



CITY OF JACKSONVILLE, TEXAS  
REQUEST FOR PROPOSALS  
FOR  
PROFESSIONAL AUDITING SERVICES

301 EAST COMMERCE  
JACKSONVILLE, TEXAS 75766

**RFP # 2016-07-02**  
**Due Date: May 31, 2016**

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## INTRODUCTION

### General Information

The City of Jacksonville, Texas ("City") is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016, with the option of auditing its financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards as well as the following additional requirements:

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

A pre-proposal conference for all the firms interested in submitting a proposal will be held at 11:00 AM on May 18, 2016 at 526 East Commerce , Jacksonville, TX 75766 in the City Council Chambers to answer questions about the engagement. After this preproposal conference, any inquiries concerning the request for proposals should be addressed to Tandi Dickey.

To be considered, an original and four (4) copies of a proposal must be received by Tandi Dickey at 301 East Commerce Jacksonville, Texas 75766 by 3:00PM on May 31, 2016. If you are going to drop off proposals, the address is at 301 East Commerce Jacksonville, Texas 75766. If you are going to mail proposals the address is at 301 East Commerce Jacksonville, Texas 75766. The City reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by the City based on criteria established within this proposal.

During the evaluation process, the Finance Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Finance Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed by June 14, 2016. Following the notification of the selected firm it is expected a contract will be executed between both parties by June 17, 2016.

### Term of Engagement

A five (5) - year contract is contemplated, subject to the annual review and recommendation of the Finance Committee, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council and the annual availability of an appropriation.

### Subcontracting

Firms submitting proposals may consider subcontracting portions of the engagement to small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in

the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City.

## NATURE OF REQUIRED SERVICES

### General

The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016, with the option to audit the City's financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

### Scope of Work to be Performed

The City desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, its aggregated discretely presented component units, each of its major funds, and its aggregated remaining fund information in conformity with generally accepted accounting principles.

The auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The auditor is not required to audit the introductory and statistical sections of the report, but should be reviewed for consistency with the audited financial statements.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor's assistance and consultation will be required in implementing new GASB and FASB statements at the earliest possible date, even if prior to the required effective date.

### Auditing Standards to be Followed

The audit shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1984 (as amended) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Additionally, if a single audit is required the work will be conducted in accordance with generally accepted governmental auditing standards to meet all federal grant audit requirements.

### Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

The auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of

the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Irregularities and illegal acts. Auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware to the following parties:

**City Manager  
301 East Commerce  
Jacksonville, Texas 75766  
(903) 586-3510**

Reporting to the Finance Committee. Auditors shall assure themselves that the City's Finance Committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

### Special Considerations

The City will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City to meet the requirements of that program.

### Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City or its designees.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## NATURE OF OPTIONAL SERVICES

### General

The City wishes to obtain a separate sealed dollar cost bid for the preparation of its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending September 30, 2016. The decision to engage the selected audit firm for these services will be made prior to the commencement of firm work. Should the cost of these services be included in the bid for audit services, please note accordingly.

### Scope of Optional Work to be performed

The auditor is responsible for assisting the City with the preparation of a Comprehensive Annual Financial Report (CAFR).

### Reports to be issued

Comprehensive Annual Financial Report (CAFR) – The auditor agrees to provide print-ready financial statements and audit opinion on or before January 16, 2017. The auditor also agrees to provide the City with a print-ready version of the CAFR in .pdf format to facilitate the printing of additional copies and posting the CAFR on the City's website.

The introductory and statistical sections of the CAFR will be prepared by the auditors, with assistance from the City staff.

The auditor will compile and prepare all financial statements and schedules in the financial section of the CAFR.

The notes to the financial statements will be a joint effort of the City and the auditors, and will be prepared by the auditor.

The financial section of the CAFR will be prepared by the auditor.

## DESCRIPTION OF THE GOVERNMENT

### Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices

The auditor's principal contact with the City will be Roxanna Martin, Finance Director; or a designated representative who will coordinate the assistance to be provided by the City to the auditor.

