

CITY OF HOOD RIVER, OR

REQUEST FOR PROPOSALS MUNICIPAL AUDITING SERVICES

Projected Timeline:

RFP Release

February 7, 2024

Proposals Due

March 8, 2024 at 4:30 p.m.

City Council Approval

March 25, 2024

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CITY OF HOOD RIVER

REQUEST FOR PROPOSALS – MUNICIPAL AUDITING SERVICES

The City of Hood River (City) invites proposals from qualified independent licensed municipal auditors (hereinafter called “auditor”) having sufficient governmental and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP). Both the City of Hood River and its component unit, the Urban Renewal Agency of the City of Hood River are hereinafter referred to as the “City.”

I. DESCRIPTION OF THE CITY AND APPLICABLE ACCOUNTING SYSTEMS

The City of Hood River has a population of 8,400. The City provides a full range of municipal services to its citizens, including but not limited to water, sewer, stormwater, police, fire, municipal court, parks, and community development. The City of Hood River has a Council-Mayor form of government consisting of six Councilors, elected to four-year terms, and a Mayor, elected to a two-year term. At each biennial general election, the Mayor and three Councilors are elected.

Annual appropriations for fiscal year 2023-24, for the general fund and all funds combined are \$10.8 million and \$45.0 million respectively. The City has a total payroll cost of \$10.9 million covering 72.8 FTEs.

The City of Hood River uses the following fund types and accounting groups in its financial reporting:

General Fund

This is the primary operating fund. It accounts for financial operations that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, TRT revenues, intergovernmental revenues, licenses and fees, charges for services, and other miscellaneous revenues. Primary expenditures are for city council, police, fire, emergency medical services (EMS), engineering, municipal court, parking, planning, and parks.

Road Fund

This fund provides all maintenance and repairs in the Public Rights-Of-Way on approximately 63 single lane miles. Principal sources of revenue are taxes and system development charges.

Restricted Revenue Fund

This fund accounts for 8 programs whose resources are dedicated or otherwise restricted for a specific purpose. These programs include Building Services, Small Grants, Fire General Obligation (G.O.) Bond, Tourist Promotion, CET-Local Programs, CET-Development Incentives, and CET-State OHCS Distribution.

The following non-major governmental funds are reported:

Special Revenue Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources including gas taxes, licenses and fees, intergovernmental revenues, sales and services, and charges for services that are restricted to finance particular functions or activities.

Reserves Fund

These funds account for resources set aside for future expenditures, including parking, pension funding, affordable housing projects, parks facilities replacement, and compensated absences.

The following major proprietary funds are reported:

Sewer Fund

This fund accounts for the activities of the wastewater collection and treatment system. Revenue is derived

primarily from sewer service charges.

Water Fund

This fund accounts for the activities of the water distribution system. Revenue is derived primarily from water service charges.

Storm Water Fund

This fund accounts for the activities of the storm water collection system. Revenue is derived primarily from storm water service charges.

Additionally, the following fund types are reported:

Internal Service Fund

Accounts for equipment maintenance, equipment replacement, and administrative activities for services furnished internally to other departments on a cost reimbursement basis. Charges are made to the various departments to support these activities. The activity is reflected as the internal service fund in the fund financial statements.

Fiduciary Fund

Accounts for assets and liabilities held for other governments.

The City of Hood River uses Caselle accounting software, including the General Ledger, Accounts Payable, Payroll, Cash Receipting, Direct Pay, and Utility Billing modules.

The Urban Renewal Agency of the City of Hood River (Agency) was formed September 22, 1986, under the provisions of the Oregon Revised Statutes (ORS). The Agency operates under a Board-Manager form of government and provides specific projects located in each Urban Renewal District. The Urban Renewal Agency of the City of Hood River had three plans in FY2023-24; A fourth district, the Westside District, was adopted in 2023. This new district will not begin operating until FY2024-25 and therefore is not included in this annual statement. Annual appropriations for fiscal year 2023-24 are \$5.6 million. The Urban Renewal Agency has one FTE Administrator and contracts with the City of Hood River for administrative services.

