



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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TO:

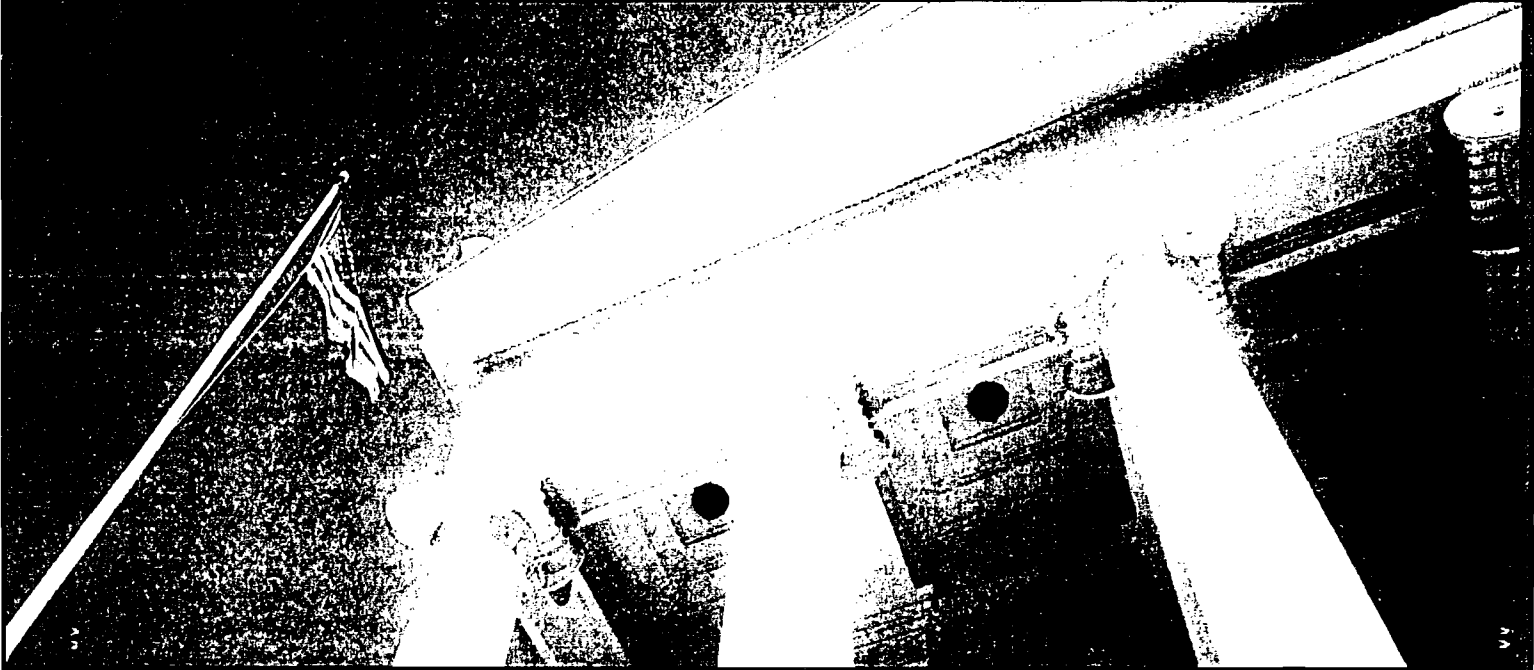
**Titus County
Auditor's Office
100 West First Street, Suite 202
Mt. Pleasant, Texas 75455**

7/8/2014
10:20 am
mf

RFP FINANCIAL AUDIT SERVICES



FINANCIAL AUDIT SERVICES



7.9.2014

Presented to:
Titus County, Texas

Partner Contact:
Chris Pruitt, CPA

Pattillo, Brown & Hill, L.L.P.
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Waco, Texas 76710

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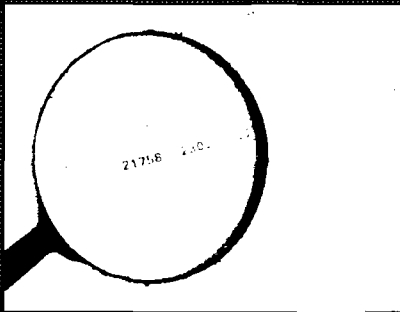
www.pbhcpa.com

Commitment to the Present... Vision for the Future...

EXCELLENCE

At Patillo, Brown & Hill, L.L.P., our people make the difference.

With our extensive public sector experience, strong regulatory and technical expertise, client-centered approach, and competitive fee structure, PB&H provides an unmatched level of client-service commitment.



Contact Us

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Providing Quality Audit and Accounting Services



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

Table of Contents

	<u>Page Number</u>
Transmittal Letter.....	1
Executive Summary.....	2 - 16
Highlights	
Audit Approach	
Partner, Supervisory and Staff Qualifications and Experience	
Review Results and Disclosures.....	17 - 18
Degree of Compliance	19
Proposal Pricing.....	20 - 21
References	22 - 24



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

July 7, 2014

Titus County, Texas
Auditor's Office
100 West First Street, Suite 202
Mt. Pleasant, Texas 75455

Re: RFP Financial Audit Services

Pattillo, Brown and Hill, L.L.P. (PB&H) is pleased to have the opportunity to submit the accompanying proposal to provide professional audit services to Titus County, Texas ("County") for three fiscal years beginning September 30, 2014, with the option to audit the financial statements for each of the two (2) subsequent fiscal years.