An organizational chart (Appendix A) and a list of key personnel (Appendix B) are attached.

### Background Information

The City serves an area of 14.1 square miles with an estimated population of 14,713. The City's fiscal year begins on October 1st and ends on September 30th. The City provides the following services to its citizens:

Public safety (Police, Fire, EMS), Library, Parks, Swimming Pool, Public Services (Water, Sanitary Sewer, and Garbage Collection), Streets and Street Lighting and Building Code Enforcement. The City also owns and manages Lake Jacksonville.

The City has a total payroll of \$8,265,306 covering 132 full-time employees.

The City is organized into 19 departments. The accounting and financial reporting functions of the City are centralized.

More detailed information on the government and its finances can be found in the City's Official Budget document for the 2015-2016 Fiscal Year, and the City's Annual Financial Report. These reports can be found on the City's website, [www.jacksonville-texas.com](http://www.jacksonville-texas.com). The City's Statement of Fiscal and Budgetary Policies can be made available as requested.

### Reporting Entity

- Discretely Presented Component Unit:
  - Jacksonville Economic Development Corporation (JEDCO)
- Major Governmental Funds
  - GENERAL FUND
  - DEBT SERVICE FUND
- Non-major Governmental Funds
  - COURT TECHNOLOGY
  - COURT SECURITY
  - COURT CHILD SAFETY TRUST
  - FIRE LEASE
  - POLICE LEASE
  - POLICE STATE SEIZURE
  - POLICE FEDERAL SEIZURE
  - WAR MEMORIAL FUND
  - HOTEL/MOTEL OCCUPANCY TAX FUND
  - GRANT FUND
  - GENERAL FUND CAPITAL PROJECTS
- Major Proprietary Funds
  - UTILITY FUND
  - SANITATION FUND
- Non-major Proprietary Funds
  - LAKE JACKSONVILLE FUND
  - UTILITY FUND CAPITAL PROJECTS
- Fiduciary Fund
  - BEAUTIFICATION FUND

### Budgetary Basis of Accounting

The City prepares its budgets for the General, Capital Projects and Special Revenue Funds, on a modified accrual basis while the budgets for the Enterprise Funds are prepared on a basis consistent with generally accepted accounting principles (“GAAP”), except that capital outlays are treated as expenses.

### Pension Plans

The City participates in the Texas Municipal Retirement System (“TMRS”), an agent multiple-employer public employee retirement system.

### Component Unit

The Jacksonville Economic Development Corporation (JEDCO) – Established in 1995, the Corporation is a nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development. The corporation is governed by a board of directors appointed by the City Council.

### Magnitude of Finance Operations

The finance department is headed by Roxanna Martin, Finance Director, and consists of three (3) full time and one (1) part time employees. The principal functions performed within this department

include general accounting, accounts payable processing, purchase order processing, financial report generation, centralized payroll processing and treasury functions.

### Internal Audit Function

There is no designated internal auditor position. Finance duties are aligned so that most functions are subject to a second approval or review. Monthly reconciliations are performed along with the generation of monthly financial reports which are reviewed by the Finance Director.

### Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Trent Westmoreland at Henry & Peters, PC at (903) 597-6311. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

## TIME REQUIREMENTS

### Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	April 11, 2016
Pre-proposal conference	May 18, 2016
Due date for proposals	May 31, 2016
Council Committee Interviews	June 9, 2016

### Notification and Contract Dates

Selected firm notified	June 14, 2016
Contract date	June 17, 2016

### Audit Schedule

Schedule for the 2015-2016 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits).

An audit schedule for the Fiscal Year 2015-2016 is included herein as Appendix C. This schedule consists of target due dates for:

1. Completion of Interim work
2. Development of an audit plan
3. Field work
4. Submission of draft reports
5. Conferences
6. Submission of Final Reports
7. Submission of CAFR (if engaged)

## ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

### Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City.

### Statements and Schedules to be prepared by the Staff of the City

The staff of the City currently prepares the PBC list which is included as Appendix D. Please include any additional statement or schedule that may be required in your proposal.

