



CITY OF WASHINGTON, MISSOURI

REQUEST FOR PROPOSAL

ANNUAL AUDIT SERVICES & ACFR PREPARATION

Proposals To Be Accepted At:

**City of Washington
Attention: Finance Director
405 Jefferson Street
Washington, Missouri 63090
636-390-1040**

Until 3:00 P.M. on September 27, 2024

**City of Washington, Missouri
Request for Proposal
Annual Audit and ACFR Preparation**

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INTRODUCTION

General Information:

The City of Washington is requesting proposals from qualified firms of certified public accountants for the preparation of the City's Annual Comprehensive Financial Report (ACFR), which includes completion of the annual audit for fiscal years ending September 2024, 2025, 2026, 2027 and 2028. This agreement is subject to annual appropriation. Either party may cancel the agreement by giving 90 days written notice prior to September 30. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the provisions of the Federal Single Audit Act, the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Nonprofit Organizations.

Background Information:

The City of Washington is a third-class municipality governed according to Missouri State Statutes with a Mayor and City Council form of government. The Council consists of eight members from 4 different Wards. City Council appoints the City Administrator who is responsible for the daily operations of the City.

The City provides the following services: General Government (Administration, Finance/IT, Street, Building Maintenance, Engineering, P & Z, Airport & Storm Water), Public Safety (Dispatch, Police, Fire (Volunteer), Culture & Recreation (Parks, Aquatic Center, and Library), and Public Works (Water, Sewer & Refuse, Landfill, Recycling).

Washington serves an area of 13 square miles with a population of 14,500, however serves a shopping population of over 120,000. The City's fiscal year is October 1 through September 30. The City of Washington is fiscally conservative and financially sound. The audited total net position as of September 30, 2023 was \$72 million and general fund equity was \$14,592,195. The total operating budget for the fiscal year beginning October 1, 2023 is \$54 million which includes a Capital Program budget of \$18.5 million. The City issues approximately 4,000 vendor checks annually. Payroll is approximately \$6.5 million with an estimated 110 full-time and approximately 60 seasonal part-time employees. Payroll processing is done in-house.

Approximately, 73% of the City's revenue is from governmental sources while the other 27% comes from business type activities. Sales tax and property tax generate the largest portion of governmental revenue at 50% and 13% respectively. Other significant sources of revenue include gross receipts tax on commercial utilities and intergovernmental revenues (federal and state grants).

The City has an A+ bond rating through Standard and Poor's. The City has 1 outstanding Certificate of Participation and 1 Revenue bond debt issue outstanding. In addition, there are 3-TIF notes outstanding. The Component Unit-Phoenix Center II CID has 1 debt issue outstanding. No future debt is anticipated at this time for the next few years.

The funds in existence at the present time are as follows:

General Fund

Included in General Fund for reporting: Volunteer Fire Fund (SRF) & Storm Water Fund (CPF)

SPECIAL REVENUE FUNDS

Downtown TIF Special Allocation Fund
Rhine River TIF Special Allocation Fund
Front & Main TIF Special Allocation Fund

DEBT SERVICE FUND

COPS Fund

CAPITAL PROJECT FUNDS

Capital Improvement Sales Tax Fund
Transportation Sales Tax Fund
Vehicle and Equipment Replacement Fund

ENTERPRISE FUNDS

Water Fund
Sewage Treatment Fund
Solid Waste Fund

COMPONENT UNITS- Discretely Presented

Library Fund
Phoenix Center II Community Improvement District Fund (CID)

Basis of Accounting and Budgeting:

The governmental fund types follow the modified accrual basis of accounting. The proprietary fund types use the accrual basis of accounting.

The City of Washington prepares its budgets on a basis consistent with generally accepted accounting principles.

Both the City's audit reports and budgets are available on the City's website at www.washmo.gov.

Pension Plans:

The City participates in Missouri Local Government Employees Retirement System LAGERS- Single Employer Defined Benefit plan in pays 100 % of the contribution. The City also offers employees the ability to participate in a Deferred Compensation 457 Plan which is 100% funded by employee contribution only.

Other Post-Employment Benefit Plans:

The City allows retirees to purchase health and dental insurance under the City’s plan with 100% of the cost being paid by the retiree. An actuarial valuation is outsourced every 2 years to insure proper reporting.

Component Unit:

The City does have two discretely presented component units which are the Washington Public Library (WPL) and Phoenix Center II Community Improvement District (CID). The WPL does not have a separate audit or its own set of financial statements. The CID has a separate audit and prepares its own set of financial statements. The CID usually contracts with the same independent auditor that the City uses for audit services and preparation of its financial statements. Although the CID pays the audit fee for the component unit directly, it does not prepare a separate RFP for audit services. Therefore, the City addresses the CID in the City’s RFP and requests a fee for the CID audit and preparation of financial statements in the cost bid proposal discussed in that section below.

