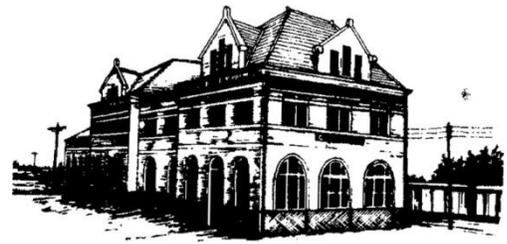


City of
CRESTON, IOWA

116 W Adams Street • PO Box 449

Creston, IA 50801-0449

Phone: 641.782.2000 • Fax: 641-782-6377



October 21, 2016

**REQUEST FOR PROPOSALS (RFP)
AUDIT SERVICES
RFP NUMBER 2017-01**

The City of Creston will receive proposals for audit services relating to State and Federal audit requirements for the fiscal years ending June 30, 2017, 2018, and 2019. Attached is information relating to minimum specifications of services, data to be included in the proposal, evaluation criteria, and selected information relating to the City of Creston.

Sealed proposals (2 copies) will be accepted until 5:00 p.m. on November 23, 2016, to the City Clerk's office located at the City Hall in Creston, Iowa. If mailed, the proposals should be mailed in time for us to receive the proposal by November 23, 2016. Mail to the attention of:

**Lisa Williamson, City Clerk
City of Creston
116 W. Adams St.
PO Box 449
Creston, Iowa 50801**

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a sealed proposal for the RFP number indicated above and the name of the firm submitting the proposal.

A resolution awarding the contract for services will be presented to the Creston City Council at the December 6, 2016 City Council Meeting.

Further information may be obtained from: Lisa Williamson, City Clerk
lwilliamson@crestoniowa.org, 641-782-2000 Ext. 203.

A copy of prior year Audited Financial Statements can be distributed for your information.

I. General Information

1. Proposals must be dated and signed by an authorized official to bind the firm submitting a proposal.
2. Proposals must remain in force for at least 90 calendar days from the date of submission.
3. All inquiries concerning this RFP should be directed in writing (mail/e-mail/fax) no later than 4:00 p.m. on November 23, 2016, to Lisa Williamson at the address included on page 1.
4. In all cases, no verbal communication shall override information present in this RFP or written addendum distributed.

II. Specific Requirements

1. The City of Creston reserves the right to reject any and all proposals received.
2. Only proposals received at the location described and in the time frame given will be considered.
3. The original and one copy of the enclosed contract should be completed and manually signed by a partner of the firm submitting the proposal.
4. The audit shall be performed in accordance with the following:
 - A. U.S. generally accepted auditing standards.
 - B. The standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
 - C. The Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, when applicable.
5. The City of Creston may request a representative of the firm to appear at the City Council meeting to present the annual audit report.
6. The fees quoted in your proposal and included in the contract will be the maximum paid in total, unless an amendment to the contract is completed by both parties.
7. The agreement will be for a three-year period.
8. The audit report should conform to:
 - A. Reporting formats specified by the Auditor of State's office
 - B. AICPA Audit Guides
 - C. Governmental Accounting Standards Board reporting requirements.
 - D. The requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations when applicable.

9. The audit report should include a management letter which includes recommendations related to the financial statements, internal control, accounting systems, and compliance issues.
10. 25 bound copies of the report, including the management letter, are required to be typed and reproduced by the firm accepting the contract. An electronic version of the report should also be provided.
11. Three bound copies of the report, including the management letter, a detailed per diem audit bill, and a copy of the news release shall be provided to the Auditor of State upon release of the reports to the City of Creston.

III. Data to be included in the proposal

In order to simplify the review process and to obtain the maximum degree of comparability, it is requested the proposals include the following items and be organized in the manner specified below.

1. Letter of transmittal:

A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved is permitted, but not required, if it is limited to not more than two pages. If a transmittal letter is presented, it should clearly set forth the local address of the office of the firm to be performing the work, the telephone number, and the name and title of the contact person.