### Work Area, Telephones, Photocopying, Scanning, WIFI and FAX Machines

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities, scanning, WIFI and FAX machines.

## PROPOSAL REQUIREMENTS

### General Requirements

Four (4) sealed copies of the proposal, along with one (1) unbound original copy suitable for reproduction must be received prior to 3:00 PM (local time), Tuesday, May 31, 2016. All copies of the proposal must be under sealed cover and plainly marked as "Professional Auditing Services Proposal" and delivered to:

Physical Address: Roxanna Martin  
Finance Director  
301 East Commerce  
Jacksonville, Texas 75766

Mailing Address: Roxanna Martin  
Finance Director  
P.O. Box 1390  
Jacksonville, Texas 75766-1390

Inquiries regarding the RFP may be addressed by phone at 903-586-3510 ext. 18 or by e-mail at [tandi.dickey@jacksonvilletx.org](mailto:tandi.dickey@jacksonvilletx.org). Inquiries should be conducted during normal business hours, Monday through Friday. Inquiries to any other person other than the person so named in this RFP may result in elimination of the proposal from any further consideration.

### Submission of Proposals

Separate proposals are to be submitted for required and optional services.

The following must be included in the unbound original and four copies of the proposal and is required to be received by 3:00 PM, Tuesday, May 31, 2016 for a proposing firm to be considered:

Title Page showing the request for proposals subject; the firm's name; the name, address, phone number and e-mail address of the contact person; and the date of the proposal.

### Table of Contents

Signed Transmittal Letter briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for (45) days.

The proposer shall include a dollar cost bid.

## Technical Proposal

### General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Jacksonville in conformity within the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form of manner of presentation. The Technical Proposal should demonstrate the qualification of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid.)

Independence – The firm should provide an affirmative statement that is independent of the City of Jacksonville including all component units of the City as defined by generally accepted auditing standards.

License to Practice in Texas – An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Texas.

Firm Qualifications and Experience – The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the local office's most recent peer review and its status under the AICPA peer review program.

**Please note that the City will not consider proposals from joint ventures or consortiums.**

Partner, Supervisory and Staff Qualifications and Experience – Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Similar Engagements with Other Government Entities – The proposer should provide a list of local government clients served in the past five (5) years by the local office. Current clients should be identified with contact name, e-mail address and telephone number for each.

Pending and Settled Litigation – Describe all major pending and settled litigation of the firm during the past three (3) years. Please identify any litigation involving the local office.

Disciplinary Action – The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state or federal regulatory bodies, oversight committees, or professional organizations.

### Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

1. Proposed segmentation of the engagement
2. Level of staff and number of hours to be assigned to each proposed segment of the engagement
3. Extent of use of EDP software in the engagement
4. Type and extent of analytical procedures to be used in the engagement
5. Approach to be taken in determining laws and regulations that will be subject to audit test work
6. Approach to be taken in drawing audit samples for purposes of tests of Compliance

### Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

### Report Format

The proposal should include sample formats for required reports.

### NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

### Sealed Dollar Cost Bid

Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. A cost proposal form has been provided in Appendix E.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

### Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set as specified herein.

### Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

### Status of Auditor

It is the intent of the parties that the Auditor shall be considered an independent contractor and that Auditor, and anyone else for whom it is legally liable, shall not be considered employees, servants or agents of the City for any purpose. Furthermore, this Agreement shall not be construed to be a partnership or joint venture.

Neither Auditor nor any of its employees or contractors shall be eligible to participate in City's industrial insurance, unemployment, disability, medical, dental, life or other insurance programs, or any other benefit or program that is sponsored, financed or provided by the City for its employees.

Auditor agrees that it shall be Auditor's exclusive responsibility to pay all federal, state, or local payroll, social security, disability, industrial insurance, self-employment insurance, income and other taxes and assessments related to this Agreement. Neither FICA (Social Security), FUTA (Federal Unemployment), nor local state or federal income taxes will be withheld from payments to Auditor. Auditor shall at the Auditor's expense pay and be fully liable and responsible for, and indemnify and hold harmless the City from, any assessments, fines or penalties relating to Auditor's failure to uphold any of these responsibilities.