Finance Department Organization:

The finance department consists of eight employees. The principal functions performed and the number of employees assigned to each is as follows:

Finance Director/Treasurer/City Collector	1 employee
Payroll Specialist	1 employee
Accounts Payable Accountant	1 employee
Accounts Receivable/Utility Billing	2 employees
Finance Assistant	1 employee
Cashiering/Business Licensing	2 employees

Computer System:

The City uses Tyler Incode accounting software for Financial operations including Purchasing and Accounts Payable and Receivable, Cash Collections, General Ledger, Payroll, Utility Billing, Project Accounting, Budgeting, and Capital Assets. Civic Rec is used for Park operations of Cashiering and reporting. Smartgov is used for Business licensing, Permitting and Occupancy.

City Contacts:

The auditor’s main contact with the City will be Tammy Alsop CPA, CFE, Finance Director. Office location is at 405 Jefferson Street, Washington, MO 63090 Office phone number: (636) 390-1040 and fax number is (636) 390-1068. E-mail address is talsop@washmo.gov

SCOPE OF SERVICES

Audit:

The City of Washington desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with U. S. generally accepted accounting principles (GAAP).

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards. The auditor is not required to audit the Management Discussion and Analysis or audit data included in the Statistical Section of the financial report.

ACFR:

The City has received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officer's Association the past 15 years and expects to continue to do so with the assistance of the audit firm selected. Experience in the preparation of an annual comprehensive financial report is therefore required and the City searches for a firm that actively participates in technically assisting clients which have previously received this award.

The auditing firm selected will be responsible for assisting in implementation of the current GFOA ACFR comment recommendations and for helping to respond in writing to any GFOA request for follow up on exceptions noted by the GFOA on the previous year's ACFR.

Single Audit:

A Single Audit was required in fiscal year September 30, 2023 and will be anticipated in each of the years under contract. The auditing firm selected will be responsible for completing the Single audit and all the required filings.

Deliverables:

The provider of audit services will provide the following:

1. Audit and ACFR must be delivered in a timely manner sufficient for its distribution to bond trustees and GFOA by March 15th of each year.
2. 20 bound copies, one unbound copy, and an electronic copy of the ACFR. 5 bound copies for the CID and an electronic copy of the ACFR. 5 bound copies of the Single Audit and one unbound copy. The City shall retain the right to make additional copies as it deems necessary and appropriate.
3. Presentation of the ACFR by the provider of audit services to both the Finance Committee and City Council at a public meeting.
4. 20 bound copies and one unbound copy of the Management Letter containing and recommendations for improvement of organizational effectiveness, internal controls and/or accounting controls.

5. Discussion of the Management Letter with the Finance Committee and City Council at a public meeting.

Proposed Annual Time Requirements:

Audit fieldwork begins	January 10
Audit fieldwork complete	January 31
Draft of Financial Statements due	February 28
Final Financial Statements due	March 15

The above time requirements must be strictly adhered to so the City can meet its requirements to file its financial reports to the GFOA, State of Missouri, Bond Trustee for EMMA filing for debt service requirements, and for completion of special reports that are required to be filed for its debt service requirements to meet various March deadlines.

SUBMISSION REQUIREMENTS

To simplify the review process and to obtain the maximum degree of comparability, this portion of the proposal must follow the outline as set below and, at a minimum, contain the required information. Additional relevant information is encouraged.

1. Affirm Independence, Disclose any potential conflicts, and substantiate licenses to practice in Missouri.
2. Describe your firm’s approach to conducting the audit examination, including your understanding of the scope of the services to be provided and the reports and documents required. It should indicate the approximate date the audit will begin and end (including any preliminary fieldwork). Include a copy of your most current peer review report.
3. The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems, and any special assistance that will be requested from the City of Washington.
4. Provide a proposed first-year timetable in calendar days for all stages of the project services and delivery of reports. This should be representative of each of the subsequent years under contract. Final Due Date for Financial Statements must be March 15 or before. If this timetable varies significantly from the projected timeline proposed by the City, please explain in detail how you plan to meet the March 15th final report deadline.
5. Describe the governmental experience of your firm including the specific details regarding experience in the preparation of an Annual Comprehensive Financial Report.
6. Provide a list of at least three municipal government references where your firm has conducted an audit in the past 2 years. This list should indicate the names and telephone numbers of officials in the municipality that may be contacted.
7. Staffing of the audit and ACFR preparation. Biographies, including experience of the individuals who will be assigned to the engagement and the relevant experience of each in auditing municipalities and preparing ACFR’s must be furnished.

8. Fees: The City requires a fixed fee for audit services for each year to be covered by this agreement including:

- Audit & ACFR for the year ending September 30, 2024
- Audit & ACFR for the year ending September 30, 2025
- Audit & ACFR for the year ending September 30, 2026
- Audit & ACFR for the year ending September 30, 2027
- Audit & ACFR for the year ending September 30, 2028

Single Audit: Fees for a single audit shall be stated separately from the fees quoted for the general audit for each year to be covered by this agreement.