Financial operations are accounted for in the following major governmental funds:

General Fund

This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Columbia Cascade District Fund

This fund accounts for the payments of principal and interest on urban renewal debt and other costs specific to the Columbia Cascade Plan (adopted in 1987). The primary sources of revenue are tax increment revenues and interest income.

Waterfront District Fund

This fund accounts for the financial activities specific to the Waterfront Plan (adopted in 2008). The primary sources of revenue are tax increment revenues and interest income.

The Heights District Fund

This fund accounts for the financial activities specific to The Heights Plan (adopted in 2011). The primary sources of revenue are tax increment revenues and interest income.

II. GENERAL INSTRUCTIONS FOR SUBMISSION OF PROPOSALS

A. All proposals must be submitted not later than 4:30 p.m. March 8, 2024 to:

Mailing Address

City of Hood River
ATTN: Jennifer Gray, City Recorder

211 2nd Street
Hood River, OR 97031

Hand Delivery:

City of Hood River
ATTN: Jennifer Gray, City Recorder
211 Second Street
Hood River, OR 97031

The outer envelope in which proposals are tendered should be marked "Audit Proposal".

Proposals may also be accepted electronically at J.Gray@cityofhoodriver.gov with "Audit Proposal" in the email subject line.

- B. Proposal are not reviewed until after the final submission date and hour noted above. These submissions shall become the property of the City of Hood River without obligation.
- C. The selection of the external auditor will be based upon responses received to the criteria included in Part III of this proposal.
- D. Any questions should be directed to Christopher Longinetti, Finance Director, in writing at c.longinetti@cityofhoodriver.gov. Written responses will be available to all interested parties.
- E. Work under this municipal auditing services agreement shall begin with the fiscal year 2023-24 audit and shall commence with the adoption of the contract by City Council (anticipated to be issued March 25th, 2024). Any agreement initiated as a result of this RFP will be effective for the audit ending June 30, 2024 with an option to renew annually up to a maximum of (4) four additional years unless otherwise terminated as provided for by the terms and conditions of the agreement.
- F. The City of Hood River reserves the right to reject any and all proposals, and has the right, in its sole discretion, to accept the proposal it considers most favorable to the City's interest and the right to waive minor irregularities in procedure.

III. AUDIT OBJECTIVES AND SCOPE OF SERVICES

The City of Hood River is requesting proposals for the services of a qualified Certified Public Accounting firm to conduct the Financial and Compliance Audit of the City's operations. Services will include, but not limited to: Planning and performing the audit; Preparing Annual Financial Reports ("financial statements", Performing tests of documentary evidence, Evaluation of internal controls; Review of Management Letter; Review of adjusting entries; Draft and final Audit Report Preparation of State Documents; and Technical assistance throughout the fiscal year.

- A. The auditing services performed by the auditor shall allow the firm to:
 - Express an opinion on whether the financial statements of the City present fairly the financial position and results of financial operations in conformity with Generally Accepted Accounting Principles (GAAP);
 - Express an opinion on whether the City has complied with laws and regulations that may have a material effect on the audited financial statements; and
 - Issue a management letter.
- B. A minimum standard for audits of Oregon Municipal Corporations, adopted by the Secretary of State and approved by the State Board of Accountancy, shall govern the audit.
- C. The financial and compliance audit shall apply industry standards for auditing, and shall be made in accordance with all of the following:
 - Generally accepted governmental procedures as prescribed in the American Institute of CPAs (AICPA) Industry Audit Guide - Audits of State and Local Government Units and in Governmental Accounting, Auditing, and Financial Reporting (GAAFR);
 - Generally accepted auditing standards, Government auditing standards, and Oregon minimum standards;
 - The Single Audit Act and OMB A-133; and
 - Applicable laws and regulations.
- D. The audit will be used as a single document which will contain the basic financial statements, notes, and as supplementary data, the Combining and Individual Fund Financial Statements and Schedules.
- F. Recommendations based upon the auditing firm's review of the adequacy of internal accounting controls and other audit investigations shall be made a part of a formal management report separate from the financial audit. Such associated costs shall be included in the audit fee. The discussion of these recommendations shall be with the City Manager and Finance Director.
- G. The auditor shall meet with the Finance Director and Accounting Manager prior to the commencement of each audit to discuss the planned approach to the audit work and to provide a list of schedules to be prepared by City personnel prior to the beginning of field work. An exit conference is required of the auditing firm on completion of all field work so as to inform the City Manager and Finance Director of pertinent findings. A summary presentation of the audit findings shall be made to the City Council.
- H. The City will make available the information and work papers necessary in conjunction with the financial and compliance audit engagement.
- I. Expectation of services to be provided by auditors not already outlined above:
 - Provide the City with adjusting entries and a final trial balance upon completion of the field work.

