



RESOLUTION NO. 20170627-01

FISCAL YEAR 2017 ANNUAL AUDIT

WHEREAS, TexAmericas Center is a political subdivision of the State of Texas with the powers and authorities specified in Chapter 3503 of the Special District Local Laws Code of the State of Texas; and

WHEREAS, TexAmericas Center was established by resolution of Bowie County and the surrounding cities; and

WHEREAS, TexAmericas Center was established for the purpose of accepting title to the excess personal and real property within the Red River Army Depot, and to reuse said property for economic redevelopment purposes; and

WHEREAS, TexAmericas Center Board of Directors deems it necessary to engage a qualified Certified Public Accounting firm to conduct an annual audit, which provides for increased fiduciary responsibility TexAmericas Center funds; and

WHEREAS, TexAmericas Center has sought, through a competitive process, proposals for annual auditing financial services.

WHEREAS, the firm of Knauth & Company, P.C., has submitted a satisfactory proposal and has been determined to have the necessary experience to perform the audit of TexAmericas Center financial statements and related matters; and

NOW, THEREFORE, be it resolved by the Board of Directors of TexAmericas Center that the Executive Director is authorized to enter into an engagement agreement with Knauth & Company, P.C. to perform the annual financial audit for TexAmericas Center for the fiscal year ended September 30, 2017, with an option to renew the engagement for an addition four (4) one (1) year terms. As proposed, fees for the engagements are not to exceed:

Fiscal Year ending September 30:

2017	\$12,310
2018	\$12,679
2019	\$13,060
2020	\$13,451
2021	\$13,855

PASSED AND APPROVED THIS 27th day of June, 2017.



Boyd Sartin, Chairman of the Board

ATTEST:



Ben King, Secretary

Attached: Audit Proposal

**Audit RFP Analysis
TexAmericas Center
06/21/2017**

TexAmericas Center
Knauth & Company, P.C. Park Fowler & Co., PLLC

REQUIRED INFORMATION FROM THE PROPOSER

A. Title Page

· RFP Project Title	Provided	Provided
· Name of Proposer	Provided	Provided
· Address, telephone number, e-mail address and web address of the proposer, if available	Provided	Provided
· Date of Submission	06/14/2017	06/13/2017

B. Letter of Transmittal (not to exceed 2 pages)

· Briefly state the proposer's understanding of the work to be done and make a positive commitment to complete all work and deliver all reports within the required time period.	As incumbent - well stated	Satisfactorily stated
· Specify an all-inclusive fixed fee for which the work is to be performed.	\$12,310	\$25,265
· The letter must be signed by an individual authorized to contractually bind the individual or firm.	Provided	Provided

C. Table of Contents

· Include a clear identification of the materials by section and by page number.	Provided	Not Provided
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D. Professional Experience

· Describe the individual's or firm's experience with engagements similar in nature to TAC.	Provided - extensive	Provided - adequate
· Identify the specific supervisors that will be assigned to TAC and provide copies of the resumes of supervisory staff to be assigned. Resumes must identify the specific governmental/non-profit education, training, and experience of the supervisory staff assigned to TAC.	Chris Knauth, Engagement Partner; Mark Canal, Senior Staff; Don Graves, Tax Principal; Tom Gregg, Audit Principal Resumes provided	Ron Park, Engagement Partner; Juan Sanchez, Audit Partner; P Andrew Hall, Audit Senior Manager Resumes Provided
· Describe the individual's or firm's participation in professionally sponsored quality control review programs and provide a copy of the peer review letter.	AICPA Peer Review Program administered by the TSCPA's PASS	AICPA Peer Review Program administered by the TSCPA's PASS

**Audit RFP Analysis
TexAmericas Center
06/21/2017**

TexAmericas Center
Knauth & Company, P.C. Park Fowler & Co., PLLC

· Provide the name, address and telephone number of at least five (5) governmental/non-profit client references, whom TAC may contact.

Provided

Provided

E. Approach to Audit Engagement

· State the proposer's understanding of the services to be performed and the work products to be delivered.

As Incumbent - thorough knowledge

Good understanding of the Audit Requirements

· Submit a proposed work plan to accomplish the required services for the fiscal year ending September 30, 2017, within the required time frame. The work plan must include time estimates for each major component of the audit, by staff level and staff assignments. Please include a brief discussion of the audit procedures to be employed in each major component of the audit.

