

EXHIBIT 2



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

May 12, 2016

City of Denton, Texas
901-B Texas Street
Denton, Texas 76209

Re: Audit Services for the City of Denton– RFP 6118

Pattillo, Brown and Hill, L.L.P. (PB&H) is pleased to have the opportunity to submit the accompanying proposal to provide professional audit services to the City of Denton, Texas ("City") for the three fiscal years ending September 30, 2016, 2017, and 2018 with the option to renew for two (2) years.

We believe that our Firm possesses certain unique characteristics that are well-matched to the City's needs.

- We are a regional accounting firm that has been in existence since **1923**.
- Our **primary** business is serving **local governments** in Texas and New Mexico. In addition to our experience with cities, we have extensive experience auditing other forms of local governments such as school districts, councils of government, counties and special districts.
- We are **committed to customer service** and developing client relationships. We offer support throughout the year as a part of this engagement and will not charge additional fees for informal consultations.
- Our proposed service team for the City consists of seasoned professionals who **work exclusively on local government engagements**.
- Our firm is known for providing **high quality services** while meeting our client's time constraints, as such, we are committed to performing the engagement within the time parameters mentioned in the proposal.

Outlined in this proposal are key factors that distinguish our Firm from other providers of government services. Among these are the experience level of our service team with audits of cities, our Firm's commitment to providing services to the public sector and our engagement approach. We bring the high level of experience and expertise as larger, national accounting firms, but with the value inherent in local firms.

As engagement partner, I am an authorized representative of the Firm and my signature binds PB&H to the terms and conditions specified in this proposal. This proposal is a firm and irrevocable offer for ninety (90) days subsequent to the RFP closing date. I can be reached by phone at (254) 772-4901, by fax at (254) 772-4920, by email at jkmanning@pbhcpa.com, or by mail at 401 West Highway 6, Waco, Texas 76710. Our firm website is available at www.pbhcpa.com.

I am excited about the opportunity to serve the City. Please feel free to contact me should you have any questions regarding this proposal.

A handwritten signature in black ink that reads "John K. Manning". The signature is written in a cursive, flowing style.

John Manning, CPA
PATTILLO, BROWN & HILL, L.L.P.

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**Governmental Audit
Quality Center**



EXECUTIVE SUMMARY

Pattillo, Brown & Hill, L.L.P. is proposing to perform the annual financial and compliance audit for the City of Denton, Texas (the City) for the fiscal years ending September 30, 2016, 2017, and 2018, with the option to audit the financials for two more subsequent years. Below are key points outlined in this proposal:

A REPUTATION FOR QUALITY

Pattillo, Brown & Hill, L.L.P. is one of the oldest and most well respected accounting firms in Texas. As an indication of our commitment to quality, we are a member firm of the Public Company Accounting Oversight Board (PCOAB), the National Peer Review Committee (formerly known as the Center for Public Company Audit Firms) Peer Review Program and the AICPA's Governmental Audit Quality Center (GAQC). The GAQC requires member firms to establish policies and procedures specific to the firm's governmental audit practice to comply with the applicable professional standards and Center membership requirements. Additionally, member firms must have its governmental audits selected as part of the firm's peer review reviewed by a peer review team member who is employed by a GAQC member firm.

NATIONAL RECOGNITION

The firm received national recognition from the American Institute of Certified Public Accountants (AICPA) as an official member of the esteemed G400 group, as well as being identified as one of the 500 largest in the United States, out of 44,000 in the nation. As a member of G400, Pattillo, Brown & Hill, L.L.P. will partner with the AICPA to increase our expertise as well as provide feedback and support to the accounting industry as well as to our valued clients.

VALUE AND EFFICIENCY

We recognize that clients expect the services rendered by their professional accounting firm to go beyond the financial statements. We understand the expectations of our clients and welcome the opportunity to serve not only as auditors, but also as advisors. Our approach places substantial emphasis on the need to thoroughly understand your operations. This audit approach allows us to contribute constructive suggestions regarding your internal controls, operating and accounting procedures, and other matters worthy of management's attention.

EXPERIENCE

We have in-depth experience, presently serving over 100 governmental clients, including many cities. Government audits continue to be the fastest growing segment of our client base. We are committed to serving this segment, and continue to expand our department and the scope of services offered to governmental organizations.

Our clients include many governmental organizations as is evidenced by the partial listing included in this proposal. For fiscal year 2014-2015, approximately 50 of these clients were required to have "Single Audits" performed in accordance with OMB Circular A-133. It is noteworthy that our workpapers have been examined in connection with several of these "Single Audits" by representatives of grant and/or cognizant agencies. In all circumstances, our supporting workpapers have earned excellent reviews.



EXECUTIVE SUMMARY

COMMITMENT TO GOVERNMENTS

Governmental audits continue to be the fastest growing segment of our client base. We are committed to achieve the highest standards in performing quality governmental audits. As evidence of this commitment, our proposed service team includes members of the following organizations:

- AICPA's Governmental Audit Quality Center
- Government Finance Officers Association (national)
- Government Finance Officers Association of Texas
- Special Review Committee of the GFOA
- Texas Association of Regional Councils
- Texas Association of Counties
- Texas Association of School Business Officials



Many of our clients have elected to pursue the GFOA's Certificate of Achievement for Excellence in Financial Reporting on a regular basis. In all instances where we have been associated with this pursuit, our client has been awarded the certificate. Additionally, three members of your proposed audit team are currently GFOA Special Review Committee members.

