

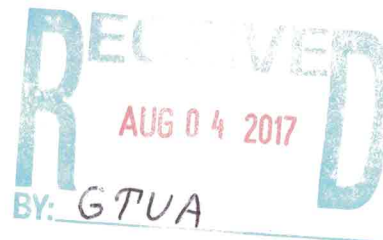


**SCHALK & SMITH PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**A PROFESSIONAL CORPORATION**

Thomas E. Schalk, CPA  
Judy Smith, CPA  
Cynthia Muñoz, CPA

August 2, 2017



Greater Texoma Utility Authority  
Board of Directors  
5100 Airport Drive  
Denison, Texas 75020

Dear Sirs and Madams,

Our proposal for the examination of the financial statements of the Greater Texoma Utility Authority is as follows:

**SCOPE OF WORK TO BE PERFORMED**

We will audit the financial statements of the Greater Texoma Utility Authority, for the fiscal year ended September 30, 2017, for the purpose of expressing an opinion on them. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America.

We will submit a comprehensive audit report of the Greater Texoma Utility Authority, including a management letter after completion of the audit, to the Board of Trustees. We understand that copies of our audit reports will become a part of the Board's official minutes and shall be available for public inspection on its website.

**ESTIMATED COSTS**

We estimate the total audit fees to amount to \$37,275 for the 2017 fiscal year. We estimate that our hours should be realistic in performing the audit based on our actual hours spent completing the audits of equivalent organizations. If the contract is extended for additional annual options, the audit fees will be \$38,400 for 2018, \$39,550 for 2019, \$40,750 for 2020, and \$42,000 for 2021.

**DESCRIPTION OF OUR FIRM**

Schalk & Smith PC, CPA's is a local, minority/female owned Professional Corporation with a staff of three Certified Public Accountants, four para-professional staff accountants, and one clerical employee. Our office is located at 701 E. California Street, Gainesville, Texas. We provide a wide variety of services to the public including federal and state tax return preparation, write-up services, management consulting, and auditing.

The emphasis of our auditing practice is concentrated on non-profit and governmental type audits. Our municipal clients include the City of Gainesville, City of Whitesboro, City of Lindsay, Town of Dorchester and several independent school districts including Gainesville, Callisburg and Walnut Bend. Non-profit entities that we audit include Southwestern Diabetic Foundation, Inc, United Way of Cooke County, Inc., Court Appointed Special Advocates of North Texas, Inc., Abigail's Arms Inc., North Texas Medical Center Foundation, Inc., and Cooke County Youth Center. Our experience with single audit requirements include North Central Texas College, City of Gainesville, Gainesville Independent School District, and Callisburg Independent School District.

## STAFF QUALIFICATIONS & RESUMES

Auditor in Charge- Judy K. Smith, CPA, vice-president in the firm of Schalk & Smith PC, has over thirty-eight years of governmental auditing experience. She holds a BBA degree with honors from Midwestern University, has been certified since 1978, and is a member of the Texas Society of CPAs, the American Institute of CPAs, and the Governmental Audit Quality Center. She is responsible for the overall planning and audit presentation, review of the financial statements, opinions, governmental compliance, and client liaison.

Audit Manager- Cynthia Munoz, CPA, graduated from The University of Texas at Austin with a BBA in Accounting. She received her CPA certificate in 2008, is also a member of the Texas Society of CPA's and has seventeen years accounting and ten years auditing experience. Her responsibilities include supervision of general audit testing, reconciling, transaction sampling, and other supervisory duties.

Senior Staff Accountant- Bridgette McCartney holds an Associate's degree from North Central Texas College and has twenty-four years of accounting experience and seventeen years audit experience. She is responsible for general audit testing, reconciling, transaction sampling, and other staff duties.

Junior Staff Accountant- Jamie Winters holds a Bachelor's degree from Texas Woman's University and has five years of audit experience. She is responsible for general audit testing, reconciling, transaction sampling, and other staff duties.

Junior Staff Accountant- Trey Schalk holds a Bachelor's degree from Austin College, a Master's degree from Baylor University, and has two years of audit experience. He is responsible for general audit testing, reconciling, transaction sampling, and other staff duties.

Junior Staff Accountant- Karen Stephenson has twenty-five years of accounting experience and one year audit experience. She is responsible for general audit testing, reconciling, transaction sampling, and other staff duties.

## AUDIT PLAN

Our hourly billing rates per employee category are as follows:

Auditor in Charge	\$70.00/Hr.
Audit Manager	\$70.00/Hr.
Audit Senior	\$60.00/Hr.
Senior Staff Accountant	\$45.00/Hr.
Junior Staff Accountant	\$35.00/Hr.

Schalk & Smith PC utilizes the governmental/non-profit audit procedures and documentation outlined in the Practitioner's Publishing Company publications. These audit guides have been reviewed and approved by the American Institute of Certified Public Accountants and are highly respected in our profession. With respect to the strategy employed to audit the Greater Texoma Utility Authority data processing system, we normally employ an internal control questionnaire and perform tests of the system using simulated transactions.

## CONSIDERATIONS RELATED TO THE REQUEST FOR PROPOSAL

We believe that the audit schedule as set forth in the request for proposal is reasonable and we will be able to comply with it in conducting our audits. We also accept the proposer requirements and conditions under which the audit work is to be performed.

## OTHER CONSIDERATIONS

We expect your staff will be available to us during the course of the audit for consultation. However, we realize that you have limited personnel to accomplish the financial and clerical duties related to

administration of the Greater Texoma Utility Authority, therefore, we will keep your staff involvement to a minimum.

A management letter will be issued separately with recommendations for improvements in internal controls, the accounting system, and any other matters that come to our attention. Our engagement is subject to the inherent risk that material errors, irregularities, or illegal acts, including fraud or defalcations, if they exist, will not be detected. However, we will inform you of any such instances that we uncover during the audit. It is our practice to retain our audit documents for a period in excess of five years.

Our firm has been a member of the Texas Society of Certified Public Accountants for over twenty-four years and we participate in the Society's quality review program. The TSCPA requires its members to participate in a quality review every three years.

During the course of our audit, our personnel will be solely assigned to their respective audit duties and will be closely supervised by the audit manager and audit senior. Since we have performed numerous governmental and non-profit audit engagements in the past and have had our work accepted and approved by all cognizant governmental agencies, we feel we are fully competent and able to complete the engagement in a timely manner. Our firm has concentrated on governmental and non-profit auditing since its inception and in meeting the independence standards as outlined in the *Government Auditing Standards* by the United States General Accounting Office. In the past, we have worked closely with the City of Gainesville and the Greater Texoma Utility Authority in the submission and successful awarding of the GFOA Certificate of Achievement.

We appreciate this opportunity to make a proposal for the audit of the Greater Texoma Utility Authority and look forward to continuing working with you.

Yours truly,

A handwritten signature in cursive script that reads "Schalk & Smith PC." The signature is written in dark ink and is positioned above the printed name of the firm.

Schalk & Smith PC  
Certified Public Accountants