Detailed audit work plan provided with rough time estimates for each segment

Detailed work plan provided including a description of the audit procedures to be followed. Time estimates were not provided for the various segments of the audit.

F. Compensation

· State the total number of hours and hourly rates required by staff classification for each major component of the engagement.

Partners 20 hrs @ \$248/hr = \$4,950; Supervisory staff 20 hrs @ \$158/hr = \$3,150; Staff 40 hrs @ \$86/hr = \$3,420; Office support 8 hrs @ \$68/hr = \$540; Out of pocket \$ 250

Partners 44 hrs @ \$250/hr = \$11,000; Staff 158.5 hrs @ \$90/hr = \$14,265

· The proposal must include a fixed fee, inclusive of all travel, clerical, printing, administrative and overhead expenses to complete all required services.

2017 - \$12,310

2017 - \$25,265

G. Additional Information

Audit for Fiscal Year ending September 30:

2017	\$12,310	\$25,265
2018	\$12,679	\$25,265
2019	\$13,060	\$26,500
2020	\$13,451	\$26,500
2021	\$13,855	\$27,825

**Audit RFP Analysis
TexAmericas Center
06/21/2017**

**TexAmericas Center
Knauth & Company, P.C. Park Fowler & Co., PLLC**

SCOPE, TERMS AND CONDITIONS

The initial audit engagement shall cover the fiscal year ending September 30, 2017 and require the rendering of an opinion on the financial statements for the year then ended. Based on mutual agreement, the Audit Firm engagement may be extended for the 4 subsequent years through September 30, 2021. The audit will be conducted in accordance with Generally Accepted Auditing Standards. A Management Letter shall also be prepared with recommendations for improving internal accounting controls. At the conclusion of the audit, a senior representative of the accounting firm shall appear before the Board of Directors to discuss the findings of the resulting audit, and the recommendations for improving TAC's systems of internal control.

No exceptions noted

No exceptions noted

The Auditor shall also review TAC's investment practices and Investment Policy for compliance with the Public Funds Investment Act and the Public Funds Collateral Act.

No exceptions noted

No exceptions noted

Over the course of the audit engagement period, the accounting firm shall at no additional cost to TAC, make qualified staff members available to TAC for general consultation, regarding financial accounting and reporting issues.

No exceptions noted

No exceptions noted

**Audit RFP Analysis
 TexAmericas Center
 06/21/2017**

TexAmericas Center
Knauth & Company, P.C. Park Fowler & Co., PLLC

Report Requirements

The following reports are required at the completion of the engagement:

- An auditor’s opinion as to whether the general purpose financial statements present fairly the financial position and results of financial operations of TAC in accordance with generally accepted accounting principles for state and local governments. This opinion is to be expressed on the financial statements at the combined level.

No exceptions noted

No exceptions noted

- A management letter of comments and recommendations should accompany the audit.

No exceptions noted

No exceptions noted

Publication

The accounting firm shall print, bind, and submit twenty-five (25) copies of the aforementioned reports to the Executive Director of TAC.

No exceptions noted

No exceptions noted

The accounting firm shall conduct an annual audit planning meeting with the Controller prior to the beginning of the audit work, and shall conduct an exit conference with the Investment/Finance Committee of the Board of Directors to review draft copies of the aforementioned reports, prior to issuance in final form. The final reports shall be provided no later than March 31st of each year.

No exceptions noted

No exceptions noted

**Audit RFP Analysis
TexAmericas Center
06/21/2017**

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Knauth & Company, P.C. Park Fowler & Co., PLLC**

Instructions to Audit Firms

Qualified certified public accounting firms wishing to present TAC with a proposal for providing independent audit services should forward three (3) bound hardcopies of their proposal and a flash/thumb drive containing the complete proposal in a PDF format.

Provided

Provided

Selection Criteria

Selection of the firm for oral presentations and ultimate work for TAC will be based on the following:

Responsiveness to terms and conditions and the completeness and thoroughness of the written proposal to the purpose and scope of services. Please respond to the "Required Information from the Proposer" section following the same order as in the RFP. For each step, be sure to detail what technical and support services you would have available. Additional items may be added to the proposal.

Provided

Provided

Reputation and professional qualifications of the specific individuals. Please provide a resume for each individual.

