

SERVICE AGREEMENT FOR AUDITING SERVICES

Service Agreement No. 739

THIS **Auditing Services Agreement** (this "Agreement") is entered into by and between the City of Corpus Christi, a Texas home-rule municipal corporation ("City"), acting by and through its City Manager or designee ("City Manager"), and Padgett, Stratemann & Co., L.L.P. ("Contractor"), effective for all purposes upon execution by the City Manager.

WHEREAS Contractor has proposed to provide **Auditing Services** in response to **Request for Proposal Event No. 66** incorporated by reference into this Agreement as Exhibit "1";

WHEREAS the City has determined Contractor to be the most qualified proposer on the basis of demonstrated competence and qualifications to perform the service for a fair and reasonable price for the City;

NOW, THEREFORE, Contractor and City enter into this Agreement and agree as follows:

1. **Services.** Contractor shall provide **Auditing Services** in accordance with **the Scope of Work** ("Services"), which request for proposal and related specifications, if any, are attached to this Agreement and incorporated by reference into this Agreement as Attachment "A". Contractor's proposal to provide the services is attached to this Agreement and incorporated by reference into this Agreement as Attachment "D".
2. **Term.** This Agreement is for a term of three years, commencing on the date signed by the City Manager.
3. **Compensation and Payment.** The total amount to be allocated under this Agreement is not to exceed \$601,000., inclusive of an allowance of \$36,000 for bond examination reports/statements and conduct letters that may be requested by the City during the term of this Agreement. Fees will be paid as outlined in Attachment "B" "Contractor's Billing Schedule" attached and incorporated by reference into this Agreement. Contractor shall submit monthly invoices for all Services rendered in accordance with this Agreement. Payment will be made to Contractor within 30 days of receipt of a correct invoice.

The City may require bond examination reports/statements or comfort letters for one or more bond issuances each fiscal year; depending on complexity of the report or letter, the estimated cost will range \$4,500-\$6,000. The decision as to whether or not to proceed with production of any reports or letters is within the City's complete discretion as an allowance. If the City notifies the Contractor of its potential intent to proceed with a request, the City and Contractor will establish and agree upon the cost of the official report or letter in advance. The Contractor must receive the City's advance written approval by task order before proceeding with preparation of any report or letter. Any portion of the unused allowance belongs at all times to the City and can be re-appropriated for other uses by the City at any time during the term of this Agreement. Should any portion of the allowance remain upon termination or expiration of the Agreement, a final change order will be issued to re-appropriate any portion of the unused allowance that remains upon close out of the Agreement.

4. **Contract Administrator.** The Contract Administrator designated by the City is responsible for approval of all phases of performance and operations under this Agreement including deductions for non-performance and authorizations for payment. All of the Contractor's notices and communications regarding this Agreement must be directed to the Contract Administrator, who serves as the **Director of Financial Services**, unless indicated otherwise in this Agreement.
5. **Independent Contractor.** Contractor shall perform the Services hereunder as an independent contractor and furnish such Services in its own manner and method, and under no circumstances will any employee, agent, or representative of the Contractor be considered an employee of the City.
6. **Insurance.** Before activities can begin under this Agreement, the Contractor's insurance company, or companies, must deliver a Certificate of Insurance, as proof of the required insurance coverage, to the Contract Administrator and City's Risk Manager. The Contractor's insurance requirements are attached to and incorporated by reference into this Agreement as Attachment "C".
7. **Assignment.** No assignment of this Agreement nor any right or interest herein held by the Contractor is effective unless the City Manager first gives written consent to such assignment. The performance of this Agreement by the Contractor is the essence of this Agreement, and the City's right to withhold consent to such assignment is within the sole discretion of the City Manager on any ground whatsoever.
8. **Fiscal Year.** All parties recognize that the continuation of any contract after the close of any fiscal year of the City (the City's fiscal year ends each September 30th) is subject to budget approval and appropriations providing

for such contract item as an expenditure in the fiscal budget. The City does not represent that a budget item for this Agreement will be actually adopted, as that determination is within the sole discretion of the City Council at the time of adoption of each fiscal budget.

9. **Waiver.** No waiver of any breach of any term or condition of this Agreement, or the Consultant's response to RFP, which exhibit is incorporated into this Agreement, waives any subsequent breach of the same.
10. **Compliance with Laws.** This Agreement is subject to all applicable federal, state and local laws. All duties of the parties will be performed in Corpus Christi, Texas. The applicable law for any legal disputes arising out of this Agreement is the law of Texas, and the forum and venue for such disputes is the appropriate district or county court in and for Nueces County, Texas.
11. **Subcontractors.** The Contractor may use subcontractors in connection with the work performed under this Agreement. When using subcontractors, however, the Contractor must obtain prior written approval from the Contract Administrator. In using subcontractors, the Contractor is responsible for all their acts and omissions to the same extent as if the subcontractor and its employees were employees of the Contractor. All requirements set forth as part of this Agreement are applicable to all subcontractors and their employees to the same extent as if the Contractor and its employees had performed the services.
12. **Amendments.** This Agreement may be amended only in writing and signed by persons authorized to execute the same by both parties.
13. **Termination.**
 - A. The City Manager may terminate this Agreement for Contractor's failure to perform the services specified in this Agreement and its exhibits. The Contract Administrator must give the Contractor written notice of the breach and set out a reasonable opportunity to cure. If the Contractor has not cured within the cure period stated in the notice, the City Manager may terminate this Agreement immediately thereafter. Failure to keep all insurance policies in force for the entire term of this Agreement is grounds for termination.
 - B. Alternatively, the City may terminate this Agreement without cause upon 30 days advance written notice to the Contractor. However, the City may terminate this Agreement upon 24 hours advance written notice to the Contractor for the Contractor's failure to pay any required taxes or to provide proof of payment of taxes as set out in this Agreement.
14. **Taxes.** The Contractor covenants to pay all applicable federal and state payroll taxes, Medicare taxes, FICA taxes, unemployment taxes, and all other

taxes in accordance with Circular E "Employer's Tax Guide", Publication 15, as it may be amended. Upon request, the City Manager shall be provided proof of payment of these taxes within 15 days of such request.

15. **Notice.** Notice must be given by personal delivery, facsimile (fax), or by certified mail, postage prepaid and return receipt requested, and is deemed received on the date hand-delivered or faxed, with proof of accepted transmission, and on the third day after deposit in the U.S. mail if sent certified mail. Notice must be sent as follows:

IF TO CITY:

City of Corpus Christi
Attention: Director of Financial Services
P. O. Box 9277
Corpus Christi, Texas 78469-9277
1201 Leopard St.
Corpus Christi, Texas 78401
Fax # (361) 826-3601

IF TO CONTRACTOR:

Contractor Name: Padgett, Stratemann & Co., L.L.P
Contact Person: Marc Sewell, CPA Partner
Mailing Address: 100 NE Loop 410, Suite 1100
City, State, ZIP: San Antonio, Texas, 78216
Fax #: 210.826.8606

16. **Order of Precedence.** In the event of conflicts or inconsistencies between this Agreement and its exhibits or attachments, such conflicts or inconsistencies will be resolved by reference to the documents in the following order of priority:

Agreement and its Attachments A, B and C
Contractor's Proposal Attachment D
RFP documents including Addenda Exhibit 1

17. **Certificate of Interested Parties.** Contractor agrees to comply with Texas Government Code Section 2252.908 and complete Form 1295 "Certificate of Interested Parties" as part of this Agreement.
18. **Severability.** Each provision of this Agreement is severable and if, for any reason, any provision or any part thereof is determined to be invalid and contrary to any applicable law, such invalidity shall not impair the operation of or affect those portions of this Agreement that are valid, but this Agreement

shall be construed and enforced in all respects as if the invalid or unenforceable provision or part thereof had been omitted.

19. **INDEMNIFICATION. CONTRACTOR CONVENANTS AND AGREES TO FULLY IDEMNIFY, DEFEND AND HOLD HARMLESS, THE CITY AND THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, VOLUNTEERS AND REPRESENTATIVES OF THE CITY, INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES ,FEES ,FINES , PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE, INCLUDING BUT NOT LIMITED TO, PERSONAL OR BODILY INJURY, DEATH AND PROPERTY DAMAGE, MADE UPON THE CITY DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO CONTRACTOR'S ACTIVITIES UNDER THIS CONTRACT, INCLUDING ANY ACTS OR OMISSIONS OF CONTRACTOR, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONTRACTOR OF CONTRACTOR, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OF THE DUTES UNDER THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE NEGLIGENCE OF CITY, ITS OFFICERS OR EMPLOYEES, IN INSTANCES WHERE SUCH NEGLIGENCE CAUSES PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE. IN THE EVENT CONTRACTOR AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.**

20. **Conflict of Interest.** Contractor agrees to comply with Chapter 176 of the Texas Local Government Code and file Form CIQ with the City Secretary's Office, if required. For more information and to determine if you need to file a Form CIQ, please review the information on the City Secretary's website at:

www.cctexas.com/government/city-secretary/conflict-disclosure/index

21. **Key Personnel.** The City's entry into this professional services agreement is conditioned upon the Contractor's continuing utilization of the following professionals (Ernest R. Garza and Marc Sewell), whose resumes have been attached to the Contractor's proposal. Failure of contractor to utilize both of the aforementioned professionals in the provision of services pursuant to this agreement would entitle the City to terminate this agreement."

CONTRACTOR:

Signature: Marc Sewell

Printed Name: Marc Sewell

Title: Partner

Date: 6/1/2016

CITY OF CORPUS CHRISTI:

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Attached and Incorporated by Reference:

- Attachment A: Scope of Work
- Attachment B: Contractor's Billing Schedule
- Attachment C: Insurance Requirements
- Attachment D: Contractor's Proposal

Incorporated by Reference:

Exhibit 1: Request for Proposal Event No. 66 (Available upon request)

Attachment A: Scope of Work

3.1 General Information

- A. The Contractor will audit the City's financial statements for the fiscal years ending September 30, 2016, 2017 and 2018. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the federal Single Audit Act Amendments of 1996, U.S. Office of Management and Budget (OMB), Subpart F of Title 2 CFR, part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and/or the State of Texas Single Audit Circular, as applicable.
- B. The Audit, as outlined in this Scope of Work, must be complete no later than 6 months after the City's fiscal year end unless an extension is mutually agreed upon by the Contractor and the City.

3.2 Background Information

- A. General
 - 1. The City of Corpus Christi is comprised of a 504 square mile area with an estimated population of 325,477. The City of Corpus Christi's fiscal year begins on October 1 and ends on September 30.
 - 2. The City of Corpus Christi operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, morale, comfort, safety, and convenience of the City and its inhabitants.
 - 3. The City of Corpus Christi provides the following services to its citizens:
 - a. Public Safety (police and fire protection, building inspection, street lighting and traffic signals, and civil defense)

- b. Public Services (water, wastewater collection and disposal, gas, garbage collection and disposal, maintenance of streets, and storm water drainage)
 - c. Community Enrichment (libraries, parks, recreational facilities, marina, municipal beaches, golf courses, swimming pools, tennis courts, baseball and softball diamonds, and senior citizen centers)
 - d. Airport
 - e. Preventive Health Facilities
 - f. Convention Center and Arena
4. The City of Corpus Christi had a total payroll of \$170,695,496 in Fiscal Year 2014, representing 14 months of operations, covering 3,172 full time employees.
 5. The City of Corpus Christi is organized into 31 departments and agencies. The accounting and financial reporting functions of the City of Corpus Christi are centralized.
 6. More detailed information on the government and its finances, including the City's Comprehensive Annual Financial Reports, can be found at the City's website located at <http://www.cctexas.com/government/financial-services/index>, as well as the Official Statements available on Municipal Securities Rulemaking Board (www.msrb.org).

B. Fund Structure

The City of Corpus Christi uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number with Legally Adopted Annual Budgets</u>
General Fund	1	1
Special Revenue Funds	24	18
Debt Service Funds	4	4
Capital Projects Funds	13	0
Enterprise Funds	6	6
Internal Service Funds	6	6

Expendable Trust Funds	2	0
Discretely Presented Component Units		
Predominantly Proprietary	2	N/A

C. Budgetary Basis of Accounting

Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Federal/State Grant Fund, capital project funds, community enrichment fund, infrastructure fund, the Corpus Christi Community Improvement Corporation Fund (CCCIC), the Corpus Christi Housing Finance Corporation Fund (CCHFC), the Corpus Christi Industrial Development Corporation Fund (CCIDC), and the Corpus Christi Health Facilities Development Corporation (CCHFDC). The Federal/State Grant Funds and the capital projects funds adopt project-length budgets. Budgets were not adopted for the CCCIC, CCHFC, CCIDC, and the CCHFDC. All appropriations lapse at fiscal year-end. In fiscal year 2015, consideration will be given to annual budgeting for federal and state grants.

D. Federal and State Awards

During the fiscal year to be audited, the City of Corpus Christi received or will receive Federal and State awards.

E. Pension Plans

The City participates in funding two retirement plans: (1) all City employees, except firefighters, are provided benefits through a non-institutional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system; and (2) all firefighters are covered by the Fire Fighters Retirement System of Corpus Christi, a single-employer defined benefit pension plan (a separate standalone report is audited by other auditors).

F. Component Units

Management of the City of Corpus Christi has addressed all potential component units for which the City may be financially accountable and, as such, have been included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the

organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the City. In doing so, management has considered other organizations for which the nature and significance of their relationship with the City of Corpus Christi are such that exclusion would cause the City of Corpus Christi's financial statements to be misleading or incomplete.

G. Blended Component Units

1. The following entities have been identified as blended component units due to the closeness of their relationship with the City of Corpus Christi: Corpus Christi Community Improvement Corporation, Corpus Christi Housing Finance Corporation, Corpus Christi Industrial Development Corporation, Corpus Christi Crime Control and Prevention District, Corpus Christi Business and Job Development Corporation Reinvestment Zone No. 3, and the North Padre Island Development Corporation.

a. The Corpus Christi Community Improvement Corporation was formed to provide financing for the rehabilitation of residential property in the City. The City manages the day-to-day operations of this corporation, and the Mayor and Council Members are directors of the corporation.

b. The Corpus Christi Housing Finance Corporation promotes business development and issues housing revenue bonds. The City manages the day-to-day operations of this corporation, and the Mayor and Council Members are directors of the corporation.

c. The Corpus Christi Industrial Development Corporation promotes business development and issues industrial development bonds. The City manages the day-to-day operations of this corporation, and the Mayor and Council Members are directors of the corporation.

d. The Corpus Christi Crime Control and Prevention District (District) is a public non-profit corporation created under State law to provide funding for public safety programs. Although the District is legally separate from the City, the District is reported as if it were part of the primary

government because it is a financing mechanism for the City to provide public safety to the citizens of the City.

- e. The Corpus Christi Business and Job Development Corporation (CCBJDC) is a public non-profit corporation created by State law to provide funding of voter approved capital improvement programs. The City Council appoints the Board and has financial accountability. Although it is legally separate from the City, CCBJDC is reported as if it were part of the primary government because its primary purpose is to issue revenue bonds to finance major capital improvements on behalf of the City.
- f. Reinvestment Zone No. 3 was created pursuant to the Tax Increment Financing Act to facilitate planning, design, and construction of public improvements and to encourage the development of new land uses and the redevelopment or rehabilitation of existing uses in the city's downtown area. Reinvestment Zone No. 3 became effective December 16, 2008 and will terminate on December 31, 2022. The receipt of post-2008 incremental property taxes on properties within the boundaries of the zone provides funding for the projects and for the repayment of debt issued by Zone No. 3. The Mayor and Council members appoint a voting majority of the board, and the City manages its day-to-day operations.
- g. North Padre Island Development Corporation (NPID) was created by the City pursuant to the Tax Increment Financing Act to facilitate development of the land within the boundaries of the tax increment zone, namely Packery Channel. NPID became effective on November 14, 2000, and will terminate on December 31, 2022. The receipt of post-2000 incremental property taxes from taxing units with property within the boundaries of the zone provides the funding for its projects. The Mayor and Council Members are a voting majority of the board, and the City manages its day-to-day operations.

2. The blended component units are included in the government fund statements as non-major government funds.

H. Discretely Presented Component Units

1. The following entities have been identified as discretely presented component units: the Coastal Bend Health Facilities Development Corporation and the Corpus Christi Convention and Visitors Bureau. The component unit column in the government-wide financial statements includes the financial data of the City's other component units for which the City Council appoints the majority of the Board and has financial accountability.

A. The Coastal Bend Health Facilities Development Corporation (CBHFDC) is a public, non-profit corporation created by the City under State law to facilitate financing and development of health and health-related facilities. The CBHFDC is presented as a governmental activity.

B. The Corpus Christi Convention and Visitors Bureau (Visitors Bureau) is a private Texas nonprofit corporation organized for the purpose of promoting convention and visitors' activity in the Corpus Christi Bay area. The Visitors Bureau has been presented as a governmental activity (a separate standalone report is audited by other auditors).

I. Related Organizations and Jointly Governed Organizations

1. Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, but the City is not financially accountable, and such organizations are therefore not component units of the City, even though the City Council may appoint a voting majority of an organization's board members. Consequently, financial information for the Coastal Bend Council of Governments, the Regional Transit Authority, the Corpus Christi Housing Authority, and the Corpus Christi Regional Economic Development Corporation are not included in the City's financial statements.

2. The City of Corpus Christi does not participate in joint ventures with other governments.

J. Separately audited financial statements for American Bank Center

The American Bank Center is operated by an independent entity through a management agreement with the City. The financial statements for both the American Bank Center Area Operations Fund and the American Bank Center Convention Center Fund are audited by other auditors. These funds combine with City-managed operations related to Visitor's activities to be presented as the Visitor's Facilities Fund in CAFR.

K. Magnitude of Financial Operations

The financial services department is headed by Constance Sanchez, Director of Financial Services, and consists of 95 employees. The principal functions performed and the numbers of employees assigned to each are as follows:

<u>Function</u>	<u>Number of Employees</u>
Finance Administration	4
Accounting	28
Treasury	15
Collections	31
Purchasing/Inventory	<u>17</u>
Total	95

L. Computer Systems

- HARDWARE

<u>Type of Equipment</u>	<u>Number</u>	<u>Make of Equipment</u>	<u>Networked</u>
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H.T.E. Server	1	AS400	Yes
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- SOFTWARE

<u>Make</u>	<u>Major Applications</u>
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INFOR Financials.	General Ledger, Accounts Payable, Activities, Asset Management, Purchasing, Travel and Expense, Flex Budgeting (Commitment Control) and Inventory
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INFOR CPM	Budget
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INFOR HR & Payroll **Human Resources, Benefits Administration,
e-Recruit & Payroll**

Sympro **Debt Service & Investments**

H.T.E., Inc. **Utility Systems:**

- **Customer Information**
- **Land Management**
- **Work Orders**

Financials:

- **Accounts Receivable**
- **Cash Receipts**

Community Service:

- **Building Permits**
- **Business Licenses**
- **Code Enforcement**

**Note: All HTE applications are being replaced by INFOR products.
This is to take effect on or about December 1, 2015.**

• **DATABASES**

<u>Type</u>	<u>Uses</u>
Hosted Managed Services DB2	INFOR H.T.E.

M. Working Papers

1. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Corpus Christi of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:
 - a. United States Department of Housing and Urban Development,

- b. U. S. General Accounting Office (GAO),
 - c. Parties designated by the federal or state governments or by the City of Corpus Christi as part of an audit quality review process, and
 - d. Auditors of entities of which the City of Corpus Christi is a sub-recipient of grant funds.
2. In addition, the Contractor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

3.3 Nature of Services Required

- A. The City of Corpus Christi desires the Contractor to express an opinion on the fair presentation of its basic financial statements. In conformity with auditing standards generally accepted in the United States of America as included in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants on and Government Auditing Standards issued by the Comptroller General of the United States. The Contractor is required to report on compliance and internal control over financial reporting and is also required to audit the compliance of the City with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and/or the State of Texas Single Audit Circular that are applicable to each of its major federal and/or state programs. The Contractor is not required to audit the statistical section, introductory, or required supplementing information, of the report.
- B. The Contractor is required to issue an independent auditor's report on compliance and internal controls based on an audit of the basic financial statements performed in accordance with Government Auditing Standards, as well as an independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Uniformed Guidance and State of Texas Single Audit Circular.

3.3 Requirements

Following the completion of the audit of the fiscal year's financial statements, the Contractor shall issue:

- A. A report on the fair presentation of the financial statements in conformity with the accounting principles generally accepted in the United States of America, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- B. A report on compliance and internal control over financial reporting based on an audit of the basic financial statements conducted in accordance with Government Auditing Standards.
- C. A report on compliance and internal control over compliance applicable to each major federal program and each major state program.
- D. The Contractor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency or material weakness in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
- E. The report on compliance and internal controls shall include all material instances of noncompliance with laws, contracts regulations, grant agreements which could have a direct and material impact on the financial statements. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.
- F. Irregularities and Illegal Acts. The Contractor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager and Audit Committee who will report to the City Council.
- G. During the term of the engagement, the Contractor shall assure themselves that the City Council through the Audit Committee is informed of each of the following:
 - 1. The Contractor'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
9. Difficulties encountered in performing the audit

3.4 Special Considerations

- A. The City of Corpus Christi will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the Contractor will be required to provide special assistance to the City of Corpus Christi to meet the requirements of that program.
- B. The City of Corpus Christi currently anticipates it will prepare one or more official statements per year in connection with the sale of debt securities which will contain the government-wide financial statements and the Contractor's audit report thereon. The Contractor shall be required, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters." The Contractor as the audit firm performs agreed upon procedures with respect to the City's computation of pro forma annual debt service coverage and provides a certificate to that effect. The cost for these reports is estimated to be \$ 4,500 to \$6,000.
- C. The United States Department of Housing and Urban Development was the City's oversight agency, for fiscal year ending September 30, 2014, in accordance with the provisions of the Single Audit Act Amendments of 1996, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- D. The Schedule of Expenditures of Federal Awards and related Contractor's auditor report, as well as the reports on compliance and internal controls, are to be issued as part of the CAFR.

