



**Date:** April 7, 2020

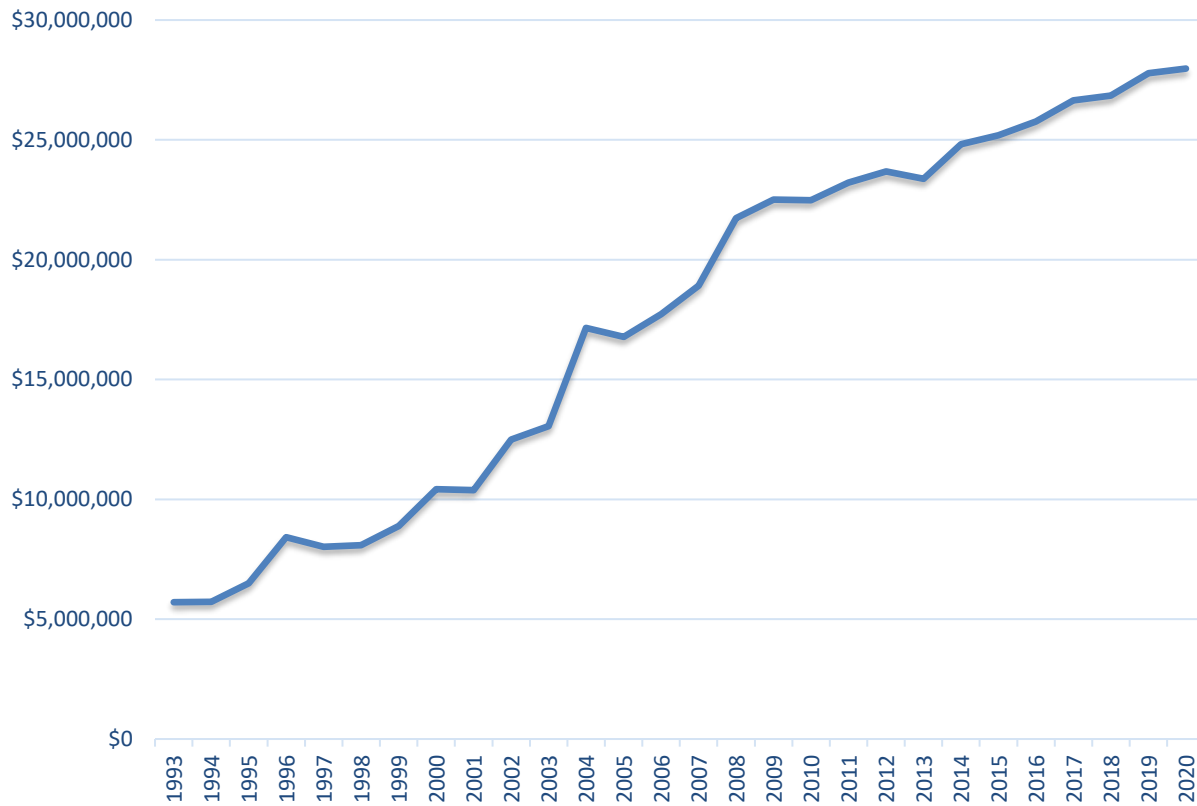
**Prepared By:** Allison M. Edmisten, Chief Financial Officer

**Subject:** Consideration of Executing a Contract with Davis Farr Certified Public Accountants for Financial Auditing Services

**Recommendation:** That the Board authorize the General Manager to execute audit engagement contracts with Davis Farr through Fiscal Year 2021-22 for a sum not to exceed \$92,450.