### Warranties

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express written permission of the City. Proposer shall complete the Proposer's Warranties form provided in Appendix F.

## EVALUATION PROCEDURES

### Review of Proposals

The City will use a point formula during the review process to score proposals based on each of the criteria described below. Members of the City's Finance Committee will be invited to participate in the selection process, including the oral interviews, if any. The ultimate decision shall be based on all the criteria as well as non-qualified criteria or evaluation of staff. A recommendation will be presented for

final selection by the City Council. Firms with an unacceptably low technical score will be eliminated from further consideration.

After the technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

### Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for technical qualifications, price and commitment to governmental accounting and auditing. The following represent the principal selection criteria which will be considered during the evaluation process.

### Mandatory Elements

1. The audit firm is independent and licensed to practice in Texas.
2. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
3. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
4. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

### Technical Quality: (Maximum Points – 50)

1. Expertise and Experience
  - a. The firm's past experience and performance on comparable government engagements
  - b. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
2. Audit Approach
  - a. Adequacy of proposed staffing plan for various segments of the engagement
  - b. Adequacy of sampling techniques
  - c. Adequacy of analytical procedures
3. Responsiveness of the proposal in clearly stating an understanding of the work to be performed, including scheduling, completeness, and thoroughness of the technical data and documentation

### Price: (Maximum Points – 30)

### Commitment to Governmental Accounting and Auditing: (Maximum Points – 20)

The demonstration of the firm's commitment to governmental issues by knowledge of current issues and membership in related organizations such as the Government Finance Officers Association (GFOA or GFOA of Texas) or Texas Municipal League (TML)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

### Oral Presentations

During the evaluation process, the Finance Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide Firms with an opportunity to answer any questions the Finance Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

### Final Selection

The City Council will select a firm based upon the recommendation of the Finance Committee.

It is anticipated that a firm will be selected by June 14, 2016. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 17, 2016.

