

FORT BEND COUNTY
EMERGENCY SERVICES DISTRICT NO. 6
FORT BEND COUNTY, TEXAS
AUDIT PROPOSAL
FOR THE INCEPTION PERIOD
ENDED
DECEMBER 31, 2015

McCALL GIBSON SWEDLUND BARFOOT PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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FORT BEND COUNTY
EMERGENCY SERVICES DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

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March 23, 2016

Board of Commissioners
Fort Bend County Emergency
Services District No. 6
Fort Bend County, Texas

Attached is a copy of our engagement letter for the audit of Fort Bend County Emergency Services District No. 6 as of and for the inception period ended December 31, 2015. It is a pleasure to have this opportunity to present our proposal.

McCall Gibson Swedlund Barfoot PLLC is a Texas CPA firm which provides auditing services for governmental and not-for-profit organizations all over Texas. In the beginning of our professional career we recognized that there were areas within the local governmental and not-for-profit industries that had accounting issues we enjoyed, so we chose to develop our expertise in this area. It is because of this specialty that we believe our firm is small enough to provide the very best in personal service and large enough to practice the quality standards of the largest CPA firms. The firm represents clients in over 25 counties in Texas including Cameron and El Paso in the valley; Kaufman, Denton, Henderson, Dallas, Hunt, Collin, Rockwall, Erath, Bell, Tarrant, and Palo Pinto in the Dallas/Fort Worth area; Williamson, Travis, Hays, Bastrop, Kendall and Wilson in the Austin/San Antonio area; and Harris, Waller, Fort Bend, Brazoria, Galveston, Grimes, Montgomery, Polk, Jasper and Chambers in the Houston/East Texas area.

On March 1, 1987, when the firm was first formed, we audited 35 water districts. Today, the firm provides audit services to over 400 clients. Our governmental clients include water districts, regional water and wastewater treatment facilities, emergency services districts, management districts, cities, improvement districts (including road, drainage and levee improvement districts), rail districts, security districts and water authorities. Our not-for-profit clients include water supply corporations, development authorities/tax increment redevelopment zones, VFD/EMS organizations, homeowners associations and other organizations. Our staff provides voluntary community services to the Cy-Fair Educational Foundation, the Miss Kemah pageant, the Miss Bay Area pageant and various other community organizations.

The owners of the firm are Debra A. (Debbie) Gibson, CPA, Christopher (Chris) J. Swedlund, CPA and Noel W. Barfoot, CPA. Mike McCall retired in July 2012 after working in public accounting a total of 35 years. Debbie has been with the firm since its inception and originally started working in public accounting in 1985. Chris joined the firm in 1994 after graduation from Abilene Christian University. Noel has worked as an auditor in public accounting since his graduation from the University of Houston and first joined the firm in 1996.

Professionally we are members of the American Institute of Certified Public Accountants (AICPA) and the Texas Society of Certified Public Accountants. In June of 1988 the firm joined the Private Companies Practice Section (PCPS) of the AICPA. On June 18, 2014, the firm's latest peer review was performed under the oversight of the Texas Society of Certified Public Accountants, and we received a peer review rating of pass. We are also members of the AICPA's Governmental Audit Quality Center, the Governmental Finance Officers Association (GFOA), the Texas Rural Water Association (TRWA), the Capital Area Suburban Exchange (CASE) and the Texas State Association of Fire and Emergency Districts (SAFE-D).

In 1997, the State Legislature required investment officers of all local governmental units to take a minimum of 10 hours of investment training. This requirement has since been revised to 4 or 6 hours depending on when the investment officer was appointed. Since 1999, we have sponsored 20 training courses in Texas to assist local government investment officers, board members and consultants in meeting their training requirements. Our 2015 seminar was held October 17, 2015. Our speakers were Robin Bobbitt from Radcliffe Bobbitt Adams Polley PLLC, Linda Patterson from Patterson & Associates, and Jesse Thompson, a business economist at the Houston Branch of the Federal Reserve Bank of Dallas. Our 2016 seminar will be held October 29, 2016.