We believe that our Firm possesses certain unique characteristics that are well-suited to the County's needs. Specifically,

- We are a regional accounting firm (member of the G400) that has been in existence since 1923.
- We have provided auditing services to over 50 different counties, in the State of Texas, including six of the largest 15 counties (ranked by population).
- Our primary business is serving local governments in Texas and New Mexico. In addition to our experience with counties, we have extensive experience auditing other forms of local governments such as cities, school districts, councils of governments, and other special districts.
- Every member of our proposed team not only has significant local government experience, but has experience auditing counties. This level of experience and expertise, not only in the management but throughout the service team, will ensure high quality performance for the County.
- **We are committed to customer service** and developing client relationships. We offer support throughout the year as a part of this engagement and will not charge additional fees for informal consultations.
- Our proposed service team for the County consists of seasoned professionals who work **exclusively on local government engagements**.
- Our firm is known for providing **high quality services** while meeting our client's time constraints, as such, we are committed to performing the engagement within the time parameters mentioned in the proposal.

Outlined in this proposal are key factors that distinguish our Firm from other providers of government services. Among these are the experience level of our service team with audits of counties, our Firm's commitment to providing services to the public sector and our engagement approach. We bring the high level of experience and expertise as larger, national accounting firms, but with the value inherent in local firms.

As engagement partner, I am an authorized representative of the Firm and my signature binds PB&H to the terms and conditions specified in this proposal. This proposal is a firm and irrevocable offer for thirty (30) days. I can be reached by phone at (254) 772-4901, by email at cpruitt@pbhcpa.com, or by mail at 401 West State Highway 6, Waco, Texas 76710.

I am excited about the opportunity to serve the County. Please feel free to contact me should you have any questions regarding this proposal.

Chris Pruitt, CPA
PATTILLO, BROWN & HILL, L.L.P.

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EXECUTIVE SUMMARY

FIRM PROFILE



Pattillo, Brown & Hill, L.L.P. is a regional accounting firm with five offices located in Waco, Houston, Temple, Brownsville, and Hillsboro, Texas and one in Albuquerque, New Mexico.

If we are awarded the contract, our home office at 401 West State Highway 6, in Waco, Texas will manage and execute the engagement. This office includes 10 partners, 15 managers, 50 professional staff, and 7 administrative staff. Our government audit department in this office includes 4 partners, 1 manager, 20 professional staff, and 3 administrative staff. For this particular engagement we will assign 1 partner, 1 manager, 1 senior and several staff; all of whom will be assigned on a full time basis with the exception of the partner and manager. Our professionals work almost exclusively on governmental engagements. The only other engagements these professionals work on are not-for-profit engagements that are subject to single audits. This approach has enabled our staff to focus on government auditing and accounting services and develop a level of expertise that could not otherwise be achieved.

Our unyielding commitment to exceptional client service has resulted in the growth of our client base, positioning PB&H between the very large national accounting firms and smaller, local firms. We are large enough to have the resources to ensure high quality services will be provided according to our clients' timelines, but small enough to provide the personalized service that our clients deserve. We believe that we offer our clients a unique blend of technical expertise and responsiveness that is sometimes unavailable from larger national firms who may be focused on more sizeable engagements.

EXPERIENCE

We have in-depth experience, presently serving over 100 governmental clients, including many municipalities. Government audits continue to be the fastest growing segment of our client base. We are committed to serving this segment, and continue to expand our department and the scope of services offered to governmental organizations.

For fiscal year 2013, approximately 50 of our clients were required to have "Single Audits" performed in accordance with OMB Circular A-133. It is noteworthy that our workpapers have been examined in connection with several of these "Single Audits" by representatives of grant and/or cognizant agencies. In all circumstances, our supporting workpapers have earned excellent reviews.

Additionally, many of our clients have elected to pursue the Certificate of Achievement for Excellence in Financial Reporting. In all instances where we have been associated with this pursuit, the GFOA has awarded the organization the certificate. Five members of our governmental audit area are members of the Special Review Committee of the GFOA, including three members of your proposed audit team.



EXECUTIVE SUMMARY

TIMELINESS AND RESPONSIVENESS

We regard timeliness and responsiveness to be critical elements to providing quality service to our clients. We are committed to delivering reports in advance of established deadlines. We are able to complete our work according to your timetable. Additionally, we are solidly committed to promptly responding to questions as they arise. We encourage our clients to contact us during the year to discuss accounting or regulatory issues.

VALUE AND EFFICIENCY

We recognize that clients expect the services rendered by their professional accounting firm to go beyond the financial statements. We understand the expectations of our clients and welcome the opportunity to serve not only as auditors, but also as advisors. Our approach places substantial emphasis on the need to thoroughly understand your operations. This audit approach allows us to contribute constructive suggestions regarding your internal controls, operating and accounting procedures, and other matters worthy of management's attention.

AICPA Group of 400 (G400)

Top 500 Firm in the Nation

The firm received national recognition from the American Institute of Certified Public Accountants (AICPA) as an official member of the esteemed G400 group, as well as being identified as one of the 500 largest in the United States, out of 44,000 in the nation. As a member of G400, Pattillo, Brown & Hill, L.L.P. will partner with the AICPA to increase our expertise as well as provide feedback and support to the accounting industry as well as to our valued clients.

GOVERNMENTAL AUDIT QUALITY CENTER (GAQC)

Pattillo, Brown & Hill, L.L.P. is a current member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center ("GAQC"). The GAQC promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits. The Center serves as a comprehensive resource for member firms and state audit organizations.