Provided

Provided

Fee structure – Quote fixed price fee for services to be rendered at TAC attached form.

Provided

Provided

Experience providing similar services based on references of former and/or current clients. Please provide the name, address and telephone numbers of contact persons for at least five (5) references.

Provided

Provided

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 06/21/2017**

TexAmericas Center
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Terms and Conditions

TAC reserves the right to reject any or all proposals, or any portion thereof, that it feels are in the best interests of TAC to do so and to negotiate with any one or more of the respondents.

No exceptions noted

No exceptions noted

If the individual or firm selected does not execute an agreement within thirty (30) days after the award of the contract, TAC reserves the right to award the agreement to the next qualified individual or firm.

No exceptions noted

No exceptions noted

TAC requires affirmative action, and therefore, the individual or firm will not discriminate under the agreement against any person in accordance with federal, state and local laws and regulations.

No exceptions noted

No exceptions noted

TAC shall pay for services on the basis of the approved fee schedule per the agreement.

No exceptions noted

No exceptions noted

All information, data, reports, and records necessary for carrying out the work shall be furnished to the contractor without charge by TAC and TAC shall cooperate with the individual or firm in every way possible.

No exceptions noted

No exceptions noted

**Audit RFP Analysis
 TexAmericas Center
 06/21/2017**

TexAmericas Center
Knauth & Company, P.C. Park Fowler & Co., PLLC

TAC shall have the right to terminate this agreement without cause by specifying the date of termination in a written notice to the individual or firm at least thirty (30) working days before the termination date. In this event, the individual or firm shall be entitled to just and equitable compensation for any satisfactory work completed.

No exceptions noted

No exceptions noted

No Public Official or employee of TAC who exercised any responsibilities in the review, approval or carrying out of this agreement shall participate in any decision relating to this agreement which affects his or her direct or indirect personal or financial interest.

No exceptions noted

No exceptions noted

The individual or firm shall not assign any interest in this agreement and shall not transfer any interest in the same without prior written consent of TAC.

No exceptions noted

No exceptions noted

No reports, information, or data given to or prepared by the individual or firm under this agreement shall be made available to any individual or organization by the individual or firm without prior written approval of TAC.

No exceptions noted

No exceptions noted

The individual or firm shall describe what professional liability insurance it carries.

Minimum as Required

Not provided

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 TexAmericas Center
 06/21/2017**

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TAC Assistance to the Accounting Firm

TAC will provide the accounting firm with the following assistance in the preparation of the required reports:

No exceptions noted

No exceptions noted

Preparation of year end individual fund balance sheets, revenues and expenditures

No exceptions noted

No exceptions noted

Location of appropriate records and assistance with pulling and filing of necessary records and documents

No exceptions noted

No exceptions noted

TAC will also provide copies of official documents for inclusion in work papers.

No exceptions noted

No exceptions noted

Billings

Progress payments may be billed monthly for services rendered to date.

No exceptions noted

No exceptions noted

Additional Information

All proposals become the property of TAC and may be subject to disclosure as required by the State of Texas' Public Information Act.

No exceptions noted

No exceptions noted

TAC is not liable for any cost(s) incurred by the prospective auditors in the preparation of replies to this RFP.

No exceptions noted

No exceptions noted

Texamericas Center
Audit Proposal
FOR THE FISCAL YEAR ENDING
September 30, 2017



8950 Gary Burns Drive, Suite D
Frisco, TX 75034

Contact: Chris Knauth, CPA
(972) 335 9754 [Main]
(972) 689-4150 [Mobile]
Chris.knauth@knauthcpas.com
Website: <http://www.knauthcpas.com/>
Date of Submission: 06/14/2017

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TABLE OF CONTENTS

	Page
I. Letter of Transmittal	2
II. Professional Experience	4
A. Executive Summary	
B. Partial List of Audits Performed	
C. Resumes of Key Personnel	
D. Peer Review Letter	
E. Audit References – Similar Engagements	
III. Approach to Audit Engagement	13
A. Audit Understanding	
B. Proposed Work Plan	
IV. Compensation	17
A. Schedule of Professional Fees and Expenses	
V. Additional Information	18
A. Proposer Warranties	
B. Proposer Guarantees	

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Chris E. Knauth, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA

Members:
American Institute of CPAs
Texas Society of CPAs

June 14, 2017

Texamericas Center.
Attention: Scott Norton, CEO
107 Chapel Lane
New Boston, TX 75570

Dear Mr. Norton:

Thank you for your request for our proposal to perform financial audit services for Texamericas Center ("The Company") for the fiscal year ending September 30, 2017.

