



**JEFFERSON COUNTY, TEXAS  
PURCHASING DEPARTMENT**

1149 Pearl Street – First Floor  
Beaumont, Texas 77701  
409-835-8593

**ADDENDUM TO RFP**

RFP Number: Auditing Services for Jefferson County

RFP Title: 11-016/AW

RFP Due: **11:00 AM, June 7, 2011**

Addendum No.: 1

Issued (Date): May 18, 2011

**TO OFFEROR:** This Addendum is an integral part of the RFP package under consideration by you as an Offeror in connection with the subject matter herein identified. Jefferson County deems all sealed proposals to have been proffered in recognition and consideration of the entire RFP package – **including all addenda.** For purposes of clarification, **receipt of this present Addendum by an Offeror should be evidenced by returning it (signed) as part of the Offeror’s sealed proposal.** If the Proposal has already been received by the Jefferson County Purchasing Department, Offeror should return this addendum in a separate sealed envelope, clearly marked with the RFP Title, RFP Number, and Opening Date and Time, as stated above.

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Reason for Issuance of this addendum:

**Questions and Answers (attached)**

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**The information included herein is hereby incorporated into the documents of this present Bid matter and supersedes any conflicting documents or portion thereof previously issued.**

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Receipt of this Addendum is hereby acknowledged by the undersigned Offeror:

ATTEST:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Approved by \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature (Offeror)

\_\_\_\_\_  
Title of Person Signing Above

\_\_\_\_\_  
Typed Name of Business or Individual

\_\_\_\_\_  
Address

## Questions and Answers

1. What were the total fees paid for the prior year audit?  
\$83,000 CAFR and Single Audit, \$16,500 for Ford Park Operations.
2. What are the County's anticipated ARRA expenditures?  
\$2.6 Million.
3. Will the County have any new major federal programs?  
Most likely.
4. Were there any prior year audit adjustments or management comments?  
No large prior year audit adjustments; last year's Management Letter is attached.
5. What is the reason for the RFP?  
To adhere to grant requirements for open procurement every four years.
6. Is there a mandatory rotation requirement?  
No.
7. Are the current auditors eligible to submit a proposal?  
Yes.

Gayle W. Botley, CPA

Certified Public Accountant

Member of AICPA

"Supporting Your Financial Growth"



March 18, 2011

County Judge Jeff Branick and  
Members of Commissioners Court  
Jefferson County, Texas

In planning and performing our audit of the financial statements of Jefferson County, Texas (the "County") for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

There is a new GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County will be required to implement the new classifications. Also, the requirements of Rule 15c2-12 of the Securities Exchange Act 1934 paragraph (b)(5)(i)(c) need management's attention. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 18, 2011 on the financial statements of the County.

We have already discussed these comments and suggestions with County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

**Fund Balance Classifications**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County will be required to use the following new classifications for fund balance reporting purposes:

- Nonspendable - such as, inventory and prepaid items, etc.
- Restricted - externally imposed by creditors, grantors and laws / regulations, etc.
- Committed - governing body constrains use of specific purpose by formal action, but may be reversed by like action; commitment must be done prior to year end, but amount may be determined after year end.

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- Assigned - amount a government intends to use for a specific purpose; governing body has authority, but may delegate to individual or committee; once delegated, no formal action required; assignments must be made before financial statements are issued for year end.
- Unassigned - portion that has not been restricted, committed or assigned; amount available to finance expenses not already approved by the Board.

In addition to the above changes, this Statement requires certain disclosures pertaining to the fund balance classifications and policies. The definitions of several governmental funds were clarified. The effective date of these changes is for fiscal year beginning October 1, 2010 and ending September 30, 2011.

*We recommend the Commissioners Court and Management become familiar with the above categories and new terminology, such as, stabilization arrangements included in GASB Statement No. 54. New policies and procedures should be established and the policies should be approved by the Commissioners Court to operate effectively within the new guidelines and to satisfy the reporting requirements before the end of the current fiscal year, September 30, 2011.*

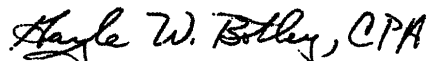
#### **Filing of Annual Financial Information**

The County became aware during a recent refunding bonds issuance that they were not in compliance related to the timely filing of certain financial information with the state and national depositories. This annual disclosure of certain financial information is a requirement of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule") paragraph (b)(5)(i)(c). The County was late in filing the audited financial statements in the prior three years. This appears to be an administrative oversight. There were no other non-compliance issues found related to the disclosure agreements.

*We agree with management's plan to insure the timely filing of certain financial information by filing the unaudited financial statements early-on ahead of the timelines to satisfy the requirements of the Rule.*

This information is intended solely for the use of the Commissioners Court of Jefferson County, Texas, the County's Management and others within the County, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Gayle W. Botley, CPA  
Port Arthur, Texas