COMMITMENT TO GOVERNMENTS

Governmental audits continue to be the fastest growing segment of our client base. We are committed to achieve the highest standards in performing quality governmental audits. As evidence of this commitment, our proposed service team includes members of the following organizations:

- AICPA's Governmental Audit Quality Center
- Government Finance Officers Association (national)
- Government Finance Officers Association of Texas
- Special Review Committee of the GFOA
- Texas Association of Regional Councils
- Texas Association of Counties
- Texas Association of School Business Officials



Many of our clients have elected to pursue the GFOA's Certificate of Achievement for Excellence in Financial Reporting on a regular basis. In all instances where we have been associated with this pursuit, our client has been awarded the certificate. Additionally, three members of your proposed audit team are currently GFOA Special Review Committee members.



EXECUTIVE SUMMARY

COMMITMENT TO AVAILABILITY OF PARTNERS

Because our client base per partner is much smaller than that of national accounting firms, our partners are much more actively involved with the performance of engagement procedures. Benefits to the County include having more experienced professionals performing the work and greater continuity from year to year. We believe our Firm's foundation is our partner relationships with our clients.

We believe it is essential to make our partners available to our clients at all times during the year. We have found that handling issues throughout the year; instead of only at audit time, makes for a cleaner audit and gives our clients peace of mind to know that the problem or situation has been resolved. Our firm handles meetings, phone calls, in-house training and other requests from our clients at all times during the year. Our fee proposal is inclusive of all phone calls and conversations during the year. All that we ask is that some advance knowledge of large requests be given in order to accommodate your needs.






AUDIT APPROACH

We believe that a long-term professional relationship must be mutually beneficial to be of lasting value to either party. In the end, regardless of the amount of the fee, you are paying too much if you are not satisfied with the value or quality of service you received or the individuals who provide that service. Our goal in serving Titus County, Texas will be to deliver timely, responsive service that meets your needs, exceeds your expectations, and produces value that exceeds our fees. We have achieved that goal in serving numerous clients, and we fully expect to achieve it in serving you.

This audit engagement will include an examination of all general operations, programs and grants of the County in accordance with Generally Accepted Government Audit Standards, the provisions of the federal Single Audit Act of 1984 (as amended in 1996), OMB Circular A-133, and, if applicable, the State of Texas Uniform Grant Management Standards. The audit period is October 1, 2013 through September 30, 2014.

Our audit plan will be based on the risk assessment performed and impacted by key processes identified. This audit plan would cover the 2014 audit and would be revised in subsequent years based on changes to the County. An outline of these general procedures is as follows:

- 
- Gather information about the entity and its environment that may be relevant in identifying risks of material misstatement of the financial statements.
 - Gather the information to understand and evaluate the design and implementation of the entity's internal control system.
 - Synthesize the information gathered, identify risks (both overall and specific risks) that could result in material misstatement of the financial statements, and develop an overall audit strategy.
 - Assess the risks of material misstatement of the entity's financial statements after evaluating the entity's programs and controls.
 - Develop appropriate responses (further audit procedures) to the risks identified considering the overall audit strategy and planning materiality.



AUDIT APPROACH

SPECIFIC WORK PLAN

Our audit approach consists of four key phases: preliminary audit planning, interim fieldwork, audit fieldwork, and final review and audit conclusion.

Preliminary Audit Planning

Preliminary audit planning will be performed each year prior to the beginning of on-site fieldwork. In this phase of the engagement, our firm will perform the following procedures:

- We will establish the terms of the engagement by issuing the County an engagement letter.
- We will review prior year engagement workpapers and financial statements to determine an initial audit strategy.
- Perform an initial assessment of risk based on the County's control environment.
- Determine nature, timing, and extent of risk assessment procedures to be performed during interim fieldwork.
- Determine planning materiality.
- Communicate with the County about engagement details such as audit scheduling and auditor/auditee responsibilities.
- We will communicate with management or other individuals charged with governance about our initial audit plan and obtain any information they might provide about identified audit risks and other concerns.

Interim Fieldwork

Interim fieldwork will be performed each year primarily on-site at the County's facilities. We will perform the following procedures in this phase of the engagement:

- We will review and document our understanding of the County's centralized and decentralized accounting processes, and we will also evaluate the County's use of accounting software and overall information technology (IT) framework and internal controls.
- We will gain an understanding of the County's operations by reviewing, documenting, and evaluating internal controls related to significant transaction classes and operating processes.
- We will gain an understanding of the County's significant operating relationships concerning component units and joint ventures, if applicable.
- We will perform a preliminary analysis of the County's federal and state grant awards and gain an understanding of the internal controls the County has in place for compliance with federal and state laws and regulations.
- Perform preliminary analytical procedures and document their effect on the audit plan.
- We will finalize our initial audit strategy and communicate with the County about specific documentation we will require for audit fieldwork.
- We will gain an understanding of the County's significant contractual relationships and evaluate the potential impacts of those contracts on the financial statements.



AUDIT APPROACH

Audit Fieldwork

Audit fieldwork will be performed after year-end closing and will include a majority of the substantive testing to be performed during the engagement, including:

- Perform substantive tests of account balances, tests of controls, if necessary, and detailed analytical procedures.
- Perform tests of controls and compliance over major federal and/or state programs in accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards.
- Complete fieldwork documentation.
- Draft auditors' report.
- Discuss audit findings and adjusting entries with Director of Finance.