Our proposal for auditing The Company in accordance with *Generally Accepted Auditing Standards* (GAAS), *Government Audit Standards* ("The Yellow Book"), and the American Institute of Certified Public Accountants (AICPA) is shown in the section labeled: "Technical Proposal."

We are a specialty firm located in North Texas with strong focus on governmental and nonprofit audits. Knauth & Company, P.C. ("KC" or the "Firm") affirms that (a) KC is independent and licensed to practice in Texas, (b) KC has no conflicts of interest with regard to any other work performed by KC for The Company, (c) KC adheres to the instructions in this request for proposal on preparing and submitting the proposal, (d) KC has included a copy of its last external quality control review supporting the fact that KC has a strong record of quality audit performance.

Our fee estimate is based on our prior experience working with governmental and nonprofit entities. If we encounter difficulties during the audit, you will be informed well in advance of exceeding our estimate. We will discuss with you in detail any such difficulties and together decide how to progress with the audit. We are committed to performing the work within the time period outlined in our proposal.

We believe that awarding the engagement to KC will have several unique advantages to The Company. We are currently engaged as the independent auditor for many other

government entities that must follow GASB pronouncements and Governmental Auditing Standards. Among audits we perform, 35 require adherence to Governmental Auditing Standards and the Yellow Book, with 19 of those audits being Single Audits. Several of our audit clients have obtained the "Certificate of Achievement Award for Excellence in Financial Reports" from the GFOA, and we encourage each of our clients to work toward this goal. We take great pride in our contribution toward making this highest form of recognition in governmental accounting and financial reporting a reality for our clients. We understand this is an expressed objective of The Company for the current year audit, and our firm will achieve this goal.

Our team's collective experience in performing governmental audits is substantial. A Principal in the firm, Charles T. Gregg, is a Certified Fraud Examiner.

We believe we are uniquely qualified to serve your city based on KC's extensive experience in auditing local governments, as well as our memberships in the Government Finance Officers Association, American Institute of CPAs, and in the Texas Society of CPAs. Our quality review, required by the American Institute of Certified Public Accountants, was performed on May 28, 2014. We also carry at least the minimum required professional liability and comprehensive general liability insurance coverage.

Chris Knauth, CPA, will serve as engagement partner and will be happy to answer any questions you may have about our proposal, including technical, pricing and/or contract related questions.

Sincerely,

Knauth & Company, PC

II. PROFESSIONAL EXPERIENCE

A. EXECUTIVE SUMMARY

This proposal has been written in response to a request for proposal for audit services of Texamericas Center. It has been written specifically for The Company. This proposal for auditing services will expire 30 days after the issue date of June 14, 2017.

History of the Firm and Experience

Knauth & Company, PC (“KC”) is a local public accounting firm formed in 2005, with the primary office located in Frisco, Texas. Our firm has grown to 12 employees. Over the years, our firm has grown organically through mergers: Hart & Company in 2007, Gregg & Company CPAs in 2009, and Hendricks Graves & Associates in 2012. The primary accounting service provided by KC has been auditing services. Both of the firm’s founding partners started their careers in audit for the same Big 4 firm. KC specializes in performing governmental, not-for-profit, construction and real estate company audits. KC has extensive experience performing audits in accordance with Single Audit Act of 1984 and standards issued by the General Accounting Office (GAO).

Scope of Audit Services to be Performed

Services that will be provided by KC include: expressing an opinion on the fair presentation of The Company’s combining and individual fund financial statements in conformity with generally accepted accounting principles (GAAP) for preparation of the Annual Financial Report (AFR).

The six different phases are discussed in detail in the “Audit Approach” section.

The Audit Team

The audit team for auditing services to The Company is Chris Knauth, CPA – Engagement Partner; Mark Canal, Senior Staff, Don Graves, CPA – Tax Principal, Tom Gregg, CPA – Audit Principal; and selected audit staff.

Independence

The second general standard for governmental auditing states that the auditor should maintain an attitude of independence in both fact and appearance. KC has no direct or indirect financial interest in The Company or other interest that could affect its independence. We affirm that KC is independent of The Company as defined by generally accepted auditing standards of the United States.

