REQUEST FOR QUALIFICATIONS
FOR EXTERNAL AUDITING SERVICES

SPRINGS HILL SPECIAL UTILITY DISTRICT

Release Date: July 1, 2026

Proposals Due: July 20, 2026

I. GENERAL INFORMATION

Springs Hill Special Utility District (SHSUD) is issuing this Request for Qualifications to obtain proposals from qualified certified public accounting firms to perform SHSUD's annual audit, issue opinions on the related financial statements, and provide other auditing services for SHSUD's fiscal year ending on December 31, 2026, with potential annual renewal(s) at SHSUD's discretion. The external audit will include evaluating the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by management, and the overall presentation of the financial statements. It will also include tests of the SHSUD's compliance with certain provisions of laws, regulations, contracts, and grant requirements.

SHSUD reserves the right to accept or reject any and all proposals and negotiate terms to meet the best interests of SHSUD.

II. BACKGROUND ON SHSUD

SHSUD was created by the Texas Legislature on September 1, 2023, and is the successor entity to Springs Hill Water Supply Corporation (SHWSC). SHWSC was originally created in 1967 and converted/transferred operations to SHSUD in October 2024. SHSUD's service area spans a large part of Guadalupe County and a small part of Wilson County, and the area has seen a tremendous amount of growth in recent years. SHSUD provides retail water service to over 11,800 connections and projects another 9,500 equivalent dwelling units of service added to its system by 2035. It purchases water from a variety of wholesale water providers in the region and it also produces its own groundwater. It operates its own groundwater wells, water treatment plant, multiple storage tanks, and a large distribution system. SHSUD recently adopted a new Capital Improvements Plan in 2025 and is currently working on multiple capital improvement projects.

SHSUD prepares its operating budget and capital budget on an annual basis. The budgets are prepared by SHSUD Staff with the help of consultants, including a bookkeeper and a financial advisor. SHSUD funds its operations, maintenance, and capital expenses from its water rates & fees, impact fees, and debt. SHSUD currently has two loans with the Texas Water Development Board (TWDB) and intends to authorize additional debt (loans and revenue bonds) and apply for the TWDB's Water Supply and Infrastructure Grant in fiscal year 2026. SHSUD's fiscal year begins on January 1 and ends on December 31. It is governed by a 6-member Board of Directors. SHSUD's General Manager is hired by the Board of Directors, and the General Manager is

responsible for hiring and supervising all other SHSUD employees. SHSUD has over 30 employees. SHSUD participates in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS).

The auditor's principal contact with SHSUD will be Theo Melancon, General Manager (tmelancon@springshill.org). Firms that would like more details on SHSUD's finances may email the General Manager to request a copy of SHSUD's most recent audit for FY 2025.

III. SCOPE OF SERVICES

Requirements and/or Standards:

1. Generally Accepted Auditing Standards (GAAS);
2. Generally Accepted Government Auditing Standards (GAGAS);
3. Governmental Accounting Standards Board (GASB);
4. 2 CFR Part 200, Subpart F (Uniform Guidance Single Audit), if applicable;
5. State of Texas Single Audit Circular, if applicable; and
6. Texas Grant Management Standards, if applicable.

Required Reports:

1. Annual comprehensive financial report;
2. An independent auditor's report on internal control over financial reporting and compliance;
3. A Single Audit report (if applicable) covering major federal and state programs;
4. All other reports required of the independent auditor examining SHSUD's financial statements in accordance with the standards listed above (where applicable); and
5. Presentation to the SHSUD Board of Directors at a regularly scheduled Board meeting held before the month of May, following the end of the fiscal year.

Additional Considerations:

1. The firm will evaluate SHSUD's compliance with the Texas Public Funds Investment Act;
2. The firm will provide technical assistance on new audit and accounting standards impacting SHSUD; and
3. The firm will be accessible to SHSUD on accounting matters as they arise.

IV. MINIMUM QUALIFICATIONS

Firms must meet the following minimum requirements in order to be qualified:

1. The firm must be licensed to practice in the State of Texas;
2. The firm must have at least five (5) years of experience performing local government audits, including Single Audits;

3. The firm must employ individuals who are certified public accountants who are licensed by the State of Texas and public accountants who hold permits to practice from the Texas State Board of Public Accountancy; and
4. The firm has a record of quality audit work.

