



ADDENDUM 2

August 18, 2014

RFP No.: FIN-01-14/ Comprehensive Annual Audit Proposal

Location: San Angelo, Texas

Submission Date: August 28, 2014/2:00 PM Local Time

The following clarifications, changes, additions, and/or deletions are hereby made to the specifications and contract documents:

1. What were the audit fees for the past 3 years?

Our budget for audit fees for the past three years was as follows:

FY 2011 – \$73,000

FY 2012 – \$75,000

FY 2013 – \$75,000

2. Does the past audit fees include single audit fees? If not, can you provide the additional fees for single audit services for the past 3 years?

The past audit fees include fees for both the Single Audit Report and the PFC Audit Report which are separate reports from the CAFR.

3. How many major programs have you had in the past and how many do you anticipate in the future?

We had two major programs in FY 2013 and expect no major changes in the future.

4. Any significant change in federal or state funding anticipated?

No

5. Does the audit fee include CAFR or other fees? If not, can you provide the additional CAFR or other fee breakdown for the past 3 years?

The audit fees include all payments made to our external auditor.

6. Has there been a change in key accounting/finance/purchasing personnel in the City from the prior year?

No. The Finance Director started with the City in July 2013, and the Chief Accountant started in June 2013. All other key finance, purchasing and accounting staff have remained constant.

7. Does the City anticipate turnover of key accounting/finance/purchasing personnel?

No

8. Has the City had or anticipate turnover of any significant outside service organizations?

No

9. Why is the City considering changing auditors?

The contract with the current auditor is expiring. It is our process to request proposals on a five-year rotation.

10. Will the current auditor be able to submit a response for this request for proposal?

Yes

11. What do you consider the most significant risk at this time facing the City?

Grants have been an area of risk in the past. However, there were no findings or questioned costs in the FY 2013 audit. Part of the reason for the improvement is that the City hired a Grant Manager who now has the role of grant oversight and compliance monitoring. Pension funding, while not necessarily a risk, will be an upcoming issue.

12. Have there been any significant audit adjustments in the past? If so, what was the nature of those adjustments?

Overall audit entries for the last few years are mostly reclass, accruals or debt entries. The only significant entries of note were:

- 1. Record PY purchase of land and other fixed assets to the Development Corporation's Balance Sheet in 2013**
- 2. Record an escrow account for the loan received from TWDB for the Hickory Aquifer project in 2013**
- 3. Record OPEB liability in 2010**
- 4. Record landfill post-closure liability 2009**

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Sincerely,



Roger S. Banks
Purchasing, Division Manager