

CITY OF LAKE HELEN, FLORIDA
REQUEST FOR PROPOSAL - AUDIT SERVICES
Bid # 2019-01

The City of Lake Helen is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2019, with four additional one-year renewal options for the fiscal years ending September 30, 2020, 2021, 2022, and 2023. These audits are to be performed in accordance with generally accepted auditing standards, Government Auditing Standards; U.S. Office of Management and Budget (OMB) Uniform Guidance; Florida Single Audit Act, and Chapter 10.550, State of Florida, Rules of the Auditor General.

DESCRIPTION OF THE GOVERNMENT

General Information

The City of Lake Helen, known as the Gem of Florida, is a small village-style community with many well-preserved Victorian-style homes, giving the City a quaint, small-town ambience that is a source of pride and enjoyment for its 2,700 residents. Incorporated on October 24, 1888, Henry Deland (the founder of the City of Deland) named the City after his daughter.

Lake Helen's land area is approximately 4 square miles. There are 26 miles of paved roads and 4 miles of unpaved roads. The City's recreational facilities include Hopkins Hall, Blake Park, Royal Park, Lake Macy Park, Melissa Park, Mitchell Sports Complex, and the Equestrian Center/Trailhead. The City also includes the Creative Arts Café among its assets; the café is managed and operated by an independent contractor.

With an annual operating budget of approximately \$3.5 million, the City of Lake Helen provides its residents with police, fire protection (via contract with the County of Volusia), water utility services, and garbage services.

The City has a 5-member City Commission with a City Administrator that manages the day-to-day operations of the City.

The City of Lake Helen is organized into 11 departments. The accounting and financial reporting functions of the City of Lake Helen are centralized.

More detailed information can be found at www.lakehelen.com.

Fund Structure

The City of Lake Helen uses the following fund types and account groups in its financial reporting:

- Governmental Funds (2): General Fund, Stormwater Fund
- Permanent Fund (1): General Trust Fund
- Proprietary Funds (1): Water Utility Enterprise Fund

- Fiduciary Fund (1): Police Pension Fund

Finance Department

James Moore and Co. (Zach Chalifour, Partner) recently began providing financial management services to the City of Lake Helen in April 2019. There is also an on-site part time Bookkeeper who provides the daily accounting functions, to include: accounts payable, accounts receivable, utility billing and payroll; preparation of financial reports; and other finance functions. Management and the City Commission are responsible for budget preparation and publishing.

Computer Software

The Finance Department has recently migrated to Tyler Financial Management Software (Incode 10) during fiscal year 2019. Before the merge to Tyler for the first portion of fiscal year 2019, the City operated the following computer applications: QuickBooks for General Ledger, WaterWorks for utility billing, Bill.COM for accounts payable, and Paychex for payroll. The Finance Department also used QuickBooks (in conjunction with Microsoft Excel) to process purchase orders and miscellaneous cash receipts.

NATURE OF SERVICES REQUIRED

Scope of Work to be Performed

The City of Lake Helen desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall 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.

Reports to be Issued:

The Auditor shall issue all reports of its audit of the financial statements in accordance with laws, regulation and professional standards applicable to such audits and shall address all such reports to the Mayor and members of the City Commission and/or other addressees in accordance with the laws, regulations and professional standards applicable to such audits and shall contain the following:

1. **Independent Auditor's Report**: A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. Beginning in 2018, the City elected not to follow GASB 75 related to OPEB. It is anticipated that the auditor will issue a qualified portion of the opinion as it relates to the impacted opinion units by not implementing this standard.
2. **Report on Compliance and Internal Control over Financial Reporting**: As required by Government Auditing Standards.
3. **Management Letter and Examination Report**: In accordance with Chapter 10.550, Rule of the Florida Auditor General.

