



Betty A. Anderson, President
Jane F. Anderson, Vice President
Richard "Dickie" Simmons, Director
Betty Folsom, Director
Kenneth J. McLaughlin, Director

September 25, 2018

Re: Request for Proposals for Professional Auditing Services

Dear Firm Representative,

The Jurupa Community Services District is requesting proposals from qualified certified public accounting firms to audit its financial statements for the fiscal years ending June 30, 2019 through June 30, 2022 with the option of extending the contract for two (2) additional one-year periods. Enclosed for your consideration is a Request for Proposals (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP. Completed proposals must be received at the following address by 5:00 p.m. on October 26, 2018.

Jurupa Community Services District
Attention: Veronica Bustillos, Accounting Supervisor
11201 Harrel St.
Jurupa Valley, Ca 91752

All questions and correspondence should be directed to Veronica Bustillos, Accounting Supervisor, in writing to the above address, by calling (951) 685-7434 or via email to vbustillos@jcsd.us

Sincerely,

A handwritten signature in blue ink that reads "Cynthia Mouser".

Cynthia Mouser
Finance Manager

Enclosures



REQUEST FOR PROPOSAL

PROFESSIONAL AUDITING SERVICES

PROPOSALS ARE DUE NO LATER THAN

5:00 PM, October 26, 2018

Please deliver one unbound, three (3) bound copies, and one electronic copy in MS Word or Excel of both the Technical Proposal and the Cost Proposal in the format prescribed by the Request for Proposal. Proposals must be received by Jurupa Community Services District, 11201 Harrel St., Jurupa Valley, CA 91752, no later than 5:00 PM, on October 26, 2018. Proposals must be received by the stated deadline. Postmarks will not be considered. No proposals will be accepted after the deadline.

INTRODUCTION

General Information

Jurupa Community Services District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2019, and the two (2) subsequent fiscal years, additionally, the District has the option to extend two (2) additional years (in single year increments).

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. The District reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by individuals from the Finance Department and/or outside agencies. 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 applicants, 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.

The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the District and the firm selected. The District has a standard two-party Professional Service Agreement, to which adherence is assumed unless specific objections are noted in the proposal by the candidate firm.

Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of the Director of Finance and Administration, the satisfactory negotiation of terms (including a price acceptable to both the District and the selected firm), the concurrence of the District Board of Directors, and the annual availability of an appropriation. Please include a bid for the three years requested and the optional two year extension.

Subcontracting

No subcontracting will be permitted.

NATURE OF SERVICES REQUIRED

General

The District is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2019, and the District's financial statements for each of the two subsequent fiscal years, pending board approval. These audits are to be performed in accordance with the provisions contained in this Request for Proposal.

The District is to be informed of new developments affecting special district accounting and reporting as well as any other relevant issues. This includes but is not limited to impacts of newly imposed State of California mandated procedures, and required changes in grants and procedures. In addition, the District frequently requests professional advice on accounting matters throughout the fiscal year, and such advice should not be construed as consulting services, nor will compensation for such advice be contemplated unless explicitly negotiated by the District or its agents.

Scope of Work to be Performed

JCSD is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2019, and the two (2) subsequent fiscal years, additionally, the District has the option to extend two (2) additional years (in single year increments).

Currently, the District does not have expenditures related to federal awards. However, if during the three year contract, the District is awarded federal grant monies, then the District will require the firm to conduct a Single Audit if necessary, for an additional negotiated fee.

These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (2007 edition, with all subsequent amendments), the provisions of the federal Single Audit Act of 1984, as amended in 1996, and U.S Office of Management and Budget

(OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations, including additional requirements applicable to federal stimulus funds under the American Recovery Reinvestment Act (ARRA); Cost Principles for State, Local, and Indian Tribal Governments; the State Controllers' Minimum Audit Requirements for California Special District; and applicable laws and regulations.

JCSD desires the Auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The Auditor is required to provide an "in-relation-to" opinion on the combining and individual funds and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combining and individual funds financial statements and schedules.

