



REQUEST FOR PROPOSALS

FOR PROFESSIONAL AUDITING SERVICES

December 2020

RESPONSES DUE BEFORE 3:00 P.M. JANUARY 13, 2021

The San Lorenzo Valley Water District, hereinafter referred to as “District”, is soliciting proposals from qualified firms of certified public accountants to audit the District’s financial statements for three (3) fiscal years, starting with year ending June 30, 2021, ending with June 30, 2023. There will be an additional option of auditing the District’s financial statements for two (2) subsequent fiscal years, those years ending June 30, 2024 and June 30, 2025. Audits are to be performed in accordance with the California State Controller’s minimum audit requirements for special district, Generally Accepted Accounting Principals (GAAP), and Standards and Governmental Accounting Standards Board (GASB) guidelines.

Additionally, the District is a member of the Santa Margarita Groundwater Agency JPA (SMGWA). The District is currently responsible for conducting the audit. The District is requesting a separate breakdown for the Proposal Content for numbers 6-10. It should follow a similar format as the main District’s request. The JPA currently has very little activity, it is recommended review of their financials for the smaller scope of needs <https://smgwa.org/resources/santa-margarita-groundwater-agency/>

There is no expressed or implied obligation from the District to reimburse responding firms for any expense incurred in preparing proposals in response to this request.

INTRODUCTION

The District was established April 3, 1941, pursuant to Chapter 592, Statutes of 1913 and the California Water Code. The District contains approximately 60 square miles. The District was created to develop a water supply for domestic requirements as well as fire protection and recreation facilities in the San Lorenzo Valley. Since 1969 the District has owns and operates a small wastewater facility located in Bear Creek Estates, supplying wastewater collection and treatment service to approximately 56 homes. As of June 30,

2020, the District provides service to approximately 7,900 customers. The District has approximately 35 full time positions. The budget for fiscal year 2020/21 was \$21.8M.

SCOPE OF WORK

The District (and SMGWA) desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted governmental accounting principles. The scope of work relative to this request for proposals shall include the following tasks.

1. Pre-audit conference A pre-audit conference (teleconference is acceptable) is required to provide a clear understanding of any conditions to be met by District staff and the responsibilities of the auditor, so that the audit can be conducted on a timely basis and concluded in accordance with predetermined schedules.
2. Financial Statements The primary financial statements shall be a Comprehensive Annual Financial Report (CAFR). This includes comparative balance sheets on the combined and individual funds at the end of the current and preceding year, with supporting notes and schedules that provide details of or explain changes in account balances; comparative statements of income and expense for the current and preceding year with supporting notes and schedules that provide details of income statement accounts; statement of retained earnings explaining changes in the unappropriated retained earnings account from the beginning to the end of the current year; and reconciliation of net income.

The SMGWA can have a standard annual financial report.

3. Annual Report of Financial Transactions of Special District Auditor shall prepare the annual report to the State Controller pursuant to Government Code Section 53891(a). This report shall be completed and on file with the State Controller within seven (7) months of year-end (June 30). Auditor shall submit to the District a copy of the annual report prior to transmittal to the State Controller.
4. Opinion Letter An opinion letter is required attesting to the fair presentation of the financial statements in conformity with generally accepted governmental accounting principles.
5. Management Letter The audit examination shall evaluate the District's accounting system, internal control structure, methods of processing data and maintaining financial records. This evaluation shall be comprehensive enough in scope to provide for an appropriate report thereon to the District. The auditor shall prepare a separate management letter on the internal control structure based upon the auditor's understanding of the control structure and assessment of control risk.

This report shall be submitted to District and shall outline the auditor observations and recommendations for enhancement, and include any reportable conditions found during the audit.