Texamericas Center
KC Audit Proposal

Licensure

We affirm that the firm and all assigned key professional staff are properly licensed to practice in Texas.

Firm Size

The firm is comprised of 12 professionals. We propose to utilize no more than three professionals in the firm on this proposal. All professionals in the firm meet the requirements of the *Government Auditing Standards*.

BAKCGROUND OF THE FIRM

Knauth & Company, P.C. ("KC") is a local public accounting firm located in Dallas, Texas. The primary accounting service provided to clients has been the attestation function. KC is comprised 12 professionals and one clerical staff.

KC specializes in performing various audits of governmental, for profit, and not-for-profit organizations. The firm has extensive experience performing audits in accordance with the Single Audit Act of 1984 and standards issued by the General Accounting Office (GAO). The firm's professionals have performed over 250 governmental audits. As a function of this past experience completing audits of complex nonprofit and state organizations, the firm has demonstrated it is capable of completing the audit of The Company in a timely and efficient manner.

FIRM COMPETENCE INFORMATION

Knauth & Company, PC (“KC”) is not restricted by the terms of a public or private reprimand by the Texas State Board of Public Accountancy, licensing boards of other states, or any other agency. Knauth & Company, PC does not have a record of sub-standard audit work. The firm’s accountants are degreed professionals competent for performing all necessary auditing work.

KC meets all specific requirements imposed by federal, state, and local laws and/or regulations.

Texamericas Center
KC Audit Proposal

AUDIT TEAM INFORMATION

Engagement Partner.....Chris Knauth, CPA
Principal.....Charles T. Gregg, CPA

Please refer to ATTACHMENT D for the resume of each key personnel.

Engagement Partner– Chris Knauth, CPA

Chris Knauth will assume the overall management responsibility for the conduct of the engagement. He will coordinate the activities of the project, allocate administrative support where required, and direct any supplemental activities, as needed, for ensuring the completion of the audit within the time and cost restraints. Chris has over 21 years of experience, professional training and audit experience. He is a Certified Public Accountant in the State of Texas and has a BBA in Accounting from Southern Methodist University.

Audit Principal – Tom Gregg, CPA

Tom Gregg has more than 35 years of experience serving over 70 municipalities, 15 independent school districts, 4 private schools, 65 nonprofit entities, and 5 partnerships. Tom will be involved in specialized technical governmental accounting issues.

B. PARTIAL LIST OF AUDITS PERFORMED

Governmental Audits

Austin College (Internal Controls)
City of Aledo, Texas (GASB 34)
City of Anna, Texas (GASB 34)
City of Azle, Texas (GASB 34 and AFR)
City of Corinth, Texas (GASB 34 and AFR)
City of Howe, Texas (GASB 34)
City of Palestine, Texas (GASB 34 and AFR)
City of Parker, Texas (GASB 34)
City of Pottsboro, Texas (GASB 34)
City of Tom Bean, Texas
City of Van Alstyne, Texas (GASB 34)
City of Whitewright, Texas (GASB 34)
Dallas County – Park Cities Municipal Utilities District (GASB 34)
Texamericas Center (Red River Development Authority) (GASB 34)
Texas Department of Human Services (Medicaid)
Texoma Area Paratransit System (OMB-A133)
Town of Argyle, Texas (GASB 34 and AFR)
Town of Fairview, Texas (GASB 34)
Town of Northlake, Texas (GASB 34)
Town of Saint Paul, Texas (GASB 34)

Other Audits

Burkburnett Seniors, LLC (TDHCA)
Desoto Estates (Louisiana HUD Program and Single Audit)
North Texas MESBIC (SBA Lender Program)

C. RESUMES OF KEY PERSONNEL

Resume of Qualifications of Chris Knauth, CPA

CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate number 067201 from Texas State Board of Accountancy – May 1995

EDUCATION

Mr. Knauth graduated from Southern Methodist University in 1993 with a BBA (Bachelor of Business Administration) in Accounting and Finance.

WORK HISTORY

Mr. Knauth has been associated with the firm since 2005. He has worked in public accounting for 19 years and was employed by Ernst & Young from 1993 to 2001. In 2008, he and Mike Vail formed the CPA firm Vail & Knauth, LLP.