4. **Report on Financial and Compliance Audit of Federal and/or State-Assisted Programs:**
The Auditor shall issue separate reports as required by the Uniform Guidance and/or the Florida Single Audit Act as may be required from time to time. The City has not exceeded the threshold for a single audit in recent years and does not expect to require a single audit in the immediate future.
5. **Financial Statements (Pending Discount Option):** If desired by the City, the Auditor shall prepare draft financial statements and notes and provide these along with all adjusting entries, supporting schedules and a draft of the management letter to the City Administrator by February 1 of each year. City staff will be responsible for the review and approval of those financial statements prior to their issuance. Final report printing, and binding will be the responsibility of the auditing firm. An electronic copy of the Audited Financial Statements will also be provided by the auditing firm for dissemination on the City web site.
If the City elects to assume responsibility for preparation of the financial statements, such responsibility for assembling, printing, and binding the statements will also be assumed.
6. **Annual Financial Report/AFR (Pending Discount Option):** If desired by the City, the Auditor shall also prepare the City's Annual Financial Report (AFR) for submittal to the Department of Financial Services no later than June 30th yearly and within 15 days after completion of the audit through the Local Government Electronic Reporting (LOGER) website.

Audit Timeline & Logistics

The following is the anticipated timeline for the 2019 audit. Future years would be expected to be completed in accordance with a similar timeline. This schedule is under the assumption that all relevant pension disclosures and liability amounts for FRS and the City's Police Pension plan are issued by mid-January:

Aug-Sept 2019	Interim fieldwork; request list provided
12/06/2019	Internal books closed out; ready for audit fieldwork
12/20/2019	Audit fieldwork completed
01/24/2020	Draft of financial statements/audit reports
01/31/2020	Final draft of financial statements/audit reports
02/13/2020	City Commission presentation

Staff will be available during the audit to assist the firm by providing information, documentation and reasonable explanations.

Working space shall be made available as needed at City Hall or at the offices of the City's contracted Finance Manager, James Moore & Co., PL, in Daytona Beach. However, a significant portion of records will be prepared and are expected to be submitted to the auditor in electronic form. Further, if the auditor utilizes CCH ProSystem Fx Engagement for audit documentation purposes, binder packages can be provided to the auditor with trial balance groupings and other workpapers.

Working Paper Retention and Access to Working Papers

The City of Lake Helen is bound by the rules and regulations promulgated by the Division of Archives, History and Records Management (a division of the Florida Department of State). All working papers and reports must be retained, at the auditor’s expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Lake Helen of the need to extend the retention period.

The Auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. The City of Lake Helen.
2. Auditors of entities of which the City is a sub recipient of grant funds and other federal or state agencies as necessary.
3. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance at no additional charge.
4. The Auditor shall provide a complete copy of the working papers related to Adjusting Year End Journal Entries written by the Auditor to the City of Lake Helen at the completion of the audit, prior to the final payment of the auditing fees, by the City of Lake Helen.

Past Audits and Budget

James Moore & Co. served as the City’s external auditor for the 2015 through 2018 audits and resigned from serving as the City’s auditor in March 2019 to instead provide financial management services going forward.

No additional fees were paid to the auditor in any of the last 4 years for services outside of or in addition to the financial audit. The City’s audit fees for each of the past four years have been as follows:

<u>Year</u>	<u>Audit Fee</u>
2015	\$24,500
2016	\$25,000
2017	\$25,500
2018	\$26,000

Based on the significant time-savings expected in the audit process as a result of outsourcing the Finance Manager function to an external firm with significant experience in performing these services and working with outside auditors to ensure a seamless audit process, the City is currently anticipating budgeting no more than \$20,000 for audit services in fiscal year 2020.

INSTRUCTIONS FOR PROPOSALS:

Contact

The Auditor's principal contact with the City of Lake Helen is Lauren Olsen, Deputy City Clerk. Any inquiries concerning this request for proposal should be addressed in writing or e-mailed: LOlsen@lakehelen.com

Mrs. Lauren Olsen, Deputy City Clerk
City of Lake Helen
PO Box 39
Lake Helen, FL 32744

Proposals submitted will be evaluated by an Audit Selection Committee. A recommendation by the Committee to the City Commission will be presented. Final selection will be made by the City Commission.

