CITY OF FROST, TEXAS
COUNCIL ACTION SUMMARY

Meeting Date: August 3, 2026
Agenda Item: 13
Subject: Consider and take possible action selecting the City's independent auditor for the Fiscal Year 2024–2025 Annual Financial Audit.

Purpose
Select the independent auditing firm that will perform the City's Fiscal Year 2024–2025 Annual Financial Audit and authorize execution of the audit engagement.

Background
The City of Frost is required to obtain an independent annual financial audit. The audit provides an objective review of the City's financial statements, accounting records, and internal controls and assists the City Council in fulfilling its financial oversight responsibilities.

The City solicited proposals from qualified independent auditing firms to perform the Fiscal Year 2024–2025 Annual Financial Audit. Proposals received will be presented to the City Council for consideration and selection.

Selection of the City's independent auditor is a governance responsibility of the City Council and represents an important component of the City's financial oversight responsibilities.

Council Considerations
In selecting an auditor, the Council may consider:

- Municipal auditing experience
- Familiarity with Texas municipal finance
- Qualifications of the audit team
- Proposed fees
- Ability to complete the audit in a timely manner
- Overall value to the City

Fiscal Impact
Professional audit services will be funded through the City's budget.

Attachments

1. Audit Proposal(s)
2. Engagement Letter (if applicable)

Recommended Action

Select the independent auditing firm for the Fiscal Year 2024–2025 Annual Financial Audit and authorize execution of the audit engagement.

Prepared By:
Shannon Wayman
Mayor, City of Frost

The Accounting Firm of Donald L. Allman, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

Donald L. Allman, CPA, PC
160 Owen Pass
Liberty Hill, TX 78642
Phone: 512-422-3700
Email: dallman@donallmancpa.com
Website: www.donallmancpa.com

June 5, 2026

COVER LETTER

Ms. Juli Reeves, City Administrator
City of Frost, TX

Dear Ms. Reeves;

Firm Information – The name of my Firm is Donald L. Allman, CPA, PC, and we are organized as a Subchapter S Corporation, our address is 160 Owen Pass Liberty Hill, TX 78642 and this is the office that will be responsible for the audit.

Donald L. Allman, CPA is the authorized contact person to answer technical questions, price questions, and/or contract questions. Don's contact information is phone (512) 422-3700, Email: dallman@donallmancpa.com, business address 160 Owen Pass Liberty Hill, TX 78642.

This proposal is valid for a minimum 90 days after the RFQ closing date.

Signature:

Donald L. Allman, CPA
June 5, 2026

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EXECUTIVE SUMMARY

Please accept this document as my response to the RFQ and my proposal to perform the City of Frost's Annual Audit Report, for the fiscal year ending September 30, 2025. My proposed fee for the engagement is $14,000 to $15,000 per year, with an agreement that my gross fee, including expenses, will not exceed $15,000 per year.

Qualifications – Donald L. Allman, CPA is the person primarily responsible for all audits. Don Allman graduated Magna Cum Laude from Southwest Texas State University in 1988 and has 37 years experience in public accounting, including 35 years experience in auditing governmental entities. Don started his own Firm in 2004 and in 21 years has grown to over 60 audit clients, and over $800K in annual revenues.

Qualifications-Other - Chuck Bucek, CPA would be the Audit Manager and graduated Summa Cum Laude from Southwest Texas State University in 1987 and has 38 years experience in public accounting, including 19 years experience in governmental auditing. Staff member Neva Allman has 15 years experience in governmental auditing.

Auditing Services for Governmental and Non-Profit Entities – Our firm currently provides auditing services for 45 governmental entities and has been performing governmental audits for 21 years. Entities most similar to the City of Frost would be the City of Groesbeck, the City of Teague, the City of Rice, the City of Oak Leaf, and Gun Barrel City.