COMPETENT, EXPERIENCED PERSONNEL

Pattillo, Brown & Hill, L.L.P. includes members with excellent professional qualifications as evidenced by the following:

- One former member served on the Texas State Board of Public Accountancy.
- One former member is past president of the Texas Society of CPAs.
- Several members are past chairmen and several are current chairmen or members of Committees of the Texas Society of CPAs including the Society's Government Accounting Standards Committee.
- Members are heavily involved in continuing professional education programs sharpening technical skills.
- Our Firm includes members of the Association of Government Accountants and the Government Finance Officers Association of Texas.
- Five members of our Firm are active members of the Special Review Committee of the Government Finance Officers Association.

Our firm has conducted trainings for local governments, as well as spoken at state-wide conferences. The service team not only stays abreast of issues that face local governments, but routinely those items are communicated to PB&H's clients as well.

In keeping with our obligation for quality service, we require our professional employees to complete a minimum of 40 hours of technical training directly related to auditing and accounting for local governments. We also encourage our personnel to pursue their certification as accountants and then to become actively involved in local and state professional organization activities.



EXECUTIVE SUMMARY

COMMITMENT TO OUR CLIENTS

At Pattillo, Brown & Hill, we value all of our clients and put a high priority on customer service. The City of Denton, Texas would not just be "another audit" for our firm. We understand that developing a strong and lasting relationship with your City will benefit our firm because we are in the business of performing audits of local governments, but we also understand that the benefits of this audit are limited if we do not provide you with a level of service that exceeds your expectations.

We also believe that this relationship has to be mutually beneficial. Because our client base per partner is much smaller than that of national accounting firms, our partners are much more actively involved with the performance of engagement procedures. Benefits to the City include having more experienced professionals performing the work and greater continuity from year to year. We believe our Firm's foundation is our partner relationships with our clients.

We believe it is essential to make our partners available to our clients at all times during the year. We have found that handling issues throughout the year; instead of only during the audit, makes for a cleaner audit and gives our clients peace of mind to know that the problem or situation has been resolved. Our Firm handles meetings, phone calls, in-house training and other requests from our clients at all times during the year. Our fee proposal is inclusive of all phone calls and conversations during the year. All that we ask is that some advance knowledge of large requests be given in order to accommodate your needs.

Our proposed service team has thorough knowledge of government auditing and extensive experience auditing a variety of entities similar to the City. The team brings a wealth of experience in auditing Texas cities, and as such they are well versed in the intricacies of Generally Accepted Government Auditing Standards, and Uniform Grant Guidance. If awarded the engagement, John Manning and a team of experienced professionals will perform the City's audit. As mentioned earlier, our partners are much more actively involved with the performance of engagement procedures than larger national firms.

To maintain the highest quality of technical understanding, each member of our government audit staff annually attends at least 40 hours of technical training directly related to auditing and accounting for local governments. With staff members working exclusively in this specialized field, they are properly equipped by attending specific training for this field and gaining experience relevant to audits of local governments.





SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Below is a listing of City and County governments audited by our firm:

City Governments

Athens	Flower Mound
Balch Springs	Forest Hill
Beaumont	Fredericksburg
Bedford	Grapevine
Belton	Hearne
Caldwell	Hewitt
Cedar Park	Highland Village
Clifton	Hillsboro
Colleyville	Huntsville
Columbus	Kennedale
Copperas Cove	Kerrville
Corsicana	Kyle
Deer Park	La Porte
Del Rio	Lacy-Lakeview
DeSoto	Leander
Duncanville	Live Oak
Eagle Pass	Marble Falls
Fairfield	Murphy

County Governments

New Braunfels	Anderson County	Jefferson County
North Richland Hills	Bastrop County	Kaufman County
Pantego	Bowie County	Lampasas County
Pearland	Cherokee County	Limestone County
Pflugerville	Collin County	McLennan County
Richland Hills	Denton County	Medina County
Rowlett	Falls County	Navarro County
San Marcos	Grayson County	Orange County
Sherman	Gregg County	Robertson County
Stephenville	Grimes County	Rockwall County
Terrell	Harrison County	Tom Green County
Waco	Henderson County	Upshur County
Weatherford	Hood County	Williamson County
Westworth Village	Jasper County	Wood County
White Settlement		





SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Below is a listing of various local governments audited by our office:

School Districts

Aquilla I.S.D.
 Belton I.S.D.
 Bosqueville I.S.D.
 Brownsville I.S.D.
 Bruceville-Eddy I.S.D.
 Bryan I.S.D.
 Buckholts I.S.D.
 China Spring I.S.D.
 College Station I.S.D.
 Corsicana I.S.D.
 Gatesville I.S.D.
 Granbury I.S.D.
 Groesbeck I.S.D.
 Hays C.I.S.D.
 Hillsboro I.S.D.
 Hubbard I.S.D.
 Hudson I.S.D.
 Hutto I.S.D.
 Lancaster I.S.D.
 Llano I.S.D.
 Lorena I.S.D.
 Midway I.S.D.
 Moody I.S.D.
 Salado I.S.D.
 Schertz-Cibolo-Universal
 City I.S.D.
 West Orange-Cove C.I.S.D.

Education Service Centers

Education Service Center Region I
 Education Service Center Region XII
 Education Service Center Region XIII

Councils of Governments

Alamo Area Council of Governments
 Brazos Valley Council of Governments
 Central Texas Council of Governments
 Concho Valley Council of Governments
 East Texas Council of Governments
 Heart of Texas Council of Governments
 Houston-Galveston Area Council
 Permian Basin Regional Planning Commission
 Rio Grande Council of Governments
 South East Texas Regional Planning Commission

MHMR Centers

Abilene Regional MHMR Center
 Brazos Valley MHMR Services
 Central Counties Center for MHMR Services
 Collin County MHMR Center dba LifePath Systems
 Heart of Texas Region MHMR Center
 Hunt County MHMR Center
 Johnson-Ellis-Navarro County MHMR Center
 Lakes Regional MHMR Center