

Thursday, September 30, 1999

Special Session

Commissioners' Court

Members of the Court Present:

Jack Leath	County Judge
Keith Clark	Commissioner Pct. #1
Lynn Smith	Commissioner Pct. #2
Doyle Dickerson	Commissioner Pct. #3
Gene Nethery	Commissioner Pct. #4
Louise Clark	Chief Deputy County Clerk

Agenda item #1-Receive & Take Action on Bid Proposals for Audit

Three proposals were received. They are as follows:

1. Crowell, Pipes & Associates-12 month- Year end 9-30-1999 - \$11,200.00
-15 month- Year end 12-31-2000 - \$14,000.00
2. Ken Rogers & Associates -12 month- Year end 9-30-1999 - \$ 9,500.00
-15 month- Year end 12-31-2000 - \$10,500.00
3. Pattillo, Brown & Hill -12 month- Year end 9-30-1999 - \$ 9,000.00
-15 month- Year end 12-31-2000 - \$10,000.00

Commissioner Nethery moved to accept the bid from Pattillo, Brown & Hill. Commissioner Smith seconded. All voted for. Motion carried. See attached copies.

Commissioner Smith moved to adjourn. Commissioner Clark seconded. Meeting adjourned.

Jack Leath COUNTY JUDGE

Keith C. Clark COMMISSIONER PCT. #1

Lynn Smith COMMISSIONER PCT. #2

Doyle Dickerson COMMISSIONER PCT. #3

G. Nethery COMMISSIONER PCT. #4

ATTEST:

Janice McDaniel CHIEF DEPUTY COUNTY CLERK
Louise Clark



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

Accepted

September 22, 1999

Sabine County, Texas
Attention: Janice McDaniel, County Clerk
Corner of Main & Oak, P. O. Box 597
Hemphill, Texas 75948

Gentlemen:

We are pleased to have the opportunity to submit the accompanying qualifications to Sabine County, Texas as independent auditors.

Our audit will be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants as included in "Statements on Auditing Standards" and the AICPA Industry Audit Guide "Audits of State and Local Governmental Units", the standards for financial and compliance audits contained in the United States General Accounting Office's, "Government Auditing Standards (1994)", the "Audits of States, Local Governments and Nonprofit Organizations", Office of Management and Budget's Circular A-133 and all requirements of your proposal. We will apply such tests of your accounting records and account balances as are necessary for us to express an opinion regarding the conformance of your financial statements with generally accepted accounting principles and compliance with applicable regulatory standards and law, as stated in this paragraph. Accordingly, our audit will be an integrated audit and shall encompass the entirety of your financial operations.

We estimate the fees for our audit of the County in conformance with the requirements set forth in your request for proposal to be approximately \$9,000 for the twelve months ending September 30, 1999; and \$10,000 for the fifteen months ending December 31, 2000. In no event would our fees be greater unless you request additional work and we have prior approval from you. A tentative and preliminary copy of our report will be made available for your review prior to our production of the final report. At the time of presentation, we will discuss the final audit report and management letter with the Commissioners' Court. Noteworthy information about our Firm included in our proposal is highlighted below:

1. Our firm is over 75 years old. Members have been President of the State Society of CPAs, Board Members of the State Board of Public Accounting, and members of the Government Accounting Standards Committee, the Association of Government Accountants, etc.
2. We currently perform the external audits for twenty-four (24) counties and approximately seventy-five (75) other governmental entities within the State of Texas.
3. We have extensive experience in governmental accounting systems and have provided a wide range of services to County governments.

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**PROPOSAL FOR AUDIT OF
SABINE COUNTY, TEXAS
For the Year Ending
September 30, 1999 and
the Fifteen Months Ending December 31, 2000**

Rejected

**KEN ROGERS & ASSOCIATES, LTD.
1329 N. UNIVERSITY DR.
NACOGDOCHES, TEXAS 75861**

**409-564-8186
by Terre McLemore, CPA
Engagement Partner**

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We understand that your employees will locate any invoices selected by us for testing. The County will be given a schedule of deadlines to provide specified trial balances, forms, schedules, and statements. To the extent necessary, we will assist in preparing these.