- E. A list of findings and other internal control weaknesses from the City of Corpus Christi's financial statement audit is to be issued.
- F. Beginning in 2016, the CAFR will show comparatives in the financial statements. This will require individual financial statements for Internal Service funds and Enterprise funds in order to show the comparatives.
- G. A separate agreed-upon procedures engagement will be required annually related to the City's financial assurances to the Texas Commission on Environmental Quality required by the Texas Administrative Code Title 30, Part 1, Chapter 37.

Attachment B: Contractor's Billing Schedule

City of Corpus Christi Billing Schedule

		2016	2017	2018
		<u> </u>	<u> </u>	<u> </u>
*Total Fee (3 years \$565,000)		\$ 183,000	\$ 188,000	\$ 194,000
Initial Planning Procedures	July / Aug.	18,000	18,500	19,400
Interim Fieldwork & Single Audit	October	82,000	84,000	86,500
Year-End Fieldwork	Dec. / Jan.	69,000	71,200	73,500
Quality Control Procedures	Feb.	9,000	9,200	9,400
Review of CAFR	March	5,000	5,100	5,200

* The bond examination reports/statements or comfort letters is a separate cost from the above fee schedule. The cost range of any reports or letters is estimated \$4,500-\$6,000 and shall not exceed the allocated allowance of \$36,000 for bond examination reports/statements and comfort letters that may be requested by the City during the term of this Agreement.

Attachment C: Insurance Requirements

I. FINANCIAL AUDITOR'S LIABILITY INSURANCE

- A. Financial Auditor must not commence work under this contract until all insurance required has been obtained and such insurance has been approved by the City. Financial Auditor must not allow any subcontractor to commence work until all similar insurance required of any subcontractor has been obtained.
- B. Financial Auditor must furnish to the City's Risk Manager and Director of Finance, two (2) copies of Certificates of Insurance with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the City's Risk Manager. **The City must be listed as an additional insured on the General liability and Auto Liability policies, and a waiver of subrogation is required on all applicable policies. Endorsements must be provided with Certificate of Insurance. Project name and/or number must be listed in Description Box of Certificate of Insurance.**

TYPE OF INSURANCE	MINIMUM INSURANCE COVERAGE
30-day advance written notice of cancellation, non-renewal, material change or termination required on all certificates and policies.	Bodily Injury and Property Damage Per occurrence - aggregate
Commercial General Liability including: 1. Commercial Broad Form 2. Premises – Operations 3. Products/Completed Operations 4. Contractual Liability 5. Independent Contractors 6. Personal Injury- Advertising Injury	\$1,000,000 Per Occurrence
AUTO LIABILITY (including) 1. Owned 2. Hired and Non-Owned 3. Rented/Leased	\$1,000,000 Combined Single Limit Or State of Texas Minimum Limits for personal or rental autos.

PROFESSIONAL LIABILITY (Errors and Omissions)	\$1,000,000 Per Claim (Defense costs not included in face value of the policy) If claims made policy, retro date must be prior to inception of agreement, have extended reporting period provisions and identify any limitations regarding who is insured.
WORKERS'S COMPENSATION (All States Endorsement if Company is not domiciled in Texas)	Statutory
Employer's Liability	\$500,000/\$500,000/\$500,000

- C. In the event of accidents of any kind related to this contract, Financial Auditor must furnish the Risk Manager with copies of all reports of any accidents within 10 days of the accident.

II. ADDITIONAL REQUIREMENTS

- A. Applicable for paid employees, Financial Auditor must obtain workers' compensation coverage through a licensed insurance company. The coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The workers' compensation coverage provided must be in an amount sufficient to assure that all workers' compensation obligations incurred by the Financial Auditor will be promptly met. An All States Endorsement shall be required if Financial Auditor is not domiciled in the State of Texas.
- B. Financial Auditor shall obtain and maintain in full force and effect for the duration of this Contract, and any extension hereof, at Financial Auditor's sole expense, insurance coverage written on an occurrence basis by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- VII.
- C. Financial Auditor shall be required to submit a copy of the replacement Certificate of Insurance to City at the address provided below within 10 days of any change made by the Financial Auditor or as requested by the City. Financial Auditor shall pay any costs incurred resulting from said changes. All notices under this Exhibit shall be given to City at the following address:

City of Corpus Christi
Attn: Risk Manager
P.O. Box 9277
Corpus Christi, TX 78469-9277

- D. Financial Auditor agrees that, with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:**
- List the City and its officers, officials, employees, and volunteers, as additional insureds by endorsement with regard to operations, completed operations, and activities of or on behalf of the named insured performed under contract with the City, with the exception of the workers' compensation policy;
 - Provide for an endorsement that the "other insurance" clause shall not apply to the City of Corpus Christi where the City is an additional insured shown on the policy;
 - Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and
 - Provide thirty (30) calendar days advance written notice directly to City of any, cancellation, non-renewal, material change or termination in coverage and not less than ten (10) calendar days advance written notice for nonpayment of premium.
- E. Within five (5) calendar days of a cancellation, non-renewal, material change or termination of coverage, Financial Auditor shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Financial Auditor's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this contract.
- F. In addition to any other remedies the City may have upon Financial Auditor's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Financial Auditor to stop work hereunder, and/or withhold any payment(s) which become due to Financial Auditor hereunder until Financial Auditor demonstrates compliance with the requirements hereof.
- G. Nothing herein contained shall be construed as limiting in any way the extent to which Financial Auditor may be held responsible for payments of

damages to persons or property resulting from Financial Auditor's or its subcontractor's performance of the work covered under this contract.

- H. It is agreed that Financial Auditor's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of Corpus Christi for liability arising out of operations under this contract.
- I. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this contract.

2015 Insurance Requirements
Finance Department
Professional Financial Auditing Services
7/17/2015 ds Risk Management



PS&Co.

Padgett Stratemann

City of Corpus Christi

Request for Qualifications – Event No. 66
Professional Auditing Services

Submitted by: Marc Sewell, Partner
100 NE Loop 410, Suite 1100
San Antonio, Texas 78216
210-828-6281
marc.sewell@padgett-cpa.com

December 4, 2015

December 4, 2015

Ms. Lydia Juarez, Sr. Buyer
City of Corpus Christi
P.O. Box 9277
Corpus Christi, Texas 78469-9277

Dear Ms. Juarez:

Thank you for the opportunity to present our statement of interest and qualifications to provide audit services to the City of Corpus Christi (the "City") for the year ending September 30, 2016, with the option to renew this contract for two additional one-year periods. We strive to provide our clients with **Service - More than Expected** and will elaborate more on this mission throughout this proposal.

Since 1945, Padgett, Stratemann & Co., L.L.P. ("PS&Co.") has served clients in San Antonio and surrounding Texas areas. Approximately 200 team members strive each day to exceed our clients' expectations by offering trusted financial and business advice and quality service. Professionalism and commitment to excellence is built into every relationship, every service, every time.

We have prepared and arranged this qualifications statement in accordance with the selection criteria described in your request. We are confident PS&Co. is the right choice to deliver upon your expectations.

Team Experience

We have assembled your PS&Co. team with an emphasis on technical and interpersonal skills that are a good fit for the City and its management team. Our public sector niche currently provides audit services for a number of central and south Texas area government agencies. Our dedicated public sector professionals have extensive experience in this area. Our goal is to become your trusted advisor on accounting matters.

We have also teamed up with a local accounting firm, Ernest R. Garza and Company, P.C. ("Ernest R. Garza"), which also has significant experience serving governments. Ernest R. Garza is a certified Historically Underutilized Business and will be an integral part of the team. PS&Co. will be the prime-contractor firm and will supervise and review all work performed by the subcontractor firm of Ernest R. Garza. PS&Co. has significant experience working with HUB firms and provides access to our electronic workpaper and audit system which includes training and supervision and technical support. PS&Co. will be the prime-contractor firm at 60% of the audit fee and Ernest R. Garza will be the subcontractor firm at 40% of the audit fee.

AUSTIN

811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON

1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO

100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966

WEB: PADGETT-CPA.COM

Ms. Lydia Juarez, Sr. Buyer
City of Corpus Christi
Corpus Christi, Texas

December 4, 2015 – page 2

Team Leader Involvement

I will serve as the engagement partner for all services to the City. I have over 17 years of public accounting and industry experience, primarily servicing public sector entities. I will be heavily involved in the audit process. Ashley Alejos will be your audit manager. She has over six years of experience and will oversee and coordinate the audit process and will review all work by team members on site. We have enclosed a service team overview as a part of our qualifications statement.

Relationship

We believe our business depends heavily on relationships to build a successful and growing organization. We are committed to do the following to continually build our relationship with you and earn the right to be your trusted advisor.

Communication – Meet periodically with City personnel to share planning ideas and receive feedback on our services. Routine accounting support/inquiries are not billed unless significant time and effort is required.

Proactive Service – Continually search for new ideas and concepts that will add value to the City. Review upcoming accounting pronouncements applicable to the Authority and communicate to management.

Efficiency and Timing

You should expect audit services to be provided in an efficient and timely manner. Our audit process, technology, and firm resources enable us to meet your expectations and contain costs. First, our “lights out” approach means we will complete our review process in the field which allows us to deliver the results of the audit at the completion of audit fieldwork. Second, we utilize the latest technology to complete audits effectively and efficiently. Audit documentation is maintained on a paperless software system which provides all audit team members real time access to the workpapers. Third, PS&Co. has over 75 dedicated professionals in its audit department. The benefit to you is an efficient audit, performed by experienced professionals who can provide value-added recommendations.

Timely Resources

We will provide our PS&Co. newsletters, seminars, and e-mail news on current tax, audit, accounting, and human resource issues. In addition, we commit to meet with you on a regular basis to share planning opportunities and learn more about your business.

Management Letter Recommendations

If we identify any suggestions for improvement during our audit, we will deliver a management letter with recommendations.



Ms. Lydia Juarez, Sr. Buyer
City of Corpus Christi
Corpus Christi, Texas

December 4, 2015 – page 3

Value-Added Seminars

Through the year we offer a variety of continuing education seminars on topics of current interest related to audit, accounting, tax, and human resource matters, including industry-specific seminars, to clients and friends of the firm. Seminars are presented by PS&Co. business professionals.

Additional Value-Added Services

PS&Co. is a full service CPA firm. As the second largest CPA firm in San Antonio and the largest independently-owned CPA firm in Central and South Texas, we have the right team to meet your every need. We also offer the following services should the need arise:

- Strategic Planning & Retreat Facilitation
- Tax Planning & Consulting
- Workforce Solutions, including recruiting key employees, human resource diagnostic reviews, and human resource outsourcing

National Firm Strength with a Local Firm Service Philosophy

As a member of the McGladrey Alliance we are able to offer our clients the strength of a national firm while maintaining the benefits of an independently owned local firm. The McGladrey Alliance is a business of RSM US LLP, the fifth largest U.S. professional services firm and a leading provider of assurance, tax, and consulting services. Our alliance membership provides us the opportunity to learn best practices from other not-for-profit agencies throughout our nation, in addition to having access to RSM US LLP's national resources in consulting, information technology, auditing, continuing education, and industry-specific training.

Information Technology Security

PS&Co. has implemented state-of-the-art information technology security to protect the information of its clients and the firm. We have included a white paper, as Exhibit 4, on our Secure Padgett Portal Solution. The City and PS&Co. can use the Secure Portal to safely and effectively transmit data files.

The Secure Portal has been tested by a leading supplier of IT security and uses SSL encryption that automatically steps up a user's browser to the highest level of passable encryption, including stepping old 40-bit Netscape and IE browsers to 128-bit encryption. In addition, the solution we have developed has achieved United States Department of Defense 5015.2 certification for managing records and documents.



Ms. Lydia Juarez, Sr. Buyer
City of Corpus Christi
Corpus Christi, Texas

December 4, 2015 – page 4

Certificate of Achievement Program

The Government Finance Officers Association (“GFOA”) awards a certificate to entities whose annual financial reports are equal to or exceed the established reporting standards. This recognition, considered by rating organizations when rating new bond issues, indicates the highest standards of reporting have been met. A number of our clients have earned this prestige with our assistance, which has allowed our firm to become thoroughly familiar with the requirements. Additionally, our service team will include a member of the Special Review Committee for GFOA.

AICPA Governmental Audit Quality Center

PS&Co. is a voluntary member of the Governmental Audit Quality Center (the “Center”) established by the American Institute of Certified Public Accountants (“AICPA”). PS&Co.’s membership in the Center demonstrates the firm’s commitment to audit quality in the critical area of governmental audits. PS&Co. is committed to the governmental sector and the Center’s strict membership requirements. Additionally, Ernest R. Garza is also a volunteering member of the Center.

Acknowledgement of Addendum:

We acknowledge that we have received and considered all addendums to the RFQ. We received the addendum dated November 23, 2015 and the City’s response to questions dated November 20, 2015.

Our office is located at 100 NE Loop 410, Suite 1100, San Antonio, Texas 78216. All the services you have requested will be managed from this location. If you have any questions regarding this proposal or the services offered by PS&Co., please feel free to contact us at 210.828.6281 or fax us at 210.826.8606. I am authorized to obligate PS&Co. in contracts for the firm. This proposal is a firm and irrevocable offer for a period of 60 days subsequent to December 4, 2015. Our proposal is contingent upon the satisfactory completion of our routine due diligence procedures for all new engagements.

Sincerely,



Marc Sewell, CPA
Partner

MDS:cmh



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A. CITY OF CORPUS CHRISTI DISCLOSURE OF INTEREST



SUPPLIER NUMBER _____
TO BE ASSIGNED BY CITY
PURCHASING DIVISION

ATTACHMENT F
CITY OF CORPUS CHRISTI
DISCLOSURE OF INTEREST

Corpus Christi Code § 2-349, as amended, requires all persons or firms seeking to do business with the City to provide the following information. Every question must be answered. If the question is not applicable, answer with "NA". See next page for Filing Requirements, Certification and Definitions.

COMPANY NAME: Padgett, Stratemann & Co., L.L.P.

STREET ADDRESS: 100 NE Loop 410, Suite 1100 P.O. BOX: _____

CITY: San Antonio STATE: Texas ZIP: 78216

FIRM IS: 1. Corporation 2. Partnership 3. Sole Owner
4. Association 5. Other _____

If additional space is necessary, please use the reverse side of this page or attach separate sheet.

1. State the names of each "employee" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Job Title and City Department (if known)
<u> N/A </u>	_____
_____	_____
_____	_____
_____	_____

2. State the names of each "official" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Title
<u> N/A </u>	_____
_____	_____
_____	_____
_____	_____

3. State the names of each "board member" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Board, Commission or Committee
<u> N/A </u>	_____
_____	_____
_____	_____
_____	_____

4. State the names of each employee or officer of a "consultant" for the City of Corpus Christi who worked on any matter related to the subject of this contract and has an "ownership interest" constituting 3% or more of the ownership in the above named "firm."


Name	Consultant
<u> N/A </u>	_____
_____	_____
_____	_____
_____	_____

FILING REQUIREMENTS

If a person who requests official action on a matter knows that the requested action will confer an economic benefit on any City official or employee that is distinguishable from the effect that the action will have on members of the public in general or a substantial segment thereof, you shall disclose that fact in a signed writing to the City official, employee or body that has been requested to act in the matter, unless the interest of the City official or employee in the matter is apparent. The disclosure shall also be made in a signed writing filed with the City Secretary. [Ethics Ordinance Section 2-349 (d)].

CERTIFICATION

I certify that all information provided is true and correct as of the date of this statement, that I have not knowingly withheld disclosure of any information requested, and that supplemental statements will be promptly submitted to the City of Corpus Christi, Texas, as changes occur.

Certifying Person: Marc Sewell Title: Partner
Signature of Certifying Person:  Date: December 2, 2015

DEFINITIONS

- a. "Board member." A member of any board, commission, or committee of the city, including the board of any corporation created by the city.
- b. "Economic benefit". An action that is likely to affect an economic interest if it is likely to have an effect on that interest that is distinguishable from its effect on members of the public in general or a substantial segment thereof.
- c. "Employee." Any person employed by the city, whether under civil service or not, including part-time employees and employees of any corporation created by the city.
- d. "Firm." Any entity operated for economic gain, whether professional, industrial or commercial, and whether established to produce or deal with a product or service, including but not limited to, entities operated in the form of sole proprietorship, as self-employed person, partnership, corporation, joint stock company, joint venture, receivership or trust, and entities which for purposes of taxation are treated as non-profit organizations.
- e. "Official." The Mayor, members of the City Council, City Manager, Deputy City Manager, Assistant City Managers, Department and Division Heads, and Municipal Court Judges of the City of Corpus Christi, Texas.
- f. "Ownership Interest." Legal or equitable interest, whether actually or constructively held, in a firm, including when such interest is held through an agent, trust, estate, or holding entity. "Constructively held" refers to holdings or control established through voting trusts, proxies, or special terms of venture or partnership agreements.
- g. "Consultant." Any person or firm, such as engineers and architects, hired by the City of Corpus Christi for the purpose of professional consultation and recommendation.



SUPPLIER NUMBER
TO BE ASSIGNED BY CITY
PURCHASING DIVISION

ATTACHMENT F
CITY OF CORPUS CHRISTI
DISCLOSURE OF INTEREST

Corpus Christi Code § 2-349, as amended, requires all persons or firms seeking to do business with the City to provide the following information. Every question must be answered. If the question is not applicable, answer with "NA". See next page for Filing Requirements, Certification and Definitions.

COMPANY NAME: ERNEST R. GARZA & W. PC

STREET ADDRESS: 10201 LEYLAND ST #A P.O. BOX: _____

CITY: CORPUS CHRISTI STATE: TX ZIP: 78410

FIRM IS: 1. Corporation 2. Partnership 3. Sole Owner
4. Association 5. Other

If additional space is necessary, please use the reverse side of this page or attach separate sheet.

1. State the names of each "employee" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Job Title and City Department (if known)
<u>None</u>	_____
_____	_____
_____	_____

2. State the names of each "official" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Title
<u>None</u>	_____
_____	_____
_____	_____

3. State the names of each "board member" of the City of Corpus Christi having an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

Name	Board, Commission or Committee
<u>None</u>	_____
_____	_____
_____	_____

4. State the names of each employee or officer of a "consultant" for the City of Corpus Christi who worked on any matter related to the subject of this contract and has an "ownership interest" constituting 3% or more of the ownership in the above named "firm."

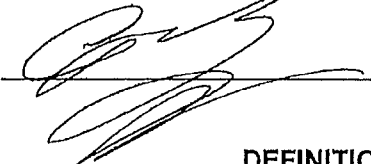
Name	Consultant
<u>None</u>	_____
_____	_____
_____	_____

FILING REQUIREMENTS

If a person who requests official action on a matter knows that the requested action will confer an economic benefit on any City official or employee that is distinguishable from the effect that the action will have on members of the public in general or a substantial segment thereof, you shall disclose that fact in a signed writing to the City official, employee or body that has been requested to act in the matter, unless the interest of the City official or employee in the matter is apparent. The disclosure shall also be made in a signed writing filed with the City Secretary. [Ethics Ordinance Section 2-349 (d)].

CERTIFICATION

I certify that all information provided is true and correct as of the date of this statement, that I have not knowingly withheld disclosure of any information requested, and that supplemental statements will be promptly submitted to the City of Corpus Christi, Texas, as changes occur.

Certifying Person: ERNEST R. GARZA Title: PRESIDENT
Signature of Certifying Person:  Date: 11/29/15

DEFINITIONS

- a. "Board member." A member of any board, commission, or committee of the city, including the board of any corporation created by the city.
- b. "Economic benefit". An action that is likely to affect an economic interest if it is likely to have an effect on that interest that is distinguishable from its effect on members of the public in general or a substantial segment thereof.
- c. "Employee." Any person employed by the city, whether under civil service or not, including part-time employees and employees of any corporation created by the city.
- d. "Firm." Any entity operated for economic gain, whether professional, industrial or commercial, and whether established to produce or deal with a product or service, including but not limited to, entities operated in the form of sole proprietorship, as self-employed person, partnership, corporation, joint stock company, joint venture, receivership or trust, and entities which for purposes of taxation are treated as non-profit organizations.
- e. "Official." The Mayor, members of the City Council, City Manager, Deputy City Manager, Assistant City Managers, Department and Division Heads, and Municipal Court Judges of the City of Corpus Christi, Texas.
- f. "Ownership Interest." Legal or equitable interest, whether actually or constructively held, in a firm, including when such interest is held through an agent, trust, estate, or holding entity. "Constructively held" refers to holdings or control established through voting trusts, proxies, or special terms of venture or partnership agreements.
- g. "Consultant." Any person or firm, such as engineers and architects, hired by the City of Corpus Christi for the purpose of professional consultation and recommendation.