### Right to Reject Proposals

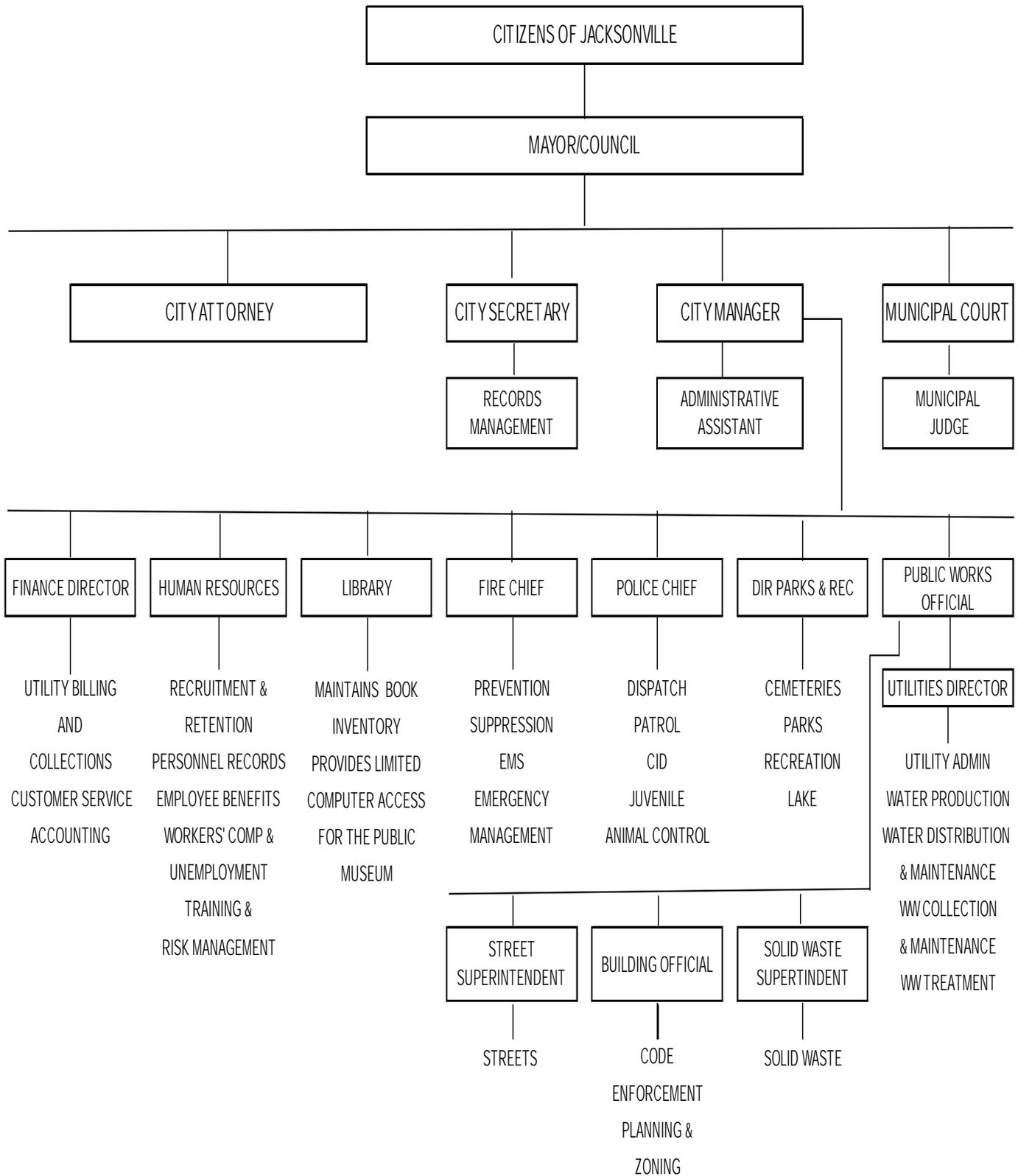
Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right to reject any or all proposals.

## APPENDICES

- A. Organizational Chart
- B. List of Key Officials, Office Locations and Telephone Numbers
- C. Fiscal Year 2015-2016 Audit Schedule
- D. Schedules prepared by client
- E. Cost Proposal Form
- F. Proposer Warranties
- G. Insurance Requirements

APPENDIX A: ORGANIZATIONAL STRUCTURE



## APPENDIX B: LIST OF KEY PERSONNEL

Name and Title	Location of Office	Telephone
<b>Mo Raissi, City Manager</b>	City Hall 301 E. Commerce St.	(903) 586-3510 ext.: 10
<b>Joe Angle, City Attorney</b>	215 E. Commerce St. Ste. C	(903) 586-2595
<b>Roxanna Martin, Finance Director</b>	City Hall 301 E. Commerce St.	(903) 586-3510 ext.: 16
<b>Brenda Bednarz, Bookkeeper</b>	City Hall 301 E. Commerce St.	(903) 586-3510 ext.: 12

## APPENDIX C: FISCAL YEAR 2015-2016 AUDIT SCHEDULE

The following schedule is not prepared to be inclusive of all target dates related to the audit process and production of financial statement processes, but shall serve as a guide to achieve the target date for submission of the CAFR to the City Council as scheduled.

The City will have all records ready for audit and all management personnel available to meet with the firm's personnel as of November 14, 2016.

Each of the following should be completed by the auditor no later than the dates indicated.

### Detailed Audit Plan

The auditor shall provide City by August 22, 2016 both a detailed audit plan and a list of all schedules to be prepared by the City.

### Interim Work

The auditor shall complete interim work by September 19, 2016.

### Fieldwork

The auditor shall complete all fieldwork by November 28, 2016.

### Draft Reports

The auditor shall have drafts of the audit report[s] and recommendations to management available for review by the Finance Committee and the Finance Director by December 19, 2016.