Our understanding of the services to be performed include the following:

June 5, 2026	City of Frost books are closed for fiscal year ended September 30, 2025.
July 1-31, 2026	Auditors begin and complete audit fieldwork and testing.
August 15, 2026	Audit draft delivered to City Secretary, City Manager and City Council for review
Mid August 2026	Audit returned to the with any corrections noted; draft management letter, if applicable, and audit reports due.
Mid to late August, 2026	Audit report completed and printed
August or September Regular Council Meeting, 2026	Audit reports presented to City Council

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FIRM BACKGROUND, PRINCIPAL OFFICERS, PRIOR EXPERIENCE

Statement of Qualifications

Firm Information – The name of my Firm is Donald L. Allman, CPA, PC, and we are organized as a Subchapter S Corporation, our address is 160 Owen Pass Liberty Hill, TX 78642 and this is the office that will be responsible for the audit. The Firm has a staff of five persons and all personnel assist on Governmental audits.

1. The Partner for this engagement will be Don Allman, CPA. Don Allman graduated Magna Cum Laude from Southwest Texas State University in 1988 and has 37 years experience in public accounting, including 35 years experience in auditing governmental entities. Don started his own Firm in 2004 and in 21 years has grown to 62 audit clients, and over $800K in annual revenues.
2. Chuck Bucek, CPA would be the Audit Manager and graduated Summa Cum Laude from Southwest Texas State University in 1987 and has 38 years experience in public accounting, including 19 years experience in governmental auditing.
3. Staff member Neva Allman has 15 years experience in governmental auditing.
4. The Accounting Firm of Donald L. Allman, CPA, PC is licensed in the State of Texas through March 31, 2027. A copy of the license can be provided upon request.
5. The Accounting Firm of Donald L. Allman, CPA, PC performs approximately 45 governmental audits a year, most of which are small cities in Texas. A reference list of all local government audit clients is included. Contact information for the most revelant customers is included below:

A copy of the most recent peer review is available upon request. The Firm's next scheduled Peer Revew Examination is June 30, 2028.

Statement regarding Investigations – The Firm of Donald L. Allman, CPA, PC has never been investigated for any alleged violations of any rules of the Texas State Board of Public Accountancy.

Statement regarding Suspensions – The Firm of Donald L. Allman, CPA, PC has never been debarred or suspended from doing any work with any federal, state or local government entity or agency.

Ability to Commit Resources – The Firm has the ability and experience to commit resources to this audit in a timely manner.

Liability Insurance – The Firm carries a One Million Dollar professional liability insurance policy.

References – Please see attachment listing all audit client references of the Firm.

Prior Work Samples – Prior work samples are available on the websites of each entity listed as a reference.

SCOPE OF WORK

Review of Financial Policies – We will review the financial policies, investment policy, and purchasing policy of City of Frost and make recommendations on any suggested revisions to the policies, if applicable.

Audit of Financial Records – The primary focus of the work will be to examine City of Frost's financial records in accordance with generally accepted accounting principles (GAAP) as defined in the accounting standards for local governments published by the Governmental Accounting Standards Board (GASB). The work will include an examination for compliance with applicable accounting standards. The auditor will be required to determine whether the financial statements of City of Frost fairly present its financial position and the results of its operations in accordance with GAAP. The audit will also be performed in accordance with federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, if a Single Audit is applicable.

Evaluation of Internal Controls – The secondary focus of work is an evaluation of City of Frost's internal controls. The auditor will determine whether City of Frost's funds are subject to control systems to provide reasonable assurance that City of Frost's funds are managed in compliance with applicable laws, regulations, and agreements that may have a material impact on City of Frost's financial statements.

Fieldwork – The fieldwork for the audit will take place at the City of Frost office in Frost, Texas during July of 2026. Fieldwork may be rescheduled upon mutual agreement of the parties.

Confidentiality of Audit Information – The auditor will keep information related to the audit, including its workpapers and information obtained from City of Frost, in strict confidence. Other than reports submitted to City of Frost, the auditor will not publish, reproduce, or otherwise divulge such information, in whole or in part, in any manner or form, to any third party, or authorize or permit others to do so. The auditor will take all reasonable measures needed to restrict information access to the employees on its staff and City of Frost's staff and City of Frost City Council who must have the information on a need to know basis.

Retention of Records – The auditor will retain audit reports and related working papers for a minimum of three (3) years after completion of each audit. The auditor will make all audit documents available to City of Frost upon request by an authorized representative of City of Frost.