Final Review and Audit Conclusion

This phase of the engagement will begin as audit fieldwork concludes. Activities to be completed during this phase of the engagement include:

- Perform final analytical review and document effect on audit conclusion.
- Evaluate the effects of passed adjustments.
- Evaluate contingencies, subsequent events, and obtain legal representations.
- Review workpapers including a detailed review by the audit manager, engagement partner, and technical review.
- Review Comprehensive Annual Financial Report, Single Audit Report and other materials, as applicable.
- Communicate any significant deficiencies, material weaknesses, or other management comments.
- Have the partner sign the report or transmittal letter.
- Present reports to Audit Committee.
- Evaluate the staff's performance.
- Maintain the confidentiality, safe custody, integrity, accessibility, and retrievability of the workpapers.
- Assemble and retain the workpapers for a sufficient period of time (subject to monitoring review).



SCOPE AND AUDIT APPROACH

PROPOSED STAFF/HOURS FOR EACH SEGMENT

	<u>Partner</u>	<u>Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
Risk assessment	4	4	24	20	52
Cash and investments	2	3	6	14	25
Receivables	3	2	18	16	39
Inventory	1	1	2	6	10
Capital assets	3	3	16	14	36
Accounts payable	2	2	8	11	23
Accrued liabilities	2	2	8	11	23
Long-term liabilities	3	5	14	6	28
Net position/fund balance	2	2	4	2	10
Revenues	4	3	20	20	47
Expenditures/expenses	<u>4</u>	<u>3</u>	<u>20</u>	<u>20</u>	<u>47</u>
Total	<u>30</u>	<u>30</u>	<u>140</u>	<u>140</u>	<u>340</u>

UNDERSTANDING THE ENTITY AND IT'S ENVIRONMENT—INTERNAL CONTROLS

As an integral part of our audit planning, we will complete questionnaires relating to internal controls. One thing we do not ask is for your staff to do our audit work for us. For example, we will not distribute detailed internal control questionnaires for you to complete. Rather, most of our documentation on internal controls is obtained through inquiry and observation.

A more in-depth understanding of the County's operations and accounting processes will assist us in performing a more efficient and effective audit as we will use any risks identified during the process of evaluating internal controls to tailor specific audit procedures.

AUDIT SAMPLING

Our audit procedures include use of non-statistical sampling. Sampling will be performed for our tests of internal controls, compliance and financial statement amounts, utilizing approaches representative of populations tested. The extent to which we apply detailed audit procedures and sampling is based on materiality, evaluation of audit risks and internal controls, and the characteristics of items comprising the account balance or class of transactions. Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, in practice, sample sizes usually begin with 40 for single audit tests of controls in order to plan the audit to obtain a low level of control risk.

DETERMINING LAWS AND REGULATIONS THAT WILL BE TESTED

Our consideration of audit risk in planning a governmental engagement is essentially an evaluation of the inherent risk of material errors or fraud in the government's financial statements. We will obtain an understanding of the possible financial statement effects of laws and regulations that have a direct and material effect on the determination of financial statement amounts, and assess the audit risk associated with possible violations of such laws and regulations. We will consider laws and regulations that are generally recognized to have a direct and material effect on the determination of financial statement amounts.

Municipalities may be affected by many laws or regulations, including those related to securities trading, occupational safety and health, food and drug administration, environmental protection, equal employment, and price-fixing or other antitrust violations. If specific information comes to our attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, we will apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.



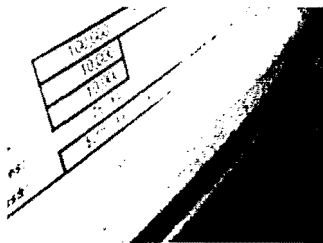
SCOPE AND AUDIT APPROACH

PRELIMINARY ANALYTICAL PROCEDURES

Analytical procedures will be used in general planning to improve our understanding of the County's operations and to identify audit areas for increased attention. These procedures will be applied to assist in planning the nature, timing, and extent of other auditing procedures. These procedures will include comparisons of account balances between accounting periods and ratio and trend analysis to improve our understanding of the County and its operations and to identify critical audit areas.

Preliminary analytical procedures will include, at a minimum, a comparison of current account balances to similar amounts in the prior annual period's financial statements and the current period's budget. Additionally, we believe a thoughtful consideration of expected relationships among account balances and periods by an experienced auditor is far more important than a mechanical comparison. We will consider these relationships and bring to bear other knowledge about the County and its operation.

ANALYTICAL PROCEDURES AS SUBSTANTIVE TESTS



Our reliance on substantive tests to achieve an audit objective related to a particular assertion may be derived from tests of details, from analytical procedures, or from a combination of both. For some assertions, analytical procedures are effective in providing the appropriate level of assurance. For other assertions, however, analytical procedures may not be as effective or efficient as tests of details in providing the desired level of assurance. The expected effectiveness and efficiency of an analytical procedure in identifying potential misstatements depends on, among other things, the predictability of the relationship and the availability and reliability of the data used to develop the expectation.

ANALYTICAL PROCEDURES USED IN THE OVERALL REVIEW

The objective of analytical procedures used in the overall review stage of the audit is to assist us in assessing the conclusions reached and in the evaluation of the overall financial statement presentation. The overall review would generally include reading the financial statements and notes and considering the adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit and unusual or unexpected balances or relationships that were not previously identified. Results of an overall review may indicate that additional evidence may be needed.

PERFORMANCE OF SUBSTANTIVE PROCEDURES

Substantive audit testing will be performed in areas where the effectiveness of process controls does not reduce risk to a relatively low level or where substantive testing is more efficient.



