

Request For Proposal

Issued by:

Office of the State Auditor
Jackson, Mississippi

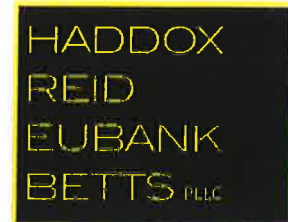
Stephanie Palmertree
Director, Financial and Compliance Division

Submitted by:



CPAs & Advisors
One Jackson Place, Suite 500
Jackson, MS 39201
601-948-2924

July 14, 2017



CPAs & Advisors

July 14, 2017

Office of the State Auditor
Attention: Jason Ashley
501 North West Street, Suite 801
Jackson, MS 39201

Dear Mr. Ashley:

We want to thank you for giving Haddox Reid Eubank Betts PLLC (Haddox Reid) the opportunity to continue to serve as independent auditors for Pearl River Basin Development District and present our qualifications to meet your auditing needs. A professional relationship with Pearl River Basin Development District would continue to be very important to our firm, and it is a relationship that would not be taken for granted. You can be assured that we are fully committed to continue dedicating the right executives and staff who have the governmental experience as well as hands-on approach that you demand.

The firm selected to serve Pearl River Basin Development District must demonstrate that it has the depth of resources required to perform this engagement in a timely fashion; experience in performing audits of governmental entities located in the State of Mississippi; and familiarity with the types of issues that are unique to Pearl River Basin Development District. Haddox Reid has experience serving numerous municipalities and other governmental entities with issues similar to Pearl River Basin Development District and based on our substantial expertise and strategic commitment to these entities, we believe that we can continue to make a unique and significant contribution to Pearl River Basin Development District.

Haddox Reid has a unique culture rooted in core values that ensures continuous focus on our clients and professionals and a long-term commitment to quality service. Our clients experience our culture through a service approach characterized by extensive involvement of partners and senior professionals, direct access to top technical resources, and straightforward, proactive communications delivered through a responsive and knowledgeable client service team.

The information following outlines our understanding of the areas of specific interest to you and how Haddox Reid will meet your service needs. We will furnish any additional information upon request. Again, we thank you for the opportunity to submit our qualifications and we look forward to further demonstrating our capabilities and distinctly different service approach.

Sincerely,

Haddox Reid Eubank Betts PLLC

A handwritten signature in black ink, appearing to read "M. Gregory King".

M. Gregory King, CPA
Engagement Partner
(601) 326-7151
GregKing@HaddoxReid.com

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**HADDOX
REID
EUBANK
BETTS PLLC**

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1. A DESCRIPTION OF HADDOX REID'S QUALIFICATIONS FOR PERFORMING PROFESSIONAL AUDITING SERVICES

OUR CLIENT SERVICE COMMITMENT

Our commitment is to serve Pearl River Basin Development District through a responsive relationship matching your needs with our experience.

Along with the personalized service our professionals are committed to delivering, we've defined these five **clear client service objectives** based on what you said your needs were from your service provider. We are confident *Haddox Reid is your distinctive choice* in meeting these needs.

Our client service commitments detailed throughout this document, related to our people, technical experience, resources, fees, delivery approach and timeline, are at the core of these service objectives and make *Haddox Reid the right choice* for Pearl River Basin Development District.

1

Early and continuous partner involvement.

2

Direct access to top technical resources.

3

Dedicated project management to help you meet reporting deadlines.

4

Value for fees through efficient, quality service.

5

Proactive, continuous communications to help you meet your needs, challenges and business goals.

ABOUT OUR FIRM



For almost sixty years, the Certified Public Accountants at Haddox Reid have been making a difference for our clients. Haddox Reid is substantial enough to serve some of Mississippi's largest organizations, but small and personal enough to be less formal and more accessible. We are proud of our past and excited about our future.

Haddox Reid is a large local accounting firm based in Jackson, Mississippi. Our 46 professional staff members provide accounting, assurance, business advisory, and tax services to a broad spectrum of clients throughout Mississippi and surrounding states. We are grateful for the opportunities we have had to serve numerous entities, including governmental entities, located throughout the State of Mississippi. We believe that our success and long-term relationships with our clients is attributable to our commitment to meeting and exceeding their expectations. We understand that a client's needs cannot be met unless they are first heard. That is why we are committed to first getting to know your organization by listening to your concerns and expectations. We are not content to rest on our past success. Rather, we are always looking for opportunities to improve our level of services.

