



Yucaipa Valley Water District

Request for Proposals

Professional Auditing Services

Proposal No. 20200219

**Response Due
Monday, March 9, 2020 at 2:00 p.m.**

Yucaipa Valley Water District
12770 Second Street
Yucaipa, California 92399

Yucaipa Valley Water District Contact:

Allison M. Edmisten, Chief Financial Officer
aedmisten@yvwd.us – Phone (909) 797-5117

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Introduction

Yucaipa Valley Water District (the “District” or “YVWD”) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for the fiscal years ending June 30, 2020 through June 30, 2022 with the option of extending the contract for two additional one-year periods, at the District’s discretion.

The RFP must conform with the requirements included herein. The District reserves the right to waive any irregularity in any proposal or to reject any proposal that does not comply with this RFP. Selection of the proposer will be made solely by the District on criteria determined by the District.

The use of the term “firm” throughout this document means individual proprietorship, partnership, limited liability company, corporation or joint venture.

The successful proposer will be required to enter into a professional services agreement that will include the requirements of this RFP as well as other requirements. By submitting a proposal, the proposer agrees to all of the terms of this RFP.

Other than as specified in the RFP, proposers may not contact individual Board members of the District. To do so will disqualify the proposer. Proposers may only speak with the District’s elected officials in a setting that is part of the formal selection process. This is for the protection of all proposers so that the proposals will be submitted to the same evaluative process.

Overview of the Yucaipa Valley Water District

The District was formed as part of reorganization, pursuant to the Reorganization Act of 1965, being Division I of Title 6 of the Government Code of the State of California. This reorganization consisted of the formation of the District, dissolution of the Calimesa Water District and formation of Improvement District No. 1 of the District as successor-in-interest, and dissolution of Improvement District “A” of the San Bernardino Valley Municipal Water District and the formation of Improvement District “A” of the District as successor-in-interest. On September 14, 1971, the Secretary of State of the State of California certified and declared the formation of the Yucaipa Valley County Water District. The District operates under the County Water District Law, being Division 12, section 30000 of the State of California Water Code. Although the immediate function of the District was to provide water service, the District has assumed responsibility for providing recycled water and sewer service in Yucaipa Valley.

The District is located about 70 miles east of Los Angeles and 20 miles southeast of San Bernardino in the foothills of the San Bernardino Mountains and provides water, sewer, and recycled water services.

Land and Land Use

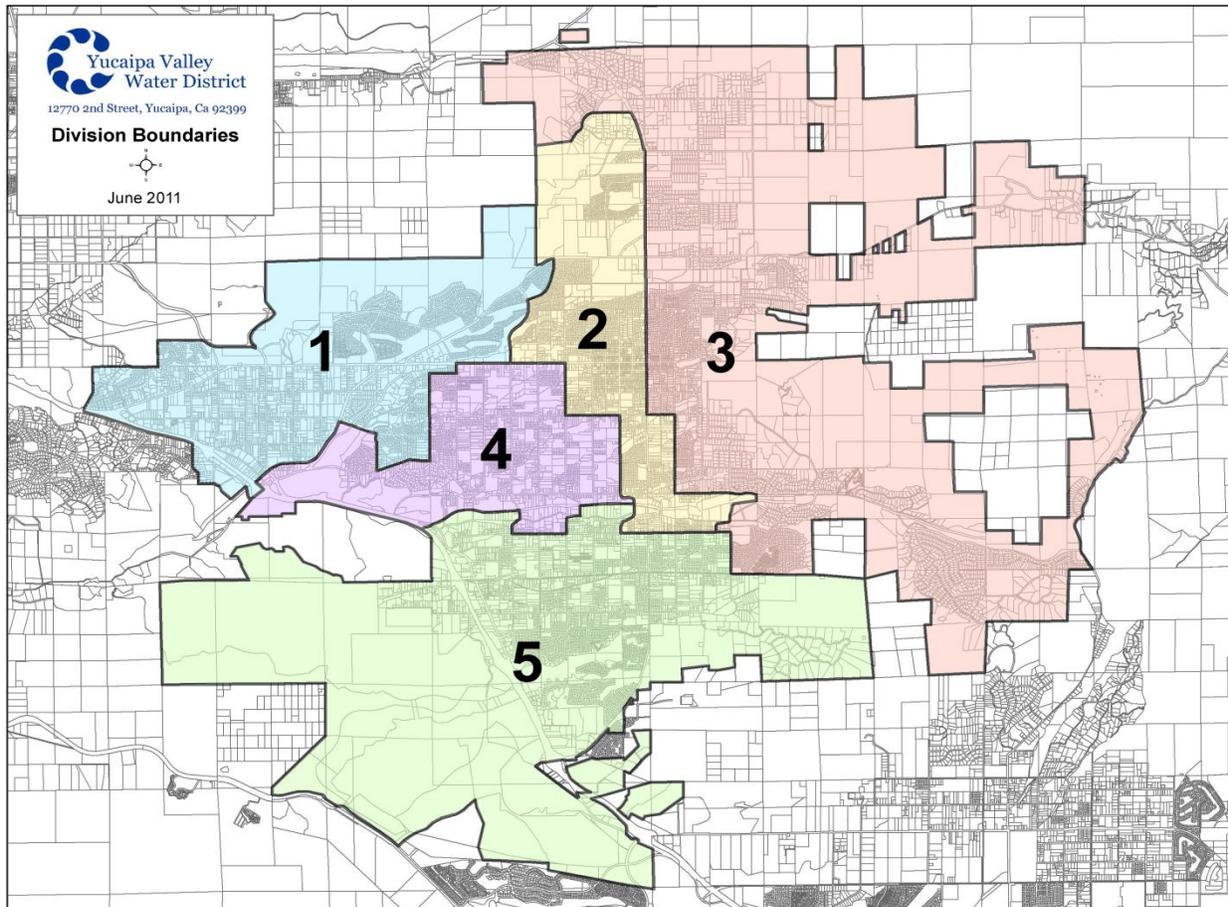
The altitude of the District rises from about 2,000 feet above sea level at the western end of the valley to about 5,000 feet at the eastern end, with average elevation of roughly 2,650 feet. The topography of the area is characterized by rolling hills separated by deeply entrenched stream beds, namely, the Yucaipa and Wilson Creeks. The District includes the incorporated cities of Yucaipa and Calimesa which are in San Bernardino and Riverside Counties respectively.