Further, the selected firm will be required to file a Form 1295 (Disclosure of Interested Parties) before SHSUD will execute a contract with the selected firm. SHSUD may refuse to execute a contract with a selected firm if there is a conflict of interest.

V. EVALUATION CRITERIA

All firms must meet the Minimum Qualifications stated in Section IV in order for SHSUD to evaluate the firm's proposal. SHSUD will then evaluate qualified firms based on the following evaluation criteria:

Expertise and Experience

- Experience with Similar Local Government Engagements (15 points)
  The firm's past experience and performance on comparable government audit engagements with local governments Texas, particularly water districts of similar size and complexity to SHSUD.

- Qualifications of Staff (15 points)
  The quality and experience of the professional personnel to be assigned to the engagement, as well as the qualifications of management and technical support staff available for consultation.

- Specialized Government Audit Experience (5 points)
  The firm's past experience and performance with Single Audits, compliance testing with laws and regulations, and implementation of the GASB standards.

- Availability of Additional Services and Year-Round Support (5 points)
  The firm's availability to perform additional services beyond the scope of the audit and to provide technical guidance or support to SHSUD Staff throughout the year, as needed.

Audit Approach

- Adequacy of Proposed Staffing Plan and Management Support (10 points)
  The adequacy of the proposed staffing plan for various segments of the engagement, including the quality and availability of the firm's management support personnel for technical consultation.

- Adequacy of Sampling Techniques and Determination of Materiality (5 points)
  The appropriateness and effectiveness of the firm's sampling methodologies and materiality thresholds.

- Adequacy of Analytical and Substantive Procedures (5 points)
  The thoroughness and soundness of the analytical and substantive audit procedures proposed.

- Comprehensiveness of Audit Work Plan (10 points)
  The overall completeness and detail of the audit work plan, including timelines, risk assessments, and audit phases.

- Adequacy of Study and Evaluation of Internal Accounting and Administrative Controls (5 points)
  The approach to evaluating and testing SHSUD's internal controls, including accounting and administrative systems.

The maximum score is 75 points. The Board of Directors of SHSUD will select a firm based upon the recommendation of the General Manager. Cost will not be a factor in the selection of a firm. However, SHSUD reserves the right to end negotiations with a selected firm if it is unable to negotiate a satisfactory contract for external audit services and SHSUD may then proceed to negotiate with the next firm in the order of the selection ranking.

VI. SUBMISSION OF STATEMENT OF QUALIFICATIONS (SOQ)

Submission Instructions:

Firms should submit their SOQ in an sealed envelope labeled "SOQ for External Audit Services" with **one (1) hard copy of the SOQ along with a flash drive with a PDF version** suitable for reproduction.

Via Mail to:
Springs Hill Special Utility District
Attn: General Manager
P.O. Box 29
Seguin, Texas 78156

Via Hand Delivery to:
Springs Hill Special Utility District
Attn: General Manager
5510 S. St. Hwy 123-Bypass
Seguin, Texas 78155

SOQs must be received by SHSUD **no later than 5:30 p.m. on Monday, July 13, 2026**. SOQs received after this time will not be considered.

SHSUD will not be responsible in the event that the U.S. Postal Service or any other courier system fails to deliver the sealed SOQs by the deadline. SHSUD will not accept an SOQ by email or fax.

SOQs should at least include:

1. A completed Respondent's Questionnaire (form provided as *Attachment A*); and
2. Resume(s) of Key Personnel.

Respondents may submit additional information as an appendix, but please limit SOQs to relevant material.

Questions and Clarifications:

All questions regarding this RFQ should be submitted to SHSUD's General Manager at tmelancon@springshill.org no later than 12:00 p.m. on Friday, July 10, 2026. Answers will be posted online through SHSUD's website (www.springshill.org) by 5:30 p.m. on Tuesday, July 14, 2026.

Anticipated Timeline for RFQ:

Activity	**Date**
1st Legal Notice *The Seguin Gazette* *Wilson County News*	Wednesday July 1, 2026
2nd Legal Notice *The Seguin Gazette* *Wilson County News*	Wednesday, July 8, 2026
Deadline for Firms to Submit Questions	Friday, July 10, 2026 at 12:00 p.m.
Deadline for SHSUD to Post Answers to Questions	Tuesday, July 14, 2026 at 5:30 p.m.
Deadline for Firms to Submit Proposals	Monday, July 20, 2026 at 5:30 p.m.
(Optional) Interview of Top Ranked Candidates	Tuesday July 21, 2026 to Friday July 24, 2026
Firm Selection by SHSUD Board of Directors	Tuesday, July 28, 2026

Once SHSUD's Board of Directors has selected a firm, SHSUD will notify the selected firm and negotiate an agreement.

