially over the past three years. The following table summarizes the ranges of hourly rates by position:

| Title | Hourly Rate |
|---|---|
| Shareholder | $250 - $300 |
| Director | $225 - $275 |
| Manager | $150 - $225 |
| Supervisor/Senior | $125 - $175 |
| Staff | $ 75 - $125 |
| Paraprofessional | $ 50 - $100 |

**The proposed cost of services should contain all pricing information to performing the audit engagement as described in this RFP. The total all-inclusive price is to contain all direct and indirect costs including all out-of-pocket expenses. Prices should be determined for each year of the contract and proposed price increases for the possible extension periods (initial three-year term, plus three one year extensions). In this section the proposer shall also submit their hourly pricing schedule should any additional services are needed.**

Below is a schedule of our professional fees for the audit of the year ended September 30, 2018.

| Staff Level | Hourly Billing Rate | Estimated Number of Hours | Total |
|---|---|---|---|
| Partner | $ 250 | 25 | $ 6,250 |
| Manager | 140 | 50 | 7,000 |
| Supervisor | 120 | 75 | 9,000 |
| Staff | 90 | 350 | 31,500 |
| Travel and Costs | N/A | N/A | 1,250 |
| Total | N/A | 500 | $ 55,000 |

We anticipate our fee for the audit of the basic financial statements for the years ended September 30 to be as follows:

| Year Ended September 30, | Financial And Compliance Audit |
|---|---|
| 2019 | $ 55,000 |
| 2020 | $ 55,000 |
| 2021 | $ 57,000 |
| **OPTION YEARS** | |
| 2022 | $ 57,000 |
| 2023 | $ 59,000 |
| 2024 | $ 59,000 |

Our firm commits to these "total all-inclusive maximum fees" for each of the audit years. These total fees include all direct and indirect costs, including all out-of-pocket expenses.

Below is our firm's standard billing rates by staff level, which have remained consistent over the past three years. These rates would apply for any additional services which may be requested by the City which is outside the scope of the audit engagement. We do not typically bill for questions on technical matters.

| | |
|---|---|
| Partners | $ 250 |
| Managers | $ 140 |
| Supervisory Staff | $ 120 |
| Staff | $ 90 |