The District maintains responsibility for the basic financial statements and all accompanying information as well as all representations; however, assistance may be required in the preparation of the District's financial statements and related notes. The Comprehensive Annual Financial Report (CAFR) will be prepared by District's Finance Department. It is the District's intentions to obtain the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Fiscal Year 2018-19. The Audit firm will be expected to review the final draft of the CAFR for compliance with the certificate program checklists and shall assist with developing responses to any comments or deficiencies noted by GFOA.

Audit work will be required on all debt issues, to review accounting treatment and determine compliance with the bond covenants.

All auditors' adjusting journal entries must be discussed and explained to the Director of Finance and Administration or designee prior to recording. They should be in a format that shows the lowest level of posting detail needed for the District to enter the data into the general ledger.

Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants,
2. The standards for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards (1994)*,
3. The provisions of the Single Audit Act of 1984 (as amended in 1996), if applicable.

4. The provisions of the U. S. Office of Management and Budget (OMB) Circular A-133, audits of States, Local Governments, and Non-Profit Organization, Audits of State and Local Governments,
5. Minimum audit requirements and reporting guidelines for Special Districts pursuant to California Code of Regulations, State Controller, Subchapter 5, 1131.2 “Minimum Audit Requirements and Reporting Guidelines for Special Districts”.

Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including (if applicable) an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements
3. Special District’s Financial Transaction Report to the State Controller

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the management (the “Management Letter”) which shall be referred to in the reports on compliance and internal controls.

Fraud and illegal acts: Auditors shall be required to make an immediate, written report of all fraud and illegal acts or indications of illegal acts of which they become aware to the General Manager and the Director of Finance and Administration.

Auditors shall assure themselves that the General Manager and Director of Finance and Administration are informed of each of the following:

1. The auditor’s responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments

5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

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, unless the firm is notified in writing by the District 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:

- Parties designated by the Federal or State governments or by the District as part of an audit quality review process
- Auditors or entities of which the District is a sub recipient of grant funds. 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.

DESCRIPTION OF THE DISTRICT

The auditor's principal contact with the District will be Veronica Bustillos, Accounting Supervisor, or a designated representative, who will coordinate the assistance to be provided by the District to the auditor.

Background Information

Jurupa Community Services District (herein "the District") is a public agency of the State of California, formed on July 30, 1956 under sections 61000 et. Seq. of the Government Code. The District provides water, sewer, street lighting, graffiti abatement, and park services. The district provides water and wastewater services to approximately 31,200 customers in a 40.8 square mile radius in the extreme northwestern portion of Riverside County. It is governed by a Board of Directors consisting of five members elected to four-year terms. From among its members, the Board appoints a president, a vice-president, and such other positions as it deems necessary.

The District has an operating budget of about \$61.5 million for the fiscal year ending June 30, 2019. The District employs approximately 141 full-time permanent employees and 76 part-time/temporary employees. The district maintains several funds including two enterprise funds (Water and Sewer), four governmental funds (Parks, Graffiti Abatement, Illumination Districts and Landscape and Lighting Districts), and 48 Community Facilities District's funds.

More detailed information on the District and its finances can be found in the 2017-2018 Comprehensive Annual Financial Report available on the District's website at www.jcsd.us.

Prior Auditor

ClifftonLarsonAllen LLP (formerly Vicenti, Lloyd & Stutzman LLP) has served the district for the past five years.

Budget Basis of Accounting

The District prepares its budget on a modified cash budgetary basis that is not consistent with generally accepted accounting principles.

Federal and State Awards

Currently none.

Pension Plans

The District participates in the California Public Employees Retirement System (PERS) an agent multiple-employer plan. Actuarial Services for the plan are provided by PERS.

Software

The District utilizes New World Systems (Tyler Technologies). The financial modules include: General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Work Orders, Utility Billing, Cash Receipts, Projects, Payroll and Human Resources.