ACFR preparation: The City is considering preparing the ACFR, please include AFR preparation fixed fee separately from the fees quoted for the general audit for each year to be covered by this agreement.

The CID requires a fixed fee for audit services for each year to be covered by this agreement (CID fee should be stated separately from City) including:

- Audit & Financial Statements for the year ending September 30, 2024
- Audit & Financial Statements for the year ending September 30, 2025
- Audit & Financial Statements for the year ending September 30, 2026
- Audit & Financial Statements for the year ending September 30, 2027
- Audit & Financial Statements for the year ending September 30, 2028

SELECTION CRITERIA

The procurement process for these services will be based upon a Qualifications Based Selection (QBS) process. The award of a contract will be made to the firm offering a response that the City believes best meets its needs. Each respondent will be evaluated on the basis of the following criteria:

- A. Qualifications and experience of the firm and the key individuals to be assigned to the City's audit,
- B. Ability to complete the audit in a timely manner
- C. Credentials of firm and demonstrated ability in similar projects
- D. Costs
- E. Qualifications and experience of the firm to provide other professional services
- F. Responses to questions or interviews of finalists if interview process is required.

Oral Presentations:

During the evaluation process, the Selection Committee, at its discretion, may request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Committee may have on a firm's proposal.

Final Selection:

The Selection Committee will make a recommendation to City Council annually in October. It is anticipated that a contract would be executed between both parties following council approval on approximately October 7, 2024.

SUBMISSION OF PROPOSAL AND OTHER INFORMATION

Proposal Submission:

Ten copies of your proposal shall be submitted as follows:

To: AUDIT SERVICES RFP
City of Washington, Missouri
405 Jefferson Street
Washington, MO 63090
Attn: Tammy Alsop, CPA, CFE Finance Director

Submittal Date: **Friday, September 27, 2024 at 3:00 pm**

Proposal Calendar:

The following is a list of key dates up to and including the date proposals are to be submitted. This proposed calendar is subject to change if the City needs additional time for evaluation of RFP's.

RFP Closes	September 27, 2024
Proposal Evaluation Complete	September 30, 2024
Interviews if deemed necessary	September 30, 2024
Finance Committee Recommendation	October 1, 2024
City Council Workshop	October 7, 2024
City Council Approval & Award	October 7, 2024

Insurance Requirements:

The audit firm shall be required to maintain and carry in force, for the duration of the contract, insurance coverage of the types and minimum liability as set forth below:

Professional Liability:

The audit firm must carry professional liability insurance protection for the duration of the contract including errors and/or omissions as stated below.

Commercial General Liability:

Limits:	
Each Occurrence:	\$ 1,000,000
General Aggregate:	\$ 3,000,000
Additional Insured: City of Washington, Missouri	

Auto Liability:

Policy shall protect the audit firm against claims for bodily injury and/or property damage arising out of the ownership or use of any owned, hired and/or non-owned vehicle and must include protection for any auto, owned autos or non-owned autos. Limits of auto liability insurance shall be the same as required in the Commercial General Liability section.

Workers' Compensation:

This insurance shall protect the firm against all claims under applicable State Workers' Compensation Laws. The firm shall also be protected against claims for injury, disease or death of employees, which, for any reason, may not fall within the provisions of a Workers' Compensation Law. The policy limits shall not be less than the following:

Workers' Compensation:	Statutory
Employer's Liability:	
Bodily Injury by Accident:	\$ 100,000 Each Accident
Bodily Injury by Disease:	\$ 500,000 Policy Limit
Bodily Injury by Disease:	\$ 100,000 Each Employee

Before entering into contract, the successful respondent shall furnish to the City of Washington, Office of City Clerk, a Certificate of Insurance verifying all of the foregoing coverages and identifying the City of Washington as an "additional insured", including the endorsement page, on both the general liability and automobile policies. This inclusion shall not make the City a partner or joint venture with the contract firm in its operations.

Prior to any material change or cancellation, the City of Washington will be given thirty (30) days advance notice by registered mail to the stated address of the certificate holder. Further, the City will be immediately notified of any reduction or possible reduction in aggregate limits of any such policy where such reduction, when added to any previous reductions, would exceed 10% of the aggregate.

In the event of an occurrence, it is further agreed that any insurance maintained by the City of Washington, shall apply in excess of and not contribute with insurance provided by policies named in this contract.

The certificate holder on the Certificate of Insurance shall be as follows:
City of Washington, Office of City Clerk, 405 Jefferson Street, Washington MO 63090

Right to Reject Proposals:

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City of Washington reserves the right, without prejudice, to accept or reject any or all bids, to waive any minor informality or irregularity in any proposal, and to make award to the response deemed to be most advantageous to the City. The City will accept the proposal which it feels is the “Best” bid and in the best interest of the City which may not necessarily be the lowest bid.