April 7, 2017

**Transit Authority of Northern Kentucky (TANK)**

**Addendum-1**

Questions with answers for the Audit RFP, RFP- 2017.01

1. It is our understanding that TANK has a defined benefit plan for the Transit Authority of Northern Kentucky Disability and Retirement Allowance Plan (based on a different proposal received for TANK), however in accordance with GASB 68 there does not appear to be a corresponding pension liability recorded and according to that financial statement the unfunded liability is $12,654,196.
   Answer: TANK, the agency itself contributes funds to the "Transit Authority of Northern Kentucky Disability and Retirement Allowance Plan" as a defined contribution amount.
   (The "Transit Authority of Northern Kentucky Disability and Retirement Allowance Plan" is a separate entity and has its own financial statements and auditors independent of TANK, the transit agency. From their point of view they are looking at a defined benefit plan. This RFP, RFP 2017.01, does not include their plan or their financial statements.)

2. Can you please share the journal entries recorded by the auditors last year if any?
   Answer: The auditors never do journal entries. TANK’s accountants do all the journal entries. TANK has a full time staff of four in the accounting and finance department.

3. As part of the all-inclusive fee, will we be responsible to perform the required agreed upon procedures related to the Authority’s annual filing with the National Transit Database?
   Answer: No. That is a separate proposal with a separate fee.

4. Do you anticipate a consistent level of funding and nature of grants subject to the Single Audit?
   Answer: Yes. We do not foresee anything much different than the existing structure.

5. What were last year’s the estimated hours and the fee to perform the audit and Single Audit?
   Answer: The fee billed to perform the audit and single audit for the last two years: FY 2015 = $23,000.00 and 2016 = $23,600.00. TANK does not have a record of the hours used to perform the work.

6. Does the TANK staff prepare the financial statements or is that handled by the auditor?
   Answer: TANK’s staff prepares monthly financial statements that include year-to-date figures and prior year figures comparisons. TANK’s fiscal year ends on June 30th so that report will have year-end figures. These are balance sheets and income statements. These reports go to TANK’s management and the TANK board on a monthly basis. I am not sure if the auditors use this to
prepare their financial statements that go in their audit reports. The auditors have access to all our data.

TANK does not prepare the statement of cash flow. The auditors do this. The auditors also prepare the Management Discussion and Analysis after discussion with TANK’s management. The auditors also prepare any disclosures.

7. How many journal entries typically result from the audit?
Answer: Usually there is none. The auditors do not do any journal entries. However, please refer to question 2 above. Currently, we have a very experienced staff with many years of TANK experience and experience with many years of TANK audits.

8. Who prepares the financial statements, disclosures and supplemental information? Auditor or TANK?
Answer: The auditor, using the available information. See question 6 also.

9. Do you have a requirement for Agreed-upon procedures on NTD reporting?
Answer: Yes but this is a separate proposal and fee not included in this RFP.

10. RFP Page 4 – first sentence - “Representatives of TANK will meet with any prospective auditors...........” Are you allowing firms to meet with you to discuss the Audit RFP?
Answer: No. This sentence is found in Part II, Scope of Work, and refers to the assistance available to the firm once selected. Any questions about the RFP and/or procurement process are to be handled in accordance with the Questions and Answers process in Part I, General Information.

11. RFP Page 5 – Item Maximum fee - Will all 5 years fees be used for cost comparison or just the first two years?
Answer: All five years will be used for cost comparison.

12. RFP Page 5 -- What is the weighting of fees and other criteria on the 100 pt scale?
Answer: The weighting of the evaluation criteria is not disclosed prior to the submittal deadline. As stated in Part III, Evaluation of Proposals, “the award of the contract will not be based solely on the lowest maximum fee proposed.”

13. What were the 2015 and 2016 audit fees billed?
Answer: The fee billed to perform the audit and single audit for the last two years: FY 2015 = $23,000.00 and 2016 = $23,600.00.
14. Do you expect any significant changes to the organization that would impact financial reporting or the scope of audit work?
   Answer: No, we are not expecting any such changes.

15. Does TANK have written documentation of internal controls and business processes for accounting and financial reporting?
   Answer: Yes there is some, maybe not completely detailed. TANK also has very experienced accounting staff that has been with TANK for many years. The current accounting staff has also been through many TANK audits.

16. Are there any changes to the funding from the 3 counties in 2017 or budgeted in 2018?
   Answer: No significant changes.

17. Any significant changes in scope of operations during 2017?
   Answer: No, the operations scope has remained steady with minor tweaks to service to meet the passengers’ demand.

18. Any significant changes in federal funding during 2017 compared to 2016?
   Answer: No, the total funding has remained steady. Most of it is based on a formula for the region and TANK gets a similar percent, and similar dollar amount, each year.

19. Were there any significant findings noted in your most recent FTA Triennial Review?
   Answer: There were no findings related to financials/accounting. There were other minor findings related to vehicle maintenance and procurement. All findings have been resolved with no current outstanding issues.

20. Has the FTA performed a Financial Management Oversight Review for TANK? If so, when was the last review and were there any material weaknesses, significant deficiencies or advisory comments that we should be aware of?
   Answer: No. This has not been done at least for the last ten years. TANK has an excellent record with the FTA.