6. Single Audit Auditing procedures employed shall be structured to meet the requirements of a "Single Audit" pursuant to OMB Circular A-128, "Audits of State and Local Governments". The auditor shall prepare any supplemental schedules and/or reports as may be required for "Single Audit" purposes and supply additional certification required by the cognizant Federal agency.
7. Finance Committee The Auditor shall prepare a draft of the initial comprehensive financial report to the finance committee for review and comments at least two weeks prior to finalizing the audit.
8. Board of Directors Meeting The auditor shall present, in person or remotely, a summary of the final comprehensive financial report at a Board of Directors Meeting, date to be mutually agreed upon.
9. Exit Conference An "exit" conference is required with District Staff. The "exit" conference shall disclose any facts or situations that the auditor feels have, or have had, a bearing on their work or report.
10. Final Audit Report Two (2) copies of the opinion letter and final comprehensive financial report shall be submitted to the District. Two (2) copies of the final management letter shall be submitted to the District.

AUDIT TIMING

Fieldwork shall be done no later than September 15 of each respective year. The auditor will be required to complete and submit the Annual Report of Financial Transactions of Special District prior to deadline date. The auditor will be expected to complete their work with respect to the comprehensive Annual Financial Report in time to furnish the District with their letter of opinion no later than October 31 of each respective year. All other certifications required of the auditors are to be submitted no later than November 30 of each respective year. A draft financial statement shall be submitted to the District no later than November 30 of each respective year. Should the District exercise the option for the selected auditor to perform subsequent work, the aforementioned time schedule shall be applicable.

PROPOSAL CONTENT

Proposals submitted pursuant to this request must contain the following information:

1. Proposals shall include a signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the specified time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a final and irrevocable offer for a period of sixty (60) calendar days from the submitted date.
2. Proposals shall provide information on the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement.
3. Proposals shall provide a list of similar engagements with other governmental entities performed in the last five (5) years, as well as any other related experience.
4. Proposals shall provide a minimum of three (3) references that may be contacted regarding the firm's capabilities. References shall include the audited firm's name, contact individual name, current telephone number, and type and dates of services rendered.
5. Proposals shall identify the principal supervisory and management staff. Identification of staff capacity shall include the resumes of key personnel who will actually be assigned to the engagement.
6. Proposals shall include a specific time frame to complete the various phases of the audit.
7. Proposals shall include projected hours required to complete the audit along with hourly billing rates of the various levels of staff who will be assigned to the audit.
8. Proposals shall include a total all-inclusive maximum fee to be charged for audit services for each individual fiscal years ending June 30, 2021, June 30, 2022 and June 30, 2023. The maximum fees shall include all direct and indirect costs, including such items as travel and out-of-pocket expenses. The District and the SMGWA should be broken out separately.
9. Proposals shall include a separate total all-inclusive maximum fee to be charged each year based upon the exercise of an option to extend the agreement for two (2) additional fiscal years those years ending June 30, 2024 and June 30, 2025. The maximum fee for these two (2) additional option years shall include all direct and indirect cost, including such items as travel and out-of-pocket expenses. The District and the SMGWA should be broken out separately.

10. Proposals shall include a separate line item for a single audit for each agency.

EVALUATION CRITERIA

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

1. 25% The firm's past experience and performance on comparable government engagements.
2. 25% The quality of the firm's professional personnel to be assigned to the engagement.
3. 20% Planning of the hours for the engagement.
4. 20% Fee for the engagement.
5. 10% Adherence and clarity to requests for proposals.

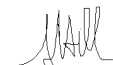
It is anticipated that a contract for service will be offered to the firm deemed most highly qualified by the District as a result of this process by March 31, 2021.

SUBMISSION OF PROPOSALS

- Submit one electronic copy of the proposal in PDF format (no CD or DVD). The Response shall be (electronic or wet-signature scan) signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.
- Submit one single PDF format Proposed Fee Estimate marked "FEE ESTIMATE" shall be submitted separate from the proposal:
- The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **Wednesday January 13, 2021** via email to: shill@slvwd.com

The District reserves the right to reject any or all proposals if they are deemed by the District to be unacceptable for any reason. If you have any questions regarding this matter, please do not hesitate to contact me at (831) 430-4620.

Sincerely,



Stephanie Hill
Director of Finance & Business Services