- 59 years experience as a firm
- 60 total employees
 - 13 are partners
 - 47 professionals of which 38 are CPAs
- Office centrally located in Jackson, MS
- Low partner to staff ratio, 1 to 3
- Member of the AICPA Private Companies Practice Section (PCPS)
- Member of the AICPA's Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center



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NATIONWIDE AFFILIATION

We feel that the requirements for the performance of assurance services, particularly in today's environment, continue to be very well suited for the depth of resources that Haddox Reid brings to the table and the proactive manner in which we deliver our services.

Haddox Reid is an independent member of the BDO Alliance USA, a nationwide association of independently owned local and regional accounting, consulting and service firms with similar client service goals. BDO USA, LLP (BDO) is the fifth largest international professional services firm providing assurance, tax, and other services. As a member of the BDO Alliance USA, Haddox Reid has access to the training and technical expertise of the BDO Government Contracting Practice Group.

By accessing the resources of BDO and each other, the BDO Alliance USA presents an opportunity for these accounting and consulting, and business and technology firms to expand services to their clients - without jeopardizing their existing client relationships or their autonomy. The BDO Alliance USA firms are also called upon as necessary to provide experience in their specific service or industry. This provides our clients with the technical resources and manpower of one of the largest accounting firms combined with specific knowledge of the local alliance firms as required.

AN INDEPENDENT MEMBER OF



HADDOX
REID
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HADDOX REID'S QUALIFICATIONS AND EXPERIENCE

Commitment to Clients

Success begins and ends with the engagement team and its management. Providing our clients with the highest level of professional service and ensuring their satisfaction with our performance are among our primary objectives. Our ability to select the right team of professionals to serve our clients has been a critical element of our past success.

The partners and professional staff at Haddox Reid pride themselves on a reputation for a hands-on, service-oriented business philosophy and demonstrated commitment to quality, reliability, and responsiveness to client needs. Our philosophy is to provide Pearl River Basin Development District with a business partner who is available year-round to assist you with all services requested by Pearl River Basin Development District.

Pearl River Basin Development District will experience, first-hand, our client service philosophy. We combine the vast abilities of our resources with a personal touch and significant partner involvement. One of the most important services we provide our clients is monitoring their needs on a continual and ongoing basis. This begins at the staff level and progresses all the way to the partners in charge of your engagement. In selecting your service team, we will review carefully our understanding of Pearl River Basin Development District's needs, as well as your plans, and identify the people whose credentials are ideal for the engagement. We pay close attention to establishing an engagement team that has the necessary experience and expertise to provide superior service, a team that works well with Pearl River Basin Development District's management and each other, and has the enthusiasm and commitment to get the job done.

Internal Reviews and Quality Control Procedures

Pre-Issuance Review - All reports are reviewed before issuance by an independent/concurring partner who, along with the engagement partner, has extensive experience in serving governmental entities. This provides assurance that our reports conform to the latest developments in professional standards. Specifically, these reviewers carefully analyze financial statements to search out possible accounting, auditing, or reporting problem areas, review audit work papers as deemed necessary to obtain reasonable assurance that the engagement team addressed all critical areas, and provide additional assurance based on all of the relevant facts and circumstances about which the independent/concurring reviewer has knowledge. These additional procedures are designed to ensure that audit risk has been restricted to a level acceptable to the Firm.

Assignment and Training of Personnel - We schedule professionals only to engagements for which they have the necessary background and training.

Supervision - Our engagement teams are subject to a "chain of supervision" over all of the work performed. All audit work papers are reviewed by the person supervising the preparer of the work papers. The reviewers write review comments, as appropriate, for the preparers to clear. The reviewers have to agree with the manner in which such comments are cleared.

Engagement Manager and Partner Review - Managers and partners assigned to engagements review the audit work papers and reports. Specifically, the managers review all work papers supporting our reports and the engagement partners review work papers of critical audit areas as deemed appropriate.