**Conferences** (A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

#### **Week of**

Entrance conference

August 29, 2016

The purpose of this meeting is to meet with the Finance Director and key finance department personnel to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

Progress conference

October 17, 2016

The purpose of this meeting is to meet with the Finance Director and key finance department personnel to commence year-end audit work.

Exit conference

December 22, 2016

The purpose of this meeting is to meet with the Finance Director and key finance department personnel to summarize the results of the fieldwork and to review significant findings.

In addition, the auditor shall provide written reports on the progress of the audit as conditions warrant.

#### Date Final Report is due

The draft financial statements, notes and all required supplementary schedules [and statistical data] shall be submitted to the City by December 19, 2016. The Management Discussion and Analysis will be completed upon the incorporation of the auditor's revisions and the full report submitted to the auditor for its final review.

The Finance Director and key finance department personnel will complete the production of the financial report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit report.

Once all reporting issues have been resolved, the auditor shall submit to the Finance Director ten (10) copies of its final signed report along with ten (10) copies of other required correspondence from the auditor to management and/or the City's elected officials.

#### Date Final CAFR is due

If the auditor is engaged for this optional service, the final CAFR is to be delivered by January 12, 2017.

## APPENDIX D: SCHEDULES PREPARED BY CLIENT

- Electronic copy of trial balances with final balances and budget (original and final amended).
- City Council Minutes from October 1, 2015 through present.
- Complete attorney confirmations on City letterhead, sign, and return originals to AUDIT FIRM.
- Complete related party confirmations on City letterhead, sign, and return originals to AUDIT FIRM.
- Complete investment and debt confirmations on City letterhead, sign, and return originals to AUDIT FIRM.
- The beginning check number at 10/1/15 and the ending check number at 9/30/16
- Prepare a schedule of all federal grants and the total expenditures per grant, and a schedule of all state grants and the total expenditures per grant.
- Bank reconciliations for all bank accounts as of 9/30/16
- Schedule of investment activity by quarter that reconciles to the general ledger at 9/30/16 and the details regarding how investment income was allocated among the funds.
- Reconciliation of Due from Other Governments as of 9/30/16
- Reconciliation of Due to/from Other Funds as of 9/30/16
- A copy of the 'New Hire Employee List' and the 'Terminated Employee Listing' for the fiscal year.
- Rate schedules for water, sewer and trash collection including effective date of any rate changes that occurred during FY 2016
- A copy of the water department aged A/R report for 9/30/16.
- A copy of the water department meter reading summaries for each route during September 2016 and October 2016. A copy of the reconciliation of the amount of unbilled A/R at 9/30/16.
- A copy of the 'Account Aging as of Report, by Service' and the A/R allowance calculation.
- Water Production Compared To Sales.
- Reserved Fund Balances
- Lake Columbia Entry
- Property Tax
  - Property Tax Roll for 2015 and reconciliation to Total Tax Levy per Tax Assessor System Reports
  - Property Tax Year to Date Recap Report from October 1, 2015 through September 30, 2016.
  - Report showing Collections of Property Taxes from October 1, 2016 through November 30, 2016.
  - Copy of Certified Tax Rate for 2016.
- 3rd party billing summary from ETMC of ambulance fees.
- A copy of the ambulance fee allowance calculations.
- A copy of the inventory count listing from the utility director at 9/30/16.
- A detail listing of fixed asset additions, disposals, and gain or loss on sale of fixed assets for the respective funds as of 9/30/16. Schedules of additions should be reconciled with capital outlay accounts in the general ledger. Proceeds shown on Schedule of disposals should be with appropriate general ledger account.
- Depreciation schedules for the respective funds as of 9/30/16. Depreciation schedule should agree with report 'Schedule of General Fixed Assets by Function and Activity'.
- General ledger detail for all repair & maintenance accounts.
- General ledger detail for all capital asset accounts such as capital machinery and equipment, and capital motor vehicles.