Progress Reports on Audit – The auditor will provide monthly progress reports to the City of Frost City Secretary during the audit process. The auditor will provide immediate notification to the City of Frost City Secretary and City of Frost City Council if evidence of fraud is found. Instances of fraud, waste, illegal acts, or indications of such, including all questioned costs, will be described in a separate written report to the City of Frost City Council, if applicable.

Management Letter – A management letter, if found to be necessary, will include a statement of audit findings and recommendations affecting the financial statements, internal controls, accounting systems, and other material matters.

Exit Interview – The auditor will hold an exit interview with the City of Frost City Council and City of Frost City Secretary to review the draft Audit Report, and the management letter (if applicable).

Final Audit Report – As many bound hard copies of the audit as desired, and one electronic pdf copy of the final audit report, and on the management letter, if any, will be submitted to City of Frost within 30 days of the audit work completions, but in any event, no later than the August or September 2026 council meeting.

Presentation on Final Audit Report – The auditor will make a summary presentation of the final audit report, and the management letter, if applicable, to the City of Frost City Council at its August or September 2026 City Council Meeting.

Budget - Estimate of budgeted time for the City of Frost audit is as follows:
Don Allman, Partner – 16 hours planning, 8 hours field work, 16 hours report & review -40 hrs X $200=8,000
Chuck Bucek, Manager – 8 hours field work, 16 hours report – 24 hours X$150 = $3,600.
Neva Allman, Staff – 8 hours field work, 16 hours administrative -24 hours X $100 =$2,400
Total audit time budget 88 hours, total estimated audit fees billed $14,000, not to exceed $15,000.
Budget Future Years – It is projected that audit fees over the next four years would remain in the $14,000 – 15,000 range.

Summary – The Accounting Firm of Donald L. Allman, CPA, PC has extensive experience performing governmental and non-profit audits and has extensive experience in performing audits for small cities. I believe our experience makes us a good fit for performing audit services for the City of Frost and we hope to do business with you soon and for years to come.

Sincerely

Don Allman CPA

Statement of Qualifications

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The City of Groesbeck, 402 W. Navasota, Groesbeck, TX 76642. Finance Clerk Jamie Vaughn, 254-729-3293, email "jvaughn@cityofgroesbeck.com". Audit client for 13 years.

The City of Teague, 105 4th Ave., Teague TX 75860. Finance Director Allyse Long 254-739-2547. Email "accounting@cityofteaguetx.com". Audit client for 8 years.

The City of Rice 305 N. Dallas St., Rice TX 75155. City Manager Vicki Fisher 903-326-7500. Email "vfisher@ricetx.gov". Audit client for 3 years.

The City of Oak Leaf, 301 Locust Dr , Oak Leaf TX 75154. City Secretary Ronda Quintana. Email: rquintana@oakleaftexas.org" 972-617-2660. Audit client for 2 years.

Gun Barrel City, 1716 West Main St. Gun Barrel City, TX 75156. City Manager Angela Smith, email: asmith@gunbarrelcity.gov 903-887-1087. Audit client for 3 years.

Our strongest asset and best marketing tool is our relationship and our commitment to our clients.

Qualifications of Audit Firm:

- The firm of Donald L, Allman, CPA is a local accounting firm, and has been licensed to practice public accounting in the State of Texas continually since September 5, 1990. Donald L. Allman is the only person authorized to make firm representations and bind the firm. The location of the office from which the work is to be performed is Georgetown, Texas.

- The firm of Donald L. Allman, CPA is independent of the City of Frost, Texas and has no direct or indirect financial interest in the City of Frost and has no relationship with any City of Frost employees or any City of Frost city council members.

- No member of the firm at Donald L. Allman, CPA has been subject to any disciplinary action of the Texas State Board of Public Accountancy or any other licensing boards of other states during the past three years.

- The firm of Donald L. Allman, CPA participates in the Peer Review Program of the Texas Society of CPAs and has been a member since 2003. The last Peer Review examination and report for the firm of Donald L. Allman, CPA was conducted on September 30, 2025 and the next scheduled Peer Review Examination is scheduled for June 30, 2028. A copy of the latest Peer Review Report is available upon request.

Thank you very much for this opportunity, and I look forward to servicing the City of Frost, Texas.

Sincerely,

Donald L. Allman, CPA