AUDITS PERFORMED

Dallas County Park Cities Municipal Utilities District
Dallas Human Resource Management Association
Lion Sight & Tissue Foundation
International Autotech, Inc.
O'Connor Place, LP. (Louisiana HUD Program)
Desoto Estates (HUD Program)
Jean Massieu Academy, Inc.
Worldlink Ministries, Inc.
Red River Regional Hospital in Bonham, TX
Fannin County Hospital

POSITION IN FIRM

Audit Partner

SPECIFIC GOVERNMENTAL/NONPROFIT EDUCATION – Past Three Years

Governmental CPE – Yellow Book, Single Audit Act	30 hours
Not-for-profit CPE – Partner review of W/P's, Internal Controls	20 hours

**Texamericas Center
KC Audit Proposal**

Resume of Qualifications of Charles T. Gregg, CPA

CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate number 2456 from Tennessee State Board of Accountancy – August 1969

CPA Certificate number 29898 from Texas State Board of Accountancy – February 1975

CERTIFIED FRAUD EXAMINER

CFE Certificate number 14209 from National Association of Certified Fraud Examiners – March 1992

EDUCATION

Graduated from the University of Tennessee in 1964 with a Bachelor's of Science in Business with a major in Accounting. MBA Post Graduate Study conducted from 1967 to 1979 at the University of Tennessee and University of Tulsa.

WORK HISTORY

Since 1983 as sole proprietor in the firm Vail, Warren, Knauth LLP CPAs (fka Gregg & Company), he has overseen the independent financial audits of more than 70 municipalities, 15 independent school districts, 4 private schools, 65 nonprofit entities, and 5 partnerships. The majority of these audits were performed under Single Audit Act, OMB Circular A-133.

POSITION IN FIRM

Senior Partner – Responsible for design, implementation and compliance with all auditing, accounting, and internal quality control procedures. Responsible for coordinating and scheduling quality reviews for the AICPA on other CPA firms.

YEARS OF PUBLIC ACCOUNTING EXPERIENCE: Thirty (30)

YEARS OF SUPERVISORY EXPERIENCE: Thirty-Three (33)

D. Peer Review Letter

Peer Review

KC is a member of the American Institute of Public Accountants (AICPA), Texas Society of CPAs, and the Public Company Accounting Oversight Board (PCAOB). The PCAOB is a private-sector, nonprofit corporation, created by the Sarbanes-Oxley Act of 2002 to oversee auditors of public companies in order to protect investors and the public interest by promoting the preparation of informative, fair, and independent audit reports. KC's peer review was performed under the direction of the AICPA. KC receives an internal monitoring review annually and an external System Peer Review every three years.

The audit team assembled for this engagement is capable of performing the audit in a timely, effective, and professional manner. This has been demonstrated in our audits of independent school districts, nonprofit organizations, municipalities, health care agencies, as well as numerous other audits.

KC received the AICPA's highest opinion (pass) on its peer review on May 28, 2014. A copy of the peer review letter is evidenced below.

E. AUDIT REFERENCES – SIMILAR ENGAGEMENTS

Ken Pfeifer, City Manager
City of Aledo, Texas
(817) 441-7016

Kim Collins, VP of Finance
Town of Argyle, Texas
(940) 464-7273

Karen Bolyard
Town of Northlake, Texas
(940) 648-3290

Bob London
Town of St. Paul, Texas
(972) 442-7212

Larry McDaniel, Executive Director
Dallas County Park Cities Municipal Utilities District
(214) 652-8639

Carolyn Baker
City of McGregor, Texas
(254) 840-2806

III. AUDIT APPROACH

A. Audit Understanding

The audit will be performed in accordance with standards issued by the American Institute of Certified Public Accountants.

Our audit philosophy is to provide the highest quality audit possible in the most efficient manner with minimal interference in the day-to-day operations of the client's administrative staff. Past experience has shown that frequent and open conversation between our firm's management and the town's staff is the best way to accomplish this objective. The timeframe for the current year audit's interim fieldwork is condensed compared to future years, but our firm will execute a routine schedule for this and subsequent years.

Our goal is to hold an entrance conference in September with Holly Sleek and Scott Norton, and to perform initial planning and internal control work (planning) during the month of September 2017. We will provide The Company with a detailed audit plan and list of schedules to be prepared by The Company for both interim and year-end procedures no later than **September 30, 2017**.

B. PHASES OF AUDIT WORK

Must include time estimates.

