

CITY OF ALAMO HEIGHTS



Request for Qualifications (RFQ) FOR Auditing Services

Addendum

April 22, 2026

The City of Alamo Heights is issuing this Addendum to the Auditing Services Request for Qualifications (RFQ) released on April 1, 2026.

Answers to Questions Received

Q1. Clarification on the licensing requirements for out-of-state CPA firms submitting a proposal.

A1. The Audit (ACFR) must be signed off by a *licensed CPA in Texas to meet the state compliance standards*

Q2. Information regarding the prior year's auditor fees and/or the number of hours incurred to complete the audit.

A2. *the prior year's audit services fee for the FYE 2025 annual audit was \$ 43,625. This amount included fieldwork, report issuance, and a single audit. Proposers should base their quotes on the scope defined in the current RFQ.*

Q3. Whether the City expects to receive and expend any federal grants of more than \$1,000,000 during Fiscal Year in question.

A3. *The City does not expect to expend more than \$1,000,000 in federal grants for FYE 2026.*

Q4. If there were any disagreements with the prior auditor related to accounting principles, proposed adjustments, audit scope, audit procedures, or other significant matters.

A4. *There were no disagreements.*

Q5. Any material audit adjustments identified during the prior year's audit.

A5. *There were no material audit adjustments*

Q6. Any anticipated changes in operations, major capital projects, or accounting systems in the upcoming fiscal year.

A6. *The City plans to issue a bond by FYE 2026, the amount currently is undetermined but the max would be no more than \$10,000,000. The City also plans to add a few more capital project funds to keep track of upcoming bond issuance along with capital replacement items.*

Q7. Were there any issues with the current auditor?

A7. *No, there are no issues with the current auditor*

Q8. With regards to the City's Finance Department, can you provide length of service, background, and depth of government experience for each key member?

A8. *Finance Director: 13 years total of local government experience with 11 years as a Finance Director*

Accountant: 3 years' local government experience with 10 + years' accounting experience

City Manager: More than 20 years of local government experience

Court Clerk: More than 20 years of local government experience

Utility Billing Coordinator: More than 20 years of local government experience

HR Manager: 1 year of local government experience

- Q9 Who are the members of the City's audit committee (if applicable)?**
- A9. *City Manager, Assistant City Manager, Finance Director, and a Council Member*
- Q10. Were there any journal entries discovered by the auditors during the 2025 (or 2024 if 2025 has not been completed) audit process?**
- A10. *Yes*
- Q11. Have there been any significant changes in key staff in the past year that would affect the audit? Is any anticipated turnover during the potential five-year audit period known at this time?**
- A11. *No and No.*
- Q12. Are there significant changes in federal funding anticipated for 2026? How many federal programs are expected in 2026?**
- A12. *No, the City expects one (1) but no more than three (3) federal programs.*
- Q13. How many professionals and how many days were the auditors scheduled for the City's audit?**
- A13. *There were 3-4 professionals working on the audit during the fieldwork days at no more than a week total on location.*
- Q14. When does the City prefer to have interim audit fieldwork? What about final audit fieldwork?**
- A14. *Normally the City uploads information in the auditors' preferred portal. Which has been a secure website.*
- Q15. Do you have a preference for in-person, remote, or hybrid fieldwork?**
- A15. *The City likes a hybrid style where we can upload a lot of the pre-lim, interim, and final fieldwork requests.*
- Q16. What is the City's historical experience in exchanging information for the audit? Do you utilize a secure website for document exchange, a software solution, shared City drives with the auditor, or another solution?**
- A16. *It has been through a portal provided by the auditor. The portal is a secure website.*
- Q17. Does the City use a software solution for calculating the impact of GASB 87 and GASB 96? If not, what was the strategy to calculate the liabilities?**
- A17. *Currently the City utilizes debtbook to generate the reports and JE's*
- Q18. Does the City provide the auditor read-only access to the accounting software?**
- A18. *If requested we can provide read-only access to our accounting software which is Tyler Technologies ERP v.9 (formerly Incode v.9).*
- Q19. Is there any anticipation of significant technological changes in the next few years?**
- A19. *No.*
- Q20. Outside of the audit process, what does the City find/define value from its auditors?**
- A20. *The resource to ask questions when a situation may arise in regard to bonds, grants, GASB, and what is the best way of reporting/keeping track of.*
- Q21. Were there any major audit issues identified for 2025? Are there any anticipated ones for 2026?**
- A21. *No and no we do not anticipate any issues for 2026.*

