



March 12, 2024

Honorable Chair and Members of the
Board of County Commissioners
Buncombe County, North Carolina
200 College Street, Suite 300
Asheville, North Carolina 28801

Attn: Avril Pinder, County Manager

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for Buncombe County, North Carolina (the “County”).

We will apply the procedures listed below in Appendix A for the fiscal year ended June 30, 2024. By signing this engagement letter, you agree to those procedures and acknowledge that the procedures to be performed are appropriate for the intended purpose of the engagement, which is to assist the County and Federal Transit Administration (FTA) in determining conformance with Uniform System of Account (USOA) requirements with the following assertion by the County’s management:

The accounting system from which the National Transit Database (NTD) reports for the County’s year ended June 30, 2024 were derived, uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA.

We understand the engagement is required in accordance with Title 49 U.S.C. 5335(a). Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures included in this letter do not constitute an examination or review, we will not express an opinion or conclusion on any of the specific elements, accounts, or items referred to in our reports. In addition, we have no obligation to perform any procedures beyond those to which you agree.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the County Manager and Board of County Commissioners of the County and the Federal Transit Administration. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate we will disclose the restrictions in our report. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The attest documentation for this engagement is the property of Mauldin & Jenkins and constitutes confidential information. However, we may be requested to make certain attest documentation available to the FTA pursuant to authority given to it by law or regulation. If requested, access to such attest documentation will be provided under the supervision of Mauldin & Jenkins' personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the FTA. The FTA may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, should any such matters come to our attention, we will communicate them in accordance with professional standards and applicable law. In addition, if, in connection with this engagement, matters come to our attention that contradict the subject matter of this engagement, we will communicate such matters to you.

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

The FTA is responsible for the subject matter of this engagement. In addition, you are responsible for providing us with (1) access to all information of which you or the appropriate party are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request from the appropriate party for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the subject matter of this engagement in accordance with the NTD procedures enumerated in FTA's NTD policy manual.

Tim Lyons is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

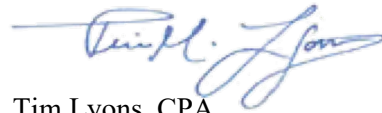
Our fees for these services will range from \$18,000 to \$25,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

To Buncombe County, North Carolina
and the Federal Transit Administration
March 12, 2024
Page 3

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we may require that they acknowledge in writing their agreement with the procedures performed, or to be performed, and their acknowledgment that the procedures are appropriate for their purposes.

Sincerely,

MAULDIN & JENKINS, LLC

A handwritten signature in blue ink, appearing to read "Tim Lyons", is written over a horizontal line.

Tim Lyons, CPA

This letter correctly sets forth the understanding of Buncombe County, North Carolina.

_____, 20__

Appendix A – Procedures to be Performed

The specific agreed-upon procedures to be performed are outlined as follows:

1. Procedure: NTD Crosswalk

- a. We will obtain the following NTD Reporting Forms prepared by management for the fiscal year ended June 30, 2024:
 - a. NTD Form F-10, Sources of Funds – Funds Expended and Funds Earned (USOA Section 2)
 - b. NTD Form F-20, Uses of Capital (USOA Section 3)
 - c. NTD Form F-30, Operating Expenses (USOA Section 4, 5, and 6 and Appendix A)
 - d. NTD Form F-40, Operating Expenses Summary
 - e. NTD Form F-60, Financial Statement
- b. We will obtain the reconciliation documentation prepared by management (referred to as “the crosswalk” throughout this report) to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documents such as Excel spreadsheets (collectively referred to as the accounting system) to the respective NTD Reporting Forms identified above.
- c. We will inquire of management as to whether the crosswalk obtained in procedure 1.b is supported by the accounting system.
- d. Because the transit agency is part of a larger reporting entity (the County), we will inquire of management as to whether the crosswalk includes the full cost of providing transit service, including costs incurred by the County to specifically support the agency’s transit service.
- e. We will inspect the crosswalk to determine that it incorporates NTD reporting using the applicable modes and types of service identified in the bulleted list below:
 - a. Sources of Funds, Form F-10 – Funding sources, passenger fares by mode and service type, passenger fares by passenger paid or by organization paid fares, revenue object class, and funds expended on operations and capital fund types.
 - b. Uses of Capital, Form F-20 – Type of use, asset classifications, and modes and service types.
 - c. Operating Expenses, Form F-30 – Modes, service types, object classes and functions.
 - d. Operating Expenses Summary, Form F-40 – Expense reconciling items.
 - e. Financial Statement, Form F-60 – Current assets, non-current assets, deferred outflows of resources, current liabilities, non-current liabilities, and deferred inflows of resources.