2. Table of contents:

Include a table of contents which identifies the material by section, page number, and a reference to the following information to be contained in the proposal. If a transmittal letter is not submitted, please include on the table of contents the local address of the office to be performing the work, the telephone number, and the name and title of the contact person.

3. Profile of firm proposing:

- A. State whether the firm is a local, national or international firm and a brief description of the size of the firm.
- B. State whether the firm is in compliance with the registration requirements to engage in the practice of public accounting within Iowa.
- C. State whether the firm is independent of the entity to be audited in accordance with Government Auditing Standards.
- D. Describe the local office from which the work is to be performed.
 1. Location of the office
 2. Current size of the office

3. Size of professional staff by level, such as partner, manager and supervisor, senior, and other professional staff
 4. Number of CPA's in the office
- E. Submit any other information required to describe the office which will be performing the work.

4. Qualifications:

- A. Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities. If desired, it is permissible to include your five largest clients that are not governmental clients.
- B. Include resumes of all key professional members who will be assigned to the audit. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge accountant. The resumes should include:
 1. The amount of experience the individual has had in the auditing profession.
 2. A summary of similar audits on which the individual has worked.
 3. A summary of the continuing professional education the individual has had that relates directly to governmental accounting and auditing during the last two years.
 4. A statement as to whether the individual is independent, as defined by Government Auditing Standards.
- C. Describe the firm's policy on notification of changes in key personnel anticipated to be assigned to the audit.
- D. Provide a listing of, or the number of, professionals in the office who are experienced in governmental auditing and reporting.
- E. Describe the availability of individuals within the firm, who are primarily involved in governmental auditing and reporting, with which the audit team may consult.
- F. Briefly describe the firm's system of quality control to ensure that the audit is adequately performed.

5. Scope of Services and Proposed Project Schedule

- A. Briefly describe your understanding of the scope of services to be provided.
- B. Indicate a proposed time schedule for completing the work, assuming the contract will be issued on the date given in this request.
- C. Include the approximate dates you would perform fieldwork, office review, and report preparation and the delivery date of the final report by the second Friday of October each year.

6. Provide the following information:

- A. Estimated total hours
- B. Estimated out-of-pocket expenses
- C. Hourly rate by staff classification
- D. All-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded
- E. Frequency and timing of your billing process

IV. Evaluation Criteria

The proposal will be evaluated by the City of Creston based upon the following criteria, therefore, it is important that your proposal be responsive to the data requested.

1. Cost
Overall cost, including out-of-pocket expenses for performance of the audit.
2. Qualifications
 - A. Organizational structure and size of the firm
 - B. Organizational structure and size of the office performing the audit
 - C. Recent experience in similar type of audits
 - D. Qualifications of the audit team and the number of individuals experienced in governmental auditing
 - E. Individuals with whom the audit team can consult
 - F. Understanding of work and timetable to complete the audit

V. Entity Profile

1. Administrative Information:

The City of Creston located in Union County, was first incorporated in 1869. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The local government is serving a community of 7,834 residents, according to the 2010 Census.

The City requests an audit, City Annual Financial Report for the State of Iowa, and (if applicable) Federal Single Audit based on the fiscal year(s) ending June 30, 2017, 2018, and 2019.

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items.

Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Government funds include: 1) General Fund, 2) the Special Revenue Funds such as Road Use Tax, Employee Benefits, Local Option Sales Tax and Tax Increment Funds, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Fund.

Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report the same functions presented as business type activities. The City maintains one Enterprise Fund to provide separate information for the sewer fund. The sewer fund is divided into several sub-funds that include: 1) Sewer Operating Fund, 2) Sewer Debt Service Fund, 3) Sewer Plant Replacement Fund, and 4) the Sewer Storm Water Fund.