Availability of Prior Audit Reports and Working Papers

Interested applicants who wish to review prior years' audit reports and management letters should contact the District Accounting Supervisor, Veronica Bustillos at vbustillos@jcsd.us phone (951) 685-7434, or visit the District's website at www.jcsd.us. The District will use its best efforts to make prior audit reports available to aid applicants with their response to this Request for Proposal.

TIMELINE

The planning phase of the audit engagement may commence upon execution of contract with the auditor. Applicants are requested to submit the list of schedules to be prepared by District personnel as a part of the Technical Proposal of this Request for Proposal.

Schedule for the 2019 Fiscal Year Audit

Applicants are requested to submit their proposed schedule for the 2019 Fiscal year Audit as a part of the Technical Proposal of this Request for Proposal. Please include entrance conferences, progress reporting and exit conference in your proposed schedule. Each of the following should be included in the proposed schedule:

- Entrance Conference with the Director of Finance and Administration and Accounting Supervisor (or designee) – Date or week
The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the auditor.
- Interim Work – Beginning and ending dates
- Exit Conference with the Director of Finance and Administration and Accounting Supervisor (or designee) – Date or week
The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested. This meeting will also be used to discuss year-end work to be performed.
- Detailed Audit Plan – Date provided to the District
- Entrance Conference with the Director of Finance and Administration and Accounting Supervisor – Date or week
The purpose of this meeting will be to discuss the commencement of the year-end audit work
- Field Work – Beginning and ending dates
District staff will have a draft CAFR available when the auditor arrives for the final phase of work or at a pre-arranged time discussed during the interim.
- Exit Conference with the Director of Finance and Administration and Accounting Supervisor – Date or week
The purpose of this meeting will be to summarize the results of the field work and to review significant findings.
- Draft Reports – District needs to provide to the firm for review.
- Final Reports – It is anticipated that the process will be completed and final reports delivered no later than November 15, 2019

Date Final Reports are Due

The Director of Finance and Administration and Accounting Supervisor will complete the review of the draft reports as expeditiously as possible. It is expected that this process will not exceed

two weeks and revised draft documents may be required as part of this process. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed reports shall be delivered to the Director of Finance and Administration within ten (10) working days. This process will be completed and the final reports delivered no later than November 15 of each audit year.

ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

Accounting and Customer Service Assistance

The Finance Department as well as responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the District, with the assistance of the auditor.

Information Technology Assistance

Information personnel will be available to provide systems documentation and explanations. The auditor will be provided computer time and the use of the District's computer hardware and software if mutually agreed upon. Please include your information technology assistance request as a part of the Technical Proposal of this Request for Proposal. Various computer reports will be provided to the auditor as requested.

Statements and Schedules to be Prepared by District Staff

Applicants are requested to submit the list of proposed statements and schedules that the District will need to provide to the auditor as a part of the Technical Proposal of this Request for Proposal. Please include the due date for these statements and schedules that the District would need to provide to the auditor as a part of the Technical Proposal of this Request for Proposal.

Work Area, Telephones, Photocopying and Fax Machines

The District will provide the auditor with reasonable workspace, which may be in the general (not private) board room area or in our conference room. The auditor will also be provided with access to a telephone, photocopying facilities and fax machines during normal business hours. The District utilizes a 9/80 schedule.

Reporting Preparation

The District requests the auditor assist in our preparation of an annual Comprehensive Annual Financial Report (CAFR) to be submitted to the Government Finance Officers Association

(GFOA) each year. The CAFR is to be printed in color on thick paper stock with all schedules and statistical sections as prepared in prior year. Although the District will prepare the CAFR, we may require auditor word processing and/or report compilation assistance to produce a final, professional product.

PROPOSAL REQUIREMENTS

Transmittal Letter

A signed transmittal letter confirming the applicant's understanding of the work to be done, the commitment to perform the work within the time period, a statement of why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal year 2018-2019.

Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this Request for Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should specify an audit approach that will meet the Request for Proposal requirements.