2. Procedure: Accrual Accounting

- a. We will obtain the most recent audited financial statements that include the transit agency and inspect the notes to the financial statements to determine whether the accrual basis of accounting was used.

- b. We will inquire of management as to whether the accrual basis of accounting has continued to be used since the last audited reporting period and that it is used for NTD reporting in the current period.
- c. If the notes to the financial statements indicate that an accrual basis of accounting is not being used, or the results of the inquiry to management in procedure 2.b indicate the accrual basis of accounting is not being used in the current period, we will inspect the crosswalk to determine that the transit agency made adjustments to convert to an accrual basis for NTD reporting.

3. Procedure: Sources of Funds (Form F-10)

- a. We will trace and agree total sources of funds from Form F-10 to revenue reported in the accounting system using the crosswalk.
- b. We will inspect the crosswalk for a written reconciliation between total revenues reported in the audited financial statements or the accounting system and the total revenues reported on Form F-10.
- c. We will trace and agree the two largest directly generated fund passenger fare revenue modes (all service types) from Form F-10 to the accounting system.
- d. We will trace and agree the largest revenue object class (other than passenger fares) in the following major categories of funds from Form F-10 to the accounting system: (1) Local Government; (2) State Government; (3) Federal Funds; and (4) Other Directly Generated Funds (i.e., 4100 and 4200 combined).
- e. We will inspect the crosswalk to determine that it identifies, evaluates, and classifies financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.

4. Procedure: Uses of Capital (Form F-20)

- a. We will obtain accounting system documentation on capital asset additions for the reporting period.
- b. We will trace and agree total uses of capital from Form F-20 to the crosswalk reconciliation of total capital asset additions.
- c. We will trace and agree types of use (existing service and expansion of service) from Form F-20 to the crosswalk or other supporting documentation reflecting the nature of the uses of capital.
- d. We will trace and agree asset classifications (guideway, revenue vehicles, etc.) from Form F-20 to the crosswalk or other documentation reflecting the assets classes of capital additions.
- e. For the largest mode/service type, we will trace and agree the type of use classification and asset classification from Form F-20 to the crosswalk or other documentation reflecting the uses of capital.
- f. If capital projects support multiple modes/types of services or and/or asset classifications, we will inquire of management as to whether management reported the use of capital considering the predominant use rules as described in the "Predominant Use" section of the 2018 NTD Policy Manual.

- g. If capital projects involve: 1) Rehabilitation/Reconstruction/Replacement/Improvement for Existing Service; and 2) Expansion of Service; we will inquire of management as to whether project costs were allocated between the two project purposes and whether such allocation was documented in the crosswalk or other supporting documentation.

5. Procedure: Operating Expenses (Form F-30)

- a. For the two largest modes/type of services, we will trace and agree functions (vehicle operations, vehicle maintenance, etc.) from Form F-30 to the crosswalk or other written documentation of functional expenses.
- b. For the two largest modes/type of services, we will trace and agree object classes (natural expenses) from Form F-30 to the crosswalk or other written documentation of object class categories.
- c. If management allocated shared operating expenses, we will inquire of management as to whether (1) the operating expenses are split between direct and shared costs; (2) shared costs were allocated across modes, services types and functions, (3) the allocation was documented in the crosswalk or other supporting documentation; and (4) the driving variables used are updated annually.

6. Procedure: Operating Expenses Summary (Form F-40)

- a. We will obtain total expenses from the accounting system for the reporting period. We will agree total expenses from Form F-40 to the accounting system using the crosswalk.
- b. We will trace and agree the reconciling items appearing on Form F-40 through the crosswalk to the accounting system.

7. Procedure: Financial Statement (Form F-60)

- a. We will trace and agree (1) Current Assets; (2) Non-Current Assets; (3) Deferred Outflows of Resources; (4) Current Liabilities; (5) Non-Current Liabilities; and (6) Deferred Inflows of Resources appearing on Form F-60 to the crosswalk or other supporting documentation.