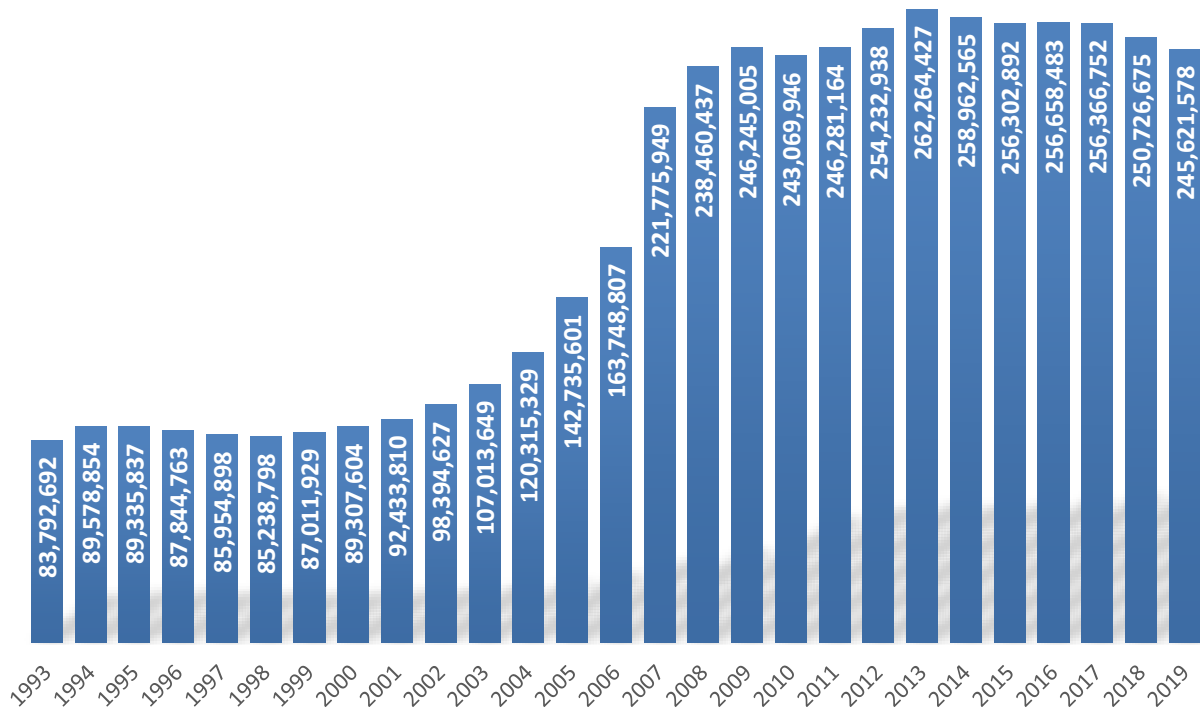
Over the past 27 years, the operating budget of the Yucaipa Valley Water District has grown from \$5,708,000 in Fiscal Year 1993 to \$27,974,659 in Fiscal Year 2020. The change in our operating budget is largely due to a growing service area, additional services provided to the community, and greater emphasis on maintaining the assets of the drinking water, sewer, recycled water, and brine disposal enterprises.

### YVWD Operating Budget by Fiscal Year



The following chart of Net Capital Assets best illustrates the changes that have occurred with respect to the total (drinking water, recycled water, sewer and brine disposal) net assets required to be operated and maintained by the District staff on behalf of the community we serve.

### Net Capital Assets



On February 18, 2020 the Board of Directors authorized District staff to release a Request for Proposal (RFP) for professional auditing services [Director Memorandum 20-017]. The RFP was posted on the District website, emailed to individuals registered on Constant Contact as well as posted to the California Society of Municipal Finance Officers (CSFMO). The District received responses from the 10 audit firms listed below:

Audit Firm	Submitted Bid for 3 Fiscal Years	Selected for Interview
Brown Armstrong	Yes	Yes
Davis Farr	Yes	Yes
Eadie & Payne	No	No
Eide Bailly	Yes	No
Fedak & Brown	Yes	No
Moss, Levy & Hartzheim	Yes	Yes
Nigro & Nigro	Yes	No
RAMS	Yes	Yes
Van Lant & Fankhanel	Yes	Yes
White Nelson Diehl Evans	Yes	Yes

After an independent internal review by the Chief Financial Officer, an Implementation Manager and the Purchasing Agent, 6 firms were selected for phone interviews. As a result of the phone interviews and content of the material submitted, Davis Farr Certified Public Accountants was selected for the audit contract for the next three fiscal years with the option of two additional years.

The contract with Davis Farr includes the annual financial audit, annual net revenue coverage required by our bond for the Water Treatment Plant, preparation of GASB 68 and a single audit if required each year. If a single audit is not required each year, the annual charge will decrease.

#### Financial Impact

The cost of this contract will be split between the Water, Sewer and Recycled Water Funds, Audit & Accounting [G/L Account #xx-506-54108].