B. CITY OF CORPUS CHRISTI BUSINESS DESIGNATION FORM



**CITY OF CORPUS CHRISTI
PURCHASING DIVISION
BUSINESS DESIGNATION FORM**

ENSURE THIS FORM IS SUBMITTED WITH YOUR BID RESPONSE

PLEASE INDICATE WHETHER YOUR COMPANY IS ANY ONE OF THE FOLLOWING:

YES **NO - CERTIFIED HISTORICALLY UNDERUTILIZED BUSINESS (HUB)**

Select all that are appropriate:

- ASIAN PACIFIC
- BLACK
- HISPANIC
- NATIVE AMERICAN
- WOMAN
- VETERAN

Please visit the following website for information on becoming a Texas Certified HUB: <http://www.window.state.tx.us/procurement/prog/hub/>

YES **NO - LOCAL SMALL BUSINESS (LSB)**

A for-profit entity employing less than 49 employees located within the City limits of Corpus Christi, Texas

YES NO OTHER (PLEASE SPECIFY):

THIS COMPANY IS NOT A CERTIFIED HUB or LSB

THE INFORMATION REQUESTED IN THIS FORM IS FOR STATISTICAL REPORTING PURPOSES ONLY AND WILL NOT INFLUENCE AWARD DECISIONS OR THE AMOUNT OF MONIES EXPENDED WITH ANY GIVEN COMPANY.

EVENT NO: 66

Firm Name: Padgett, Stratemann & Co., L.L.P.

Telephone: 210-828-6281 Ext. 1506

Address: 100 NE Loop 410, Suite 1100

Fax: 210-826-8606

City: San Antonio State: Texas Zip: 78216-

E-mail: marc.sewell@padgett-cpa.com



Date: December 2, 2015

Signature of Person Authorized to Sign Form

Signer's Name: Marc Sewell

Title: Partner

(Please print or type)

**CITY OF CORPUS CHRISTI
PURCHASING DIVISION
BUSINESS DESIGNATION FORM**

ENSURE THIS FORM IS SUBMITTED WITH YOUR BID RESPONSE

PLEASE INDICATE WHETHER YOUR COMPANY IS ANY ONE OF THE FOLLOWING:

YES **NO** - **CERTIFIED HISTORICALLY UNDERUTILIZED BUSINESS (HUB)**

Select all that are appropriate:

- ASIAN PACIFIC
- BLACK
- HISPANIC
- NATIVE AMERICAN
- WOMAN
- VETERAN

Please visit the following website for information on becoming a Texas Certified HUB: <http://www.window.state.tx.us/procurement/prog/hub/>

YES **NO** - **LOCAL SMALL BUSINESS (LSB)**

A for-profit entity employing less than 49 employees located within the City limits of Corpus Christi, Texas

YES **NO** OTHER (PLEASE SPECIFY):

THIS COMPANY IS NOT A CERTIFIED HUB or LSB

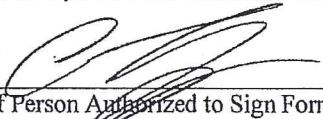
THE INFORMATION REQUESTED IN THIS FORM IS FOR STATISTICAL REPORTING PURPOSES ONLY AND WILL NOT INFLUENCE AWARD DECISIONS OR THE AMOUNT OF MONIES EXPENDED WITH ANY GIVEN COMPANY.

EVENT NO:

Firm Name: ERNEST R. GARZA & CO. P.C. CPAs Telephone: 361-241-2452 Ext.

Address: 10201 LEGADO ST #A Fax: 361-242-1525

City: CORPUS CHRISTI State: TX Zip: 78410 E-mail: ernestrgarza@hotmail.com


Signature of Person Authorized to Sign Form Date: 11/29/15

Signer's Name: ERNEST R. GARZA, CPA Title: OWNER / PRESIDENT
(Please print or type)

C. TECHNICAL SOLUTION

1. Understanding of the Services

We will conduct the audit of the City of Corpus Christi for the fiscal years ending September 30, 2016, 2017 and 2018. The audit will be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the federal Single Audit Act Amendments of 1996, U.S. Office of Management and Budget (OMB), Uniform Guidance for Federal Awards, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and/or the State of Texas Single Audit Circular, as applicable. The audit will be completed no later than 6 months after the fiscal year end unless another date is mutually agreed upon.

We are proposing under Option 1 (Section 3.1 B. 1.) of the RFQ. We have read Section 3 – Scope of Work of the RFQ and understand the scope of work. As part of our audit we will issue the following reports –

- a. A report on the fair presentation of the financial statements in conformity with the accounting principles generally accepted in the United States of America, including an opinion on the fair presentation of the supplementary information in relation to the audited financial statements as required by federal/state requirements or GFOA.
- b. A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards*.
- c. A report on compliance for each major federal and state program and on internal control over compliance in accordance with OMB Circular A-133, Uniform Guidance for Federal Awards, and Texas Single Audit Circular, as applicable.
- d. A schedule of findings and questioned costs for federal and state grants.
- e. A Report on the Conduct of Audit that includes the required communication to those charged with governance in accordance with AU Section 260, *The Auditors Communication with Those Charged with Governance*. This report also contains communication of material weakness or significant deficiencies in internal control as required by AU Section 265, *Communication Internal Control Related Matters Identified in an Audit*.
- f. A Management Letter that will include other internal control matters, immaterial items of non-compliance and best practice recommendations.
- g. Discovery of Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse will be communicated in accordance with *Government Auditing Standards*, Chapter 4, Standards for Financial Audits and well as the requirements included in the AISCP Auditing Standards Codification.

C. TECHNICAL SOLUTION

We understand the City prepares a comprehensive annual financial report that is submitted to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. We agree to provide technical assistance in responding to previous year’s questions and any other technical matters related to this program. Additionally, a member of the engagement team reviews CAFR’s as part of the Special Review Committee.

We also understand the City expects to issue official statements related to the sale of debt securities and may need the auditors to provide certain reports in conjunction with these debt issuances. Furthermore, we understand that an agreed-upon procedures engagement will be required annually related to the City’s financial assurances to the Texas Commission on Environmental Quality required by the Texas Administrative Code Title 30, Part 1, Chapter 37.

Additionally, PS&Co. confirms our response to the minimum requirements included in Section 3.4 of the RFQ as follow.

Minimum Requirement	Response
1. At least 3 CPA’s employed by the office that will handle the City’s audit.	Yes
2. Must have an affiliation with a nationwide association of CPA firms upon which to draw resources and expertise.	Yes
3. Minimum of 5 current municipal or other local government audit clients, of which at least 3 clients are comparable in size and complexity with the City of Corpus Christi as noted in Section 3.6, that have at least the same number and types of funds, that have applied for and received GFOA Certificate of Achievement for Excellence in Financial Reporting Program in the past 2 years. At least 1 of the clients that have received the GFOA Certificate of Achievement for Excellence in Financial Reporting Program must have had a total of at least \$500 million in the certificate application, Section IV: Fee Calculation.	Yes
4. Minimum of 1 current or former client with grant expenditures of at least \$20 million on the Schedule of Federal/State Expenditures in each of the last 2 years during which they were Responder’s client.	Yes



C. TECHNICAL SOLUTION

2. Technical Plan

Clients expect the services provided by their professional accounting firm to go beyond financial statements. We understand the needs and expectations of our clients and welcome the opportunity to serve not only as auditors and accountants, but also as business advisors. As part of our commitment to client service, we developed a business advisory approach to audit services. Our business advisory approach emphasizes looking beyond the accounting entries to the underlying transactions and business systems.

Throughout our audit planning processes, we place substantial emphasis on the need to thoroughly understand your operations and your fundamental business strategies. Although our primary objective is to provide an opinion on the financial statements, we are interested in your growth, profitability and overall success.

Our audit approach is designed so you can expect us to contribute recommendations about your internal controls, operating and accounting procedures, and other important matters.

We believe one of the keys to an efficient and quality audit is to spend a considerable amount of time up-front planning and communicating with our clients. This up-front process includes identifying audit strategies and accounting issues. Equally important, we provide your people with an understanding of what is expected from them to minimize disruptions during their internal work schedules and to eliminate surprises.

A. Effective Communication

We recognize the necessity to cooperate and communicate both closely and regularly with your accounting staff and management during the audit process. From the preliminary audit planning work through delivery of the reports and presentation of the management letter, we maintain open communication. We are committed to frequent communication with management and the Board or audit committee throughout the year to help avoid last minute complications and continue to gain knowledge regarding your unique operations. *In order to ensure this type of communication takes place, we will meet with you and other members of your management team on a quarterly basis with an open agenda. These meetings are designed to discuss operational matters which should be identified prior to year-end.*

As our client, you receive a variety of technical and advisory publications intended to provide you helpful business advice, including information about current events and changes in laws and regulations. We also offer information about recent accounting or auditing changes, such as summaries of new GASB statements, Statements of Position, and other authoritative pronouncements. We spend time, either on-site or telephonically, helping you better understand how this new information affects your organization. We do not charge you for these newsletters and general business and technical information.

C. TECHNICAL SOLUTION

2. Technical Plan (continued)

B. Audit Risk Analysis

One of the most important aspects of the audit process is the proper analysis of your risk environment. Because we work primarily with various governmental organizations, we define risk based on the organization's operations. We work with your senior management to complete a risk assessment of the business activities of your organization in order to determine how audit resources can be used in a cost-effective and efficient manner without sacrificing quality.

The design of our audit approach and risk assessment process meaningfully incorporates the involvement of your management team. Incorporating what you deem as key business risks, the information and areas of focus of the audit become consistent with what is already emphasized within your organization.

C. Internal Controls in the Audit Process

The internal control structure consists of five elements: the control environment, risk assessment, control activities, information and communication, and monitoring. As part of the audit process, we strive to understand each of the five elements by performing procedures to determine the design of policies and procedures and resolve whether or not they have been placed in operation.

Effective internal controls help to avoid errors and fraud, as well as safeguarding your assets and ensuring you are in compliance with current laws. They are equally important for helping to ensure reliable and accurate financial statements.

Ultimately, what a transparent and sound system of internal controls delivers is improved communication and trust. The public will gain a greater sense that their tax dollars are going to the intended purpose and that your organization's mission is being achieved. Your benefit, as a member of a public organization, is resting assured you are doing all you can to maximize your organization's potential.

People affect internal control. It's not merely policy manuals and forms, but individuals at every level of an organization. Under SAS 99, we will gather and consider information to assess fraud risk. The new SAS provides expanded guidance on evaluating this information and identifying the risks that may result in a material misstatement due to fraud. Information gathered during our audit process is communicated to management and the Board in an effort to assist you in effectively governing risk.

We develop and document procedures that help us understand the internal control structure of your organization, including the following:

- Inquiries of appropriate management, supervisory, and staff personnel
- Inspection of the City documents and records
- Observations of the City activities and operations

The extent of inquiry, inspection, and observation procedures vary depending upon the size and complexity of the City internal control structure.

C. TECHNICAL SOLUTION

2. Technical Plan (continued)

D. Timing of the Audit

We establish a schedule to complete your audit in a timely manner, and within the deadlines outlined in your request for proposal with minimal interruption to your staff.

Our tailored work plan has a strong emphasis on early planning. It focuses on your organization and how it functions. This enables us to identify key components and tailor our procedures to the unique aspects of your organization. With early planning and dedicated staff, we are able to respond to your needs and requests in a timely fashion.

E. Information Technology System

Information technology is an integral part of your entire operational system. Our evaluation of the internal control structure extends to your information technology system. We make substantial efforts to extend computer literacy to our entire professional staff. Our team is able to understand, document, and evaluate controls in computerized environments and work with your IT specialists to better understand the implications of your organizations systems.

F. Computerized-Assisted Audit Techniques

We developed several computer-based audit tools and techniques so you can expect, whenever possible, that we will request and utilize electronic copies of your records. Not only are electronic records typically easier to provide than a hard copy, but they also allow us to perform fewer manual procedures, thereby improving the efficiencies of your audit. In fact, we have converted all of our audit clients to a paperless approach. Under this approach, we maintain audit-related records in a secure electronic database.

G. Preplanning

The first step in an audit is the preplanning process. This consists of a meeting with senior management and the appropriate Board or audit committee member to clearly identify the lines of communication, perform a risk analysis, discuss concerns or issues, and set expectations. This includes establishing a preliminary timetable to ensure all of the following steps are performed seamlessly and memorialized in an expectation letter, which specifically identifies the audit fieldwork, meeting, and statement delivery dates.

H. Planning and Timing

The next step is to develop the audit plan. This includes tailoring every audit program and procedure to your organization's specific need, and providing you with a list of schedules, as well as the exact timing of all preliminary and final fieldwork, and performing certain analytical procedures prior to the audit date - ensuring that every risk is identified and addressed.

And for those engagements that require it, we developed - from the McGladrey Alliance governmental audit program, specialized programs tailored for clients that include financial, compliance, and internal control requirements.

C. TECHNICAL SOLUTION

2. Technical Plan (continued)

I. Fieldwork

Fieldwork is the largest part of the audit process and consists of substantive audit tests, such as confirmation work and analytical review, and variance analysis. At the conclusion of the preliminary and final fieldwork, we discuss with senior management and the appropriate levels of your Board or audit committee the results and recommendations offered by our firm based upon our findings.

J. Resolution of Accounting Issues

During the course of an engagement, our approach to issue resolution regarding management's recording, presentation of an accounting transaction, or application of a new accounting standard is as follows:

Proactive Approach

Because our approach to every engagement includes regular meetings with management to review monthly or quarterly financial information, we become aware of any accounting related issues early in the process. Rather than analyzing how management recorded or presented an accounting transaction after the fact, we assist management with their decision-making process as each accounting issue arises.

Understanding Your Organization

Most accounting issues arise from a misunderstanding of facts, circumstances, and complexities unique to each organization and its industry. Because we take a business advisory approach to auditing, we believe we are better equipped to understand the issues surrounding management's position on accounting and reporting matters.

K. Management Letter Philosophy

Our Approach To Preparing Management Letters

As with any client service project, proper planning is essential in generating good comments within a management letter. Our client service teams meet periodically to discuss opportunities to provide business advice to each of our clients, as well as to plan for the delivery of compliance services. Our goal is to not only meet but exceed every client's expectations.

Generating Points For Management Letters

During the audit, each engagement team understands they have a responsibility to generate ideas that may be used in the management advice letter. The planning sessions discussed in *Our Approach to Preparing Management Letters* is in place to guide our team members towards the areas with the greatest amount of process improvement opportunity for each client.

- **Problems Noted During The Audit** – The engagement partner and manager encourage staff to identify potential issues and opportunities. The engagement team understands the need to record pertinent information and is instructed to investigate, with the appropriate client supervisory personnel, any problems or concerns noted on the engagement. It is important that all ideas be documented and the judgment on materiality be made later. Our expertise has taught us that small problems may be an indicator for greater ones.

C. TECHNICAL SOLUTION

2. Technical Plan (continued)

K. Management Letter Philosophy (continued)

Generating Points For Management Letters (continued)

- **Industry Information And Statistics** – Understanding a client’s needs and industry is vital for audit effectiveness. Industry specialization allows us to effectively identify and offer solutions to problems confronting each specific industry.
- **Discussions With Client Service Team Members** – The entire engagement team will attend a wrap-up conference to review ideas and develop the basis for our management letter.

Communication Of Management Letter Comments

Our main objective is to effectively communicate our recommendations to every client. Our approach is to accumulate comments and observations throughout the engagement, so that management has access to our in-depth experience. Our findings will be discussed with key personnel as significant matters are identified. At the end of our field work, a management letter is drafted and reviewed with your management team to ensure accuracy of the factual circumstances. Prior to the release of the management letter it is subjected to the same quality review process as the remainder of the firm’s audit reports.

C. TECHNICAL SOLUTION

Below is a projected timeline for the audit of the City, upon award, PS&Co. and the City will work together to mutually develop a timeline and milestones to complete the audit within the timeline of the City.

ACTIVITY	LEVEL OF RESPONSIBLE STAFF	DATE	Hours
Engagement letter to the City Council	Partner	July	4
Planning, scheduling, conferences, and other administration	Partner/Manager/Senior	August	40
Document internal control systems, including risk and fraud analysis	Manager/Senior/Staff	August	30
Identify federal/state program and requirements	Manager/Senior	August	30
Perform major systems walk through	Senior/Staff	August	24
Design detail audit plan	Partner/Manager/Senior	August	32
Perform and review interim fieldwork including compliance audit procedures	Partner/Manager/ Subcontractor/Senior/Staff	August	350
Perform and review final fieldwork	Partner/Manager/ Subcontractor/Senior/Staff	December/ January	936
Perform internal quality review process	Partner/Manager	January/ February	40
Hold exit conference and discuss audit adjustments to financial statements and management letter findings	Partner/Manager/Senior	February	10
Review draft CAFR and Compliance Report	Partner/Manager/Senior	February	40
Deliver management letter	Partner/Manager/Senior	February	8
Review draft CAFR and Compliance Report with the City Council and other members of management	Partner/Manager	March	8
Conclude final quality control procedures	Partner/Manager	March	20
Complete final review of the CAFR and Compliance Report	Partner/Manager/Senior	March	20
Present CAFR and Compliance Report to the City Council	Partner/Manager	March	8
Total			1,600

C. TECHNICAL SOLUTION

3. Expected City Resources

We expect the City to prepare requested audit schedules, pull requested documentation, provide responses to our inquiries, and prepare the CAFR. We expect to perform interim fieldwork and therefore will need some information before the end of the fiscal year.

4. Hours Required by City Staff

Currently, we do not anticipate requiring any direct assistance from the City auditor's office. Any additional hours required by the City would be limited to those disclosed in Item 3 in this section.

5. Quality Control Process for the CAFR

Audit quality is one of our primary focuses. As part of our audit quality process we invest a significant amount of resources on reviewing the CAFR. Below is a highlight of our CAFR review process –

- a. All engagements are assigned a second partner reviewer. This partner is independent from the engagement team and one of their primary focuses is to review all issues reports for quality and compliance with accounting and reporting requirements.
- b. As part of this engagement we have identified Kevin Smith a government audit partner from McGladrey (our national affiliate) to provide a review of the CAFR of the City. Kevin performs a similar role for us at the City of San Antonio.
- c. The audit partner, audit manager and audit senior all perform a review of the CAFR. As part of this process the CAFR is tied out to the trial balance, workpapers, and a disclosure checklist is completed (both our internal check list and the GFOA checklist).
- d. The audit partner for this engagement is a member of the Special Review Committee for GFOA.

The engagement team assigned primarily works with governments, the vast majority of their continuing professional education is related to governments and their complex reporting requirements.

Additionally, the firm is a member of the AICPA and, as such, complies with the requirements set forth by the AICPA's Peer Review Program. In addition to the quality control review requirements set forth by the AICPA, we have an existing in-house quality control program based upon the AICPA standards for quality control for public accounting firms. We have met all quality review requirements and received an unqualified opinion on our peer review dated October 2, 2014. We are required to have these reviews every three years. A copy of the peer review report is attached as Exhibit 3.

C. TECHNICAL SOLUTION

6. Consultation on Accounting and Other Technical Matters

Consultations on accounting and technical matters that require 1 to 2 hours are included within the fee of this engagement. We have found that regular communication regarding these items throughout the year adds to the efficiency of the audit process and therefore are not billed separately. More complex matters that require extensive research or additional work will be discussed with the City and determine the impact, if any, on the overall engagement fee. We will discuss this with the City before any work has been started.

7. Continued Professional Education for City Staff

From time to time when either new GASBs are issued that are significant or complex, or there are other changes to other requirements that have a significant impact on our clients we will host complementary continuing education training. Over the past year we have hosted two different sessions covering the new pension requirements and the changes to federal single audit requirements. Additionally, our audit partners and managers are frequent presenters for various trade associations and other groups.

8. Software Used in Processing the CAFR

Not Applicable – We are proposing under Option 1 included in Section 3.1 B. 1. of the RFQ, and therefore not preparing the CAFR.

9. Other Information

Additional information not specifically requested by the request for proposal, but that should be considered in your review of our proposal, is included in the Exhibits section of this proposal and listed in the table of contents, accordingly.

10. Concluded Remarks

We have prepared this proposal according to the format and instructions included in the request for proposals to facilitate your review. However, if you need additional information or have any questions about information included in this proposal, please do not hesitate to contact us for clarification.

D. FIRM PROFILE AND QUALIFICATIONS

1. Firm's Experience

Government organizations and utilities are striving for greater levels of transparency. It has become increasingly important for a range of publically-owned organizations and cooperatives to clearly articulate where they are allocating resources. For organizations in this sector to thrive, clear and comprehensive financial reporting is critical.

PS&Co. and its assurance team have served the government sector for decades with a host of financial and consulting services designed to ensure clarity in reporting. With many government entities focused on an enterprise-style financial management strategy, it is important to have a team with real-world experience in the complex and regulated government sector.

Our Services



Government and Utility Experience and Expertise

- Local municipalities – cities and special purpose governments
- Independent school districts and community colleges
- River authorities and water districts
- Utilities (power/electric and water) and cooperatives
- Federal and state agencies
- Public employee retirement systems

D. FIRM PROFILE AND QUALIFICATIONS

1. Firm's Experience (continued)

One-stop Resource Center

Accounting and Auditing Services

- Assurance services, including OMB A-133 Circular federal compliance audits
- Internal control process reviews
- Operational performance audits
- Employee benefit plan audits
- Special projects or agreed-upon procedures
- Accounting Solutions Group
 - Bookkeeping
 - Outsourced accounting

Consulting and Other Services

- Mergers and acquisitions
- Business valuation
- Human Resources Consulting Group
- Strategic planning

2. Total Audit Clients

PS&Co. provided audit services to approximately 350 clients through our San Antonio, Austin, and Houston offices in calendar year 2014.