Texas Public Information Act

SHSUD is subject to the Texas Public Information Act, though certain types of information may be exempt from disclosure. Firms submitting information that they deem confidential or proprietary must clearly mark and identify such information page by page. SHSUD will follow procedures required by the Texas Public Information Act regarding exemptions that may be applicable to third party information.

ATTACHMENT A

RESPONDENT'S QUESTIONNAIRE

SPRINGS HILL SPECIAL UTILITY DISTRICT
REQUEST FOR QUALIFICATIONS FOR EXTERNAL AUDITING SERVICES

RESPONDENT'S QUESTIONNAIRE

Instructions: Please fill in each blank / answer each question in this Questionnaire or indicate why a particular response is not given. If you need additional space to answer, you may attach your answers to the end of this Questionnaire and note in the applicable box / below the applicable question that there is an attachment.

1. Firm Profile

Please provide the following information regarding the Respondent.

Firm Name	
Principal Address	
Phone Number	
Business Structure	
Years in Business	
Years of Experience Performing Local Government Audits, including Single Audits	

2. Primary Contact Information

Please provide the contact information for one person who SHSUD may contact regarding your proposal.

Name	
Mailing Address	
Phone Number	
Email Address	

3. Local Operations

3.1 Is Respondent authorized and/or licensed to do business in Texas?

☐ Yes ☐ No

If yes, please list authorizations/licenses:

3.2 Does Respondent have an office located in Guadalupe County, Texas?

If yes, please provide the address of the office located in Guadalupe County, Texas:

If no, please provide the address of the office whose personnel will be sent to meet in-person with SHSUD Staff and/or present to SHSUD's Board of Directors while providing external auditing services.

4. Key Personnel

4.1 Please provide the name(s) and contact information for key personnel who will provide external auditing services to SHSUD. **Please include a copy of the key personnel resume(s) with your submission.**

Key Personnel #1

Name	
Mailing Address	
Phone Number	
Email Address	
Expected Hours to Perform SHSUD's FY 2026 Audit	

Key Personnel #2

Name	
Mailing Address	
Phone Number	
Email Address	
Expected Hours to Perform SHSUD's FY 2026 Audit	

4.2 Will the Key Personnel be available to perform additional services beyond the scope of the audit and to provide technical guidance or support to SHSUD Staff throughout the year, as needed?

☐ Yes ☐ No

5. References

Please provide the names and contact information for three (3) references that are governmental entities with similar engagements for the services requested in this RFQ.

Reference #1

Name of Governmental Entity	
Name of Contact	
Phone Number	
Email Address	
Scope of Work	
Link to most recent audit prepared by Respondent (if available online)	

Reference #2

Name of Governmental Entity	
Name of Contact	
Phone Number	
Email Address	
Scope of Work	
Link to most recent audit prepared by Respondent (if available online)	

Reference #3

Name of Governmental Entity	
Name of Contact	
Phone Number	
Email Address	
Scope of Work	
Link to most recent audit prepared by Respondent (if available online)	

6. Specific Audit Approach

6.1 Please describe the describe the extent to which statistical sampling will be used to perform the external auditing services, including sampling methods, sizes, and areas of use.

6.2 Please describe the methods by which materiality will be determined.

6.3 Please describe the type of audit program that will be used (tailor made, standard, etc.)

6.4 Please describe the type and extent of analytical procedures to be used in the engagement.

6.5 Please describe the approach that will be taken to gain and document an understanding of SHSUD's internal control structure.

6.6 Please describe the approach that will be taken to determine the laws and regulations that will be subject to audit test work.

7. Recommended Audit Work Plan

SHSUD's current fiscal year ends on December 31, 2026. SHSUD must file its annual audit with the Texas Commission on Environmental Quality within 135 days after the close of SHSUD's fiscal year. The annual audit is typically presented to the Board of Directors no later than its regular meeting on the 4th Tuesday of April. Please provide a recommended Audit Work Plan, including timelines, risk assessments, and audit phases.