Phase I – Planning and Internal Control Documentation

We will begin our planning and internal control documentation on-site work in September 2017, by holding a briefing with Scott Norton. KC will:

- a. Obtain and review necessary background information relative to the audit.
- b. Have all members of the audit team review the *Government Auditing Standards*, and the AICPA Auditing Standards.
- c. Make arrangements for the entrance conference.
- d. Review The Company internal policies and procedures for data entry and reporting in the accounting software.
- e. Request The Company's department heads to document internal control procedures of selected areas of operations. We will request an internal control questionnaire to be completed with a comprehensive list of typical internal policies and procedures to determine if The Company is utilizing "best practices" of similar government entities.

Texamericas Center
KC Audit Proposal

- f. Perform analytical procedures using comparisons of prior year actual and current year-to-date actual of revenues, expenditures, by fund, and compare budget year comparisons. We will review the relationships of the variances between revenue and expenditures for unusual and unexpected variations. From these analytical procedures, we will develop a customized audit program.

Phase II – Interim Audit Procedures

We will perform the interim off-site work during November and conduct the entrance conference with the CEO in a telephone interview. We will establish procedures for discussing any material audit exceptions or noncompliance with state or federal laws and regulations. Our strategy is to complete interim fieldwork by **December 29, 2016**. We will perform preliminary analytical review and capital asset testing as part of our interim procedures.

We will review the operations of The Company to determine if The Company is complying with laws and regulations of Texas and Federal governments by reviewing the responses to internal controls questionnaires, review of the minutes, purchasing procedures, and human resources policies and procedures.

Phase III – Year-End Audit Procedures

We will begin the year end on-site work on **December 7, 2016** and review the schedules of accounts payable, accounts receivable and other scheduled reports prepared by The Company. The amount of audit testing that our auditors need to perform is directly affected by their assessment of control risk.

Our purpose of assessing the control risk is not designed to detect errors, irregularities, fraud or abuse. However, we use a system for assessing the control risk that is a significant advance over traditional prevention and detection of material errors and irregularities. It is applied in considering each significant class of transactions and related assets involved in the audit. Our approach consists of the following steps:

- Considering the types of errors and irregularities that can occur.
- Determining the accounting control procedures that should prevent or detect such errors and irregularities.
- Determining whether the necessary control procedures are being followed satisfactorily.
- Evaluating any weaknesses and determining the nature, timing, and extent of our audit procedures.

Texamericas Center
KC Audit Proposal

This approach allows our auditors to pinpoint areas containing weak controls and to extend testing only to those areas. In this way, the evaluation of weaknesses in internal control is more exact and the testing of the accounting records becomes more effective and efficient. Any material weaknesses noted during our study and evaluation of internal accounting and administrative controls will be included in our report.

Audit Sampling Plan – Our audit sampling plan is a method of obtaining efficient, mathematically valid samples from accounting records. The objectives are to obtain statistically reliable tests of accounting records and to reduce the amount of time required for detail testing. We have used the plan extensively and successfully in large nonprofit and municipal audits. We believe that it is the most valid method available for sampling accounting records as well as the easiest and most practical to apply. Typical use of software for EDP is Excel random number tables, OIG audit tool box, and Incode software sorting and analysis.

In applying the audit-sampling plan to accounting records, the auditor considers the detailed evaluations of internal controls to determine the extent of tests. Documents and related records supporting the individual items selected by the sampling plan are examined using traditional auditing methods. Deficiencies of both monetary and procedural importance are then statistically computed and evaluated. This approach allows the auditor to determine the appropriate testing required for each area and to select a small, statistically valid sample from the accounting records to evaluate quantitatively the results. During this period of Phase III, progress meetings will be conducted with Scott Norton at regular intervals.

We will review and test identified revenue, perform additional analytical procedures and perform substantive testing of the accounting records. We will determine if The Company can provide reasonable assurance that funds received are in compliance with applicable laws and regulations and board directives.

We will test and review the accounting records and various documents to ensure that the accounting system produces appropriate results. We will evaluate internal controls, control risk, and fraud risk in accordance with professional standards.

During the course of the audit, we will discuss any audit findings and instances of noncompliance where appropriate with the Finance Director and/or City Manager to avoid any surprises at the exit conference or in the draft audit report.