The District expects that the undeveloped land within its boundaries will continue to be developed consistent with the general plans as provided by the City of Yucaipa and the City of Calimesa. The projected population of the District in the year 2060 will be approximately 94,800, which reflects build-out of the City of Yucaipa, City of Calimesa, and the Oak Valley development. Although approximately 49.8% of the land within the boundaries of the District is currently undeveloped, less than 1% of District water sales are to agricultural water users.

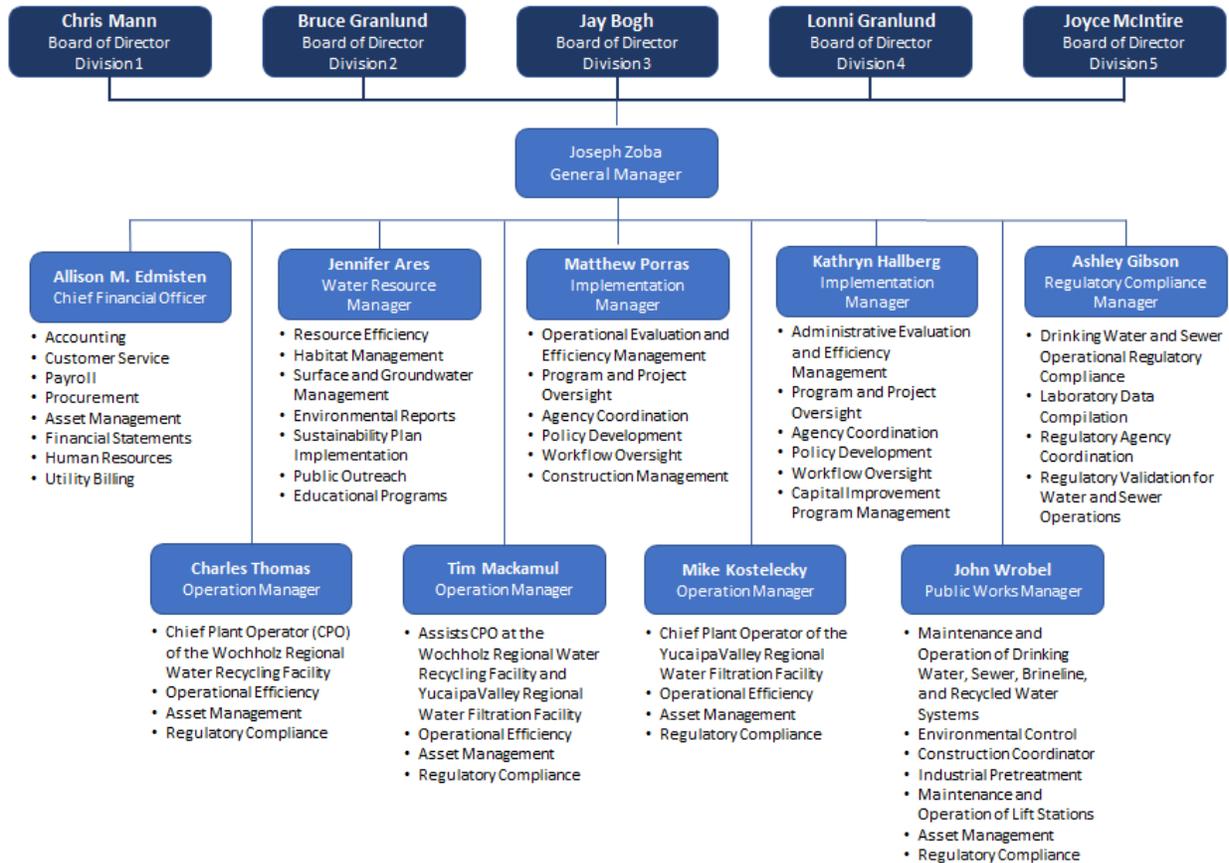
Governance and Management

The District is governed by a 5-member board of directors (the “Board”), the members of which are elected from five separate divisions of the District to staggered 4-year terms. The current Board members, the expiration dates of their terms and their occupations are set forth below.

Member of the Board of Directors	Division	Initial Date of Service	Expiration of Term	Occupation
Chris Mann, President	One	12/2/2016	2020	City Manager
Bruce Granlund, Vice President	Two	12/23/1998	2022	Retired Senior D.A. Investigator
Jay Bogh, Director	Three	09/07/2005	2022	Building Firm Manager
Lonni Granlund, Director	Four	12/05/2008	2020	Property Manager/Real Estate Broker
Joyce McIntire, Director	Five	12/07/2018	2022	Retired School District Employee



Day-to-day management of the District is delegated to the General Manager who works closely with an executive team who ultimately oversee all of the District's services and functions.



Financial Overview of the District

The District's total operating budget for Fiscal Year 2019-20 is approximately \$27.9 million. The Fiscal Year 2019-20 Capital Improvement Budget is approximately \$16.1 million.

The District recently implemented Caselle as the District financial system, which is used for cash receipting, utility billing, accounts payable, payroll, general ledger and inventory. The District maintains eight accounts (three checking, two savings, and two investment accounts) with major financial institutions.

The District formed the Yucaipa Valley Water District Financing Corporation in June 2004, refinanced bonds in 2015 and maintains an acquisition fund and reserve fund balance in excess of \$25 million.