SCOPE AND AUDIT APPROACH

CAPABILITY TO AUDIT COMPUTERIZED SYSTEMS

Our information technology audit service consists of a systematic evaluation of your entity's information system security by measuring how well it conforms to a set of established criteria. We typically assess the security of your system's physical configuration and environment, software, information handling processes, and user practices.

Additionally, our Firm is required to gain an understanding of the internal controls the County has over IT and general computer controls. As a critical system impacting the County's processes, it is important to control the IT processes underlying the County's EDP system. The key is to ensure that only managed and authorized changes and access to the functionality and data is allowed. The IT General Computing controls are focused on change management, access-security and computer operations areas. At a high level, the change management process ensures that all changes to the systems go through a standardized process, whereby they are approved and tested by appropriate officials before being deployed in the County's operating environment. The access-security process ensures that only authorized individuals have appropriate access to the systems and underlying data. It also ensures that security layers (database, operating system, application, physical access to the servers, internal and external network layers) are appropriately controlled to avoid unauthorized access. The computer operations process ensures that backend jobs are monitored and controlled. It also ensures that backups and recovery procedures are in place to be able to recover in case of rollback or disaster situations.

To achieve effective monitoring and auditing of the EDP system, with respect to IT General Computing Controls, it is necessary to extract the following from the system:

- System log of changes (application, database, reports)
- System log of access changes (end user, administrative – application and database)



The majority of EDP systems struggle, without an add-on module or third party system, to be able to provide one or more of the details mentioned above. An alternative is to work closely with your IT Department to write custom scripts and extract data for these items.

DATA EXTRACTION SOFTWARE AND COMPUTER EXPERTISE

Our Firm uses a wide range of software including the Microsoft Office Suite, ACL Desktop (data extraction software), Adobe Acrobat, and ProSystems fx Engagement. We also utilize Microsoft Access databases and other data extraction and evaluation tools.

We have developed significant resources in the areas of computer applications and system analysis to provide a wide range of services to our clients as outlined below:

- We are familiar with and have experience in auditing systems using a wide range of financial application software. We currently have clients who use Incode, SunGard—HTE, STW, Rectrac, Class, Pentamation, Fund Ware, MIP, MAS 90, and many other software systems frequently used by government entities.
- A computer consultant from our Firm will be assigned to your audit to aid in technical areas of system controls and procedures. His resume is included in the "Partner, Supervisory, and Staff Qualifications and Experience" section of this proposal. All personnel assigned will be familiar with computerized accounting systems and controls. All experienced personnel receive training specifically in these areas during their development and progression.
- We also use data extraction software to address any specific areas of risk your County might have. We can use this software to evaluate many automated processes that the County uses such as P-card purchases, journal entry processing, and issues related to data security and integrity.



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

COMPETENT, EXPERIENCED PERSONNEL

We consider well-trained and experienced professionals to be the single most important element necessary to providing the highest level of service to a client. We believe that we offer our clients a unique blend of technical expertise and responsiveness that is sometimes unavailable from larger firms who may be focused on more sizable engagements. We have identified for Titus County an experienced and proven service team. Your audit team will have significant experience serving governmental clients, including counties, and are actively involved in professional organizations that allow us to keep abreast of issues facing governmental organizations.

Pattillo, Brown & Hill, L.L.P. includes members with excellent professional qualifications as evidenced by the following:

- One former member served on the Texas State Board of Public Accountancy.
- One former member is past president of the Texas Society of CPAs.
- Several members are past chairmen and several are current chairmen or members of Committees of the Texas Society of CPAs including the Society's Government Accounting Standards Committee.
- Members are heavily involved in continuing professional education programs sharpening technical skills.
- Our Firm includes members of the Association of Government Accountants and the Government Finance Officers Association of Texas.
- Five members of our Firm are active members of the Special Review Committee of the Government Finance Officers Association.

In keeping with our obligation for quality service, we require our professional employees to complete a minimum of 40 hours of technical training directly related to auditing and accounting for local governments. We also encourage our personnel to pursue their certification as accountants and then to become actively involved in local and state professional organization activities.

PROPOSED SERVICE TEAM

Our proposed service team has thorough knowledge of government auditing and extensive experience auditing a variety of entities similar to the County. The team brings a wealth of experience in auditing Texas counties, and as such they are well versed in the intricacies of Generally Accepted Government Auditing Standards, and OMB Circular A-133. If awarded the engagement, Chris Pruitt and a team of experienced professionals will perform the County's audit. As mentioned earlier, our partners are much more actively involved with the performance of engagement procedures than larger national firms. The proposed personnel who will be working on the engagement are as follows:

Chris Pruitt, CPA, Engagement Partner

Todd Pruitt, CPA, Concurring Partner

Nicole Bradshaw, CPA, Manager

Angela Gonzales, CPA, Senior Auditor

Don Abel, CISSP, MCP, IT Specialist

Staff auditors with experience working on local government audits.

On the following pages is a summary of the proposed service team members' resumes. All of these professionals are employed by the firm on a full-time basis. All key audit professionals are certified to practice in the State of Texas. In addition, all of the proposed professionals have significant experience auditing local governments, including Texas counties.



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Chris Pruitt, CPA, Engagement Partner

Chris will serve as the Engagement Partner on this engagement, and will supervise and direct all of our services to the Titus County, Texas. He will serve as the primary client contact for the engagement and will ensure its overall quality. Chris will ensure appropriate staffing, performance and timely completion of the engagement.