3. Municipal and Other Government Clients

PS&Co. provided audit services to approximately 55+ municipalities and other local governments in calendar year 2014. Below is a partial list of clients we currently provide audit and other services similar to the nature and scope of services which are requested by the City.

Experience Servicing Local Municipalities – Cities and Special Purpose Governments

- Alamo Regional Mobility Authority
- Brooks Development Authority
- Capital Metro
- Central Texas Regional Mobility Authority
- City of Austin (consulting and other special engagements only)
- City of Boerne
- City of Buda
- City of Kyle

D. FIRM PROFILE AND QUALIFICATIONS

3. Municipal and Other Government Clients (continued)

Experience Servicing Local Municipalities – Cities and Special Purpose Governments (continued)

- City of McAllen
- City of San Antonio
- Port Authority of San Antonio
- San Antonio Housing Authority
- VIA Metropolitan Transit

Experience Servicing Community Colleges and Independent School Districts

- Austin Community College District
- Austin Independent School District
- Comal Independent School District
- Dripping Springs Independent School District
- Floresville Independent School District
- Fort Sam Houston Independent School District
- Lackland Independent School District
- Northside Independent School District
- Randolph Field Independent School District
- Southside Independent School District

Experience and Qualifications Servicing River Authorities, Water Districts, Utilities, and Cooperatives

- Brazos River Authority
- City of Boerne Utilities
- East Medina County Special Utility District
- Guadalupe Valley Electric Cooperative
- Kerrville Public Utility Board
- Lavaca-Navidad River Authority
- McAllen Public Utilities
- Nueces River Authority
- San Antonio River Authority
- San Antonio Water System
- Travis County ESD No. 2
- Travis County WCID No. 19

D. FIRM PROFILE AND QUALIFICATIONS

3. Municipal and Other Government Clients (continued)

Experience Servicing Federal and State Agency Programs

- HQ Air Force Services Agency
- State Bar of Texas
- Texas Higher Education Coordinating Board
- Texas Local Government Investment Pool
- Texas Local Government Investment Pool Prime
- Texas Treasury Safekeeping Trust Company
- Tobacco Settlement Permanent Trust

Experience Servicing Public Employee Retirement Systems

- City of McAllen Firemen Retirement Plan
- CPS Energy Pension; Health; Life; and Disability Plans
- Retirement Plan for the Employees of Brazos River Authority
- San Antonio Housing Authority Pension Plan and Trust
- VIA Metropolitan Transit Retirement Plan

4. Clients Gained/Lost Last Two Years – Government

Over the last two years, PS&Co. lost four government clients due to the normal bidding process and has won five government audit clients over the same period. Additionally, PS&Co. successfully won seven government re-bids of existing clients over the last two years.

5. Disciplinary Action

PS&Co. has not had any disciplinary action imposed on the firm by the AICPA, State Board, or the State Society of SEC in the past five years.

6. Rotation and Training

Currently we have four audit partners that serve the public sector which allows PS&Co. to rotate partners, if needed, to allow for a “fresh-look” perspective while still maintaining some continuity to the engagement team. Additionally, PS&Co. has eight audit managers that serve the public sector. Any rotation of key team members would be discussed with our clients to ensure we have the right team in place to serve the needs of our clients.

Our local office is approximately 150 individuals of which approximately 55 work in our audit department. We have not experienced any significant turnover in the past 24 months, the turnover would be considered routine turnover. Based on the size of our audit team including our public sector team we do not anticipate the need to replace staff assigned to this engagement. However, if such circumstances arise we believe our firm size and structure would allow us to identify another team member with direct industry experience which will allow us to meet your expectations.

D. FIRM PROFILE AND QUALIFICATIONS

7. Organizational Chart

Overview

The people selected to fill the roles of your client service team are vital to a successful audit. We have formed a team with the capabilities and experience we believe are indispensable for this engagement. This includes background in:

- A variety of local government entities
- The water utility industry
- Large and small organizations with multiple functions and divisions
- Sophisticated computer auditing and statistical sampling techniques
- Full-scope audits encompassing management efficiency and economy, as well as financial matters
- Accounting, auditing, and financial reporting principles applicable to local government entities

Overall Engagement Partner – Marc Sewell, CPA

In order to properly coordinate the services of the firm, Marc will have overall responsibility for all services performed for the City. Marc will be available to members of the City for technical consultation and information on the status of the engagement, special services required, and general business matters.

Concurring Review Partner – Joel Perez, Jr., CPA

As part of PS&Co.'s upgraded quality control policies and procedures, the proposed engagement team includes the services and assistance of a second independent partner. Joel will serve in the role of quality control partner and will be responsible for a second technical review. Further, he will provide an objective (healthy skepticism) review of the audit plan, fieldwork stage, as well as an audit and accounting review of the audit work papers and the financial statements.

National Resource Partner – Kevin Smith, CPA (McGladrey)

Kevin is an assurance partner with McGladrey. His role will be to assist the engagement team with high-end and complex technical matters, review and assess white papers prepared by the City, as well as perform a final technical review of the annual financial report, among others.

Ernest R. Garza and Company, P.C.

Ernest R. Garza will be a part of the overall engagement team and will be assigned various financial and compliance areas of the audit. They will be incorporated into the overall audit team and under the direct supervision of the PS&Co. supervisory team. Ernest R. Garza is a certified Historically Underutilized Business and is a local Corpus Christi business. Ernest R. Garza's team will serve in a significant role in the audit of the City and will include 40% of the audit fee.

D. FIRM PROFILE AND QUALIFICATIONS

7. Organizational Chart (continued)

Engagement Manager – Ashley Alejos, CPA

Ashley will serve as manager on this engagement. As the manager, she will coordinate the activities of the professional team members assigned to the engagement, participate in planning and developing the overall audit approach, and monitor all phases of the audit to ensure timely completion. Ashley will manage the day-to-day performance and conduct of the audit of the City.

Engagement Senior (Audit Field In-Charge) – Carla Contreras CPA

Carla will serve as the audit senior on this engagement. As an audit senior, she will perform fieldwork under the direction of the manager. Her function will include gathering data, preparing analysis, and designing detailed tests. Carla will direct the day-to-day performance and conduct of the audit staff.

Single Audit Manager – Michelle Hyde, CPA

Michelle will serve as the audit manager for the single audit portion of this engagement.

Single Audit Supervisor – Taylor Wightman, CPA

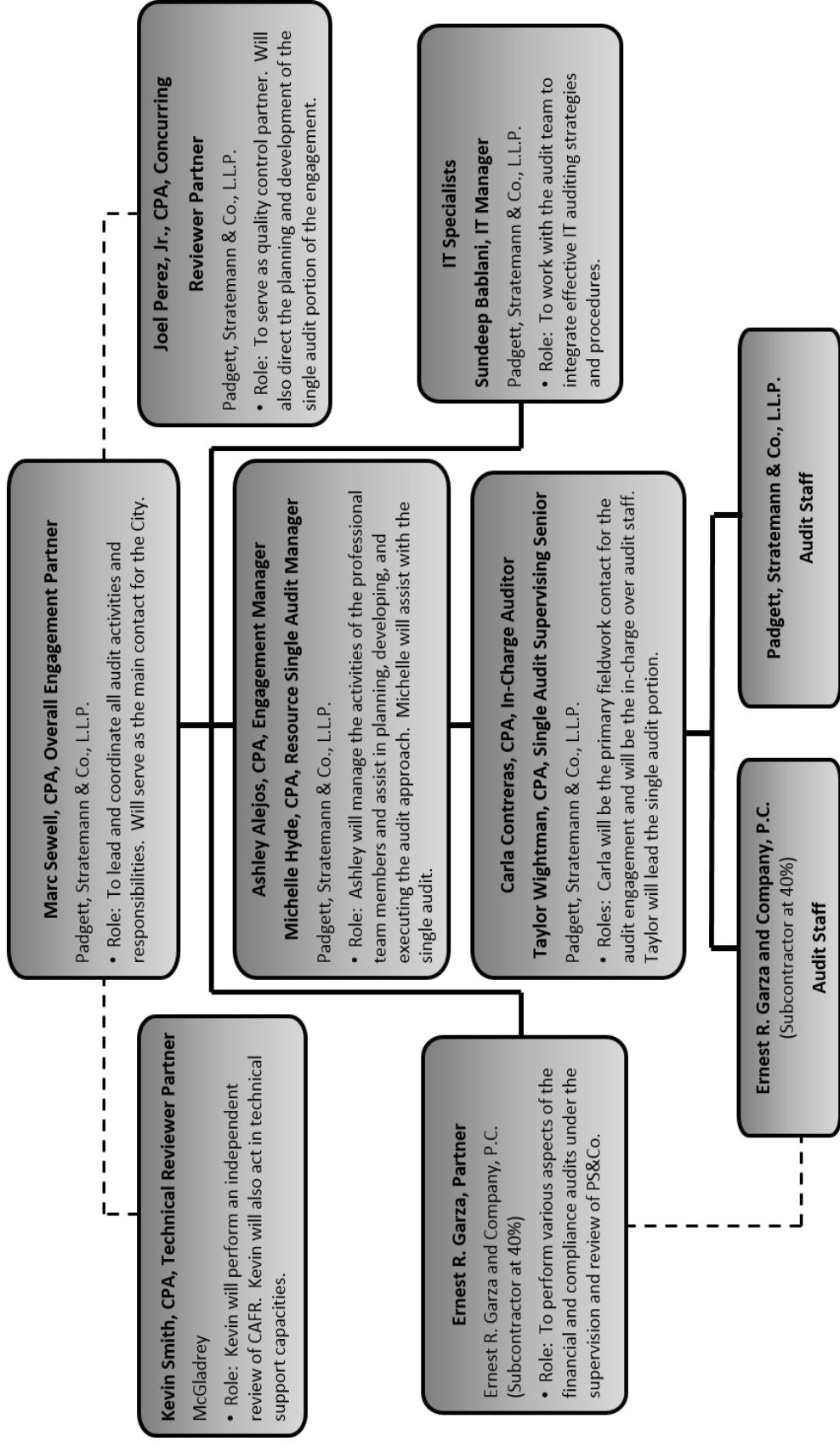
Taylor will serve as the audit supervisor for the single audit portion of this engagement. As an audit supervisor, she will perform fieldwork under the direction of the manager. Her function will include gathering data, preparing analysis, and designing detailed tests. Taylor will direct the day-to-day performance and conduct of the audit staff.

Internal Control and IT Specialist – Sundeep Bablani, CPA, CISA, CITP

Sundeep will assist the audit team in reviewing computerized systems controls, and general access and security controls over information technology systems.

D. FIRM PROFILE AND QUALIFICATIONS

7. Organizational Chart (continued)



D. FIRM PROFILE AND QUALIFICATIONS

8. Office Location/Resumes

PS&Co. will staff this engagement from our San Antonio office and Ernest R. Garza will staff this engagement from their Corpus Christi office. See the previous section for the organizational chart and brief description of each team member's role. Resumes are included in Exhibit 6 of the proposal.

9. Professional Licenses

Padgett, Stratemann & Co., L.L.P. ("PS&Co.") and Ernest R. Garza are properly licensed in the state of Texas for public practice. PS&Co. or Ernest R. Garza does not have any outstanding public or private reprimands by the Texas State Board of Public Accounting or other organizations. PS&Co. firm is licensed, and in good standing, as a certified public accounting firm for public practice in Texas and California, with the respective state boards of public accountancy. The firm does not have a history of sub-standard practice and has never received a public or private reprimand from the Texas State Board of Public Accountancy.

The team members included as the proposed engagement team are independent of the City as defined by the American Institute of Certified Public Accountants ("AICPA") auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States.

See resumes in Exhibit 6, for all key team members which includes any certifications the poses.

10. Similar Clients

The following are similar projects that PS&Co. has been awarded that are similar or larger than the City.

- Austin Community College District
- Austin Independent School District*
- Brazos River Authority*
- Capital Metro
- City of Austin Convention Center*
- City of Kyle
- City of San Antonio
- San Antonio Housing Authority*
- VIA Metropolitan Transit

* Existing client won upon re-bid

11. Firm Capacity

PS&Co. has approximately 200 team members and has capacity to serve the City. PS&Co. has a productivity team that projects production. Compared to our available hours. This committee drives our hiring practices to ensure we have the staff capacity to meet our clients' needs.

D. FIRM PROFILE AND QUALIFICATIONS

12. Ranges of Services and National Resources

In order to provide superior financial and business advice to all its clients, PS&Co. is comprised of industry-specific niches. This organization allows us to understand our clients' businesses, their challenges, and their industry in the best way possible. We do this by not only providing superior services, but also by maintaining industry-specific knowledge. PS&Co. is celebrating our 70th anniversary of being in business. Additionally, PS&Co. has been servicing the public sector for over 25 years.

Industry-specific niches:

- Public Sector – Government, not-for-profit organizations, and special purpose entities such as utilities, river authorities
- Manufacturing, Retail, and Distribution
- Construction
- Health Sciences
- Professional Services
- Banking and Financial Services
- Real Estate
- Private Client Services
- Governmental Contractors
- Energy
- International Business
- Technology, Communication, and Entertainment

Team members in each industry-specific niche represent various departments within PS&Co. Our goal is to keep abreast of each unique industry so the needs of our clients' within that respective industry are taken into consideration as we execute their business matters.

PS&Co. is a full service CPA firm offering a comprehensive array of attestation, tax, accounting, and advisory services.

Attestation Services

Independent Audit Services

The performance of independent audits of financial statements is the largest practice segment within the firm. Our audit department is organized into three main areas of expertise, which allows us to develop and maintain the expertise and critical mass needed to serve our varied client base. Our three functional audit areas are as follows:

- SEC Practice
- Public Sector – Governmental and not-for-profit organizations, including federal and state single audits
- Private Sector and Regulated Industries

D. FIRM PROFILE AND QUALIFICATIONS

12. Ranges of Services and National Resources (continued)

Attestation Services (continued)

Other Attestation Services

In addition to audit services, our firm offers other attestation services including, but not limited to, those listed below:

- Review and compilation services under Statement of Standards for Accounting and Review Services
- Agreed-upon procedure engagements
- SSAE No. 16 – Service Organization Control Report
- Attestation Standards engagements – such as debt service coverage

Tax Services

Our tax department offers a broad spectrum of services covering all types of entities. We consult with and provide services to individuals, partnerships, estates, trusts, and corporate and not-for-profit entities in the areas of payroll, sales, franchise, estate (including gift and generation-skipping transfer), and income taxation.

For our not-for-profit and tax-exempt clients, we can assist in applying for and retaining tax-exempt status recognition. We also can assist in identifying and advising clients regarding exposure to the unrelated business income tax and the complex rules and regulations relating to self-dealing and excess benefit transactions.

While our most common tax service involves assistance in tax compliance, i.e. tax return preparation, we encourage and are heavily involved in planning tax transactions so as to minimize or defer the related tax impact. By keeping current on new tax laws and legislation, we are in a position to identify and communicate key tax planning opportunities that may minimize both your current and future tax liabilities. We provide business and entity planning, especially in the areas of formation, operation, and dissolution. We have extensive experience in business acquisitions, including mergers and acquisitions, and other related reorganizations. We can assist business owners and executives in planning compensation packages (including the implementation of qualified and nonqualified retirement programs), analyzing shareholder buy-sale agreements, and succession planning for your closely-held business.

If the need arises, we can provide audit representation during examination of returns before the Internal Revenue Service and other governmental agencies.

D. FIRM PROFILE AND QUALIFICATIONS

12. Ranges of Services and National Resources (continued)

Tax Services (continued)

We provide assistance in estate and gift tax planning opportunities for our individual clients, including the utilization of trusts and family limited partnerships. Also, when the need arises, we can assist the family of a deceased individual by locating legal counsel, assist in accounting and accumulating the information necessary for probate, and assist with all applicable federal and state estate/inheritance tax returns.

Our goal is to assist our clients in reaching their maximum potential. Our commitment is to quality service and long-term personal relationships with our clients, which is the foundation and trademark of our tax practice.

Accounting Solutions

Our firm offers a full scope of accounting and bookkeeping services. Accounting services offered by the firm include, but are not limited to, those listed below:

- Complete client accounting and bookkeeping services
- Client write-up services
- On-site accounting assistance and/or review of in-house accounting procedures

Advisory Services

Advisory services vary widely in size, complexity, and scope, as well as in technical subject matter. Our firm has substantial expertise and experience in a wide variety of advisory service engagements for our clients.

The focus of advisory services performed by the firm is to identify and define client needs, select and supervise appropriate staff, apply an analytical approach appropriate to the engagement, apply knowledge of the technical subject matter under consideration, communicate recommendations effectively, and when required, assist in implementing recommendations.

Through our qualifications in the advisory services area, we provide advice and technical assistance, which will enable client management to conduct its affairs more effectively. These qualifications include technical competence; familiarity with the client's finance and control systems and business problems; analytical ability and experience in problem-solving; and professional independence, objectivity, and integrity.

D. FIRM PROFILE AND QUALIFICATIONS

12. Ranges of Services and National Resources (continued)

Advisory Services (continued)

Advisory services offered by the firm include, but are not limited to, those listed below:

- Insurance receivership services
- Bankruptcy services
- Litigation support and expert testimony
- Internal control review and compliance
- Forensic and fraud accounting investigation
- Merger and acquisition analysis
- Cost accounting and profit analysis
- General business consulting

In 1995, PS&Co. joined the McGladrey Alliance, a business of RSM US LLP - the 5th largest accounting firm in the U.S. and a leading provider of assurance, tax, and consulting services with nearly 8,000 professionals in more than 80 cities nationwide. RSM US LLP is a licensed CPA firm and the U.S. member of RSM International, a global network of independent accounting, tax, and consulting firms with more than 37,500 professionals in over 110 countries around the world. **This alliance provides the City with the personalized service of a local firm and the strength and resources of a national firm with global reach.**

Our clients receive the combined benefits of PS&Co. and the national resources of RSMUS LLP. PS&Co. has successfully and seamlessly used this alliance to the benefit of our clients. We have specifically identified Keven Smith, Partner with RSM in their public sector group as our national resource. We have used Keven in this role in our audit of the City of San Antonio where he performs a second partner review of the CAFR, and is available to our clients and our engagement team for any technical matters.

13. Local Office

We will be providing audit services out of our San Antonio office which is located at 100 NE Loop 410, Suite 1100, San Antonio, Texas 78216. Our phone number is (210) 828-6281 or (800) 879-4966.

14. Government Audit Quality Control Center Membership

PS&Co. is a voluntary member of the Governmental Audit Quality Center (the "Center") established by the American Institute of Certified Public Accountants ("AICPA"). PS&Co.'s membership in the Center demonstrates the firm's commitment to audit quality in the critical area of governmental audits. PS&Co. is committed to the governmental sector and the Center's strict membership requirements. We have been members of the Center since its inception.

D. FIRM PROFILE AND QUALIFICATIONS

15. Peer Review

The firm is a member of the AICPA and, as such, complies with the requirements set forth by the AICPA's Peer Review Program. In addition to the quality control review requirements set forth by the AICPA, we have an existing in-house quality control program based upon the AICPA standards for quality control for public accounting firms. We have met all quality review requirements and received a pass rating on our peer review dated October 2, 2014. We are required to have these reviews every three years. A copy of the peer review report is attached as Exhibit 6.

16. Letter of Comment

N/A – PS&Co. and Ernest R. Garza did not have any comments for our peer reviews.

17. Client References

See client reference on the following page.

1. CURRENT CLIENT Reference 1

Organization name: City of San Antonio	Contact and title: Troy Elliot, Director of Finance
Address: 111 Soledad, 5th Floor, SA, TX 78205	Phone number: (210) 207-8604
Effective date of contract: 2012	Number of employees: 10,235
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$5,946,880,000 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial and compliance audit	

2. CURRENT CLIENT Reference 2

Organization name: City of Boerne	Contact and title: Sandra Mattick, CFO
Address: P.O. Box 1677, Boerne, TX 78006-1677	Phone number: (830) 249-9511
Effective date of contract: 1995	Number of employees: 218
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$45,658,078 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial audit	

3. CURRENT CLIENT Reference 3

Organization name: San Antonio Water System	Contact and title: Doug Evanson, CFO & Senior VP
Address: 2800 US Hwy 281 North, TX 78212	Phone number: (210) 233-3803
Effective date of contract: 2015 (renewed from previous 5 year term)	Number of employees: 1,699
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$501,562,000 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial and compliance audit	

4. FORMER CLIENT Reference 1

Organization name: City of McAllen	Contact and title: Susan Lozano, Director of Finance
Address: 1330 Houston, McAllen, TX 78501	Phone number: (956) 681-1080
Effective date of contract: N/A	Number of employees: 1,755
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$233,873,259 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial and Compliance	Reason for termination Routine RFP and policy of rotation

5. FORMER CLIENT Reference 2

Organization name: Bexar County	Contact and title: Susan Yeatts, County Auditor
Address: 101 W. Nueva, Suite 800, SA, TX 78205	Phone number: (210) 335-2301
Effective date of contract: N/A	Number of employees: 4,609
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$1,522,518,200 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial and Compliance	Reason for termination Routine bidding

6. FORMER CLIENT Reference 3

Organization name: Northside ISD	Contact and title: David Rastellini, Deputy Superintendent
Address: 5900 Evers Road, San Antonio, TX 78238	Phone number: (210) 397-8903
Effective date of contract: N/A	Number of employees: 12,835
Participated in GFOA Certificate of Achievement for Excellence in Reporting Program? <input checked="" type="radio"/> Y <input type="radio"/> N If yes, provide the total of Section IV Fee Calculation of most recent GFOA certificate application. \$1,016,645,335 Was the certificate awarded? <input checked="" type="radio"/> Y <input type="radio"/> N	
Description of services provided: Financial and Compliance	Reason for termination Routine bidding

E. EXHIBITS

EXHIBIT 1 – FIRM HISTORY

FIRM HISTORY

We continue to grow based on a solid foundation.