Client Management Review - Our engagement partner and/or manager review all draft reports with client management and the audit committee, as applicable, before finalizing the reports.

These quality control procedures have served us well on all of our engagements and we intend to implement them should we become the successful awardee.

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Our Team to Serve Pearl River Basin Development District

Haddox Reid is dedicated to providing the highest levels of service to our clients. This starts with having the appropriate levels of partner and executive involvement during each phase of the engagement. Your proposed engagement executives will be on-site regularly during the course of the engagement to ensure our senior and staff professionals have quick and easy access to ask questions, get feedback, and work through more challenging issues face-to-face. At Haddox Reid, our executives are focused on performing timely and thorough reviews of our professionals' work. Work performed by seniors and staff will be reviewed in detail which ensures the quality of the work performed.

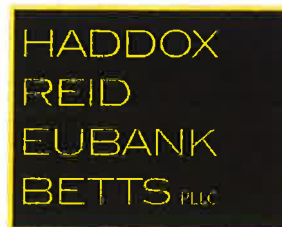
The engagement partner will be M. Gregory King (Greg). Greg will be supported by Tommy Lindley as the independent/concurring partner. Greg and Tommy have over fifty-seven combined years of audit experience. Much of this experience has been auditing governmental entities.

The engagement manager will be Domina Kaler. Kurt Schneider will serve as an audit senior on the engagement. The engagement team possesses substantial experience with governmental entities and specifically with complex compliance requirements associated with federal expenditures.

Haddox Reid is greatly interested in the insight and opinions of our clients as to their satisfaction with our services, as well as their ideas on how our processes can be improved. Engagement teams meet regularly to discuss the progress of our service, current issues encountered, and ideas for delivering more efficient service. Feedback from our clients is an important part of our continuous self-improvement process. We recognize that exceptional client service is achieved in the long run only if we provide a sustained level of superior service and then monitor this throughout our relationship. To help accomplish this goal, the engagement team will have a closing meeting with management at the conclusion of the annual audit to receive feedback about the performance of the client service team and to discuss ideas for improvements.

We know that you appreciate timely consultation, service team integration, partner involvement, accessible specialists, and open communication. At the core of our service philosophy is a commitment to proactively communicate throughout our relationship with a "no surprises" approach.

The resumes of the audit team members are included in the pages that follow.



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M. GREGORY KING, CPA ENGAGEMENT PARTNER

Engagement Role

Greg will be the primary decision-making authority on key accounting and auditing issues for Pearl River Basin Development District's audit of the annual financial statements. Additionally, he will be responsible for making certain that Pearl River Basin Development District will receive the right consistent resources and for overall client service.

Professional Background and Experience

As a partner in assurance services with over 40 years experience in public accounting, Greg serves a wide-range of governmental, commercial and non-profit clients. Greg's extensive experience in providing audit and business advisory services to governmental entities includes numerous municipalities, a state agency, departments of the Federal government, and numerous other quasi-governmental entities that are subject to *Government Auditing Standards*.

Greg has provided a wide range of consulting services to local municipalities that encompass state budgeting and reporting laws, wage and hour regulations, state procurement laws and many other compliance areas that directly impact the daily operations of a municipality. Greg consults with a variety of clients on various financial matters including budgeting, financing options, technical assistance on complicated accounting transactions and reporting requirements. He also provides litigation support services in providing expert testimony on matters ranging from the calculation of lost profits, wage and hour issues, to contract disputes.

In working with his clients, Greg acts as a sounding board for senior management in the areas of strategic planning, profit enhancement, legal compliance, operational reviews and human resource matters.

Greg's service to governmental and non-profit organizations include the following: City of Flowood, Mississippi; City of Hazlehurst, Mississippi; City of Ridgeland, Mississippi; Pearl River Basin Development District; Commercial Mobile Radio Services Board; Town of Gloster, Mississippi; Town of Liberty, Mississippi; Town of Summit, Mississippi; French Camp Academy; Jackson Convention and Visitors Bureau; Madison County Wastewater Authority; and Rankin-Hinds Pearl River Flood Control and Drainage District.

