

**QUESTION and ANSWER ADDENDUM**  
**REQUEST FOR PROPOSAL (RFP) FOR AUDITING SERVICES**  
**March 7, 2018**

In accordance with Gateway Area Development District's RFP dated February 6, 2018, the following questions or requests were properly submitted before the 4:00 p.m. Friday, February 28, 2018 deadline described on page 4. Similar questions have been combined to avoid redundancy.

1. **Question:** When would you expect to have the trial balance finalized?  
**Answer:** The goal is to have everything ready for review by mid-August.
2. **Question:** Could we get copies of the prior year audit adjustments?  
**Answer:** Please see Attachment #1 below
3. **Question:** Who will be responsible for the preparation of the financial statements and notes?  
**Answer:** The finance officer will run the financial statements from our accounting system and submit to the auditor. The auditor will then prepare the documents in the approved audit format along with auditor's notes and other attachments as requested in the RFP pages 7-9.
4. **Question:** Who will be responsible for the calculations of the net pension liability and other postemployment benefits?  
**Answer:** The auditing firm.
5. **Question:** What is GADD's reason for this RFQ? Has the contract with the prior audit firm expired or are there any other reasons GADD is asking for proposals?  
**Answer:** It is our Board of Directors preference to issue a RFP every three (3) years. Our last contract has expired thus it is time to repeat the proposal process.
6. **Question:** Is the prior audit firm (Kelly Galloway) allowed to bid?  
**Answer:** Yes.
7. **Question:** Are there any management comments or control deficiencies in the prior year? (No material weaknesses or significant deficiencies were reported)  
**Answer:** No.
8. **Question:** Are there any significant operational changes expected in FY18, or any significant changes in financial statement balances and/or line items?  
**Answer:** No.

9. **Question:** Are federal expenditures expected to be similar to the prior year?  
**Answer:** Yes.
10. **Question:** How many locations?  
**Answer:** 1
11. **Question:** How many employees?  
**Answer:** 20
12. **Question:** How much do you receive in federal funding?  
**Answer:** Please reference our FY17 audit page 9
13. **Question:** Who provides accounting services?  
**Answer:** Our accounting is performed internally by the Chief Financial Officer and an assistant.
14. **Question:** Who prepares the Management Discussion and Analysis?  
**Answer:** The Chief Financial Officer
15. **Question:** Who prepares the Schedule of Expenditures of Federal Awards?  
**Answer:** The Chief Financial Officer
16. **Question:** May we obtain a copy of the FYE 6/30/18 budget?  
**Answer:** See attachment #2 below
17. **Question:** May interim fieldwork be performed before June 30?  
**Answer:** Possibly.
18. **Question:** Please identify the most challenging part of the audit in prior year engagements and briefly described how that challenge has been addressed.  
**Answer:** We have not had any issues or conflicts in our previous audits.
19. **Question:** How many hours were incurred by the auditor in completing the engagement for FYE 6/30/17?  
**Answer:** Unknown. Our previous FY17 audit was billed as whole and not broken down by the amount of hours.
20. **Question:** Please indicate the fee paid for the FYE 6/30/17 engagement.  
**Answer:** The audit fee paid in FY17 was \$16,900.