During fiscal year 2020, the District expects to issue 1,950 payroll payments and 3,000 accounts payable checks.

The District participates in the PERS 2% at 60 program and maintains a deferred compensation plan structured in accordance with provisions of Internal Revenue Code Section 457. Employee deposits are transmitted to third parties who are responsible for plan administration.

The District's accounting department maintains all financial records. There are no known exceptions to generally accepted accounting principles or other material accounting problems. Eide Bailly, CPA's and Business Advisors of California completed the most recent audit for fiscal year ending June 30, 2019. Copies of the most recent financial statements are available upon request.

About this Request for Proposal

Schedule

The anticipated schedule is as follows:

- | | |
|---|--|
| • Issuance of Request for Proposals | Wednesday, February 19, 2020 |
| • Proposals due at District Office | Monday, March 9, 2020 before 2 p.m. |
| • Presentation and Interviews (if required) | Tuesday, March 17, 2020 |
| • Board Approval of Contract | Tuesday, April 7, 2020 |

Procedure for Submitting Proposals

Proposals must be received at the District office **no later than 2:00 p.m. on Monday, March 9, 2020**. Proposals received in the mail or courier after the deadline, regardless of the date of their postmarks, may be rejected. Proposals may be received via electronic transmission as long as the District receives an appropriate signature document from an authorized representative of the firm.

Proposals submitted by mail must:

- Show page numbers for all pages in the proposal
- Include five (5) copies
- Be printed on 8 ½" x 11" or 11" x 17" paper, or any combination of the two paper sizes
- Be submitted in one envelope which must:
 - Clearly state "Professional Auditing Services Proposal"
 - Identifies the proposer
 - Be addressed as follows:

**Yucaipa Valley Water District
Attention: Allison M. Edmisten, Chief Financial Officer
12770 Second Street
Yucaipa, California 92399**

Procedures for Compiling Proposals

To achieve a uniform process and obtain the maximum degree of comparability, it is required that proposals be organized in the following manner:

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Identify the material by section and page number.