Professional Affiliations

American Institute of Certified Public Accountants

Mississippi Society of Certified Public Accountants

Petroleum Accounting Society of Mississippi

Education and Accreditations

Mississippi State University, B.S. in Accounting

Certified Public Accountant (CPA)

Rotary Paul Harris Fellow



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TOMMY LINDLEY, CPA, CFE

INDEPENDENT/CONCURRING PARTNER

Engagement Role

Tommy will serve as an advisor and concurring partner. He will assist the engagement team in resolving technical issues and will be available to assist with on-going technical and compliance matters, including the implementation of new standards issued by the Governmental Auditing Standards Board (GASB), throughout the year.

Professional Background and Experience

Tommy has over 17 years of public accounting experience. He works with a wide range of governmental, non-profit and private commercial clients providing assurance services as well as consulting on various financial matters including budgeting, financing options, technical assistance on complicated accounting transactions and reporting requirements. Tommy has experience with single audit reporting and presenting audit reports to audit committees and other governance boards.

Professional Affiliations

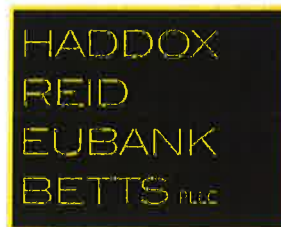
American Institute of Certified Public Accountants (AICPA)
Mississippi Society of Certified Public Accountants (MSCPA)
MSCPA Governmental Accounting and Auditing Committee Member (Past Chair)
Petroleum Accounting Society of Mississippi (PASM)
Association of Certified Fraud Examiners (ACFE)

Education and Accreditations

University of Southern Mississippi, B.S. in Accounting
Mississippi State University, B.S. in Banking and Finance
Certified Public Accountant (CPA)
Certified Fraud Examiner (CFE)

Related Experience

City of McComb, Mississippi; City of Flowood, Mississippi; City of Ridgeland, Mississippi; City of Hazlehurst, Mississippi; Town of Summit, Mississippi; Town of Liberty, Mississippi; Town of Gloster, Mississippi; Town of Utica, Mississippi; Jackson Convention and Visitors Bureau; Madison County Wastewater Authority; Rankin-Hinds Pearl River Flood Control and Drainage District; Pearl River Basin Development District; Education Services Foundation; and Mississippi Higher Education Assistance Corporation.



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TRANSITION PLAN AND TIMELINE

Since Haddox Reid has served as Pearl River Basin Development District's auditors for several years, there will be no transition to a new auditor for this engagement.

ENGAGEMENT APPROACH

Proposed Segmentation and Work Plan

We will perform our audit procedures in segments. Specifically, the preliminary segments are as follows:

- ❑ **Planning and Administration** - The purpose of establishing a single, blended team is to lay out a proper foundation for the direction of the audit, minimize costs, and increase effectiveness. This team will schedule and assign staff, coordinate and be responsible for the entire audit effort, and perform the general procedures pertaining to the audit (i.e. legal letters, review minutes, attend meetings, and provide status of engagement). This team will also design and discuss the sampling approach and perform test work.
- ❑ **Internal Controls** - We will document our understanding of internal controls through observation, inquiry, inspection, and performance of specific procedures. We will ask District staff to fill out questionnaires and prepare narratives prior to our arrival for year-end procedures. We will evaluate controls and among others, perform certain transaction tests. Based on our assessment of the control environment, we will determine if there are audit assertions where we can assess control risk at less than maximum in order to perform audit tasks more effectively.
- ❑ **Engagement Audits and Management** - The Haddox Reid team of auditors will be responsible for carrying out audit procedures. This group will audit the financial statement areas using various tests of controls and substantive tests.
- ❑ **Reporting and Close Out** - During this phase, we will conclude on all areas of the audit, summarize the results, and communicate them accordingly. We will perform the technical and content review of the draft audit reports and we will prepare, distribute, and obtain management representation letters. In addition, any significant opportunities to improve internal controls and accounting procedures which will increase the reliability of accounting records and financial statements, will be discussed. We consider the management letter to be an integral part of the audit process. A notable effort is spent formulating ideas that will help Pearl River Basin Development District operate more efficiently and effectively. We will hold exit conferences with Pearl River Basin Development District's management to discuss relevant matters. The completion of the audit determines the fairness of presentation of the financial statements, including footnote disclosures, and the reasons for any deviations from current trends and historic and industry norms. The work papers and financial statements will undergo a final quality control review during this phase after which the financial statements will be issued.