- General ledger detail for all gain and loss accounts.
- A reconciliation of 941 Reports filed for the 4th Quarter of 2015 and the 1st – 3rd Quarters of 2016 to salary expense per the General Ledger.
- Calculation of Accrued Payroll and reconciliation to the General Ledger as of 9/30/16.
- Copies of all new notes payable entered into during fiscal year 2016.
- A copy of the Utility Deposits Payable Listing by customer at 9/30/16.
- The accounts payable (regular A/P only) listing by vendor at 9/30/16.
- A copy of the check register listing for regular A/P from 10/1/16 through 11/15/16.
- The October 2016 bank statement for the General Disbursements account.
- Schedule of compensated absences as of 9/30/16.
- An electronic spreadsheet of all disbursements (check register) from 10/1/15 thru 9/30/16.

APPENDIX E: COST PROPOSAL FORM

Audit Services Proposed for the City of Jacksonville, Texas

Submitted By: \_\_\_\_\_

	Number of Hours	Hourly rate	Total Proposed
Partner			
Manager			
Supervisor			
Audit Staff			
Audit Staff			
Support Staff			
Subtotal			

Other Expenses: \_\_\_\_\_

**Total Maximum price 2016 Audit** \_\_\_\_\_

Partner			
Manager			
Supervisor			
Audit Staff			
Audit Staff			
Support Staff			
Subtotal			

Other Expenses: \_\_\_\_\_

**Total Maximum price 2017 Audit** \_\_\_\_\_

	Number of Hours	Hourly rate	Total Proposed
Partner			
Manager			
Supervisor			
Audit Staff			
Audit Staff			
Support Staff			
Subtotal			

Other Expenses:

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**Total Maximum price 2018 Audit**

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Projected Audit price **2019**

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Projected Audit price **2020**

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## APPENDIX F: PROPOSERS WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Jacksonville, Texas.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer warrants that it understands and will adhere to the requirements set forth in this RFP and all of the requirements of the RFP which will be an attachment to the contract. Proposer also warrants that any additions, changes, or deletions made during negotiations will be made a part of this proposal under a binding contract between the City of Jacksonville, Texas and the successful proposer.
- F. Proposer warrants that this proposal is made without previous understanding, agreement, or connection with any person, firm, or corporation making a proposal for the same materials, and is in all fair and without collusion or fraud.

**Authorized Company Representative Please Sign Below:**

**Signature:** \_\_\_\_\_

**Name (typed):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Firm:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## APPENDIX G: INSURANCE REQUIREMENTS

The successful proposer shall at Proposer's own expense, purchase, maintain and keep in force during the term of this contract such insurance as set forth below. Proposer shall not commence work under this contract until Proposer has provided certified copies of all insurance certificates to the City's Finance Department and such insurance has been approved by the City. The insurance requirements shall remain in effect throughout the term of this Contract.

1. Professional Liability Insurance: including contractual liability in an amount not less than \$1,000,000.
2. Commercial General Liability Insurance: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. This policy shall have no coverage removed by exclusions.
3. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage, including owned, non-owned, and hired vehicle coverage.
4. Workers' Compensation: Statutory limits as required by Texas Law, including employer's liability coverage at \$500,000. In addition to these, the contractor must meet each stipulation below as required by the Texas Workers Compensation Commission; (Note: If you have questions concerning these requirements, you are instructed to contact the DWC).
  - a. By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.
  - b. The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten (10) days after receipt of notice of breach from the governmental entity.

### **Additional Requirements:**

1. City shall be named as an additional insured on the Commercial General Liability and Automobile Liability insurance policies. These insurance policies shall contain the appropriate additional insured endorsement signed by a person authorized by that insurer to bind coverage on its behalf.
2. Should Professional Liability Coverage be provided on a "claims-made" form, the successful proposer must maintain this policy for a period of four (4) years after completion of this project or purchase the extended reporting period or "tail coverage".
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice has been provided to the City.
4. Insurance is to be placed with insurers with a Best rating of no less than A:VII. The company must also be duly authorized to transact business in the State of Texas.