Texamericas Center
KC Audit Proposal

Phase IV – Exit Conference

At the completion of the engagement, we will conduct an exit conference with the CEO. We will then perform a final review of all working papers, which is to be performed in our office. This overriding review is performed to ensure that the final product of our engagement adheres to the highest quality technical standards that can be obtained from any public accounting firm.

Phase V – Comprehensive Annual Financial Report Preparation

In this phase, we will ask The Company to consider posting the proposed audit adjusting journal entries, and then we will prepare a rough draft of the Annual Financial Report (AFR). After approval of the draft Annual Financial Report, KC will bind 25 copies of the basic financial statements, along with one loose copy. We will prepare 25 copies of the management recommendation letter for Scott Norton. An exit conference will be scheduled with Scott Norton.

Phase VI – Presentation to Board

After receiving the comments of Scott Norton, we will address any concerns raised. We will then submit 25 copies of the audit report and management letter to The Company. We will address to the Finance Director required communication which includes:

1. 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

We will furnish requested copies of selected working papers that The Company requests. The work papers will also be available for review upon the request of the appropriate federal or state agencies, for a minimum of five years or when legal proceedings order their release of retention.

IV. Compensation

A. Schedule of Professional Fees and Expenses
(Attached)

V. Additional Information

A. PROPOSER WARRANTIES

- B. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) Corporations.
- C. Proposer warrants that it has obtained 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.
- D. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without prior written permission of The Company.
- E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- F. Proposer warrants that all assigned key members are properly licensed to practice in the State of Texas.

Signature of Official:  _____

Name: Chris Knauth, CPA
Title: President – Certified Public Accountant
Firm: Knauth & Company, PC

Date: _____ June 14, 2017 _____

B. PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, as a minimum, all the services set forth in Services Required.



Signature of Official: _____

Name: Chris Knauth, CPA
Title: President– Certified Public Accountant
Firm: Knauth & Company, P.C.

Date: June 14, 2017

**TEXAMERICAS CENTER
PROPOSAL FORM
INDEPENDENT FINANCIAL AUDIT SERVICES**

The undersigned, hereafter called the proposer, having fully familiarized himself with the specifications for providing professional independent auditing services to TexAmericas Center, hereby agrees and declares:

That prices inserted cover all labor, materials, transportation, insurance, and all other necessary expenses to fulfill the conditions of the contract within the time selected.

Audit for Fiscal Year ending September 30:

2017: \$ 12.310
2018: \$ 12.679
2019: \$ 13.060
2020: \$ 13.451
2021: \$ 13.855

The undersigned certifies under penalties of perjury that this proposal is in all respects bona fide, fair and made without collusion or fraud with any other person. As used in this section, the word "Person" shall mean any natural person, joint venture, partnership, corporation, or other business legal entity.

Our company is: Corporation P.C.
Partnership
Other

Company Name: Knauth & Company, P.C.

Social Security Number or Federal ID Number: : 81 - 2830356

Signature: 

Company Official – attach authorization)

Company Address: 8950 Gary Burns Drive Suite D, Frisco, TX 75034

Phone: (972) 689-4150 Fax: (972) 335-975

Email: Chris. knauth@knauthcpas.com

Website: www. knauthcpas.com

PROPOSAL: Audit Services for FYE September 30, 2017
Texamericas Center
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2017 FINANCIAL STATEMENTS

Basic Financial Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	20	\$ 275	\$ 248	\$ 4,950
Managers	-	225	203	-
Supervisory staff	20	175	158	3,150
Staff	40	95	86	3,420
Office support	8	\$ 75	\$ 68	540
Subtotal	88			12,060
 Out-of-pocket expenses:				
Report production costs (Estimated number of copies: 25)				150
Miscellaneous expenses				<u>100</u>
 Total all-inclusive maximum price audit				 \$ 12,310

All-inclusive maximum price by year:

2017:	\$ 12,310
2018:	12,679
2019:	13,060
2020:	13,451
2021:	13,855



HOWARD

System Review Report

May 28, 2014

To the Partners of Vail & Knauth, LLP
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Vail & Knauth, LLP (the "Firm") in effect for the year ended November 30, 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, and examinations of service organizations (Service Organization Control [SOC] 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Vail & Knauth, LLP in effect for the year ended November 30, 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*. Vail & Knauth, LLP has received a peer review rating of *pass*.

HOWARD, LLP