ENGAGEMENT APPROACH

Coordination with District Personnel

We believe in utilizing the work of internal staff to the fullest extent possible in order to minimize costs. We will obtain an understanding of internal functions by gathering information about activities and considering the relevance of these activities to the audit process. In addition, we will assess the competency, objectivity, and effectiveness of the work performed by internal staff, and consider the effect on internal controls, risk assessment, and the types of substantive procedures we must perform. If, as a result of these procedures, we determine that we can use the work of the internal staff, we will coordinate our procedures with internal staff by scheduling audit work, holding periodic meetings, reviewing audit reports, and discussing accounting and auditing issues. We will provide a list of the specific items needed well in advance, based on the planning we complete with you. In this manner, District staff will have sufficient time to complete the audit schedules.

Central Planning and Administration

The tasks in this phase will enable us to gain an understanding of the financial systems and to tailor the audit to Pearl River Basin Development District's needs. The planning phase includes performing the following functions:

Meet with Key Members of Pearl River Basin Development District's Management and State Auditors Office Authorized Representatives

It is our policy to hold an initial planning meeting with key members of management. The agenda will include, but will not be limited to, discussion of the topics below. This planning meeting will help to establish priorities and provide proper initial direction up front.

- ☐ Initial audit concerns.
- ☐ Report requirements and deadlines.
- ☐ Initial audit approach and dates.
- ☐ Assistance by Pearl River Basin Development District personnel.
- ☐ Nature and types of documents and/or accounting records maintained.

Communicate with Predecessor Auditors

Not applicable

Document our Understanding of the Operating Environment and Internal Controls

The first step we perform in approaching the audit of any reporting entity assigned to us is to develop a full understanding of the objectives and operations of the entity. This understanding will be obtained through discussions with management and reading of pertinent background information.



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ENGAGEMENT APPROACH

The information and/or documents that we will request will include, but will not be limited to, the following:

- ☐ Organizational structure of Pearl River Basin Development District.
- ☐ Investment contacts.
- ☐ A description of financial and other information systems.
- ☐ Provisions of laws and regulations.

This information will enable us to identify significant cycles and accounting applications, evaluate the control environment, and identify significant provisions of laws and regulations affecting the reporting entity.

Document our Understanding of the Financial and Operational Systems

We will obtain an understanding of the accounting systems and information systems used for processing significant financial statement items, and the related internal accounting controls sufficient to determine our audit approach.

A preliminary understanding as to how transactions are recorded and processed will be accomplished when the audit strategy is finalized. The degree of understanding and extent of documentation required to enable subsequent audit procedures to be carried out depends on the audit strategy adopted.

Perform Preliminary Analytical Review

We will perform preliminary analytical review to gain insight into operating results by comparing the financial statement amounts between the current and preceding periods and also the current year amounts to approved budgeted line-items. We will be looking for unusual variances.

Consider Engagement Risk

We will consider account balances or classes of transactions that could result in an error to the financial statements without being detected. Devoting attention to such accounts or classes of transactions, we ensure they receive proper audit coverage. This lessens the possibility that the financial statements might be misleading.

Make Preliminary Judgment about Materiality

We will make a preliminary judgment about materiality by assessing a dollar amount which, in our judgment, would render the reporting entity's financial statements misleading should errors in the financial statements exceed this amount. This will guide us during the audit process when proposing adjustments or selecting items for testing.

Assess Control Risk

We will assess control risk for account balances or classes of transactions at either below maximum or at maximum based upon our understanding of the accounting system and the control environment. Assessment of risks involves determining procedures in effect to prevent or detect misstatements in the financial statements.