- 1945** Sidney Padgett realizes his dream by opening an accounting firm in downtown San Antonio.
- 1958** Sidney Padgett, Jr. joins his father and the firm name changes to Padgett & Padgett, CPAs.
- 1967** Ray E. Berend joins the firm.
- 1969** Malcolm Stratemann merges with Padgett & Padgett. A new partnership is formed – Padgett, Stratemann, and Berend – along with a new name, Padgett & Stratemann, CPAs.
- Construction becomes the firm’s first niche.
- 1970s** Focusing on small businesses serving the booming economy, the firm grows from 7 to 19 professionals and support staff and relocates to the new “hot spot,” Northeast San Antonio.
- 1973** The firm changes its name to Padgett, Stratemann & Co., L.L.P.
- 1977** As members of both the AICPA’s SEC and Private Practice sections since their inception, PS&Co. participates in the voluntary triennial peer review. This review ensures firms are adhering to the stringent quality control standards set forth by the AICPA.
- 1980s** The firm expands when new partners join, focusing on key growth sectors in the Texas economy - banking, medical, wholesale, and manufacturing.
- 1992** Acquisition of the San Antonio Grant Thornton International office strengthens the governmental service niche.
- 1995** PS&Co. enters into a strategic alliance with RSM McGladrey. The network provides invaluable access to resources of one of the nation’s largest accounting, tax, and consulting firms. In addition, the alliance provides access to RSM International, offering the firm valuable resources world-wide.
- The firm is ranked as the second largest firm in the San Antonio marketplace.
- 2001** Due to expansion and growth, PS&Co. moves offices to its current location in North Central San Antonio.
- 2005** Recognized by the *San Antonio Business Journal* as one of the city’s “Best Places to Work.”
- 2006** Recognized for the second time as one of the “Best Places to Work” in San Antonio.
- 2007** The firm is awarded the “Business Ethics Award” by the Ecumenical Center for Religion and Health, in collaboration with the UTSA College of Business and the *San Antonio Business Journal*.
- PS&Co. enters the Austin market by merging with Sprouse & Anderson, an established Austin-based firm. The merger solidifies PS&Co.’s place as one of the largest regional firms within the state of Texas, with over 180 team members.
- 2008** The San Antonio and Austin offices are recognized by each city’s respective *Business Journal* as one of the “Best Places to Work”.
- PS&Co. is listed as the sixth largest Southwest accounting firm in a survey conducted by *Practical Accountant* magazine.
- 2009** The San Antonio and Austin offices are once again recognized as “Best Places to Work”.

- 2010** *INSIDE Public Accounting* magazine names PS&Co. one of the nation's Top 25 Best Accounting Firms.
- 2011** Recognized for the fifth time as one of the "Best Places to Work" by the *San Antonio Business Journal*.
- 2012** Recognized for the sixth time as one of the "Best Places to Work" by the *San Antonio Business Journal*.
- INSIDE Public Accounting magazine ranks PS&Co. as the 107th largest U.S. CPA firm in its Top 200.
- Accounting Today ranks PS&Co. 9th on it's Beyond The Top 100 Firms To Watch. The firm is also ranked as the 3rd largest CPA firm in the Southwest United States
- Texas Lawyer magazine and the legal community select PS&Co. as one of the 'Best Accounting Providers' in Austin.
- The firm creates a new Technology, Communications, and Entertainment niche.
- 2013** Recognized for the seventh time as one of the "Best Places to Work" by the *San Antonio Business Journal*.
- INSIDE Public Accounting magazine ranks PS&Co. as the 104th largest U.S. CPA firm in its Top 200. It also ranks the firm as one of the Top 10 firms in the U.S. for staff member training.
- Accounting Today ranks PS&Co. 4th on it's Beyond The Top 100 Firms To Watch. The firm is also ranked as the 3rd largest CPA firm in the Southwest United States.
- Texas Lawyer magazine and the legal community select PS&Co. as one of the 'Best Accounting Providers' in Austin for the second year in a row.
- 2014** Recognized for the eighth time as one of the "Best Places to Work" by the *San Antonio Business Journal*.
- Accounting Today ranks PS&Co. 6th on it's Beyond The Top 100 Firms To Watch. The firm is also ranked as the 4th largest CPA firm in the Southwest United States.
- Austin Business Journal ranks PS&Co. as the 6th largest Accounting Firm.
- PS&Co. enters the Houston market by opening its third office.
- INSIDE Public Accounting magazine ranks PS&Co. as the 106th largest U.S. CPA firm in its Top 200.
- 2015** San Antonio Business Journal ranks PS&Co. as the 2nd largest CPA firm in San Antonio in its annual Book of List, for the ninth year.
- Austin Business Journal ranks PS&Co. as the 5th largest firm in the Austin area.
- INSIDE Public Accounting magazine ranks PS&Co. as the 99th largest U.S. CPA firm in its Top 100.

EXHIBIT 2 – TOP SOUTHWEST FIRMS AND LARGEST SAN ANTONIO ACCOUNTING FIRMS

BEYOND THE TOP 100: FIRMS TO WATCH

Firm	Headquarters	Managing partner	Year end	Revenue (\$ mn.)	% chg.	Offices	Partners	Total employees
Padgett, Stratemann & Co.	San Antonio	John Wright	July	32.61	8.45	3	31	197
Brown Smith Wallace	St. Louis	Harvey Wallace	Dec	32.60	5.16	3	21	223
Bennett Thrasher	Atlanta	Rick Bennett	June	32.49	8.73	1	27	168
Gursey Schneider	Los Angeles	Stephan Wasserman	Dec	31.30	10.99	3	11	139
PBMares	Newport News, Va.	Alan Witt	Dec	29.78	2.97	8	33	182
Briggs & Veselka Co.	Houston	John Flatowicz	Sept	29.72	13.57	2	20	181
Baker Newman & Noyes	Portland, Maine	Eleanor Baker	Dec	29.70	7.22	4	30	191
Somerset CPAs	Indianapolis	Pat Early	Dec	28.76	7.23	1	27	186
Brady, Martz & Associates	Grand Forks, N.D.	Ronald Johnke	Sept	28.16	3.91	5	31	184
Lurie Besikof Lapidus & Co.	Minneapolis	Beth Kieffer Leonard	April	28.10	2.93	1	15	121
Jackson Thornton & Co.	Montgomery, Ala.	Ned Sheffield	Dec	27.33	4.51	5	21	183
Anders	St. Louis	Robert Minkler	Dec	27.14	5.23	1	20	149
Lutz & Co.	Omaha, Neb.	Gary Witt	April	27.10	13.39	1	28	145
Hutchinson and Bloodgood	Glendale, Calif.	Richard Preciado	Sept	26.82	5.47	4	34	116
Janover	Garden City, N.Y.	Mark Goodman	Dec	26.67	37.19	2	23	141
Peterson Sullivan	Seattle	Chris Russell	June	26.30	59.78	1	17	146
Boulay	Minneapolis	Mark DeNucci	May	24.36	5.09	1	29	149
Johnson Lambert*	Falls Church, Va.	D. Lambert / J. Prescott	Dec	24.02	4.48	8	13	147
Windes	Long Beach, Calif.	John Di Carlo	June	23.90	1.23	3	16	127
Hagen, Streiff, Newton & Oshiro	Dallas	NA	Feb	23.86	6.66	14	16	98
Green Hasson Janks	Los Angeles	Leon Janks	Dec	23.50	1.73	1	13	125
ORBA	Chicago	Mark Thomson	May	23.30	6.88	1	16	115
Mize Houser & Co.	Topeka, Kan.	NA	Dec	23.25	6.07	3	21	210

* Firm estimate NA Not available or not applicable

TOP FIRMS: SOUTHWEST

Firm	Headquarters	Rev. \$ mn.	% chg.	Offices	Partners	Professionals	Total emps.	Fee split			
								A&A	Tax	MAS	Other
Weaver	Fort Worth, Texas	88.10	5.64	7	35	361	477	34	43	15	8
Whitley Penn	Fort Worth, Texas	65.95	12.33	4	41	242	333	47	38	0	15
Montgomery Coscia Greulich	Plano, Texas	42.86	27.79	2	19	243	281	27	41	26	6
Padgett, Stratemann & Co.	San Antonio	32.61	8.45	3	31	119	197	49	39	12	0
Briggs & Veselka Co.	Houston	29.72	13.57	2	20	135	181	39	51	8	2
REDW	Albuquerque, N.M.	26.23	-0.83	2	14	121	173	52	22	12	14
Hagen, Streiff, Newton & Oshiro	Dallas	23.86	6.66	14	16	60	98	0	0	70	30
PKF Texas	Houston	22.79	5.75	1	10	95	122	48	42	10	0
Cain Watters & Associates	Plano, Texas	22.70	9.13	1	10	60	114	10	15	0	75
BeachFleischman*	Tucson, Ariz.	21.83	7.54	2	25	81	138	29	55	2	14
Johnson, Miller & Co. CPAs	Odessa, Texas	21.12	8.09	3	14	88	114	31	51	6	12
Maxwell Locke & Ritter	Austin, Texas	20.79	13.36	2	21	59	90	38	41	0	21
Henry & Horne	Tempe, Ariz.	20.10	8.65	3	14	78	110	31	59	10	0
Lane Gorman Trubitt	Dallas	20.00	5.26	1	16	66	97	55	39	0	6
PMB Helin Donovan	Austin, Texas	19.00	NC	6	22	74	114	44	48	0	8

Notes: * Firm estimate or projection NC No change

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SAN ANTONIO BUSINESS JOURNAL

ACCOUNTING FIRMS

RANKED BY NUMBER OF CPAs LOCALLY

	Business name Website	Address Phone	No. of CPAs locally	No. of non CPA professionals locally	No. of partners locally	Year est. locally	Local Managing Partner
1	Ernst & Young LLP ey.com	100 W Houston St. #1800 San Antonio, TX, 78205 210-228-9696	83	131	19	1922	Lisa Friel, lisa.friel@ey.com
2	Padgett Stratemann & Co. LLP padgett-cpa.com	100 N.E. Loop 410 #1100 San Antonio, TX, 78216 210-828-6281	62	51	22	1945	John Wright, john.wright@padgett-cpa.com
3	BKD LLP bkd.com	10001 Reunion Pl. #400 San Antonio, TX, 78216 210-341-9400	29	30	9	1985	Jon McDowell, jmcowell@bkd.com
4	KPMG kpmg.com/us	17802 IH-10 W #101 San Antonio, TX, 78257 210-227-9272	27	35	6	1958	Joseph McClachlan, jmclachlan@kpmg.com
5	Weaver and Tidwell LLP weaver.com	9311 San Pedro Ave. #1400 San Antonio, TX, 78216 210-737-1042	21	22	6	1998	Greg Bailes, greg.bailes@weaver.com Laura McNutt, laura.mcnuitt@weaver.com
6	Sol Schwartz & Associates PC ssacpa.com	7550 IH-10 W #1200 San Antonio, TX, 78229 210-384-8000	21	20	11	1980	Jeff Albrecht, jeffa@ssacpa.com
7	Akin Doherty Klein & Feuge PC adkf.com	8610 N. New Braunfels Ave. #101 San Antonio, TX, 78217 210-829-1300	19	33	7	1991	Howard Klein Jr., howard.klein@adkf.com Thomas Akin, tom.akin@adkf.com
8	Brehm Havel & Company LLP brehmhavelcpa.com	7809 Broadway St. San Antonio, TX, 78209 210-826-7000	19	16	6	1980	Gene Brehm, gene@genebrehm.com
9	Tsakopoulos Brown Schott & Anchors PC TBSACPA.COM	9901 IH-10 W #900 San Antonio, TX, 78230 210-696-5177	17	10	5	1990	Jim Tsakopoulos, jimt@tbsacpa.com
10	ATKG LLP atkgcpa.com	13750 San Pedro Ave. #400 San Antonio, TX, 78232 210-733-6611	16	12	3	1982	Melanie Kirk, mkirk@atkgcpa.com
11	Boldt & Boldt Inc. boldtcpa.com	6800 One Park Ten #149E Bldg. San Antonio, TX, 78213 210-737-1050	16	1	2	1981	Blake Boldt, bboldt@boldtcpa.com
12	Ridout Barrett & Co. PC ridoutbarrett.com	10843 Gulfdale St. San Antonio, TX, 78216 210-829-1793	13	14	5	1986	Anthony Ridout, tridout@ridoutbarrett.com
13	ABIP PC abipcpa.com	4801 N.W. Loop 410 #725 San Antonio, TX, 78229 210-341-2581	12	9	2	1966	Scott Irvine, sirvine@abipcpa.com
14	Gilliam and Associates PC gilliamcpapc.com	11010 Coachlight #200 San Antonio, TX, 78216 210-979-7055	9	9	4	1983	Tim Gilliam, tim@gilliamcpapc.com
15	Findling Milam & Pyle fmpcpa.com	3011 Nacogdoches Rd. Bldg. 2 San Antonio, TX, 78217 210-824-3224	9	2	4	1964	Dave Zurbruggen, dz@fmpcpa.com
16	Hill & Ford PC hf-cpa.com	8620 N. New Braunfels Ave. #300 San Antonio, TX, 78217 210-340-8351	8	7	1	1976	Kimberly Ford, kford@hf-cpa.com
17	Lange Poteet & Co. LLP lpcpa.com	P.O. Box 12199 San Antonio, TX, 78212 210-735-6181	8	4	3	1967	Pat Lange, pat@lpcpa.com
18	Oroian Guest & Little PC txcpa.com	11955 Network Blvd. San Antonio, TX, 78249 210-641-5600	7	7	3	1983	Paul Oroian
19	Randy Walker & Co. randywalkercpa.com	7800 IH-10 W #505 San Antonio, TX, 78230 210-366-9430	7	7	1	1995	Randy Walker, rwalker@cpatx.com
20	Armstrong Vaughan & Associates PC avacpa.com	941 W. Byrd Blvd. #101 Universal City, TX, 78148 210-658-6229	6	12	3	1978	Nancy Vaughan, vaughan@avacpa.com
21	Wayne E. Collie CPA CollieCPA.com	20742 Stone Oak Pkwy. #107 San Antonio, TX, 78258 210-828-1505	6	7	1	1980	Wayne Collie, WayneC@CollieCPA.com
22	Netting & Pace CPAs nettingpace.com	7373 Broadway St. #400 San Antonio, TX, 78209 210-738-3888	6	6	3	1986	Conrad Netting
23	Weilbacher & Associates wacpas.com	1250 N.E. Loop 410 #405 San Antonio, TX, 78209 210-828-8800	6	4	2	1996	Bruce Weilbacher, blw@wacpas.net
24	Rodriguez Holland & Co. PC cpasat.com	1250 N.E. Loop 410 #330 San Antonio, TX, 78209-1550 210-822-9950	5	9	2	1981	Joseph Rodriguez, jrodriguez@cpasat.com
25	Darilek Butler & Associates PLLC darilekbutler.com	2702 N. Loop 1604 E #202 San Antonio, TX, 78232 210-979-0055	5	5	3	1993	Robert Darilek, rdarilek@darilekbutler.com Steve Butler, sbutler@darilekbutler.com

EXHIBIT 3 – PEER REVIEW LETTER

Prime-Contractor Firm



Padgett Stratemann

Audit Results

“A peer review provides assurance that the firm has an appropriate quality control system for its accounting and auditing practice and that it is complying with that system.”

In 1977, the American Institute of Certified Public Accountants established the Division for CPA Firms to provide a new level of voluntary self-regulation and quality control to firms engaged in public accounting. Previously, only individual CPAs were subject to such scrutiny and professional regulation. The reviews subsequently became mandatory for firms registered to serve publicly traded companies. Many states, including Texas, now require that firms providing audit and attest services, have a triennial peer review.

Peer Reviews

The peer review is conducted by a team of CPAs under guidelines established by the American Institute of Certified Public Accountants. The reviewers make an independent assessment of the firm’s quality control policies and procedures and examine the working papers and reports on a representative sample of accounting and auditing engagements. The team also inspects the firm’s administrative files and records and interviews professional personnel.

The reviewers issue a report on the firm’s compliance with the stringent quality control standards set by the American Institute of Certified Public Accountants, the national professional organization of CPAs. In addition, Padgett, Stratemann & Co., L.L.P. is subject to review and oversight as a firm registered with The Public Company Accounting Oversight Board.

Padgett, Stratemann & Co., L.L.P.

Padgett, Stratemann & Co., L.L.P. recently completed its triennial peer review. We are pleased to report that the peer review committee unconditionally, for the **fourteenth consecutive time**, approved the policies and practices of Padgett, Stratemann & Co., L.L.P. A copy of the audit results can be found on the reverse side.

Padgett, Stratemann & Co., L.L.P. is proud of this achievement and continues to strive to provide quality in both compliance with the standards of our profession and service to our clients.

AUSTIN

811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON

1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO

100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM



SYSTEM REVIEW REPORT

October 2, 2014

To the Partners of Padgett Stratemann & Co., L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Padgett Stratemann & Co., L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2014. 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 Organization Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Padgett Stratemann & Co., L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2014, 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*. Padgett Stratemann & Co., L.L.P. has received a peer review rating of *pass*.

Kraft CPAs PLLC

Subcontractor Firm

FARRIS & FARRIS, CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

PAUL W. FARRIS, CPA
DEBRA E. FARRIS, CPA

13484 Leopard St., #A-29-A
Corpus Christi, TX 78410
(361) 241-0658
Fax (361) 241-0658
farriscpa@aol.com

System Review Report

May 5, 2014

To the Owner

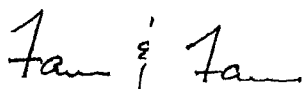
Ernest R. Garza & Company, P.C.

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 Ernest R. Garza & Company, P.C. (the firm) in effect for the year ended August 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. 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 the Government Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of Ernest R. Garza & Company, P.C. in effect for the year ended August 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. Ernest R. Garza & Company, P.C. has received a peer review rating of pass.



Farris & Farris, CPA's

MEMBER

TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS * AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**AICPA Peer Review Program
and TSCPA Peer Review Program**
Administered by the Texas Society of CPAs



October 7, 2014

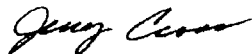
Ernest Garza, CPA
Ernest R. Garza & Company, P. C.
10201 Leopard St
A
Corpus Christi, TX 78410

Dear Mr. Garza:

On October 7, 2014 the Texas Society of CPAs 2014-15 Peer Review Committee determined that your most recent peer review is complete.

The due date for your next review is February 28, 2017. This is the date by which all review documents should be completed and submitted to the administering entity. Since your firm's due date is between January and April, you may arrange to have your review a few months earlier to avoid having a review during tax season.

Sincerely,



Jerry L. Cross, CPA
Director, Peer Review
jcross@tscpa.net 800 428-0272

cc: Paul Wesley Farris

Firm No. 10110336

Review No. 354244

EXHIBIT 4 - PADGETT'S SECURE CLIENT PORTAL SOLUTION

The Importance of Secure Portal Technology

Per Boomer Consulting, Inc. – a leading advisory firm to the certified public accountant (CPA) industry, accounting firms have always placed the highest priority on the protection and confidentiality of client financial information. While this commitment remains high, the practical challenges of fulfilling it are greater than ever. The increasing use of Internet-based interactions with clients and the exchange of growing amounts of confidential data from widely-scattered locations demand careful management of electronic security. In addition, federal and state laws and regulations have introduced a legal requirement to protect data.

It is imperative that firms conduct a careful review of their risk in handling confidential client information in order to ensure the appropriate tools and controls are in place to manage the risk.

It is critical to understand that email alone, in the absence of additional protective measures, is inherently insecure and inadequate. Transmitting client information via email attachment does not meet the specified legal requirements and fails to live up to the CPA commitment to client confidentiality. Therefore an alternative means of electronic document transfer must be used.

The Padgett Secure Client Portal

PS&Co. has always considered confidentiality and protection of client financial information as its highest priority. Through its investment in The Padgett Secure Client Portal, informational security is not only ensured, but is accomplished using a tool, ShareFile, which allows the easy exchange of confidential content in a professional manner.



Listed below are some of the features offered through The Padgett Secure Client Portal:

Security

- Provides a secure avenue for uploading and downloading sensitive documents
- Files securely transferred and stored using 256-bit SSL encryption – the same technology used by online banking and e-commerce. Files are also encrypted while they are stored.
- Complete audit trail of all activity
- Prevents access by unauthorized personnel with user name and password protection feature

Ease of Use

- Allows for a collaborative environment to manage files
- Creates efficiencies in the audit process
- Ability to send/receive any type of file and size: Word, Excel, PDF, Quickbooks, etc.
- Compatible with both Mac and PC

EXHIBIT 4 - PADGETT'S SECURE CLIENT PORTAL SOLUTION (continued)

Mobile Access

- ShareFile offers mobile apps for all major mobile operating systems and devices as well as a mobile optimized website. The Apple iOS, Windows mobile, Android, and BlackBerry mobile applications are free to download and use.
- Mobile apps allow access to all files and folders in your account on the go. CPAs and clients can access data on their preferred devices for immediate communication at any time. Browse files or folders and share them via ShareFile without having to download them. Also features built-in access to previously downloaded files, allowing users to view files without re-downloading them.
- Since data security is paramount to Padgett and its clients, the mobile application has a remote wipe feature to protect against data breaches if a device is lost or stolen. This allows content to be removed from a selected device immediately – without direct contact with the phone or tablet.