Our audit is not specifically designed and cannot be relied on to disclose reportable conditions, that is, significant deficiencies in the design or operation of internal controls. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

Ken Rogers & Associates, Ltd. accepts responsibility for ensuring that the audit is conducted by personnel who collectively have the necessary skills, that independence is maintained, that applicable standards are followed in conducting the audit, that the firm has an appropriate internal quality control system in place, and maintains participation in an external quality control review program. *Government Auditing Standards - 1994 Revision* requires that we provide you with a copy of our most recent quality control review report. Our 1998 peer review report accompanies this letter.

A written auditor's report will be prepared and submitted prior to the scheduled Commissioners' Court meeting. Up to 20 copies of the report will be provided at that time. The County is further responsible for ensuring that other appropriate governmental agencies receive copies of the audit report.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs, except that we agree that our gross fee, including expenses will not exceed \$9,500 for the year ending September 30, 1999 and will not exceed \$10,500 for the fifteen months ending December 31, 2000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation at our office located in Nacogdoches County, Texas. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If the County requests additional work or services not within the general scope of this agreement, that work will be billed at our normal professional billing rates at that time. In the event disputes concerning these terms cannot be resolved, the matter will be brought before an independent mediation center, whose decision will be binding upon both parties.

We confirm that we are independent with respect to Sabine County, Texas. None of our owners, officers, managers, or staff have any direct or indirect financial interest in the County's contracts, and no one assigned to this audit is related within a prohibited degree (as defined by state nepotism law) to any employee of the County or to any of the members of the Commissioners Court.

Ken Rogers & Associates, Ltd. has a system of quality control for its accounting and auditing practice that requires of its staff a minimum of 20 hours per year and a total of 80 hours every two years of continuing professional education. Additionally, for all staff responsible for planning, directing, and conducting substantial portions of the field work, or reporting on this audit engagement, the firm requires that 24 of the 80 hours be in subjects directly related to the government environment and to government auditing.

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CROWELL, PIPES & ASSOCIATES

Certified Public Accountants, A Professional Corporation

Respected

Sandra J. Crowell, CPA
Monte C. Pipes, CPA
Carolyn A. Pipes, CPA

5021 Justin • P.O. Box 632100 • Nacogdoches, TX. 75963-2100 • (409) 560-3723 • Fax:(409) 560-5632 • cpa@inu.net

September 21, 1999

Janice McDaniel
County Clerk
Sabine County
P. O. Drawer 580
Hemphill, Texas 75948

Dear Janice:

The following is in response to the County's request for proposal for an audit of the general purpose financial statements of Sabine County for the year ending September 30, 1999 and for the fifteen months ended December 31, 2000:

Year end September 30, 1999

All inclusive maximum fee, including all out of pocket costs such as report production, typing, mileage, and postage of \$11,200.

Fifteen months ended December 31, 2000

All inclusive maximum fee, including all out of pocket costs such as report production, typing, mileage, and postage of \$14,000.

Our hourly billing rates range from \$20.00 to \$75.00 per hour depending on the experience of the staff assigned to the County's audit. We estimate the audit for 1999 will require 270 hours and the audit for 2000 will require 335 hours. Based on these estimated hours our average hourly rate will be \$41.50 per hour.

Should you need additional information concerning the above matters, please do not hesitate to call me.

Sincerely,

Monte C. Pipes, CPA
CROWELL, PIPES & ASSOCIATES

State Of Texas
County Of Sabine
I HEREBY CERTIFY THAT THESE DOCUMENTS WERE FILED AND
RECORDED IN THE COMMISSIONER COURT MINUTES OF SABINE
COUNTY, TEXAS.
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JANICE MCDANIEL COUNTY CLERK
BY Louise Oak
Deputy

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