Chris is a CPA with 17 years of experience auditing local governments in the State of Texas and concentrates exclusively on audits of local governments. He has extensive experience auditing municipalities, cities, counties and school districts. Chris has conducted numerous training seminars within PB&H and for local government organizations across the state.

Sample of Governmental Experience

Collin County	Williamson County
McLennan County	Denton County
Gregg County	Henderson County
Montgomery County	Jasper County
Jefferson County	Limestone County
Bowie County	Orange County
Upshur County	Tom Green County

Educational Background

BBA Accounting	University of Texas at Austin
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Continuing Professional Education

- Accounting for Service Concession Arrangements
- The Auditor Independence Requirements in the 2011 Yellow Book
- Governmental Audit Quality Control Center Annual Webinar
- Single Audit/A-133 Update
- Texas Society of CPAs: Texas School District Accounting and Auditing Conference
- New GASB Pension Accounting
- PPC Audit Risk Assessment Conference
- Yellow Book Update—The General Accounting Standards
- GFOAT Spring Institute
- Performing Effective Analytics
- County Auditors Conference
- A Walk-through of the AICPAs Clarity Audit Standards
- Emerging Issues in Government Accounting and Auditing
- Implementation Issues of Recent GASB Standards

Professional Organizations

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Government Finance Officers Special Review Committee



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Todd Pruitt, CPA, Concurring Engagement Partner

Todd will serve as the Concurring Engagement Partner on this engagement, and will assist in planning and reviewing the audit. He will monitor and address accounting and compliance issues as they might arise.

Todd is a CPA with 20 years experience auditing local governments in the State of Texas. He concentrates exclusively on audits of local governments. He has had extensive experience auditing municipalities, cities, counties and special districts. Todd frequently speaks at local government organizations including the Texas Association of Regional Councils Finance Directors Association, the GFOAT Houston Area Region, the GFOAT Heart of Texas Region and others.

Sample of Governmental Experience

Williamson County	Wood County
Collin County	Collin County
McLennan County	Denton County
Henderson County	Tom Green County
Anderson County	Williamson County

Educational Background

BBA Accounting	University of Texas at Austin
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Continuing Professional Education

- Making Sense of Deferred Outflows and Inflows of Resources
- The New Data Collection Form
- Grants Management
- Governmental Audit Quality Center Annual Webcast Updates
- An Overview of the New GASB Pension Accounting Standards
- Improve Your Understanding of Sampling in a Single Audit
- GFOA Annual Accounting and Auditing Updates
- The New Group Audit SAS
- Accounting for Service Concession Arrangements
- Understanding Indirect Cost Rates: What Auditors Need to Know for Their Single Audits
- Auditing Pensions and Other Post-employment Benefits: Practice Issues and Practical Solutions
- The Latest on Single Audits and Other Common Compliance Audits
- The Auditor Independence Requirements in the 2011 Yellow Book
- Taking a Tour of the Clarifies SASs
- Performing Effective Analyticals
- Integrating IT Audit Specialists on the Audit Team
- Implementation Issues of Newer GASBs
- GASB's Pension Standards—The Latest

Professional Organizations

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Special Review Committee of GFOA (former member)
Texas Association of Regional Councils (Associate member)
Government Financial Officers Association (Associate member)
Government Finance Officers Association of Texas (Associate member)



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Nicole Bradshaw, CPA, Manager

Nicole is a CPA with nine years of experience working solely in the areas of auditing and accounting for governmental entities. She will serve as the manager on the engagement. She is an active member of the Government Finance Officers Association Special Review Committee and has had extensive training on the use and application of data extraction software. Nicole will monitor and assist the senior auditor during the audit process, and will be involved with the day-to-day operations of the engagement.

Sample of Governmental Experience

Medina County	Milam County
Gregg County	Henderson County
Jefferson County	Anderson County
Orange County	Hood County
Collin County	Alamo Area Council of Governments
Navarro County	Houston-Galveston Area Council

Educational Background

BBA Accounting	University of Mary Hardin-Baylor
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Continuing Professional Education

- Annual Governmental Auditing Standards Update
- AICPA—The Clarified Auditing Standards
- Governmental Audit Quality Center Annual Webcast Updates
- Annual Texas Society of CPAs—Texas School District Accounting and Auditing Conferences
- Preventing Common OMB A-133 and Yellow Book Deficiencies
- ACL (Audit Command Language) - Introduction through Intermediate Level
- GFOA—Pension Accounting: A Work in Progress
- GFOA—The Accounting and Auditing Year in Review
- GFOA—Keeping in (Fund) Balance: Implementing GASB Statement No. 54
- Performing Efficient and Effective Single Audits
- Facing Up to Fraud in Challenging Times
- Financial Reporting for Local Governments
- Audit Watch—Level 4
- AICPA—Reviewing Fieldwork Documentation
- Emerging Issues in Government Accounting and Auditing
- Implementation Issues of Recent GASB Standards

Professional Organizations

Texas Society of Certified Public Accountants
American Institute of Certified Public Accountants
Government Finance Officers Special Review Committee



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Angela Gonzales, CPA, Senior Auditor

A CPA with six years of experience in auditing and accounting for governmental entities, Angela Gonzales will serve as the senior auditor on the engagement. She has conducted training seminars within our Firm on various government accounting and auditing topics. The advantages of having an experienced "in-charge" such as Angela, include the elimination of time spent by your personnel training our staff and a generally more efficient and cost effective audit.