EXHIBIT 5 – PRIMARY SERVICE TEAM CONTINUING EDUCATION SCHEDULE

- The continuing education schedules for Ernest R. Garza can be found in Exhibit 8.

Certificate of Completion

Employee Name: **Marc Sewell, CPA**

December 2013 to December 2015



Padgett Stratemann

Professional Session Start

Credits	Date	Provider	Learning Unit Title	Code
12	01/24/2014	PSCO-0113	2014 Leadership Council Peer Group Sessions	LDR14
16	06/01/2015	TSCPA-260	2015 Texas School Districts Accounting and Auditing Conference (TSCPA)	TSCAC01-2015.16
8	09/04/2014	AuditSense-109165/TX-009583	Accounting and Auditing Update 2014	409414
21	10/19/2015	AICPA-0215	AICPA Governmental and Not-for-Profit Training Program - 2015	GOV15.21
17	08/11/2014	AICPA-215	AICPA National Governmental Accounting and Auditing Update Conference (GAAC) East - 2014	492014
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
1	08/26/2015	PSCO-0113	Career Advisor Refresher Training 2015	F082615
8	06/02/2014	PSCO-0113	City of San Antonio Technical Training - Spring 2014	4053014
8	06/30/2014	PSCO-0113	City of San Antonio Technical Training - Summer 2014	406114
1	04/03/2014	TASBO-132	Code of Ethics	440214
1	10/07/2015	ASBO-132	Conflict of Interest Disclosure	Z100715
1	04/08/2015	TASBO-132	Different Generations in the Workplace	Z040815
7	07/15/2014	PSCO-0113	Effective Presentation Skills	107214
2	03/04/2015	AICPA-215	GASB Pensions Are You Ready for June 30 2015 Audit Implementation Webcast	4030415
1	09/21/2015	PSCO-0113	Inspection Results and Update on New SSARS 21 - Review/Compilation/Preparation Standards	A092115
3	09/28/2015	McGladrey-4283	Introduction to Not-for-Profit Audit and Accounting Issues Webcast	29000
2	01/17/2014	The Whetstone Group-113062	MLA - Basic Client Marketing I & II	MLA BCM
1	06/05/2014	PSCO-0113	MLA - Business Communication Skills	MLA BCS
4	11/11/2015	PSCO-0113	MLA - Center for Character Based Leadership - Group 2, Session 1	MLA 112015.4
6	06/16/2014	PSCO-0113	MLA - Client Cross Selling and Client Service that Creates Loyalty	MLA CS.6
1	06/10/2014	PSCO-0113	MLA - Working Events (Making Events Work for You)	MLA WE
4	07/23/2014	PSCO-0113	MLA - Understanding the Current Sales Process and Related Tools	MLA Module 1
4	10/14/2014	PSCO-0113	New Pension Standards and Government Auditing Standards Training	4101414
7	05/08/2015	PSCO-0113	Partner-In-Training - Training Day May 2015	F050815
4	09/02/2015	Pass Online-102626/TX-00759	Personal and Professional Ethics for Texas CPAs-2015	EXTX14
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
2	05/06/2014	AICPA-112891/Tx-215	The GASB's Pension Standards Part I: Considerations for Plans, Participating	4050614
2	05/07/2014	AICPA-112891/TX-215	The GASB's Pension Standards Part II: Considerations for Agent Plans and Participating Employers	450714
1	08/06/2014	PSCO-0113	Update on 2014 Compliance Supplement and New Grant Requirements	4080614
1	08/05/2015	PSCO-0113	Update on GASB 68 and Accounting and Financial Reporting for Pensions	O0805215
2	10/31/2014	EdMis-108413/TX-05155	Using Audit L.E.A. for Analysis, Testing and Preparation of Government Wide Adjustments - 2014	ATG103114
3	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15 1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4.5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15 9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
186.0			Total Hours	

Certificate of Completion

Employee Name: *Joel Perez, Jr., CPA*

December 2013 to December 2015



Padgett Stratemann

Professional Credits	Session Start Date	Provider	Learning Unit Title	Code
12	08/04/2014	AICPA-215	2014 Peer Review Conference	480414
15.5	10/06/2014	TSCPA-260	2014 Single Audits & Governmental Accounting Conference	CHC01-14.15.5
15	10/19/2015	TSCPA-260	2015 Single Audits & Governmental Accounting Conference	CGC01-15.15
14	06/01/2015	TSCPA-260	2015 Texas School Districts Accounting and Auditing Conference (TSCPA)	TSCAC01-2015.14
8	09/04/2014	AuditSense-109165/TX-009585	Accounting and Auditing Update 2014	409414
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
1	08/26/2015	PSCO-0113	Career Advisor Refresher Training 2015	F082615
7	07/15/2014	PSCO-0113	Effective Presentation Skills	107214
2	04/29/2014	AICPA-112891/TX-215	GAQC 2014 Annual Update Webcast	442914
1	06/05/2014	PSCO-0113	MLA - Business Communication Skills	MLA BCS
8	05/19/2014	PSCO-0113	MLA - Center for Character Based Leadership - Session 2	MLA 2014 2.8
2	11/21/2014	PSCO-0113	MLA - Center For Character Based Leadership Final Meeting 2014	MLA 2112114.2
2.5	07/30/2015	PSCO-0113	New Audit Manager Training 2015	A073015
4	10/14/2014	PSCO-0113	New Pension Standards and Government Auditing Standards Training	4101414
4	10/16/2015	TSCPA-260	Personal and Professional Ethics for Texas CPAs (TSCPA 2015)	PPE1406
4	12/16/2013	Pass Online-102626	Personal and Professional Ethics for Texas CPAs-2013	CLQCHA
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
2	05/06/2014	AICPA-112891/TX-215	The GASB's Pension Standards Part 1: Considerations for Plans, Participating Employers	4050614
2	05/07/2014	AICPA-112891/TX-215	The GASB's Pension Standards Part II: Considerations for Agent Plans and Participating Employers	450714
1	08/05/2015	PSCO-0113	Update on GASB 68 and Accounting and Financial Reporting for Pensions	O0805215
3.5	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3.5
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15 1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4.5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15 9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
143.5	Total Hours			

Certificate of Completion

Employee Name: **Ashley Alejos, CPA**

December 2013 to December 2015



Padgett Stratemann

Professional Credits	Session Start Date	Provider	Learning Unit Title	Code
2	05/23/2014	PSCO-0113	2014 Annual EBP Audit Training - Afternoon Session	452314A
3	05/23/2014	PSCO-0113	2014 Annual EBP Audit Training - Morning Session	452314M
16	05/23/2014	TSCPA-260	2014 Texas School Districts Accounting and Auditing Conference (TSCPA)	TSDACO1-2014
3	05/01/2015	PSCO-0113	2015 Annual EBP Audit Training - Morning Session	A050115am
16	06/01/2015	TSCPA-260	2015 Texas School Districts Accounting and Auditing Conference (TSCPA)	TSCACO1-2015.16
8	09/04/2014	AuditSense-109165/TX-009583	Accounting and Auditing Update 2014	409414
16	06/16/2014	GFOA-103133/TX-865	Advanced Governmental Accounting Seminar	462614
15.5	06/15/2015	AICPA-215	AICPA Not-For-Profit Industry Conference - 2015	Z061515.15.5
2	12/02/2014	PSCO-0113	Annual Construction Team Refresher Training - 2014	412214
6	09/03/2014	PSCO-0113	Annual Construction Team Training - 2014	409114
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
1	09/15/2015	PSCO-0113	Best Practices for Working with the Report Production Team	A091515
2	06/16/2014	GFOA-103133/TX-865	How to Get from Governmental Funds to Governmental Activities Webcast	461914
4	08/14/2015	EdMis-108413/TX-5155	Implementing GASB Statement #68	GSB081415
8	07/24/2015	PSCO-0113	In-Charge Training 2015	A072415.8
1	09/21/2015	PSCO-0113	Inspection Results and Update on New SSARS 21 -	A092115
3	07/07/2015	McGladrey-4283	Introduction to Not-for-Profit Audit and Accounting Issues Webcast	29000
1	06/03/2014	PSCO-0113	Managing Your Time so It Doesn't Manage You	106214
1	05/04/2015	McGladrey-4283	McGladrey Assurance Resources and the Portal	27139
16	11/10/2015	PSCO-0113	MLA - Center for Character Based Leadership - Group 2, Session 1	MAL 112015.16
2.5	07/30/2015	PSCO-0113	New Audit Manager Training 2015	A073015
4	08/21/2015	PSCO-0113	Overview of Audit L.E.A.	A082115
4	09/02/2014	Pass Online-102626	Personal and Professional Ethics for Texas CPAs-2014	CLQMNA-14
1.5	08/24/2015	PSCO-0113	Practice Management Billing Workshop	F072715
3	02/24/2015	EdMis-108413/TX-5155	Preparing the Indirect Cost Rate Proposal - 2015	ICP022415
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
8	06/29/2015	EdMis-108413/TX-05255	Texas School District Accounting and Auditing Update - 2015	UPD062915
8	06/13/2014	EdMis-108413/TX-05255	Texas Schools Accounting and Auditing Update - 2014	UPD062614
2	05/06/2014	AICPA-112891/Tx-215	The GASB's Pension Standards Part 1: Considerations for Plans, Participating Employers	4050614
2	05/07/2014	AICPA-112891/TX-215	The GASB's Pension Standards Part II: Considerations for Agent Plans and Participating Employers	450714
1	08/05/2015	PSCO-0113	Update on GASB 68 and Accounting and Financial Reporting for Pensions	O0805215
2	10/21/2015	PSCO-0113	Updated Revenue Testing Audit Procedures	A102115
3.5	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3.5
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15 1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4.5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15 9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
201.0	Total Hours			

Certificate of Completion

Employee Name: **Michelle Hyde, CPA**

December 2013 to December 2015



Padgett Stratemann

Professional Credits	Session Start Date	Provider	Learning Unit Title	Code
15.5	10/06/2014	TSCPA-260	2014 Single Audits & Governmental Accounting Conference	CHC01-14.15.5
3	05/01/2015	PSCO-0113	2015 Annual EBP Audit Training - Afternoon Session	A050115pm
3	05/01/2015	PSCO-0113	2015 Annual EBP Audit Training - Morning Session	A050115am
16	06/01/2015	TSCPA-260	2015 Texas School Districts Accounting and Auditing Conference (TSCPA)	TSCAC01-2015.16
8	09/04/2014	AuditSense-109165/TX-009585	Accounting and Auditing Update 2014	409414
9.5	06/15/2015	AICPA-215	AICPA Not-For-Profit Industry Conference - 2015	Z061515.9.5
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
1.5	06/10/2014	AICPA-215	Auditing and Accounting for Alternative Investments	5061314-1
1	09/15/2015	PSCO-0113	Best Practices for Working with the Report Production Team	A091515
1	08/26/2015	PSCO-0113	Career Advisor Refresher Training 2015	F082615
8	06/02/2014	PSCO-0113	City of San Antonio Technical Training - Spring 2014	4053014
5.5	06/27/2014	PSCO-0113	City of San Antonio Technical Training - Summer 2014	406114 (5.5)
1	04/08/2015	TASBO-132	Different Generations in the Workplace	Z040815
1.5	06/10/2014	AICPA-215	Endowments and Split-Interest Accounting and Reporting	5061214-1
1	10/01/2014	TASBO-132	Energy Management	Z100114
1	06/10/2014	AICPA-215	GAAP Update Part 1	4061214
1.5	06/18/2014	AICPA-215	GAAP Update Part 2	5061214-2
2	03/04/2015	AICPA-215	GASB Pensions Are You Ready for June 30 2015 Audit Implementation Webcast	4030415
4	08/18/2015	EdMis-108413/TX-5155	Implementing GASB Statement #68	GSB081815
1	09/21/2015	PSCO-0113	Inspection Results and Update on New SSARS 21 -	A092115
1.5	06/10/2014	AICPA-215	Investment Valuation Isn't Just Your Fund Manager's Responsibility	5061314
16	11/10/2015	PSCO-0113	MLA - Center for Character Based Leadership - Group 2, Session 1	MAL 112015.16
2	08/18/2014	PSCO-0113	New Audit Manager Training	481814
2.5	07/30/2015	PSCO-0113	New Audit Manager Training 2015	A073015
1.5	08/28/2014	PSCO-0113	New Manager Billing Workshop 2014	1082814
4	10/30/2014	PSCO-0113	New Pension Standards and Government Auditing Standards Training	4101414
1.5	06/10/2014	AICPA-215	NFP Audit Risk Alert	5061314-2
4	08/21/2015	PSCO-0113	Overview of Audit L.E.A.	A082115
4	08/21/2014	Pass Online-102626	Personal and Professional Ethics for Texas CPAs-2014	CLQMA-14
3	02/24/2015	EdMIS-108413/TX-5155	Preparing the Indirect Cost Rate Proposal - 2015	ICP022415
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
8	07/28/2015	EdMis-108413/TX-05255	Texas School District Accounting and Auditing Update - 2015	UPD062915
1	08/06/2014	PSCO-0113	Update on 2014 Compliance Supplement and New Grant Requirements	4080614
1	08/05/2015	PSCO-0113	Update on GASB 68 and Accounting and Financial Reporting for Pensions	O0805215
2	10/21/2015	PSCO-0113	Updated Revenue Testing Audit Procedures	A102115
2	10/31/2014	EdMis-108413/TX-05155	Using Audit L.E.A. for Analysis, Testing and Preparation of Government Wide Adjustments - 2014	ATG103114
3	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15 1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4-5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15 9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
177.0	Total Hours			

Certificate of Completion

Employee Name: **Carla Contreras, CPA**

December 2013 to December 2015



Padgett Stratemann

Professional Credits	Session Start Date	Provider	Learning Unit Title	Code
15.5	10/06/2014	TSCPA-260	2014 Single Audits & Governmental Accounting Conference	CHC01-14.15.5
17	10/19/2015	TSCPA-260	2015 Single Audits & Governmental Accounting Conference	CGC01-15.17
8	09/04/2014	AuditSense-109165/TX-009583	Accounting and Auditing Update 2014	409414
11	06/16/2015	AICPA-215	AICPA Not-For-Profit Industry Conference - 2015	Z061615.11
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
1	09/15/2015	PSCO-0113	Best Practices for Working with the Report Production Team	A091515
1	08/26/2015	PSCO-0113	Career Advisor Refresher Training 2015	F082615
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
4	05/25/2015	Accountants Education Group	Texas: Accountant's Ethics in Texas	PDFETEXE
1	08/05/2015	PSCO-0113	Update on GASB 68 and Accounting and Financial Reporting for Pensions	O0805215
2	10/21/2015	PSCO-0113	Updated Revenue Testing Audit Procedures	A102115
3.5	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3.5
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15 1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4.5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15 9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
99.0	Total Hours			

Certificate of Completion

Employee Name: *Taylor Wightman, CPA*

December 2013 to December 2015



Padgett Stratemann

Professional Credits	Session Start Date	Provider	Learning Unit Title	Code
2	05/23/2014	PSCO-0113	2014 Annual EBP Audit Training - Afternoon Session	452314A
3	05/23/2014	PSCO-0113	2014 Annual EBP Audit Training - Morning Session	452314M
18	10/06/2014	TSCPA-260	2014 Single Audits & Governmental Accounting Conference	CGC01-14.18
3	05/01/2015	PSCO-0113	2015 Annual EBP Audit Training - Afternoon Session	A050115pm
3	05/01/2015	PSCO-0113	2015 Annual EBP Audit Training - Morning Session	A050115am
18	10/19/2015	TSCPA-260	2015 Single Audits & Governmental Accounting Conference	CGC01-15.18
8	09/04/2014	AuditSense-109166/TX-009568	Accounting and Auditing Update 2014	409414
4	09/22/2014	McGladrey-4283	Accounting Research Skills for In-Charges - EICC	41222.4
2	12/02/2014	PSCO-0113	Annual Construction Team Refresher Training - 2014	412214
6	09/03/2014	PSCO-0113	Annual Construction Team Training - 2014	409114
4	12/01/2015	PSCO-0113	Annual Construction Team Training - 2015	A120115.4
4	09/24/2014	McGladrey-4283	Audit Update - ASAP and EICC 2014	41322
4.5	09/24/2014	McGladrey-4283	Auditing with Technology - IDEA - EICC 2014	41330
2	05/21/2014	McGladrey-4283	Audits of Health and Welfare Plans	68152
1	09/15/2015	PSCO-0113	Best Practices for Working with the Report Production Team	A091515
4	09/26/2014	McGladrey - 4283	Building Business Networks - EICC	41402.4
1	08/26/2015	PSCO-0113	Career Advisor Refresher Training 2015	F082615
4.5	09/24/2014	McGladrey-4283	Engagement Management - EICC	41307.4.5
1	06/03/2014	PSCO-0113	Managing Your Time so It Doesn't Manage You	106214
4	09/22/2014	McGladrey-4283	Performing Analytical Procedures- EICC	41317.4
8.5	09/25/2014	McGladrey-4283	Presenting Across the Table - EICC 2014	41414
4	09/22/2014	McGladrey-4283	Public Sector - Compliance Audit Update - EICC 2014	62095
7.5	06/30/2014	PSCO-0113	Public Sector Training 2014	4063014
2	07/28/2015	McGladrey-4283	Q2 Emerging Topics In Auditing-2015	45113
2	10/21/2015	PSCO-0113	Updated Revenue Testing Audit Procedures	A102115
3.5	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15.13.3.5
1	07/20/2015	PSCO-0113	weConnect '15 - Living a Kung Fu Life	WC15.1
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15.6.4.5
3	07/21/2015	PSCO-0113	weConnect '15 - Public Sector Niche Breakout	WC15.9
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15.2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15.3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15.5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
144.0	Total Hours			

Certificate of Completion

Employee Name: **Sundeep Bablani, CPA, CISA, CITP**

December 2013 to December 2015



Padgett Stratemann

Professional Credits

Session Start

Professional Credits	Date	Provider	Learning Unit Title	Code
15	06/10/2015	TBA-2705	12th Annual CFO Conference	2355-2015
17	09/22/2014	TSCPA-260	2014 Financial Institutions Conference	FIC01-2014
17	09/28/2015	TSCPA-260	2015 Financial Institutions Conference	F1C01-2015.17
8	09/04/2014	AuditSense-1091657X-009588	Accounting and Auditing Update 2014	409414
4	08/25/2014	McGladrey-4283	Accounting Estimates and the McGladrey Professional Judgment - ASAP and E	47338-2014
3	03/28/2014	SWACHA	ACH Audit: Preventative Measures for a Channing Marketplace	441514
13.2	06/02/2015	SWACHA	ACH Boot Camp - Compliance Specialist Training School	Z060215
2	08/28/2014	McGladrey-4283	Advanced Stock Based Compensation - ASAP	48117
2	08/27/2015	McGladrey-4283	Answering Your Audit Questions - ASAP	48224
8	09/05/2014	PSCO-0113	Audit Team Training 2014	409514.8
4	08/27/2014	McGladrey-4283	Audit Update - ASAP and EICC 2014	41322
6	10/03/2014	PSCO-0113	Bank Team Interim Training 2014	410314
7.5	10/12/2015	PSCO-0113	Bank Team Interim Training 2015	A101215
1	09/15/2015	PSCO-0113	Better Practices for Working with the Report Production Team	A091515
1.5	08/27/2015	McGladrey-4283	Better Proposals, Less Hassle: Developing Winning Proposals with Minimal Pain	41407.1.5
2	08/26/2015	McGladrey-4283	Bring Your Audit Questions	48225
1.5	08/28/2014	McGladrey-4283	Common Practice Issues in Derivatives - ASAP 2014	48119
2	08/24/2015	McGladrey-4283	Economics 101 - ASAP	48230
2	06/09/2014	McGladrey-4283	FI - Mid Year Update for Financial Institutions Auditors - 2014	65519
2	06/09/2015	McGladrey-4283	FI - Mid Year Update for Financial Institutions Auditors - 2015	65520
4.5	08/26/2015	McGladrey-4283	FI Update - 2015 - ASAP	65437
4.5	08/27/2014	McGladrey-4283	FI Update - ASAP 2014	64086-2014
2	08/26/2015	McGladrey-4283	Financial Institutions: New Developments in 2015 - ASAP	65021
2	08/25/2015	McGladrey-4283	FS - Broker Dealer Update - 2015 - ASAP	65013
2	08/27/2014	McGladrey-4283	Internal Control Risk Assessment Procedures - ASAP 2014	48116
3.5	08/28/2014	McGladrey-4283	Listening Beyond the Words - ASAP 2014	41415
1	06/03/2014	PSCO-0113	Managing Your Time so It Doesn't Manage You	106214
1	05/04/2015	McGladrey-4283	McGladrey Assurance Resources and the Portal	27139
3	05/13/2015	McGladrey-4283	McGladrey Risk Assessment Process	27137
16	05/21/2014	PSCO-0113	MLA - Center for Character Based Leadership - Session 2	MLA 2014 2.16
6	06/16/2014	PSCO-0113	MLA - Client Cross Selling and Client Service that Creates Loyalty	MLA CS.6
2	08/06/2014	PSCO-0113	MLA: The Initial Meeting	MLA Module 2
4	07/24/2014	PSCO-0113	MLA: Understanding the Current Sales Process and Related Tools	MLA Module 1
4	09/21/2015	Pass Online-102626/IX-00759	Personal and Professional Ethics for Texas CPAs-2015	EXTX14
4	08/28/2014	McGladrey-4283	Real Estate Update - ASAP 2014	65007
4	08/25/2015	McGladrey-4283	Recent Accounting Developments and Practice Issues - 2015 - ASAP	48223
40	07/28/2014	MIS-103321	Securing and Auditing Virtualized Environments	572814
13	04/15/2015	TBA-2705	TBA 131st Annual Convention - 2015	2343.13
2	08/27/2014	McGladrey-4283	Testing Internal Controls - ASAP 2014	48115
2	08/24/2015	McGladrey-4283	The Revenue Cycle - ASAP	48227.2
2	08/25/2015	McGladrey-4283	Understanding ITGC's in a Private Company Audit - ASAP	48228
3.5	07/21/2015	PSCO-0113	weConnect '15 - Audit Team Breakout	WC15 13.3.5
3	07/21/2015	PSCO-0113	weConnect '15 - Bank Niche Breakout	WC15 10
4.5	07/20/2015	PSCO-0113	weConnect '15 - Niche Pitch and Service Lines	WC15 6.4.5
1	07/20/2015	PSCO-0113	weConnect '15 - Risk Management	WC15 2
1	07/20/2015	PSCO-0113	weConnect '15 - Sensitivity Training	WC15 3
1	07/20/2015	PSCO-0113	weConnect '15 - State of the Firm	WC15 5
8	07/21/2014	PSCO-0113	weConnect Retreat 2014	107314
263.20	Total			

EXHIBIT 6 – TEAM MEMBER RESUMES

Prime-Contractor Firm

**Marc Sewell, CPA***Partner*

marc.sewell@padgett-cpa.com

Marc has more than 17 years of industry and public accounting experience, serving primarily the public sector industry. Marc's primary responsibilities include financial audits, federal and state compliance audits, implementation of new accounting requirements, and consulting. His client experience includes municipalities, school districts, charter schools, college districts, utilities, governmental employee benefit plans, not-for-profits, and other local government agencies.