Q22. What part of the audit process would the City like to improve over the past audits?

A22. The City is pretty happy with the audit process of past audits.

Q23. What transition issues would the City be concerned about if the audit is awarded to new auditors?

A23. The time it takes to regather data and still meet the State of Texas deadline of S.B. 1851 of the 2025 Texas Legislative Sessions

Q24. Assuming each bidder's proposed fees are equal, what is the next most important thing to the City?

A24. The City is looking for quality and experience first.

Q25. What were the fees for the 2023, 2024, and 2025 audits for the City?

A25. the prior year's audit services fees for the FYE 2023, FYE 2024, and FYE 2025 annual audits were \$34,150, \$35,175 and \$43,625 respectfully. This amount included fieldwork, report issuance, and a single audit (if required). Proposers should base their quotes on the scope defined in the current RFQ.

Q26. A copy of the most recent Communication with Those Charged with Governance letter for the financial audit (FYE September 30, 2025).

A26. Same as management letter see A27.

Q27. A copy of the management letter for the City for the FYE September 30, 2025, audit.

A27. I'm only able to provide a summary of the management letter

Summary of Management Letter – FYE September 30, 2025 Audit

The independent auditors issued a management letter in connection with the City's audit for the fiscal year ended September 30, 2025. The letter reported no significant issues or concerns. Key highlights include:

- The City's accounting policies were appropriate and consistently applied, with adoption of new GASB standards having no material impact.
- Accounting estimates (e.g., pensions, OPEB liabilities, investments, depreciation) were reviewed and deemed reasonable.
- The auditors reported no significant difficulties, no disagreements with management, and no uncorrected misstatements.
- There were no consultations with other accountants and no unusual audit issues.
- Required supplementary information was reviewed through limited procedures, with no concerns noted.
- The City was found to be in material compliance with the Public Funds Investment Act.

Overall, the management letter reflects a clean audit process with strong financial reporting practices and no material weaknesses or notable deficiencies.

- Q28. What has been the timeline for the audit process of the financial audit? When were the following phases of the audits conducted: Planning, Risk Assessment, Interim Testing, and Final Year-End fieldwork?**
- A28. The planning and Risk Assessment started in August and ended in September. Interim Testing started in January and the Final fieldwork finished in the later part of January
- Q29. Is the City satisfied with the above timeline, or does the City prefer a revised timeline?**
- A29. Yes, the City is satisfied with the above timeline.
- Q30. Does the City anticipate any growth or funding issues that would impact the scope of the financial audit in fiscal year ending September 30, 2026, as compared to fiscal year ending September 30, 2025?**
- A30. It would be the potential CO Issuance. At this time the amount of the issuance is not set.
- Q31. What are the budgeted fees for the FYE September 30, 2026, audit?**
- A31. As of this time the proposed budgeted fees for FYE 2026 will be \$38,000.
- Q32. Does your financial/accounting staff prepare the annual financial statements and related disclosures?**
- A32. Yes, with help from auditing staff.
- Q33. Has there been any turnover in top management or the finance/accounting department since the latest audit?**
- A33. Since the FYE 2025 Audit there has been no turnover in top management.
- Q34. On page 12 of 12 of the RFQ Document, there is a mention of attachments via a link, but the link is not working. Could you please provide the attachments?**
- A34. Here is the direct link. https://www.alamoheightstx.gov/wp-content/uploads/RFP_RFQ-Attachments.pdf