Sample of Governmental Experience

Upshur County	Alamo Area Council of Governments
Williamson County	Houston-Galveston Area Council
Hood County	City of DeSoto
Bastrop County	City of Grapevine
Rockwall County	City of San Marcos
Medina County	East Texas Council of Governments
Bastrop County	City of LaPorte

Educational Background

BBA Accounting	University of Texas at Austin
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Continuing Professional Education

- GFOAT—Changing the Rules of the Race: GASB Update
- Annual GASB Updates
- Internal Controls in a Financial Statement Audit and Single Audit
- Annual Texas Society of CPAs: Texas School District Accounting and Auditing Conferences
- PPC Audit Risk Assessment Conference
- PPC In-House Seminars: Audit Risk Assessment Suite
- Facing Up to Fraud in Challenging Times
- Governmental Audit Quality Center Annual Webcast Update
- New GASB Pension Accounting

Professional Organizations

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants



PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Don Abel, CISSP, CISA, CRISC, MCP, IT Specialist

Don Abel is our Director of Information Systems. He has over 16 years of experience in the Information Systems Field – Project Manager for IT projects, Network Administrator, IT consultant specializing in network security and administration, internal auditing, a Programmer Analyst and auditor. Don will serve as part of the audit team to help determine the effect of information technology on the audit, understand the entity's controls, and design and perform tests of controls and substantive tests. He will assist in determining what we may need from IT staff and their role in the audit and how to leverage IT and risk-based audit procedures to drive audit efficiency.

Certified Information Systems Security Professional

The International Information Systems Security Certification Consortium, commonly known as (ISC), promotes the CISSP certification as the "international gold standard" against which other security certifications are measured.

Educational Background

Business Information Systems

University of Mary-Hardin Baylor



REVIEW RESULTS AND DISCLOSURES

EXTERNAL QUALITY CONTROL REVIEW

As an indication of our commitment to quality, we are a member firm of the Public Company Accounting Oversight Board (PCOAB), the National Peer Review Committee (formerly known as the Center for Public Company Audit Firms) Peer Review Program and the AICPA's Governmental Audit Quality Center (GAQC). Our firm has been a member of the peer review program for well over 20 years. The GAQC requires member firms to establish policies and procedures specific to the firm's governmental audit practice to comply with the applicable professional standards and Center membership requirements. Additionally, member firms must have its governmental audits selected as part of the Firm's peer review.

We are required to undergo peer reviews every three years. We completed our most recent review in 2013 and received a rating of pass. In addition, we also received no "letter of comments," and therefore achieved the highest possible rating, obtained by only a small percentage of accounting firms across the nation. A copy of our most recent peer review report is included in this proposal. The review included a number of specific government engagements.

DESK AND FIELD REVIEWS

Because of the level of audits that we perform that require federal and state single audits and the number of clients that we serve that receive federal and state grant assistance, many of our clients have field and desk reviews performed on their audits at least annually. We are not aware of the specific number of these reviews that have been performed on our audits in the last three years, but there are no unresolved questions or findings resulting from the desk reviews. No disciplinary action has ever been alleged and no action is pending or has been undertaken against the Firm by the SEC, AICPA, Texas State Board of Public Accountancy, other federal or state regulatory agencies, or other professional organizations.



CLAIMS AND SUITS

Pattillo, Brown & Hill has not failed to complete any work that was awarded to it, and there are not any judgments, claims, arbitration proceedings or suits pending or outstanding against PB&H or partners. Additionally, PB&H has not filed any lawsuits or requested arbitrations with regard to contracts within the last five years.



REVIEW RESULTS AND DISCLOSURES



EUBANK BETTS

Eubank, Betts, Hirn, Wood, PLLC

A Professional Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

An Independent Member of
CPA Assn. of Int'l. Inc.
A Worldwide Association of Accounting Firms

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SYSTEM REVIEW REPORT

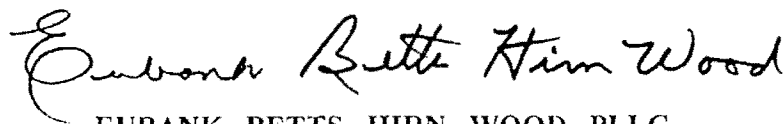
August 29, 2013

To the Partners of
Pattillo, Brown & Hill, L. L. P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Pattillo, Brown & Hill, L. L. P.** (the firm) in effect for the year ended May 31, 2013. 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 a 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*, audits of employee benefit plans, audits performed under FDICIA and examinations of service organizations [Service Organizations Control (SOC) I engagements].

In our opinion, the system of quality control for the accounting and auditing practice of **Pattillo, Brown & Hill, L. L. P.** in effect for the year ended May 31, 2013, 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(ies)* or *fail*. **Pattillo, Brown & Hill, L. L. P.** has received a peer review rating of *pass*.


EUBANK, BETTS, HIRN, WOOD, PLLC



DEGREE OF COMPLIANCE

All services quoted in the proposal are in full accord with the specification sections in the Request for Proposal for Financial Audit Services.



PROPOSAL PRICING

Name of Firm: Pattillo, Brown & Hill, L.L.P.

Certification that the person signing this proposal is entitled to represent the Firm and authorized to sign a contract with Titus County, Texas.

So Certified

Name: Chris Pruitt, CPA

Title: Partner

Signature: Chris Pruitt

Date: July 7, 2014

Total all-inclusive maximum fee for:

2014	\$36,000
2015	\$36,750
2016	\$37,500

Our stated fees include **all out-of-pocket expenses** and will not be exceeded unless significant, new audit, accounting or regulatory requirements are imposed. We would discuss those factors prior to any audit work being performed.