PROPOSAL REQUIREMENTS

To be considered, one (1) original (marked "ORIGINAL") and one electronic file (on CD or USB jump drive) of the proposal must be marked "Bid #2019-01 FIN" and received by the City Clerk's Office, located in City Hall, PO Box 39, 327 S. Lakeview Dr., Lake Helen, FL 32744 by 2:00 pm on May 8, 2019. No proposals received after the specified time and date will be accepted. The time and date for receipt of proposals will be scrupulously observed. The City shall not be responsible for late deliveries or mail delays. The time/date entered on the proposal received in the Office of the City Clerk shall be the official authority for determining late proposals. The City of Lake Helen reserves the right to reject any or all proposals submitted.

The City of Lake Helen reserves the right to retain all proposals submitted regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Lake Helen and the firm selected.

The City of Lake Helen will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

Proposals should be split between a Technical Proposal and Cost Proposal and must include the following information:

TECHNICAL PROPOSAL

Introductory Items and Firm Background

1. Table of contents providing a clear identification of the material by section and by page number.

2. Transmittal letter no more than 2 pages explaining why the firm believes itself to be best qualified.
3. Description and history of the make-up and composition of the firm.
4. Location of the office from which the audit will be conducted and number of personnel in that office who would be working on the audit.

Experience and Expertise

1. Relevant government auditing experience of firm.
2. Description of Proposer's experience in preparing governmental financial statements, and in providing assistance in obtaining the Certificate of Achievement for Excellence in Financial Reporting.
3. Three (3) Florida Municipal references for which the firm has performed similar work.
4. Copy of the firm's most recent external peer review report and a description of the firm's peer review/quality control process.
5. Results of any Federal or State desk review or field audits during the past three (3) years.
6. Circumstances and status of any disciplinary actions taken or pending against the firm or any partners or employees of the firm by State regulatory bodies or professional organizations during the past three (3) years.
7. The Proposer shall describe any litigation or proceeding whereby, during the past three (3) years, a court or any administrative agency has ruled against the firm or any of the professional staff in any manner related to its professional activities.
8. Overview of the engagement team and role to be played by each team member.
9. Resumes of partners, managers and other supervisory staff assigned to this audit, which must include the following information:
 - a. Formal education and experience in public accounting in general
 - b. Experience in auditing governmental units
 - c. Membership in professional organizations
 - d. Affirmative statement that all continuing professional education requirements have been met

Audit Approach

1. The Proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this Request for Proposals.
2. Proposers shall provide the following information on their audit approach:
 - a. Proposed segmentation of the engagement
 - b. Description of the extent to which statistical sampling is to be used in the

engagement

- c. Type and extent of analytical procedures to be used in the engagement
- d. Approach to be taken to gain and document an understanding of the internal control structure
- e. Use of technology in audit approach
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

COST PROPOSAL

In a separate sealed envelope/file, labeled “FEE SCHEDULE”, the first page of the sealed dollar cost bid should include the following information: Name of Firm and a certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Lake Helen.

The cost bid should include a fee schedule for the audit cost over all 5 years of the potential engagement. These fees should be broken out between the following fixed-fee items: 1) the overall audit cost, inclusive of the preparation of financial statements and AFR; 2) discount to be provided to the City if the City elects to internally prepare the financial statements; 3) discount to be provided to the City if the City elects to internally prepare the AFR; and 4) the cost per major Federal or State program if the City becomes subject to single audit.

A suggested format for this cost proposal is as follows:

Item	2019	2020	2021	2022	2023	Total
Audit of the financial statements	\$___	\$___	\$___	\$___	\$___	\$___
Discount if City prepares financial statements	(\$___)	(\$___)	(\$___)	(\$___)	(\$___)	(\$___)
Discount if City prepares the AFR	(\$___)	(\$___)	(\$___)	(\$___)	(\$___)	(\$___)
Single Audit (per major program, if applicable)	\$___	\$___	\$___	\$___	\$___	\$___

Additionally, please provide an hourly rate fee schedule identified by staff level to be used for any additional work which may be requested by the City, which is outside the scope of this contract.

SCHEDULE OF EVENTS

The schedule as listed below is the City's intended course of action for this project. The City will follow the schedule to the extent possible; however, the City reserves the right to change both the sequence and timing if deemed necessary.