The Technical Proposal should address all the points outlined in the Request for Proposal (excluding any cost information, which should only be included in the Cost Proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the applicant's capabilities to satisfy the requirements of the Request for Proposals.

While additional data may be presented, the following subjects (Items 1 through 7) must be included. They represent the criteria against which the proposal will be evaluated:

1. Independence

The firm should provide an affirmative statement that it is independent of the District as defined by generally accepted auditing standards, the standards set forth for financial audits in the U. S. General Accounting Office's *Government Auditing Standards (1994)*.

The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the District written notice of any professional relationships entered into during the period of this agreement.

2. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

3. Firm Qualifications and Experience

The applicant should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement indicating whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

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. These 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.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the District, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the applicant provided that replacements have substantively the same or better qualifications or experience.

5. Prior Engagements with the District

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the District by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work and date.

6. Similar Engagements with Other Special District Water Districts or Governmental Agencies

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this Request for Proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Insurance

7.1 Commercial General Liability Insurance (contractual, products, and completed operations coverage's included) with a combined single limit of no less than \$1,000,000 and a general aggregate limit of no less than \$1,000,000.

7.2 Business or Comprehensive Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles, with a combined single limit of no less than \$1,000,000 per accident.

7.3 Professional Liability Insurance with limits of \$1,000,000 per claim and \$1,000,000 in the aggregate.

7.4 Employers' Liability Insurance with limits of \$1,000,000 per claim and \$1,000,000 in the aggregate.

7.5 Workers' Compensation Insurance as required under the Workers' Compensation Insurance and Safety Act of the State of California.

Cost Proposal
Total All-Inclusive Not-to-Exceed Price

The Cost Proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. The total all-inclusive Not-to-Exceed price is to contain all direct and indirect costs including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Cost Proposal. Such costs should not be included in the proposal.

The first page of the Cost Proposal should include the following information:

- Name of Firm
- Certification that the person signing the Cost Proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the District
- A total all-inclusive not-to-exceed annual price for the fiscal year 2018-2019 and the two subsequent years, with the additional optional 2 years for the engagement.

**Rates by Partner, Specialist, Supervisory and Staff Level
As Well as Number of Hours Anticipated for Each**

The second page of the Cost Proposal should include a schedule of professional fees and expenses that supports the total all-inclusive not-to-exceed price.

**Out-of-Pocket Expenses Included in the Total All-Inclusive Not-to-Exceed Price
As well as Reimbursement Rates**

Out-of-Pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by the District for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the Cost Proposal. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

Rates for Additional Professional Services

If it should become necessary for the District to request the auditor to render any additional service to either supplement the services required in this Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Cost Proposal.

Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

EVALUATION PROCEDURES

Proposals submitted will be evaluated by a committee made up of District management and/or outside agencies.

Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process:

1. Mandatory Elements
 - a) The audit firm must be independent and licensed to practice in California
 - b) The firm has no conflict of interest with regard to any other work performed by the firm for the District
 - c) The firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal
 - d) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
 - e) The firm submits a copy of an award winning CAFR that the firm has produced for special district or governmental agency clients with your Proposal for our review.

2. Technical Qualifications
 - a) The firm's past experience and performance on comparable water district engagements
 - b) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - c) Adequacy of proposed staffing plan for various segments of the engagement
 - d) Similar engagements with other Special Districts, Water Districts or governmental agencies.

3. Price

Oral Presentation

During the evaluation process, the evaluators may, at their discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the evaluation committee may have on a firm's proposal. Not all firms will be asked to make such oral presentations.

Final Selection

The District will select a firm based upon the recommendation of the evaluators.

Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected. The District reserves the right without prejudice to reject any or all proposals.

DEADLINE:

All proposals are to be received by October 26, 2018 at 5:00 p.m. to Veronica Bustillos at the following address:

Veronica Bustillos
Accounting Supervisor
Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752
951-685-7434
951-727-3509 (Fax)
vbustillos@jcsd.us
www.jcsd.us