There will be no additional costs billed under this engagement. If it should become necessary for the County to request us to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued during this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County and PB&H and shall be performed at the same rates set forth below.

Partner	\$ 180
Manager	110
Supervisory Staff	85
Staff	70

The rates are open for discussion and will depend upon the requested task. We would not start work or begin billing for work until we had agreed to the rates and terms with the County.

MANNER OF PAYMENT

Pattillo, Brown & Hill, L.L.P. accepts the manner of payment stated within the request for proposal. We will accept progress payments on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the dollar cost bid proposal. Interim billing shall cover a period not less than a calendar month.



PROPOSAL PRICING

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE FISCAL YEAR 2014 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Partners	30	\$ 180	\$ 5,400
Managers	30	110	3,300
Supervisory Staff	140	85	11,900
Staff	140	70	9,800
Subtotal	340		\$ 30,400
Total for Juvenile Probation Audit			\$ 3,500
Out-of-pocket expenses:			
Meals and lodging			1,300
Transportation			300
Administrative personnel (filing, typing, binding)			500
Total all-inclusive maximum price for the September 30, 2014 year end audit			\$ 36,000



SIMILAR ENGAGEMENTS

Below is a list of the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposals. These engagements are ranked on the basis of total staff hours.

* Collin County Chris Pruitt Todd Pruitt	Audit and Federal Single Audit	2005-2013	950	Jeff May McKinney, Texas 972/548-4731
* Gregg County Chris Pruitt	Audit and Federal Single Audit	2005-2013	525	Laurie Woloszyn Longview, Texas 903-237-2690
Hood County Paula Lowe	Audit and Federal Single Audit	2005 - 2012	525	Stan McBroom Granbury, Texas 817/579-3210
* Denton County John Manning	Audit and Federal Single Audit	1994-2013	750	James Wells Denton, Texas 940/349-3100
* McLennan County Todd Pruitt	Audit and Federal Single Audit	1990-2013	750	Stan Chambers Waco, Texas 254/757-5156

* Receives the Government Finance Officers Association Award for its Comprehensive Annual Financial Report.



FIRM EXPERIENCE

SIMILAR ENGAGEMENTS

Below is a listing of City and County governments audited by our office:

City Governments

Athens	Flower Mound	Murphy
Balch Springs	Forest Hill	New Braunfels
Beaumont	Fredericksburg	North Richland Hills
Bedford	Friendswood	Pantego
Belton	Grapevine	Pearland
Caldwell	Hearne	Pflugerville
Cedar Park	Hewitt	Richland Hills
Clifton	Highland Village	Rowlett
Colleyville	Hillsboro	San Marcos
Columbus	Huntsville	Sherman
Copperas Cove	Kennedale	Stephenville
Corsicana	Kerrville	Terrell
Deer Park	Kyle	Waco
Del Rio	La Porte	Weatherford
DeSoto	Lacy-Lakeview	Westworth Village
Duncanville	Leander	White Settlement
Eagle Pass	Live Oak	
Fairfield	Marble Falls	

County Governments

Anderson County	Jefferson County
Bastrop County	Kaufman County
Bowie County	Lampasas County
Cherokee County	Limestone County
Collin County	McLennan County
Denton County	Medina County
Falls County	Navarro County
Grayson County	Orange County
Gregg County	Robertson County
Grimes County	Rockwall County
Harrison County	Tom Green County
Henderson County	Upshur County
Hood County	Williamson County
Jasper County	Wood County



FIRM EXPERIENCE

SIMILAR ENGAGEMENTS

Below is a listing of various local governments audited by our office:

School Districts

Aquilla I.S.D.
Belton I.S.D.
Bosqueville I.S.D.
Brownsville I.S.D.
Bruceville-Eddy I.S.D.
Bryan I.S.D.
Buckholts I.S.D.
China Spring I.S.D.
College Station I.S.D.
Corsicana I.S.D.
Gatesville I.S.D.
Granbury I.S.D.
Groesbeck I.S.D.
Hays C.I.S.D.
Hillsboro I.S.D.
Hubbard I.S.D.
Hudson I.S.D.
Hutto I.S.D.
Lancaster I.S.D.
Llano I.S.D.
Lorena I.S.D.
Midway I.S.D.
Moody I.S.D.
Salado I.S.D.
Schertz-Cibolo-Universal
City I.S.D.
West Orange-Cove C.I.S.D.

Education Service Centers

Education Service Center Region I
Education Service Center Region XII
Education Service Center Region XIII

Councils of Governments

Alamo Area Council of Governments
Brazos Valley Council of Governments
Central Texas Council of Governments
Concho Valley Council of Governments
East Texas Council of Governments
Heart of Texas Council of Governments
Houston-Galveston Area Council
Permian Basin Regional Planning Commission
Rio Grande Council of Governments
South East Texas Regional Planning Commission

MHMR Centers

Abilene Regional MHMR Center
Brazos Valley MHMR Services
Central Counties Center for MHMR Services
Collin County MHMR Center dba LifePath Systems
Heart of Texas Region MHMR Center
Hunt County MHMR Center
Johnson-Ellis-Navarro County MHMR Center
Lakes Regional MHMR Center



PATTILLO, BROWN & HILL, L.L.P.
Certified Public Accountants—Business Consultants



*At Pattillo, Brown & Hill, L.L.P., our people
make the difference.*

With our extensive local government experience, strong regulatory and technical expertise, client-centered approach, and competitive fee structure, PB&H provides an unmatched level of client-service commitment.

Pattillo, Brown & Hill, L.L.P.
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