ENGAGEMENT APPROACH

During the substantive phase of the audit, we will perform various trend analyses of accounts to determine unusual or abnormal relationships and results that may require investigation and resolution. When selecting and designing substantive tests, attention will be directed to specific audit objectives such as included in the following table:

Financial Statement Assertion	Effect on Pearl River Basin Development District's Audit
Completeness	All account balances and transactions that should be included in the financial information are included.
Accuracy	Recorded transactions and accounts balances are mathematically accurate, are based on correct amounts, have been classified in the proper accounts, and have been accurately summarized and recorded in the general ledger.
Existence	Recorded assets and liabilities exist as of the balance sheet date; recorded transactions have occurred and are not fictitious.
Cut-off	Transactions are recorded in the proper accounting period.
Valuation	Generally accepted accounting measurements and recognition principles are properly selected and applied.
Rights and Obligations	Recorded assets are rights of Pearl River Basin Development District and recorded liabilities are obligations of Pearl River Basin Development District.
Presentation and Disclosure	Financial information is properly classified and described; appropriate disclosures are made.

We will also employ analytical procedures in the review of the financial information presented and as a quality control review tool. We will determine whether the explanations and corroborating evidence provide sufficient evidence for the desired level of substantive assurance. If we are unable to obtain a sufficient level of substantive assurance from the analytical procedures, we will perform additional procedures, such as tests of details and consider whether the difference represents a misstatement.

COMMUNICATION AND REPORTING

REPORTING TO MANAGEMENT

We will communicate with management and those charged with governance on a regular basis and in a number of ways:

- ☐ Update meetings throughout the audit, the regularity of which we will agree with you.
- ☐ Audit planning meetings in person, on the phone or by email, as appropriate, to address any issues identified during the course of the audit.
- ☐ Annual audit closing meetings to report audit findings and resolve any outstanding issues.
- ☐ Ad hoc meetings and telephone conversations as necessary to discuss financial and strategic challenges as they arise.

REPORTS TO BE ISSUED

1. Financial statement audit reports on the fair presentation of the financial statements of each selected fund in conformity with accounting principles generally accepted in the United States of America.
2. Following the completion of the audit of the fiscal year's financial statements, the Firm shall issue a management report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. Prepare a letter to management on suggestions for improvement in internal control and correction of any noncompliance matters.
4. Prepare a schedule of uncorrected misstatements, have District management approve the schedule, and submit it to SAO for inclusion in communication to DFA.
5. Provide SAO the planning materiality level(s) used on the audits of fund GAAP reporting packets for use in performing analysis of unaudited aggregated funds and accounts for the CAFR.
6. Obtain a plan of corrective action from Auditee in accordance with instructions provided by SAO.
7. Submit to the SAO a completed "Request for Representations from Other Auditor."

COMMUNICATING WITH THOSE CHARGED WITH GOVERNANCE [THE BOARD]

We will meet with those charged with governance to understand any concerns they may have and to agree the style of reporting and communication required. We will strive for open lines of communication between the Board and M. Gregory King.

At a minimum, we intend to participate in a planning meeting and will continue to attend periodic meetings with Management. We will prepare a detailed report to those charged with governance after the completion of our audit fieldwork for discussion.

QUALITY ASSURANCE

The quality of our work is key to our success and we have made a number of investments to ensure our professional services are performed to a high level of quality in accordance with Haddox Reid's policies and applicable professional and regulatory standards.

HADDOX REID QUALITY ASSURANCE PROCEDURES

We have a number of mechanisms in place to ensure that our professional services are performed to a high level of quality in accordance with Haddox Reid's policies and applicable professional and regulatory standards. These mechanisms include:

- ❑ **Internal reviews** – all technical work is reviewed by a partner and/or a senior technical manager to ensure work is performed and delivered to standards consistent with all relevant professional standards and complies fully with appropriate regulatory and legislative requirements.
- ❑ **Staff continuity planning** – we understand the benefits to be gained both for our client and for our internal staff in maintaining stable project teams. To this end we build continuity planning into our general business planning and transition planning when necessary. This promotes continuity wherever possible and ensures seamless service.
- ❑ **Internal quality reviews** – conducted annually on certain assignments by experienced independent partners and managers to assess whether the services were performed to a high level of quality in accordance with Haddox Reid's policies and applicable professional and regulatory standards.
- ❑ **External reviews** – Haddox Reid is subject to periodic AICPA Independent Peer Reviews. Our most recent peer review report is included as Page 23 of this report. Our Peer Review included a review of numerous specific government engagements.