The City of Creston's FY2017 Operating Budget for all funds is as follows and is subject to amendment:

Revenue:

Taxes Levied on Property	\$ 2,750,305
TIF Revenues	\$ 270,870
Other City Taxes	\$ 1,023,813
Licenses & Permits	\$ 43,400
Use of Money & Property	\$ 85,275
Intergovernmental	\$ 3,247,055
Charges for Fees & Service	\$ 5,651,231
Miscellaneous	\$ 188,300
Other Financing Sources	\$ 2,181,599
Total Revenue	<u>\$15,441,848</u>

Expenditures:

Public Safety	\$ 1,673,108
Public Works	\$ 2,007,647
Culture & Recreation	\$ 1,221,192
Community & Economic Development	\$ 42,175
General Government	\$ 2,189,816
Debt Service	\$ 943,226
Capital Projects	\$ 1,563,000
Total Government Activities Expenditures	<u>\$ 9,640,164</u>

Total Business Type/Proprietary Expenditures \$ 4,065,209

Total All Expenditures \$13,705,373

Total Cash and Investments as of June 30, 2016 \$ 9,847,312

Total Outstanding Debt as of June 30, 2016 \$ 3,543,900

The City's employment is as follows:

- Full-time employees - 26
- Part-time employees (including seasonal) - 43
- Police officers - 11
- Firefighters - 5
- Mayor and Council Members - 8

The City of Creston uses computer software known as INCODE Central supported through Tyler Technologies. Modules currently in use include: Accounts Payable, Check Reconciliation, Fixed Assets, General Ledger, Payroll, and Purchase Orders.

2. Work and Reporting Requirements:

The audit report should contain the following information:

- A. Table of Contents
- B. Listing of City Officials
- C. Independent Auditor's Report
- D. Management's Discussion and Analysis
- E. Basic Financial Statements:
 - 1. Government Wide – Statement of Activities and Net Assets – Cash basis
 - 2. Governmental Fund – Statement of Cash Receipts, Disbursements and Changes in Cash Balances
 - 3. Proprietary Fund - Statement of Cash Receipts, Disbursements and Changes in Cash Balances
 - 4. Fiduciary Fund – Statement of Changes in Fiduciary Assets and Liability – Agency Fund
 - 5. Notes to Financial Statements including detailed information in regards to pension and retirement benefits and liabilities
- F. Supplementary Information:
 - 1. Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds
 - 2. Notes to Required Supplementary Information – Budget Reporting including pension liability
- G. Other Supplementary Information:
 - 1. Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Non-major Governmental Funds
 - 2. Schedule of Indebtedness
 - 3. Bond and Note Maturities
 - 4. Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds
- H. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- I. Schedule of Findings
- J. Staff Listing

The City Annual Financial Report for the State of Iowa should contain the following:

- A. Revenues and other Financing Sources
- B. Expenditures and other Financing Uses
- C. Intergovernmental Expenditures
- D. Salaries and Wages
- E. Debt Outstanding, Issued and Retired
- F. Debt Limitation for General Obligation Bonds
- G. Cash and Investment Assets

The Federal Single Audit Report should contain the following:

- A. Financial statements
- B. Schedule of expenditures of Federal awards
- C. Auditor's opinions on the fair presentation of the financial statements and schedule of expenditures of Federal awards
- D. Auditor's report on internal control and compliance pertaining to financial reporting and pertaining to major programs
- E. Auditor's schedule of findings and questioned costs

3. Time Requirements:

The contract will be awarded at the City Council Meeting on December 6, 2016.

Records will be available for the audit within 15 days of the fiscal year end. City staff will be available during the audit to assist in gathering information and answering all questions. Copy services and workspace will be available to the audit team. Fieldwork should be completed within three weeks from the start thereof and a draft report completed within two months of fieldwork completion. The final report is due and may be presented to the City Council in October of each year.

The City Annual Financial Report for the State of Iowa is to be submitted electronically to the State prior to December 1 of each year. A paper copy of the report is to be given to the City Administrator for review prior to online submittal.