LETTER OF TRANSMITTAL

- State, briefly, the firm's understanding of the work to be done, and make a positive commitment to perform the work within the proposed time-period.
- Provide the names of the individuals authorized to make representations for the firm, their titles, addresses, and telephone numbers.

PROFILE OF THE FIRM

- Affirm that you meet the independence requirement of the General Accounting Office.
- State whether the firm is local, national, or international.
- Give the location of the office from which the work is to be performed and the number or partners, managers/principals, supervisors, seniors, and other professional staff employed at the office.
- Describe the range of activities performed by the local office, such as audit, accounting, tax service, or management services.
- Provide a brief resume of the partner, manager/principal, or senior who will be assigned to the District's audit. The resume should minimally include educational background; the state(s) and year(s) in which licensed as a Certified Public Accountant, professional memberships; years associated with your firm; and specific qualifications, education, and experience as they relate to auditing governmental units.
- Describe your firm's previous governmental auditing experience. Include names of political subdivisions, name and telephone number of contact person(s).

SCOPE

Clearly describe the scope of the required services to be provided. Include an affirmation that the audit timeline due dates, as presented in this proposal, will be met.

AUDIT FEES

In recent years, the total payment for services and supplies for audit services has been based on a fixed fee. To allow each firm some flexibility in their proposal, we will accept proposals that propose either the CPI indexing or fixed fees for each of the three years. Therefore, your proposal should specify which fee method you are proposing.

The District reserves the right to issue a contract for up to five years.

Contract language for the CPI indexing will read similar to the following:

The total payment for services and supplies for audit services shall be based on a not to exceed basis for the fiscal year ending June 30, 2020. For subsequent years, this compensation will be adjusted to, but shall not exceed, the Consumer Price Index for All Urban Consumers for the Los Angeles/ Riverside/Orange County areas on a

calendar year basis. The calendar year prior to the applicable fiscal year will be the calendar year used for these calculations.

Any change in the cost of audit services due to a change in the scope or other consideration will be subject to negotiation and agreement to all parties of this agreement.

The proposal shall breakdown the basic audit fees, including all expenses as illustrated below (if a fixed fee is proposed, indicate the fee for each of the three years):

	Fee for Fiscal Year 2020 (ending 6/30/2020)
1. Financial audit and preparation of the District's Comprehensive Annual Financial Audit Report	\$
2. Opinion on the computation of Net Revenue and Revenue Coverage for the 2015A Series Bonds	\$
3. Preparation of Single Audit Act reporting for grant received from U.S. Bureau of Reclamation	\$
4. Preparation of GASB 68	\$
5. Travel Expenses and other incidental costs	\$
	<hr/>
	Total \$

Phone consultation between the District and the selected Auditor, and any Auditor familiarization with the District, shall be included in the base fee.

Include a schedule of hourly charges for principals and various staff levels to be used as a basis for audit costs that are outside the scope of the basic auditing and accounting services.

Partner	\$	per hour
Manager	\$	per hour
Senior	\$	per hour
Staff	\$	per hour
Clerical	\$	per hour

Procedure for Evaluating Proposals

Proposals will be evaluated by District staff to ascertain which firm best meets the needs of the District. Factors that will be considered are:

- Water District auditing experience of the firm.
- Professional qualifications and experience of the firm and proposed audit team.
- Professional approach to assignment and willingness to work with management.

- Responsiveness of the proposal by clearly stating an understanding of the work to be performed.
- The anticipated support requirement of District staff.
- The audit fee.
- Evaluation by selection committee based on material and oral interview.

Scope of Services

The District desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The auditor shall examine all District funds in accordance with the generally accepted auditing standards in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts, the provisions of the Federal Single Audit Act, and express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles. The Auditor shall prepare the Comprehensive Annual Financial Audit Report in conformance with the latest edition of the GAAFR, all GAAFR Update Supplements, and the latest NCGA and GASB pronouncements.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

Management is not aware of any unusual circumstances warranting an extended scope beyond that called for above. However, if in due course of the examination, evidence of such circumstances arise, you shall agree to provide the District with all ascertainable facts relative to such circumstances together with an estimate of additional services required and the additional cost thereof in order that proper contract modifications may be completed before you commence with such extended examination.

It is expected that the auditor keep the Agency informed of any new state and national developments affecting municipal finance and reporting standards and trends. This shall include at least one formal updating session per fiscal year with the District's Management and Accounting staff.