In addition to the owners, the firm employs Joseph Ellis, CPA. Joseph joined the firm in 1998 as a high school co-op student, graduated from the University of Houston in 2008, passed the CPA exam in 2010 and is now an audit manager with the firm. Jennifer Day, CPA joined the firm in December 2001 after graduation from Sam Houston State University and is an audit senior with the firm. Julia McCain, CPA joined the firm in October 2008 and is an audit manager with the firm. Julia graduated from Texas Tech University and previously worked as an auditor with KPMG, LLP. Brian Toldan, CPA joined the firm in January 2010 and is an audit manager with the firm. Brian has 30 years of experience as an internal auditor in the corporate world. Tim Applewhite, CPA and Josh Rambo, CPA both joined the firm after graduation from Abilene Christian University and are now audit seniors. The firm's other employees include 13 staff professionals with accounting degrees or comparable educational backgrounds and five administrative and clerical personnel.

FACTORS THAT DISTINGUISH US FROM OTHER FIRMS

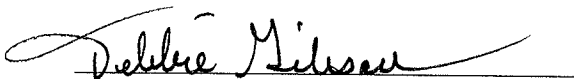
- **EXPERIENCE** - Currently the firm's 3 partners have over 70 years of experience working in accounting and auditing with the majority of those years directly related to auditing Texas special districts and other public/not-for-profit entities. In addition, the firm's 3 managers and 6 seniors have over 85 years of experience with the firm auditing Texas special districts and other public/not-for-profit entities.
- **SPECIALIZATION** - We provide accounting and auditing services to local governmental and not-for-profit entities only.
- **RATES** - Our billing rates include the cost of any supplies or out-of-pocket expenses incurred.
- **FIELD WORK** - Our auditors will document an understanding of your system of internal control over your financial activities and perform other procedures deemed necessary. Most of our clients send their books and records to our office for the audit work.

Our approach to the audit will be to plan the audit and perform a preliminary review of your system of internal control. We will use our standard in-house generated audit program. Most material accounts will have a detailed test of transactions. Every audit is subject to auditing standards that require a management letter if there are matters that are considered to be material weaknesses or significant deficiencies in the system of internal control. Having your auditor prepare the financial statements, and certain adjustments to convert from fund financial statements to an entity-wide presentation as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, can be considered material weaknesses and could result in a management letter, depending on the qualifications of management and consultants retained by management. This assessment will have to be made during the audit process. We will begin excerpting minutes and requesting permanent file documents soon after we have been notified that our audit proposal has been accepted. We will begin the audit as soon as the records are made available to us by the District.

If during the course of performing the audit, it is determined our estimate is not adequate because of special problems or circumstances within the accounting records of the District, we will discuss the problems with the President or the Board of Commissioners prior to proceeding further.

Having you as a client is very important to us and we sincerely want to work for you. Please feel free to give us a call if you have any questions regarding the engagement, our qualifications or the contents of this letter.

Sincerely,



For the Firm
McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

We estimate the following classifications of personnel and budgeted hours will be required to perform the audit:

	Current Rates Per Hour	Hours
One Staff Auditor or Staff Professional	\$95 - \$150	8
Experience:		
Zero to four years		
Training:		
Degreed accountant or trained paraprofessional		
Functions:		
To accomplish procedures commensurate with experience		
One Audit Senior, Audit Manager or Senior Professional	\$165- \$190	6
Experience:		
Three to thirty years of auditing experience		
Training:		
Certified Public Accountant or Candidate		
Functions:		
To supervise and accept responsibility for draft report		
One Partner (Shareholder)	\$275	4
Experience:		
Nineteen to thirty years of experience		
Training:		
Certified Public Accountant		
Functions:		
Review, supervision and accept final report responsibility		
Clerical Support Staff	\$85 - \$115	
Word processing, confirmation control and report assembly		<u>3</u>
TOTAL HOURS		<u><u>21</u></u>

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March 23, 2016

Board of Commissioners
Fort Bend County Emergency
Services District No. 6
Fort Bend County, Texas