EXPERIENCE

- Governmental auditing, accounting, and reporting
- Financial accounting and reporting
- OMB Circular A-133 compliance audits
- Instructor of accounting and reporting technical updates

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- San Antonio Chapter of TSCPA
- GFOA Certificate of Achievement Program – Special Review Committee Member
- Alamo Area Association of School Business Officials (AAASBO)
- Communities in Schools – Treasurer and Executive Committee Member
- Alamo Area Academies, Inc. – Treasurer

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at San Antonio, San Antonio, Texas
- Certified Public Accountant

NOTEWORTHY ACCOMPLISHMENTS

- TSCPA Rising Star Award – 2013
- Leadership San Antonio – Class 37
- Padgett Stratemann Berend Trophy Recipient – 2011
- Padgett Stratemann Professional Provider of the Year – 2009

**Joel Perez, Jr., CPA***Partner*

joel.perez@padgett-cpa.com

Joel has more than 20 years of public accounting and industry experience, primarily serving the public sector industry. His client responsibilities include serving as lead engagement partner for financial audits, federal and state compliance audits, consulting engagements, internal control process reviews, and operational performance audits. His industry expertise includes local municipalities, water utilities, river authorities, independent school districts, charter schools, government-sponsored retirement plans, private schools, and tax exempt (not-for-profit) organizations.

EXPERIENCE

- Firm quality control reviewer for attest engagements
- Local municipality, utility, and education industry leader
- GAS and OMB Circular A-133 technical reviewer
- Internal accounting control systems
- Financial accounting and reporting
- Performance audits and special reviews
- Instructor of technical accounting and reporting updates for public sector trade associations

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- San Antonio Chapter of TSCPA
- Texas Association of School Business Officials
- Alamo Area Association of School Business Officials
- Governmental Finance Officers Association
- Governmental Finance Officers Association of Texas

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at Brownsville, Brownsville, Texas
- Fluent in Spanish
- Certified Public Accountant

NOTEWORTHY ACCOMPLISHMENTS

- San Antonio Hispanic Chamber of Commerce – Board member and Finance Committee Co-Chairman
- Leadership San Antonio Class 32 – Graduate
- Leadership San Antonio Class 34 – Steering Committee member
- Leadership San Antonio Class 37 – Co-Chairman
- Graduate of Center for Character Based Leadership Program
- 2011 *San Antonio Business Journal* 40 under 40 Rising Star Award
- 2012 Texas Society of CPAs Rising Star Award
- Frequent instructor/presenter at:
 - Texas Association of School Boards Convention
 - Texas Charter Schools Association Conference
 - Texas Association of School Business Officials Conference
 - Alamo Area Associations of School Business Officials

Kevin Smith

Assurance Partner
McGladrey & Pullen, LLP
kevin.smith@mcgladrey.com
816.751.4027



Summary of Experience

Kevin specializes in the public sector industry. As a public sector specialist for the firm, he focuses on providing audit, consulting and reporting services to governmental and not-for-profit entities. In his role as a public sector specialist, Kevin brings an in-depth understanding of governmental and not-for-profit accounting, auditing and compliance reporting to his clients. As a condition of meeting the firm's standards for this designation, he is versed in the financial and compliance-related requirements of governmental entities.

Kevin is an internal control specialist for the firm. This designation is given to auditors who receive special training in internal control understanding and evaluation and requires him to assist on engagement teams of all industries in understanding and documenting internal control. Kevin is a reviewer for the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Kevin is involved in teaching professional education courses on a national and local level. These courses include yellow book seminars. He has received specific training for governmental units and future governmental accounting standard changes and has received the necessary continuing professional education to be considered yellow book certified.

Kevin currently serves as the audit partner on many municipalities, including the following: City of Tulsa, Oklahoma; City of Columbia, Missouri; City of Overland Park, Kansas; City of Fort Collins, Colorado; City of Longmont, Colorado; City of Waterloo, Iowa; City of Excelsior Springs, Missouri; City of Roeland Park, Kansas; City of Riverside, Missouri.

Professional Affiliations and Credentials

- Certified Public Accountant
- American Institute of Certified Public Accountants
- Missouri Society of Certified Public Accountants
- Government Finance Officers Association
- Kansas Government Finance Officers Association
- Colorado Government Finance Officers Association
- Government Finance Officers Association of Missouri

Education

- St. Ambrose University, Bachelor of Arts Degree in Accounting

**Ashley K. Alejos, CPA***Manager*

ashley.alejos@padgett-cpa.com

Ashley has more than six years of public accounting experience, serving many industries including commercial, construction, manufacturing, employee benefit plans, governmental, and not-for-profit.

EXPERIENCE

- Financial accounting and reporting
- Employee benefit plan audits
- Governmental and not-for-profit auditing, accounting, and financial reporting

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- Governmental Finance Officers Association (GFOA)
- Texas Association of School Business Officials (TASBO)

EDUCATION AND CERTIFICATION

- BBA in Accounting – University of Texas at San Antonio, San Antonio, Texas
- MAC – University of Texas at San Antonio, San Antonio, Texas
- Certified Public Accountant

**Michelle Hyde, CPA***Audit Manager*

michelle.hyde@padgett-cpa.com

Michelle has more than 14 years of industry and public accounting experience, primarily serving the public sector industry and auditing various public sector entities, including school districts, not-for-profits, municipalities, local government agencies, and various state agencies.

EXPERIENCE

- Government auditing, accounting, and reporting
- Financial accounting and reporting
- OMB Circular A-133 compliance audits
- Instructor of accounting and reporting technical updates

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- San Antonio Chapter of TSCPA
- Green Spaces Alliance – Executive Committee Member, Treasurer

EDUCATION AND CERTIFICATION

- BBA in Accounting – The University of Texas at San Antonio, San Antonio, Texas
- Certified Public Accountant



Padgett Stratemann

Carla Contreras, CPA

Supervisor

carla.contreras@padgett-cpa.com

Carla has more than six years of public accounting experience, serving many industries including commercial, construction, manufacturing, retail, governmental, and not-for-profit.

EXPERIENCE

- Financial accounting and reporting
- Governmental auditing, accounting, and reporting
- OMB Circular A-133 compliance audits
- Employee benefit plan audits

EDUCATION AND CERTIFICATION

- BBA in Accounting – University of Texas at San Antonio, San Antonio, Texas

Taylor Wightman, CPA

Supervisor

taylor.wightman@padgett-cpa.com

Taylor has more than three years of public accounting experience. She serves the public sector industry auditing various entities, including school districts, not-for-profits, and local government agencies. She also serves the construction industry auditing both general and sub contractors.

EXPERIENCE

- Financial accounting and reporting
- Government auditing, accounting, and reporting
- OMB Circular A-133 compliance audits

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants (TSCPA)
- San Antonio Chapter of TSCPA

EDUCATION AND CERTIFICATION

- BBA and MS in Accounting – Texas Tech University, Lubbock, Texas
- Certified Public Accountant

**Sundeep Bablani, CPA, CISA, CITP***Senior Manager*

sundeep.bablani@padgett-cpa.com

Sundeep has more than 16 years of accounting experience. He primarily serves the banking industry and provides information technology (I.T.) consulting services to various niches within the firm.

EXPERIENCE

- Financial statement audits
- Internal audit outsourcing
- Loan review outsourcing
- I.T. audits, as well as consulting projects, including the review of management policies, risk assessments, disaster recovery policies, general controls, I.T. security, management oversight, etc.
- Employee benefit plan and 401(k) audits
- ACH audit and risk assessment
- Enterprise wide risk assessment for financial institutions

AFFILIATIONS

- American Institute of Certified Public Accountants (AICPA)
- Texas Society of Certified Public Accountants – Financial Institutions Committee
- Information Systems Audit and Control Association
- Big Brothers Big Sisters of Central Texas – Volunteer
- Jimenez Foundation Meals on Wheels – Volunteer
- Capital Area Food Bank – Volunteer

EDUCATION AND CERTIFICATION

- BBA – Texas A&M University, College Station, Texas
- Certified Public Accountant
- Certified Information Systems Auditor (CISA)
- Certified Information Technology Professional (CITP)

Subcontractor Firm



ERNEST R. GARZA

Office 10201 Leopard St. #A, Corpus Christi, Texas 78410

Office: (361) 241-2452, (800) 241-1272, Fax: (361) 242-1525, E-mail: ernestrgarza@hotmail.com

QUALIFICATION SUMMARY

As a local CPA, contractor, and real estate broker, I have worked from the initial stages of developments of projects to the close out procedures. I have dealt with numerous contracts and construction projects that have provided invaluable insight as an accountant and auditor. My experience on various volunteer boards, many of which I have served in an executive capacity, demonstrates my leadership ability and commitment in areas that I have or currently serve.

EDUCATION

- 1981-1982 Corpus Christi State University, Corpus Christi, Texas
Bachelor of Business Administration in Accounting, December 1982.
- 1979-1980 University of Texas, Austin, Texas
Del Mar Junior College, Corpus Christi, Texas
Completed 60 hours of degree program, emphasis in Accounting

EMPLOYMENT

- 1998 to Present **Ernest R. Garza and Company, P.C. Certified Public Accountants** – Corpus Christi, Texas – President, Founder
Regional area public accounting firm. Performing audits, tax, accounting and consulting services for various entities including and specializing in governmental, non-profit as well as profit institutions. Firm employs twelve full-time and two part-time staff.
- 1988 to 1998 **Ernest R. Garza, C.P.A.** – Corpus Christi, Texas - Owner
Regional area public accountant. Perform audits, tax, accounting and consulting services for various entities including and specializing in governmental, non-profit as well as profit institutions. Employ three full-time and three part-time staff.
- 1994 to Present **E.G Investments, Inc. Dbal EGI, Paladin Painting Company, E.G.I. Construction Company** – Corpus Christi, Texas – President\Founder
Oversee and maintain operations of a staff of twenty personnel for commercial and residential contraction projects. Annual sales average over \$1.7 million dollars.
- 1996 to 1998 **City of Robstown Utility System** – Robstown, Texas - Superintendent of Utilities
Supervised a staff of 57 employees in the following departments: electric distribution, power plant, sewer, gas and administration. Responsible to the Board of Trustees/citizens for all financial, budget and administrative policy procedures. Developed and managed a budget of almost \$10 million dollars annually. Responsible for maintaining compliance with the Texas Railroad Commission, Texas Natural Resource Conservation Commission and Public Utility Commission along with the related City Charter provisions.
- 1989 to 1996 **City of Robstown Utility System** – Robstown, Texas - Director of Finance
Supervised the Administration office staff of eleven. Responsible for preparing the audit and budget of the Utility System along with monthly financial reporting requirements.
- 1990- to 1991 **Conviser, Miller and Duffy C.P.A. Review Class** – Corpus Christi, Texas – Instructor,
Corpus Christi State University, answer any questions regarding practice, audit, theory and business law questions related to the C.P.A. examination.

ERNEST R. GARZA - Resume

Page 2 of 2



Employment - Continued -

- 1984 to Present **Rolling Hills Realty Company** – Corpus Christi, Texas – Broker/Owner
Supervise office of four realtors in commercial and residential real estate services.
- 1983 to 2002 **Garza Farming Company** – St. Paul, Texas – A Small Texas Farming operation
harvesting sorghum, and other various grain crops and employing seasonal personnel.
- 1987 to 1989 **Dove, Miller and Company, C.P.A.'s**, – Corpus Christi, Texas - Staff Auditor
Perform audits of non-profit, profit and governmental entities and Federal income tax
returns. Maintain monthly write-up and accounting for multiple clientele.
- 1986 to 1987 **Arturo Vasquez and Company, C.P.A.'s**, Corpus Christi, Texas - Staff Auditor.
Perform audits of non-profit, profit and governmental entities. Maintain tax write-up
and accounting for clientele.
- 1983 to 1986 **State Comptroller of Public Accounts**, Austin, Texas – Auditor Performing sales and
franchise audits of various businesses.

Administrator of Local Governments – Assisted various city and county governments
in establishing internal controls and reviewing related compliance issues.

Revenue Examiner – Maintain financial records for manufactured housing tax
obligations due the State of Texas. Responsible for filing of state liens, judgements,
bankruptcy claims along with payment agreements.

PERSONAL

Director, 2000-Present, Nueces River Authority Board, State Appointment by former
Governor George W. Bush.
Chairperson – 2002, Vice Chair – 2001, Hispanic Contractor's Association, Corpus
Christi, Texas
Accountant of the Year – 2002, ValueBank of Texas
Member - Corpus Christi Chamber of Commerce - Ambassador, 2001.
President, 1998-1999 Robstown Area Development Commission, Robstown, Texas.
President, 1994-1999 River Acres Water Supply Corporation, Corpus Christi, Texas.
Robstown Area Development Commission, 1997 Award – In Recognition and
Appreciation for Excellent Business Performance and Management of Diversified
Business Endeavors.
President, Robstown Lions Club, 1994 to 1996, Robstown, Texas.
President, Robstown Chamber of Commerce, 1994-1995, Robstown, Texas.
Treasurer, Harbor Playhouse, 1989 to 1991, Corpus Christi, Texas.
Workforce Development Corporation, Board Member, 1990-1992.
Corpus Christi Hispanic Chamber of Commerce – 1989 Financial Advocate of the Year.
Former Member – Hispanic Chamber of Commerce, Corpus Christi, Texas. 1990-2000.
Northwest Optimist Club – Five Points, 2003.
Optimist Club – Texas A & M University, Corpus Christi, Texas, Charter Member, 1998
to 1999.
Member – Northwest Business Association, Corpus Christi, Texas.
Former member of the Kiwanis, Robstown Lions Club – President – 1993 to 1998.

Married – wife Cynthia, two children, Ernest Reed Garza 21 years Old. 11/19/94 D.O.B.
Andria Celine Garza, 17 years Old. 04/02/98 D.O.B.
Hobbies - Hunting, fishing, golf and getting involved.

Leslie Garza
806 West Avenue E
Robstown, Texas 78380
(361) 387-3044
Leslie_Garza806@hotmail.com

EDUCATION

- 01/96-08/04 **Texas A&M University**, Kingsville, Texas 78363
Master's of Professional Accountancy, August 2004
Bachelor's of Business Administration in Accounting, December 2003
- 09/93-12/95 **Del Mar College**, Corpus Christi, Texas 78404
Business Administration in Accounting
- 06/93 **Robstown High School**, Robstown, Texas 78380
Diploma

EXPERIENCE

- 06/06-present **Ernest R. Garza & Company, P.C.**, Corpus Christi, Texas 78410
Auditor
- ◆ Assess compliance of financial regulations and controls
 - ◆ Assess risks and internal controls
 - ◆ Verify assets and liabilities
 - ◆ Perform testing, collect and analyze data and communicate findings
 - ◆ Assist with audit reports
- 10/03-05/06 **City of Driscoll**, Driscoll, Texas 78351
Accountant
- ◆ Record all general ledger transactions for the City
 - ◆ Process and post all payroll, account payables, account receivables
 - ◆ Maintain all financial records, investments and debt information
 - ◆ Assist with recording the minutes for the City Council Meetings
- 09/03-10/03 **Access Ford, Ltd.**, Corpus Christi, Texas 78412
07/03-09/03 *Accounts Payable Clerk*
- ◆ Trained another person for Accounts Payable Clerk(09/29/03-10/03/03)
 - ◆ Processed, posted, and paid payables for Access Ford and Access Chevrolet
 - ◆ Reconciled vendor statements
 - ◆ Printed vendor checks and on-demand checks
- 02/03-07/03 **Snelling Personnel Service**, Corpus Christi, Texas 78411
Temp—Accounts Payable and Payroll Clerk
- ◆ Processed, posted and paid vendor invoices and inter-company payables
 - ◆ Printed and reviewed technician reports and employee timesheets
 - ◆ Posted and processed payroll checks for technicians and hourly employees
 - ◆ Maintained, updated and created spreadsheets for advertising and certain vendors
 - ◆ Faxed, mailed, copied, and filed paperwork

- 02/02-12/02 *Temp--GIS Technician*
- ◆ Read and obtained information from Project Plans (Water & Wastewater)
 - ◆ Used Access Database to search for projects and to input problem areas
 - ◆ Updated and queried attribute information in ArcGIS
- 01/02 –01/02 **Stephen Computer Center, Inc.,** Corpus Christi, Texas 78415
Accounting Assistant
- ◆ Assisted with printing 941s, 940s, W-3s, W-2s, and Quarterly Reports
 - ◆ Checked that Social Security, and Medicare balances were calculated correctly
 - ◆ Entered SUTA and FUTA tax amounts in computer system
 - ◆ Wrote and faxed new hire forms
 - ◆ Bank Reconciliations
- 09/01-01/02 **Snelling Personnel Services,** Corpus Christi, Texas 78411
Temp---Office Assistant
- ◆ Data Entry for a law office
- 04/97-03/01 **Kleberg County Auditor-Kleberg County Courthouse,** Kingsville, Texas 78363
First Assistant County Auditor
- ◆ Ensured Grant regulation compliance
 - ◆ Audited county departments
 - ◆ Worked with fixed assets
 - ◆ Processed accounts payable and printed checks
 - ◆ Assisted with fiscal year close-out and budgeting
 - ◆ Distributed reports through AS400 system
 - ◆ Helped assistant auditors with computer problems and assisted commissioners
- Assistant County Auditor*
- ◆ Processed Budget Amendments and Line-Item Transfers
 - ◆ Assisted with payroll and departmental audits
 - ◆ Processed accounts payable and printed checks
 - ◆ Assisted with budgeting
 - ◆ Filed, typed, mailed, and order supplies
 - ◆ Distributed reports
- 12/91-01/97 **Alamo Fireworks,** Corpus Christi, Texas
Salesperson (Seasonal Work)
- ◆ Handled cash, sales revenue \$10,000-20,000
 - ◆ Organized supplies
 - ◆ Posted price signs
 - ◆ Stocked and counted ending inventory
 - ◆ Provided customer assistance
- 09/93-12/94 **Del Mar College-Business Technology Department,** Corpus Christi, Texas 78404
Computer/Typing Lab Monitor
- ◆ Supervised students
 - ◆ Kept daily inventory of supplies and changed supplies as needed
 - ◆ Assisted students with computer hardware/typewriter problems
 - ◆ Assisted students with computer software problems

ACTIVITIES AND HONORS

Accounting Society, member, 2 semesters, 1998-1999
Delta Mu Delta Honor Society, member, 1997
Garnett & Emogene Davis Scholarship, recipient, 1997
Certificate of Participation, Navigating the Internet Workshop, recipient, 1996
Certificate of Completion, Bank Teller Training, recipient, 1995
Bank of Robstown Scholarship, recipient, 1993

ADDITIONAL SKILLS

Software:

Alphanumeric, dBase, Lotus 1-2-3, Word Perfect 3.0 & 5.1, MS-Dos, Quattro Pro 6, Windows 95, 98 (Excel, Word), ArcGIS 8.2 (ArcMap, ArcToolbox, ArcCatalog); Other: Reynolds & Reynolds system, ADP database.