RECRUITMENT AND RETENTION OF THE BEST STAFF

We recruit high quality people who are strong in their field and provide them with excellent working experiences and comprehensive training.

In order to monitor all staff members' development and ensure our high standards are maintained, we have an internal review process to ensure each person receives regular feedback, coaching and performance evaluations to ensure our professionals are developing the skills commensurate with their responsibilities.



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CLIENT SATISFACTION, CONTINUITY, AND SUCCESSION PLANNING

We fully expect our clients to monitor and measure our performance as external professional service providers.

Depending on your requirements, this can be by reference to all or some of the following:

- ☐ Our planning arrangements – it is essential in year one to manage the transition from your present auditors well;
- ☐ The completion of work in line with plans, including the identification and response to critical audit issues;
- ☐ Our understanding of your organization and breadth of operations;
- ☐ The quality of our conclusions and recommendations (implemented, proportional);
- ☐ The timeliness of reporting;
- ☐ Meeting of pre-agreed deadlines;
- ☐ The overall involvement of the partner and manager;
- ☐ The personal engagement of our team;
- ☐ The levels of communication throughout the year;
- ☐ Overall satisfaction with our service.

CLIENT SATISFACTION

Good quality, accurate and open client feedback allows us to enhance our performance and gauge how well we are meeting our client's expectations. We take client service and satisfaction seriously, and continuously assess our clients' expectations and perceptions.

Haddox Reid recognizes that exceptional client service is achieved in the long-term only if we provide a sustained level of superior service which is monitored throughout our relationship. The feedback is gathered as follows:

- ☐ Regular engagement team meetings to discuss the progress of our work and current issues encountered;
- ☐ Engagement team and Pearl River Basin Development District management closing meeting at the conclusion of the annual audit to receive feedback and discuss opportunities for improvement;
- ☐ Client professional performance evaluations throughout the year.

CONTINUITY AND SUCCESSION PLANNING

We understand the benefits to be gained both for our clients and for our own team in maintaining a consistent senior project team; we make every effort to achieve continuity.

Planning for staff availability is an essential element in the operational processes of our business and we can confirm that the team outlined in this document is the team you will see and work with for the duration of this assignment.

We recognize that on occasions team changes are inevitable. Should this arise, we will discuss the options with you and enable you to meet the potential new team members in advance. We will ensure any new resources are appropriately experienced and fully briefed. Any time spent briefing the new team member would, of course, be at our cost.

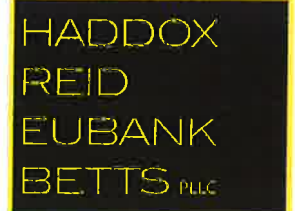
2. THE LENGTH OF TIME HADDOX REID HAS BEEN PERFORMING GOVERNMENT AUDIT SERVICES

An important factor in providing the highest quality services to Pearl River Basin Development District is our broad experience in auditing annual financial statements for governmental entities.

Through years of working with our governmental clients, we have developed a significant capability and fluency in the general business regulatory and compliance issues that they encounter.

A selection of our current governmental client experience:

	<u>Years Served</u>
1. Pearl River Basin Development District, an Agency of the State of MS	40
2. City of Flowood, Mississippi	38
3. City of Ridgeland, Mississippi	1
4. City of Hazlehurst, Mississippi	40
5. City of McComb, Mississippi	5
6. Town of Utica, Mississippi	20
7. Town of Summit, Mississippi	10
8. Town of Liberty, Mississippi	10
9. Town of Gloster, Mississippi	10
10. Jackson Convention and Visitors Bureau	15
11. Madison County Wastewater Authority	9
12. Commercial Mobile Radio Service Board	15
13. Rankin-Hinds Pearl River Flood Control and Drainage District	3