Report Requirements

Auditor shall prepare and provide the specified reports in the format and quantities listed below:

	Document	Submission Format	Quantity
1.	Comprehensive Annual Financial Audit Report	Digital PDF	One
2.	Opinion on the computation of Net Revenue and Revenue Coverage for the 2015A Series Bonds	Digital PDF	One
3.	Single Audit Reports	Digital PDF	One
4.	Management Letter	Digital PDF	One

Auditor shall address the required Management Letter to the YVWD Board of Directors and include statements on audit findings and recommendations affecting the financial statements, internal controls, accounting systems, legality of actions, other instances of non-compliance with laws and regulations, and any other material findings.

Time Consideration and Other Requirements

An annual timeline of due dates will be prepared by the District and forwarded to the Auditor. The proposed timeline for Fiscal Year 2020 is summarized below:

- Auditor shall commence interim fieldwork prior to July 30th of each year.
- Auditor shall commence District year-end audit on or around the first week of September following fiscal year end.
- Draft copy of reports due by October 15th.
- The final copy of the Comprehensive Annual Financial Audit Report shall be:
 - Presented at the board workshop prior to the first regular board meeting in November;
 - Presented at the first regular board meeting in November; and
 - Ready for submission to the California Society of Municipal Finance Officers and the Government Finance Officers Association awards programs.

Audits for each of the following fiscal years subsequent to 2020 shall have similar due dates.

Auditor's staff assigned to the District's audit will include at least one person with three or more years of water district auditing experience and shall be at a supervisory level. There shall be at least one additional person on the audit staff who has completed at least one full year in water district auditing. The total audit staff should be at a level sufficient to complete the audit in the time schedule specified above. In addition, the audit staff should remain constant throughout an audit with a minimum of one member returning each year.

District Responsibilities

District staff will prepare unaudited closing entries including work papers supporting asset and liability balances. Staff will be available on a reasonable basis to locate, reproduce, and re-file required or requested documentation during the audit fieldwork.

District staff will provide the information required for the Management Discussion and Analysis and statistical section of the Comprehensive Annual Financial Audit Report.

Accounting staff will be available during the audit to assist the auditor by providing requested information, documentation and explanations.

The preparation of confirmations will be the responsibility of the auditor.

District staff shall provide a reasonable work area (table and chairs), telephones, photocopying facilities, facsimile machines and electrical power to the Auditor for use during the audit.

Irregularities and Illegal Acts

Auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which he/she becomes aware to the following parties:

- District Chief Financial Officer
- District Attorney
- General Manager
- Board of Directors

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years following the Board's adoption of the audit, unless the firm is notified in writing by the District of the need to extend the retention period.

The firm shall promptly respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers related to matters of continuing accounting significance.

Additional Information

1. The submission of proposal shall be prima-facie evidence that the proposer has full knowledge of the scope, nature, quantity, and the quality of work to be performed as well as the detailed requirements of the specifications and the conditions under which the work is to be performed.
2. The District reserves the right to conduct reference checks.
3. The District will not be liable for any costs incurred by the proposer in connection with such interview (i.e., travel, accommodations, etc.).
4. The District reserves the right to reject any and all proposals, the right in its sole discretion to accept the proposal that it considers most favorable to the District's best interest, and the right to waive minor irregularities in the procedure.
5. The contracting firm shall make itself available to present the Audit Report to the District's Board of Directors and answer any questions related to the Audit Report or any audit findings.
6. Compensation for the conduct of the audit service will be paid upon submission of progress billing and upon a final billing along with the required reports.
7. It is expected that the firm chosen will make itself available for additional projects that may be necessary from time-to-time. These projects are to be in accordance Government Auditing Standards.
8. The contracting firm shall provide certificate of insurance including workers' compensation, commercial general liability, commercial automobile liability, and professional liability insurance.

9. No subcontracting of auditing services will be allowed without the expressed prior written consent of the District. The Auditor shall be staffed adequately to provide all services requested.
10. The Auditor and all subcontractors shall comply with all applicable federal, state, and local laws, rules, and regulations.
11. It is expected that the firm selected will be required to enter into a professional services agreement prior to the commencement of fieldwork. A standard District agreement may be reviewed, if requested.
12. All bids are to include any and all applicable taxes.
13. An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in California.
14. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. The personnel may also be changed for other reasons with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements. Firm specialists identified in response to the proposal can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements. Other staff personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.
15. During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.
16. All proposals submitted in response to this RFP will become the property of the District and a matter of public record.
17. Consultant declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the District in connection with the award or terms of the Agreement that will be executed as a result of award of this RFP, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the District will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of the Agreement or any work to be conducted as a result of the Agreement. Violation of this Section shall be a material breach of the Agreement entitling the District to any and all remedies at law or in equity.