04/01/2019	Advertise bid and distribute bid packages
04/19/2019	Deadline to submit questions to Deputy City Clerk, 5:00 PM
04/26/2019	Addendum release for all questions submitted
05/08/2019	Deadline for submission, 2:00 PM
05/08/2019	Public Bid opening, 2:00 PM
05/15/2019	Audit Selection Committee meeting to review, evaluate, and rank firms at 9:30am at City Hall
05/31/2019	Oral presentations by firms if deemed necessary by the Audit Selection Committee
06/13/2019	Committee presents top ranked proposals to City Commission for final selection and approval for staff to negotiate a contract
06/13/2019 or 07/11/2019	City Commission approves contract

EVALUATION PROCEDURES

Proposals submitted will be evaluated by an Audit Selection Committee (committee meetings shall be noticed as public meetings). The top ranked proposals will then be submitted to the City Commission for consideration of proposal award. The Audit Selection Committee is expected to be made up of the following members:

Becky Witte	City Administrator
Zach Chalifour	Partner, James Moore & Co. (contracted Finance Director)
Jim Connell	City Commissioner

During the evaluation process, the Audit Selection Committee and the City of Lake Helen reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

All interested parties are instructed and cautioned not to contact City staff or Commission members, as attempts to lobby or persuade may result in disqualification. All inquiries and questions should be directed in writing or by e-mail to the bid contact listed above.

Each member of the Audit Selection Committee will score each technical proposal by each of the criteria described below for purpose of determining and assessing individual rankings. The Committee will convene to review and discuss these evaluations and to combine the individual scores/rankings to arrive at a composite technical score/ranking for each firm. Once the technical evaluations are complete and the composite scores are determined, the Sealed Dollar Cost Bids will be opened. The costs will be incorporated into the scoring.

During the evaluation process, the Audit Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations. If asked to make an oral presentation, this is expected to take place on May 31, 2019, at City Hall Commission Room, 327 S. Lakeview Dr., Lake Helen, Florida 32744.

The factors which will be considered during the evaluation process are as follows:

Mandatory Elements

- The audit firm shall be duly licensed to practice in the State of Florida, pursuant to chapter 473, Florida Statutes.
- The audit firm's professional personnel shall be current in all continuing professional education credits for the two (2) years preceding the proposed contract effective date.
- Any other audits being performed by the audit firm shall not create a conflict of interest with respect to the firm's audit of the City.
- The audit firm shall demonstrate its ability to furnish the required services to the City based upon its recent, current and projected workload.
- The audit firm shall adhere to the instructions in the Request for Proposals in preparing and submitting the proposal.

Other Elements

TECHNICAL PROPOSAL

1. Expertise and Experience (60 points)
 - a. The audit firm shall have a history of performing quality audits as demonstrated by recent external peer reviews.
 - b. The audit firm shall demonstrate its past experience and performance with the City, if applicable, and other comparable government engagements.
 - c. The audit firm shall demonstrate the quality and competency of its professional personnel to be assigned to the engagement, and the quality of its management support personnel available for technical consultation.

2. Audit Approach (30 points)
 - a. The audit firm shall demonstrate the adequacy of its proposed staffing for various segments of the engagement.
 - b. The audit firm shall demonstrate the adequacy of its analytical and substantive procedures to be used in the engagement.
 - c. The audit firm shall demonstrate the adequacy of work plan and sampling techniques.
 - d. The audit firm shall demonstrate the adequacy of its evaluation of internal controls.
3. Location (10 points)
 - a. The audit firm's proximity to the City shall be considered as it relates to potential for increased responsiveness to questions.

COST PROPOSAL

1. Fees The compensation proposed by the audit firm for its audit services will be considered relative to the final ranking of the audit firms, but such fees will not be the sole or predominant factor used to evaluate proposals.

Final Selection

It is anticipated that a firm will be selected at the June 13, 2019 Regular City Commission Meeting. Following notification of the firm selected, it is expected a contract will be executed between both parties by July 12, 2019 (July Regular City Commission Meeting is on July 11, 2019).