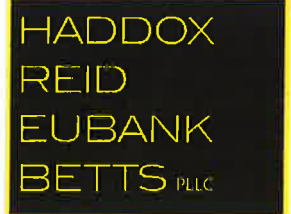


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LISTING OF PREVIOUS GOVERNMENT AUDITS

BELOW IS A SELECTION OF OUR GOVERNMENTAL CLIENT REFERENCES WHOM WE INVITE YOU TO CONTACT REGARDING OUR TECHNICAL ABILITIES AND QUALITY OF SERVICE:

Name/Company	Title	Contact Number	Haddox Reid Partner
Josh Carlisle, City of Flowood, Mississippi	Comptroller/City Clerk	(601) 939-4243	Greg King
Mike Davis, Pearl River Basin Development District	Executive Director	(601) 354-6301	Greg King
Sue Brown, City of Hazlehurst Mississippi	City Clerk	(601) 894-3131	Greg King
Patricia Whittington, Town of Summit, Mississippi	Town Clerk	(601) 276-9536	Tommy Lindley
Janice Dillon, City of McComb, Mississippi	CFO/Deputy City Administrator	(601) 684-4000	Tommy Lindley



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3. HADDOX REID'S TAX I.D. NUMBER

Haddox Reid's Tax I.D. Number is 64-0414329.

4. AFFIRMATIVE STATEMENT OF INDEPENDENCE

Haddox Reid is independent of Pearl River Basin Development District as defined by generally accepted auditing standards generally accepted in the United States of American and *Government Auditing Standards*.

5. HADDOX REID'S PEER REVIEW

Haddox Reid is a member of the Peer Review Program administered by the National Peer Review Committee of the AICPA. The Program has established a self-regulatory process which includes requirements for peer review of the member firms every three years. Compliance with the requirements of the AICPA Peer Review Program is mandatory for Firms performing audit engagements in accordance with professional auditing standards. These reviews, which are performed by knowledgeable independent CPAs from other firms, periodically evaluate and test systems of quality control of member firms.

Our system of quality control provides assurance that we are always in compliance with the highest professional standards to which we are committed. Our most recent peer review, which was completed on November 9, 2016, was performed by Henderson Hutcherson & McCullough, PLLC. Their opinion, which was "pass" (the highest possible rating under the peer review standards), is on file with the AICPA. A copy of that report is included on the next page of this proposal. There were no "letters of comment" issued in connection with the review.

Haddox Reid is licensed and in compliance with all requirements to practice public accounting in the State of Mississippi. Furthermore, we have never been subject to any disciplinary actions, nor are there pending or threatened actions against the Firm.



CPAs & Advisors



CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA | MEMPHIS

System Review Report

November 9, 2016

To The Partners
Haddox Reid Eubank Betts, PLLC
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Haddox Reid Eubank Betts, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Haddox Reid Eubank Betts, PLLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016, 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* or *fail*. Haddox Reid Eubank Betts, PLLC has received a peer review rating of *pass*.

Henderson Hutcherson
c/o McCullough, PLLC

5. SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

We are committed to quality, value-added service. We understand the importance of efficiencies and cost control, and have specifically designed our audit methodologies to provide your engagement team with the tools they need to perform high quality audit services in as cost effective a manner as possible.

ENGAGEMENT FEES

<u>POSITION</u>	<u>HOURLY FEE</u>	<u>ESTIMATED HOURS BY POSITION</u>	<u>FEE</u>	<u>AVERAGE HOURLY RATE</u>
Partner	\$ 250	15	\$ 3,750	
Manager	121	50	6,050	
Senior	111	25	2,775	
Staff	98	40	3,920	
		130	16,495	\$ 127
Administrative/Clerical	30	15	450	
Estimated Total Hours and		145	16,945	
Out of pocket expenses			400	
Maximum Engagement Fee			\$ 17,345	\$ 120

HOURS BY AUDIT AREA

<u>Audit Area</u>	<u>Hours</u>	<u>Total Fee</u>
Planning	20	
Internal Control Understanding	25	
Substantive Field Work	60	
Review, Reporting and Closeout	40	
Total	145	\$17,345

We render bills on a monthly basis and payment is due upon presentation. The amount billed reflects the approximate progress on completion of the professional service provided.