The Federal Single Audit Report and SF-SAC form is to be submitted electronically to the Federal Audit Clearinghouse prior to December 1 of each year. A paper copy of the report is to be given to the City Administrator for review prior to online submittal.

Agreement Between
The City of Creston
AND

THIS AGREEMENT made and entered into this _____ day of _____, 2016, by and between the City of Creston, hereinafter called "City" and _____, hereinafter called "CPA."

WHEREAS, the City wishes to obtain the services of the CPA to perform an audit in accordance with Section 11.6, Code of Iowa, for the fiscal years ending June 30, 2017, 2018, and 2019.

WHEREAS, the CPA is equipped and staffed to perform the above audit; and

WHEREAS, this agreement is in the public interest in fulfilling the requirements of Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. That the CPA will:

- A. Provide auditors of various classifications and for the required hours.
- B. Begin work on the audit engagement as specifically agreed upon with the City.
- C. Perform all work in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and applicable federal and state requirements.
- D. Immediately inform the City officials, the Auditor of State, and County Attorney if the audit discloses any irregularity in the collection or disbursement of public funds.
- E. Provide access to the working papers to any appropriate federal agencies for the period of time specified in relevant agreements entered into by the City.
- F. Provide access of the working papers to the Auditor of State in accordance with Chapter 11 of the Code of Iowa.

2. Conditions of Payment:

- A. It is understood that the fees for the services set forth shall be the maximum annual contract amount.
- B. The CPA shall present an invoice for the services in the following manner: 1) a progress billing after any interim work is performed and/or 2) in full or balance owed after the audit and report are completed.

C. Payments shall be made within 30 days of receipt of invoice.

D. The total reimbursement shall not be for more than the annual maximum except as specifically agreed in writing by the City and the CPA.

3. Termination of Agreement:

A. The City may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.

B. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IN WITNESS THEREOF, City and CPA have executed this AGREEMENT as of the date indicated below:

CPA

City of Creston

By _____ By _____

Title _____ Title _____

Date _____ Date _____

EVALUATION CRITERIA AND TECHNIQUES FOR RESPONSES TO REQUESTS FOR PROPOSALS

Evaluation of responses to a request for proposal (RFP) is based upon a 100-point rating system. A maximum of 25 points is assigned to the cost of the bid proposal, and a maximum of 75 points is assigned to the qualifications of the bidding firm or individual. The techniques used to evaluate these two components are described below.

Criteria: **COST**
Evaluation Value: 25 points
Evaluation Technique: For each firm evaluated

$$\text{Cost Score} = \left[\frac{\text{Lowest cost of all bids received}}{\text{Bid cost for this firm}} \right] \times 25$$

Criteria: **QUALIFICATIONS**
Evaluation Value: 75 points
Evaluation Technique: Subjective scoring for the following factors:

<u>Qualification Factor</u>	<u>Possible Points</u>
1. Organizational structure and size of entire firm (resources available – personnel and research, existence of areas of specialization, commitment to governmental auditing, etc.)	0-5
2. Organizational structure and size of office performing the audit (resources available – personnel and research, existence of area of specialization, commitment to governmental auditing, etc.)	0-10
3. Recent experience in similar audits (involvement in local governmental audits – extensiveness, variety, length of time performing audits, etc.)	0-20
4. Qualifications of the audit team (level of experience as accountants, auditors, governmental auditors, variety of experience, % of time devoted to governmental audits, number of CPA's involved, training, etc.)	0-20
5. Individuals with whom the audit team can consult (level and variety of experience, number of CPA's, training, etc.)	0-10
6. Understanding of work and timetable to complete audit (number of hours, projected timetable, commentary showing understanding of entity and general knowledge of what is required, etc.)	0-10

Each firm's total evaluation score is the sum of its cost score plus its qualification score. The maximum score is 100 points.