We are pleased to confirm our understanding of the services we are to provide Fort Bend County Emergency Services District No. 6 (the "District") for the inception period ended December 31, 2015. We will audit the financial statements of the governmental activities and major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the inception period ended December 31, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis, and
- 2) Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our

Audit Objective (Continued)

report will be addressed to the Board of Commissioners of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures -- Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

Nonattest services we will provide include preparation of the financial statements and preparation of the journal entries to convert the fund financial statements to the government-wide financial statements as required by generally accepted accounting principles.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, consultants, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

Management Responsibilities (Continued)

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees and Other

Barring any unforeseen circumstances, we will comply with State statutes, including Chapter 775 of the Health and Safety Code, which requires the timely filing of audits.

In accordance with provisions of the Local Records Retention Schedule Section 2-1: Item 1025-01 (e) we agree to retain our audit work papers in our office for a period of three years after all questions arising from the audit have been resolved. In order to allow for all questions arising from the audit to be resolved and to comply with Rule 501.76(f) of the Rules of Professional Conduct of the Texas State Board of Public Accountancy the actual date will be the five-year anniversary of the audit report in question.

We expect to present a draft of the audit report within 45 days of the availability of the District's accounting records. Debbie Gibson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign the report. The following is an estimate of our fees for the services included in this engagement letter.

- Fees for the audit of the District's financial statements and for the nonattest services to be provided for the inception period ended December 31, 2015, will range between \$2,500 and \$3,000.

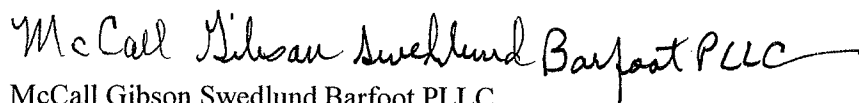
If for any reason our services are terminated prior to issuance of a final report, our engagement will be deemed to have been completed, even if we have not completed our report. The District will be obligated to compensate us for our time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your consultants 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.

Engagement Administration, Fees and Other (Continued)

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

We believe this letter accurately summarizes the significant terms of the engagement. If you have any questions, please let us know. If you agree with the terms of the engagement as described in this letter, please sign below and return this letter to us. We appreciate the confidence you have placed in us by retaining this firm as your independent auditor in this matter.

Sincerely,



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

This letter correctly sets forth the understanding the District

Signature

Title

Date

Engagement Letter

October 21, 2014

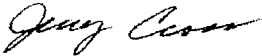
Noel W Barfoot, CPA
McCall Gibson Swedlund Barfoot PLLC
13100 Wortham Center Dr Ste 235
Houston, TX 77065

Dear Mr. Barfoot:

It is my pleasure to notify you that on October 20, 2014 the Texas Society of CPAs 2014-15 Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is July 31, 2017. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



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

cc: Thomas Wayne Sellars

Firm Number: 1079674

Review Number 359662

Letter ID: 932643

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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System Review Report

June 18, 2014

To The Owners of

McCall Gibson Swedlund Barfoot PLLC

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 **McCall Gibson Swedlund Barfoot PLLC** (the firm) in effect for the year ended January 31, 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 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*.

In our opinion, the system of quality control for the accounting and auditing practice of **McCall Gibson Swedlund Barfoot PLLC** in effect for the year ended January 31, 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*. **McCall Gibson Swedlund Barfoot PLLC** has received a peer review rating of *pass*.

Hereford, Lynch, Sellars & Kirkham, PC

Hereford, Lynch, Sellars & Kirkham, PC
Certified Public Accountants

Conroe, Texas



Texas State Board of Public Accountancy

333 Guadalupe, Tower 3 Suite 900, Austin, Texas 78701-3900

The office is licensed to practice in Texas.

MCCALL GIBSON SWEDLUND BARFOOT PLLC

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Firm License ID: C06958

Expires: 4/30/2016

Office License ID: W07124

Form No: 15049960



Texas State Board of Public Accountancy

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OFFICE

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Firm License ID: C06958

Expires: 4/30/2016

Firm Control Number: 0211220

Office License ID: W07125

Form No: 15049961

REFERENCES

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