Other Skills:

10-key by touch, fluent in Spanish

REFERENCES

Beatrice Lopez
Teacher
1115 Hidalgo Rd
Robstown, TX 78380
(361) 387-0071

Blandina Costley
Accountant
10913 Annville Rd
Corpus Christi, TX 78410
(361)241-2644

Karen Albright
Assistant Treasurer
715 E. Shelton
Kingsville, TX 78363
(361) 593-8535

Mark J. Wright
Audit Team Member

Summary of Experience

Education

- Corpus Christi State University
Currently known as Texas A & M University, Texas
Bachelor of Business Administration
Finance Major
1988-1990
- Del Mar College Corpus Christi, Texas
Business Administration
Completed 64 hours
1986-1988

Special Training

- Introduction to Texas School District Accounting and Auditing, June 2015
- Introduction to Texas School District Accounting and Auditing Update, June 2015
- Global CPE-Yellow Book In Depth, July 2015
- Federal Funds Management Advisor- Single Audit-Good Bye Circular A-133, February 2014
- Government and Nonprofit Update, April 2014
- ACPEN-2014 Texas School District Accounting Conference, June 2014
- Accounting & Auditing Update, July 2014
- Everything You Wanted To Know About (GAGAS) For Financial Audits, July 2014
- Fundamental Audit Strategies, August 2014
- Tackle the New Pensions Standards-GASB Statements No.67 and 68, September 2014
- Wrap Up of Texas Schools Accounting and Auditing, September 2014
- Year End Government and Nonprofit Update, February 2013
- Audit Sampling Considerations in Single Audits, March 2013
- Auditing Standards Update : Including Significant Clarity Issues, March 2013
- Performing Effective and Efficient Single Audits, March 2013
- PPC-101 Materiality, Sampling, Scoping, Tests of Controls, March 2013

Security Clearance

None at this time

Work Experience

- October 2008 to present
Ernest R. Garza & Company, P.C.
Present position: Audit team member
Perform governmental auditing for various government entities. These entities include City and County governments, Municipal Districts, Independent School Districts.
- December 2006 to October 2008
Hunter Industries
Heavy equipment operator
Road construction, participated in construction of Highway 59 from Interstate 37 to George West, Texas.
- June 2003 to December 2006
Bay Inc.
Equipment operator
Participate in construction of Highway 44 bypass and runway repairs at Corpus Christi international airport.
- August 2002 to June 2003
City of Corpus Christi
Temporary position
Stevens Water Plant and Solid Waste Division

Relevant experience

- Texas Department of Human Resources
Eligibility Specialist II
1991-1996
Interview and screen applicants for governmental assistance programs such as

Aid to Families with dependent children, SNAP (formerly known as food stamp Program) and Medicaid.

M.A.P.A.

Medical Assistance Program Advisor

1996-1999

Assist hospital patients with third party reimbursement programs for Christus Spohn Hospital System which included Medicaid, Social Security disability, Crime Victims assistance and County assistance programs.

EXHIBIT 7 – SUBCONTRACTOR FIRM HUB CERTIFICATE



December 4, 2014

Ernest R. Garza and Company, P.C.

Mr. Ernest R. Garza
10201 Leopard Street, Suite #A
Corpus Christi, TX 78410-1923



Dear Mr. Garza,

The Regional Transportation Authority's DBE liaison officer has received your 2014 annual update affidavit as a Disadvantaged Business Enterprise (DBE). The annual review has been completed in accordance with Department of Transportation Regulation 49 CFR, Part 26.

We are pleased to inform you that the annual review for certification in our Disadvantaged Business Enterprise (DBE) Program has been approved. Your firm met the requirements in accordance with United States Department of Transportation's (US DOT) DBE standards set forth in 49 Code of Federal Regulations (CFR) Part 26. Your DBE certification is valid at any Texas entity that receives DOT funds and has a DBE Program. This certification allows your firm to bid on federally assisted (public transit, highway, and aviation) contracts as a DBE certified vendor in the following work function(s):

NAICS Code 541211 – Offices of Certified Public Accountants
NAICS Code 541213 – Tax Preparation Services
NAICS Code 236220 – Commercial and Institutional Building Construction

Your certificate number 120704 remains the same. Please do not release your certificate number to prime contractors prior to signing a contract with them.


Federal regulations 49 CFR, Part 26 requires DBEs to provide annually, on the anniversary date of their certification (for Ernest R. Garza and Company, P.C. – anniversary date falls every December 7th), a no- change affidavit form and requested documents. The affidavit form will be mailed to you 30 days prior to your anniversary.

Please notify our office should any changes occur in the ownership, management control, or contact information (i.e. address or phone numbers) of your company. Changes in ownership, management control, or contact information must be submitted in writing within 30 days of the change. If you fail to comply with these requirements, you will be deemed to have failed to cooperate under 49 CFR, Part 26 Section 26.109 (c) which will initiate the decertification process of your firm as a DBE.

Your firm will be listed in Texas Department of Transportation (TxDOT) TUCP DBE Directory. The directory is on <http://txdot.txdotcms.com>. If we can be of further assistance regarding the DBE Program, please feel free to contact our office at (361) 289-2712.

We look forward to a mutually beneficial working relationship with your company.

Sincerely,



Jorge Cruz-Aedo

Managing Director of Administration/DBE Officer

Enclosure: DBE Certificate



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY



Texas Unified Certification Program Disadvantaged Business Enterprise (DBE) Certificate

The Corpus Christi Regional Transportation Authority hereby certifies that

Ernest R. Garza and Company, P.C.
Certificate No. 120704

Has Met the Requirements of the
Department of Transportation's Disadvantaged Business Enterprise Program to be certified as a
Disadvantaged Business Enterprise (DBE) in the industry area(s) of:

NAICS Code 541211 – Offices of Certified Public Accountants
NAICS Code 541213 – Tax Preparation Services
NAICS Code 236220 – Commercial and Institutional Building Construction

Anniversary Date: December 7th



Jorge Cruz-Aedo, DBE Liaison Officer

Certification is contingent upon the CCRTA receiving an affidavit of continued eligibility each year. This certification must be updated annually every anniversary date by submission of an Annual Update Affidavit. At any time there is a change in ownership or control of the firm, notification must be made immediately to the Corpus Christi Regional Transportation Authority.

Vendor Information

CLOSE WINDOW 

 HELP

Vendor Information

Business Name ERNEST R. GARZA & COMPANY, P.C.
 Owner ERNEST GARZA, R.
 Address 10201 LEOPARD ST., SUITE A
 > [Map This Address](#) CORPUS CHRISTI, TX 78410-1923
 Phone 361-241-2452
 Fax 361-242-1525
 Email ERNESTRGARZA@HOTMAIL.COM

Certification Information

Certifying Agency Corpus Christi Regional Transportation Authority
 Certification Type DBE - Disadvantaged Business Enterprise
 Certified Business Description Accounting, Tax Preparation, Bookkeeping, and Payroll Services

Commodity Codes

NAICS 236220 Commercial and Institutional Building Construction ([More](#))
 NAICS 54121 Accounting, Tax Preparation, Bookkeeping, and Payroll Services ([More](#))
 TxDOT 12 Professional Services - includes consulting engineers, architects, and surveyors

Additional Information

Work Districts/Regions All work districts/regions

[Customer Support](#)

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EXHIBIT 8 – SUBCONTRACTOR FIRM PROFILE

AFFIRMATION OF FIRM PROFILE

We affirm the following:

1. We are a regional firm and Ernest R. Garza is a licensed Texas Certified Public Accountant – No. 48518. **Member of the Texas State Society of CPA's, AICPA, AICPA Governmental Audit Quality Center.**
2. Our office is located at 10201 Leopard #A, Corpus Christi, Texas 78410 (Audit office) and 6102 Ayers St., Corpus Christi, Texas 78415 (Tax office).
3. Range of year round services performed by our offices include tax, audit, accounting and management services.
4. The audit will be performed by several of our auditors – See qualification summary.

QUALIFICATION SUMMARY

All auditors with the firm are required to receive 40 hours in governmental auditing annually. Quality control is achieved by changing personnel from their prior year assignments as well as internal reviews by other staff not originally assigned to specific tasks. Additionally, we utilize other external auditors that periodic reviews of our work-papers besides our required 3 year peer review. Audit personnel may be changed at the discretion of the Offeror provided that replacements have substantially the same or better qualifications or experience.

ERNEST R. GARZA, CPA – President – I have worked for several local CPA firms before establishing the firm in 1988. I have worked and assisted in such audits as the Counties of Bee, Nueces, Starr, Refugio, Duval, Dimmit, Sterling, Maverick, Dallas and Jim Hogg. Other audits that I have worked on are the following: the Coastal Bend Council of Governments, the City of Beeville, Ingleside, Robstown, San Diego, Driscoll, Mathis, Bayside and Taft along with the School Districts of Tuloso-Midway, Driscoll, Robstown, San Diego, Taft, Premont, Ramirez Common, Banquete and others governmental entities such as Nueces County Drainage District No. 2 and 3, the Corpus Christi Downtown Management District, Robstown Utility System, Town of Refugio, Nueces Water Supply Corporation, Ricardo Water Supply Corporation, Maverick Markets Pension and Trust Fund and various schools districts along with numerous other government grantees and entities. My prior experience includes three years of service with the State Comptroller's Office in the local governmental assistance program establishing accounting/ internal control systems, and accounts examiner responsible for tax collections of delinquent taxes including any necessary legal actions.

Other information regarding Ernest R. Garza, C.P.A. – A former instructor for several years at Corpus Christi State University for the nationally known CPA Preparation course – Conviser Duffy.

Classes taken in the last two years (annually taken for updates by all staff) include:

Yellow Book Update
Annual Audit Update – Accounting and Auditing
Audit Sampling in a Single Audit
Texas Ethics Update
PPC Smart Tools - Risk Assessment
PPC Smart Tools - Disclosure/Field Work
Federal Tax Update
Single Audit - New Circular A-133 Revised Procedures
Peer Review and Other Issues
Governmental and Nonprofit Update
Generally Accepted Auditing Standards for Financial Statements
Introduction to Texas School District Accounting and Auditing
Texas School District Auditing Conference
The District's Responsibility for Preparing the Annual Financial Report
Yellow Book and the Single Audit Act
Truth In Taxation – Annual Update
Texas Open Meetings Act
Public Investment Act
Pension Standards - GASB Statements 67 and 68
Everything you wanted to know about GASAS for Financial Statements
2015 OMB Compliance Supplement and Single Audit Update

QUALIFICATION SUMMARY

LEE TRUJILLO, CPA – Lee works with the firm in various capacities as a lead auditor. His experience with schools include (Robstown, San Diego, Taft, Premont and Tulooso Midway Independent School Districts) counties (Nueces, Duval) and city government (Taft, Ingleside, Robstown, Driscoll, San Diego) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update
Annual Audit Update – Accounting and Auditing
Audit Sampling in a Single Audit
Texas Ethics Update
PPC Smart Tools - Risk Assessment
PPC Smart Tools - Disclosure/Field Work
Federal Tax Update
Single Audit - New Circular A-133 Revised Procedures
Governmental and Nonprofit Update
Generally Accepted Auditing Standards for Financial Statements
Introduction to Texas School District Accounting and Auditing
Texas School District Auditing Conference
The District's Responsibility for Preparing the Annual Financial Report
Yellow Book and the Single Audit Act
Truth In Taxation – Annual Update
Pension Standards - GASB Statements 67 and 68
Everything you wanted to know about GASAS for Financial Statements

LESLIE GARZA, CPA Candidate (Auditor) - Leslie is an experienced auditor with various experience in schools (Robstown, Premont, Taft, Ramirez Common, San Diego and Tulooso-Midway Independent School Districts) counties (Nueces, Bee, Jim Hogg, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis, Beeville) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update
Annual Audit Update – Accounting and Auditing
Audit Sampling in a Single Audit
PPC Smart Tools - Risk Assessment
PPC Smart Tools - Disclosure/Field Work
Single Audit - New Circular A-133 Revised Procedures
Governmental and Nonprofit Update
Generally Accepted Auditing Standards for Financial Statements
Introduction to Texas School District Accounting and Auditing
Texas School District Auditing Conference
The District's Responsibility for Preparing the Annual Financial Report
Yellow Book and the Single Audit Act
Pension Standards - GASB Statements 67 and 68
Everything you wanted to know about GASAS for Financial Statements
Texas School District Auditing
The District's Responsibility for Preparing the Annual Financial Report
Internal Controls for Schools
Yellow Book and the Single Audit Act
2015 OMB Compliance Supplement and Single Audit Update

QUALIFICATION SUMMARY

TERRY WENDERSKI (Auditor) - Terry is part of our audit/tax team and is an experienced auditor with various experience in schools (Robstown, Premont, Taft, San Diego and Tulooso Midway Independent School Districts) counties (Nueces, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis) and many other governmental entities.

Classes taken in the last two years including annual updates

Yellow Book Update

Annual Audit Update – Accounting and Auditing

Audit Sampling in a Single Audit

PPC Smart Tools - Risk Assessment

PPC Smart Tools - Disclosure/Field Work

Single Audit - New Circular A-133 Revised Procedures

Governmental and Nonprofit Update

Generally Accepted Auditing Standards for Financial Statements

Introduction to Texas School District Accounting and Auditing

Texas School District Auditing Conference

The District's Responsibility for Preparing the Annual Financial Report

Yellow Book and the Single Audit Act

Everything you wanted to know about GASAS for Financial Statements

Texas School District Auditing

The District's Responsibility for Preparing the Annual Financial Report

Internal Controls for Schools

Yellow Book and the Single Audit Act

Federal Tax Update

VICTOR GARCIA (Auditor) - Victor is an experienced auditor with various experience in schools (Robstown, Premont, Taft, San Diego and Tulooso Midway Independent School Districts) counties (Nueces, Bee, Jim Hogg, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis, Beeville) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update

Annual Audit Update – Accounting and Auditing

Audit Sampling in a Single Audit

PPC Smart Tools - Risk Assessment

PPC Smart Tools - Disclosure/Field Work

Single Audit - New Circular A-133 Revised Procedures

Governmental and Nonprofit Update

Generally Accepted Auditing Standards for Financial Statements

Introduction to Texas School District Accounting and Auditing

Texas School District Auditing Conference

Yellow Book and the Single Audit Act

Everything you wanted to know about GASAS for Financial Statements

Texas School District Auditing

The District's Responsibility for Preparing the Annual Financial Report

Internal Controls for Schools

Yellow Book and the Single Audit Act

Audit LEA in Testing, Analyzing and Reporting for Texas Schools

2015 OMB Compliance Supplement and Single Audit Update

QUALIFICATION SUMMARY

MARK WRIGHT (Auditor assistant) - Mark is part of our audit/tax team and is an experienced auditor with various experience in schools (Robstown, Premont, Taft, San Diego and Tuloso Midway Independent School Districts) counties (Nueces, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update
Annual Audit Update – Accounting and Auditing
Audit Sampling in a Single Audit
PPC Smart Tools - Risk Assessment
PPC Smart Tools - Disclosure/Field Work
Single Audit - New Circular A-133 Revised Procedures
Governmental and Nonprofit Update
Generally Accepted Auditing Standards for Financial Statements
Introduction to Texas School District Accounting and Auditing
Texas School District Auditing Conference
Yellow Book and the Single Audit Act
Everything you wanted to know about GASAS for Financial Statements
Texas School District Auditing
The District's Responsibility for Preparing the Annual Financial Report
Internal Controls for Schools
Yellow Book and the Single Audit Act

FRANK BUELL - CPA Candidate (Auditor) – Frank is part of our audit/tax team and is an experienced auditor with various experience in schools (Robstown, Premont, Taft, San Diego and Tuloso Midway Independent School Districts) counties (Nueces, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update
Annual Audit Update – Accounting and Auditing
Audit Sampling in a Single Audit
PPC Smart Tools - Risk Assessment
Single Audit - New Circular A-133 Revised Procedures
Governmental and Nonprofit Update
Generally Accepted Auditing Standards for Financial Statements
Introduction to Texas School District Accounting and Auditing
Texas School District Auditing Conference
Yellow Book and the Single Audit Act
Everything you wanted to know about GASAS for Financial Statements
Texas School District Auditing
The District's Responsibility for Preparing the Annual Financial Report
Internal Controls for Schools
Yellow Book and the Single Audit Act
Texas School District Auditing
Audit LEA in Testing, Analyzing and Reporting for Texas Schools
Various tax classes - retirement, pension, individual, corporate.

QUALIFICATION SUMMARY

GABRIEL LEE SANEZ - CPA Candidate (Auditor) – Gabriel is part of our audit/tax team and is an experienced auditor with various experience in schools (Robstown, Premont, Taft, San Diego and Tulooso Midway Independent School Districts) counties (Nueces, Duval) and city government (Ingleside, Taft, Robstown, Driscoll, San Diego, Mathis) and many other governmental entities.

Classes taken in the last two years including annual updates:

Yellow Book Update

Annual Audit Update – Accounting and Auditing

Audit Sampling in a Single Audit

PPC Smart Tools - Risk Assessment

Single Audit - New Circular A-133 Revised Procedures

Governmental and Nonprofit Update

Generally Accepted Auditing Standards for Financial Statements

Introduction to Texas School District Accounting and Auditing

Texas School District Auditing Conference

Yellow Book and the Single Audit Act

Everything you wanted to know about GASAS for Financial Statements

Texas School District Auditing

AUDIT CLIENT INFORMATION

The following are some of current/past county/local government audit clients: All audits are performed from the Audit office of 10201 Leopard #A, Corpus Christi, Texas 78410. Meetings may be held at the Ayers office for client convenience. Ernest R. Garza, CPA is the engagement partner on all engagements.

Ernest R. Garza & Company, P.C. CPA's - Current and Prior Entities:

City of Ingleside

Contact – Jim Gray - City Manager, Paul Bien, CPA, Financial Consultant
(361) 776-2517

Nine Years – 2006 to 2014, Single Audit, 500 hours, Annual Budget – 6 million all funds

City of Robstown

Contact – Paula Wakefield, City Secretary, Sylvia Hernandez - Finance Director
(361) 387-4589

Twelve Years – 2003 to 2014, Single Audit, 350 hours, Annual budget – 10 million all funds

City of Taft

Contact – Mary Alice Sandoval, Finance Director
(361) 528-3512

Seven Years – 2007 to 2013, Single Audit, 250 hours, Annual Budget – 2.5 million all funds

City of San Diego

Contact – City Manager - Isabelle Garcia
(361) 279-3571

Fifteen Years – 2000 to 2014, Single Audit, 250 hours, Annual Budget – 2.5 million all funds

Nueces County, Texas

Contact - Dale Atchley, CPA – County Auditor
(361) 888-0556

Eleven Years – 1995 to 2002, 2008-2014 Certificate of Achievements all years, Single Audit, 800 hours, Annual Budget – 98 million all funds

Duval County, Texas

Contact – Rosie Chapa, County Auditor
(361) 279-3322

Twenty Four Years – 1990 to 2014, Single Audit, 500 hours, Annual Budget – 16 million all funds

Nueces County Drainage District No. 2

Contact – Amanda Rodriguez, Office Manager
(361) 387-4015

Twenty Four Years – 1990 to 2014, Annual Audit, 200 hours, Annual Budget – 1.7 million

Nueces County Drainage District No. 3

Contact – Fred Chavarria, Accountant
(361) 888-0556

Twenty Four Years – 1990 to 2014, Annual Audit, 80 hours, Annual Budget – .075 million

Taft Independent School District

Contact – Noel Snedeker, CPA, Business Manager
(361) 528-2636

Fourteen Years – 2001 to 2014, Single Audit, 450 hours, ADA 1,030, Annual Budget – 15 mil.

Ernest R. Garza & Company, P.C. CPA's - Current and Prior Entities:

San Diego Independent School District

Contact – Dr. Samuel Bueno, School Superintendent

(361) 279-3382, ext. 2222

Seventeen Years– 1997 to 2014, Single Audit, 450 hours, ADA 1,208, Ann. Bud. – 17. mil. all funds

Premont Independent School District

Contact – Deanna Shaw, Business Manager

(361) 348-3915

Seven Years 2008-2014, Single Audit, 400 hours, ADA 545, Annual Budget – 7.9 mil. all funds

Robstown Independent School District

Contact – Ismael Gonzalez, Business Manager

(361) 767-6600, ext 2222

Twelve Years 1994-2000, 2009-2014, Single Audit, 850 hours, ADA 2,705 Annual Budget – 40 million all funds

Tuloso Midway Independent School District

Contact – Dr. Sue Nelson, School Superintendent

(361) 903-6411

Six Yrs 2009-2014, Single Audit, 420 hours. ADA 3,365, Annual Bud.– 36 mil. All funds

City of Robstown Utility System

Contact – Roy Gutierrez, Superintendent of Utilities

(361) 387-3554

Six Yrs 2009-2014, Annual Bud.– 10 mil. All funds

City of Benavides

Contact - Dahlia Hernandez

(361)

Six Yrs 2009-2014, Annual Budget - 2 mil. All funds

Duval County Conservation Reclamation District

Contact - Ernesto Sanchez

(361) 256-3605

Six Yrs 2009-2014, Single Audit, 420 hours

Corpus Christi Downtown Management District

Contact – Terry Sweeney

(361) 256-3605

Twenty Yrs 1995-2014, Audit, 80 hours

San Diego Municipal Utility District No. 1

Contact – Rudy Torres

(361) 256-3605

Seventeen Yrs 1998-2014, Single Audit, 285 hours

Ernest R Garza and Company, P.C. audits other clients, this list is not all - inclusive

EXHIBIT 9 – EXCEPTIONS

PS&Co. has included a separate fee for any “special reports” that could be required by Section 3.5 Special Considerations B. related to any debt issuances by the City. Since it would be difficult to predict the number of issues that would require such special reports. Based on this we cannot include an all-inclusive fee for these reports, however we have included an estimated cost in our separate sealed fee proposal for each report prepared.