Attachment #1

GATEWAY AREA DEVELOPMENT DISTRICT  
 PROPOSED JOURNAL ENTRIES  
 06/30/17

GL Code	GL Description	Program Code	Debit	Credit	W/P
	<b>&lt;3&gt;</b>				
172	Deferred Outflows of Resources		29,888.83		<b>EE.1</b> Post
1-670-485	Net Pension Adjustment		63,854.17		
271	Net Pension Liability			9,239.00	
272	Deferred Inflows of Resources (To record GASB 68 adjustment.)			84,504.00	
	<b>&lt;4&gt;</b>				
112	Grants Receivable		3.09		<b>4.1-2</b> Post
411	Federal Revenue	333		3.09	
411	Federal Revenue	405		3,427.67	You gave me this one for MIPPA
112	Grants Receivable		3,427.67		
411	Federal Revenue	440		0.85	
270	Deferred Revenue		0.85		
411	Federal Revenue	570	1,149.92		
270	Deferred Revenue			1,149.92	
			<u>4,581.53</u>	<u>4,581.53</u>	
	(To record deferred revenues and grants receivable.)				-
	<b>&lt;5&gt;</b>				
234	Federal Tax Deposit		480.41		<b>5.2</b> You gave me this one.
620	Other	670	19.16		
225	A/P Audit			499.97	
112	Audit Accounts Receivable		395.13		
234	Federal Tax Deposit			395.13	
	(To record 941 overpayment.)				
	<b>&lt;6&gt;</b>				
480	Change in CDO equity		1,355.22		<b>B.3</b> Post
117	Due from CDO fiscal agent (To adjust equity in CDO.)			1,355.22	
			<u>93,743.00</u>	<u>93,743.00</u>	

Attachment #2

Gateway Area Development District  
 FY 18 - Initial Cost Allocation / Budget  
 as of June 26 ,2017

	JFA	Aging	Misc. Contracts	KYTC Roadway	Revolving Loan Fd	Transportation	Ky Infrastructure - both	Hazard Mitigation	SOAR	NHPLP	PDS (CDO)	Local	Shared	TOTAL
<b>Revenues by Source:</b>														
DAIL - Cabinet Health Services		1,273,732												1,273,732
Private Fees and Donations		150												150
Matching - In-kind Contributions		115,900						12,701						128,601
Matching - Cash Contributions		62,000												62,000
Matching - Program Income		27,000												27,000
Interest from Customers					7,300					1,600				8,900
DLG Joint Funding Admin.	213,314													213,314
Appalachian Reg. Comm.	56,050													56,050
Ky. Transportation Cabinet				8,500		66,963								75,463
Dept. for Local Government							65,275							65,275
FEMA/ Montgomery Co Court								84,999						84,999
Big Sandy Area Development District									2,450					2,450
PDS (formerly Consumer Directed Options)											298,750			298,750
Cash Rebates													50	50
Local Dues						7,440						41,551		48,991
Bank Interest					240					40			800	1,080
Various Perform Contracts			88,567											88,567
<b>Total Revenues</b>	<b>\$269,364</b>	<b>\$1,478,782</b>	<b>\$88,567</b>	<b>\$8,500</b>	<b>\$7,540</b>	<b>\$74,403</b>	<b>\$65,275</b>	<b>\$97,700</b>	<b>\$2,450</b>	<b>\$1,640</b>	<b>\$298,750</b>	<b>\$41,551</b>	<b>\$850</b>	<b>\$2,435,372</b>
<b>Expenditures by Category:</b>														
Personnel Costs	166,160	246,254	51,300	5,110	4,695	45,100	40,928	52,173	1,519	654	169,000			782,893
Travel	3,650	21,300	2,000	350	50	1,800	199	1,500	35		8,500			39,384
Other Costs (supplies, dues, postage, etc.)	1,520	63,620	5,000	25	25	894		544		600	8,540	5,500	850	87,118
Other Costs (to cover ADRC)											13,000			13,000
Contractual Services - general & Ky. Staffing	0	35,824	0											35,824
Contractual Services - matching contribution	0	204,900						12,701						217,601
Contracts with Sub-providers	0	761,594												761,594
<i>sub-total</i>	171,330	1,333,492	58,300	5,485	4,770	47,794	41,127	66,918	1,554	1,254	199,040	5,500	850	1,937,414
Shared Costs - 59%	98,034	145,290	30,267	3,015	2,770	26,609	24,148	30,782	896	386	99,710	0	0	461,907
<b>Total Expenditures</b>	<b>\$269,364</b>	<b>\$1,478,782</b>	<b>\$88,567</b>	<b>\$8,500</b>	<b>\$7,540</b>	<b>\$74,403</b>	<b>\$65,275</b>	<b>\$97,700</b>	<b>\$2,450</b>	<b>\$1,640</b>	<b>\$298,750</b>	<b>\$5,500</b>	<b>\$850</b>	<b>\$2,399,321</b>
<b>Projected Revenues over Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,051</b>	<b>\$0</b>	<b>\$36,051</b>

increases fund balance