- Prepare the Annual Comprehensive Financial Report, basic financial statements, the combining and individual non-major fund financial statements and schedules, Required Supplementary Information, Single Audit reports, and any others required in conformity with generally accepted accounting principles.
- Prepare the notes required to accompany the financial statements, schedules, and tables.
- Prepare the Urban Renewal Annual Comprehensive Financial Report, Required Supplementary Information, Single Audit reports, and any others required in conformity with generally accepted accounting principles.
- Draft and prepare final audit report – Auditor will prepare the final audit report and provide electronic copy to the City.
- Prepare all required State Documents.
- Prepare a report on compliance with specific requirements applicable to major federal financial assistance programs, if required.
- As part of the overall audit contract, the City expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and/ or internal control questions.
- All working papers and reports must be retained, at the auditor’s expense, for a minimum of ten (10) years, unless the firm is notified in writing by the City of Hood River of the need to extend the retention period.

IV. EVALUATION CRITERIA

Proposals will be evaluated based on technical responses and price with the following points:

Experience, Qualifications and References	50%
Audit Approach and Understanding of City’s auditing needs	25%
Cost Proposal	<u>25%</u>
Total	100%

The proposals will be reviewed by a selection committee comprised of City Councilors, the City Manager, and the Finance Director. Additional selection committee member may consist of Budget Committee members and/or other local governmental agency peers. The selection committee may elect to interview those candidates they deem most suitable to perform the audits.

Based upon this review, a recommendation will be made to the City Council as to award.

V. PROPOSAL REQUIREMENTS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified in this part.

- A. Title Page - The name of the proposal's firm, firm address, telephone number, name of contact person, email address, and the date.
- B. Table of Contents - Include a clear identification of the material by section and by page number.
- C. A list of partners, managers and other key staff persons who will be assigned to the City's engagement. Provide resumes and indicate their experience in auditing governmental jurisdictions, specifically municipalities.
- D. Describe staffing level that will be assigned to the City of Hood River field work. Outline a work plan and related time schedule for each significant segment of the work.
- E. Describe how you would propose to use City personnel, if at all, to assist you during the audit and indicate the approximate time requirement.

VI. TECHNICAL CRITERIA AND PRICE

Your proposal must clearly respond to the following:

A. Organization/Local Office Technical Qualifications and Approach.

1. State whether your audit organization is national, regional, or local.
2. Indicate the number of people (by level) located within the local office that will handle the audit.
3. Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each.
4. Indicate the local office's experience in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
5. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs. Include a copy of your most recent peer inspection report.
6. Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of the proposing organization, or warrant that no such condition is known to exist. If the proposer is a national firm, it must disclose the above information for its region and all material judgments and pending or expected litigation on a nation-wide basis.
7. If the proposer has had a contract terminated for default during the past five (5) years, all such incidents must be described. The audit firm must not have a record of substandard work. The City will verify this requirement by communication with the Oregon State Board of Accountancy.
8. The proposer must state if subcontractors will be used, and provide the above information for each subcontractor.
9. Describe your approach to the examination: This should include at least the following points:
 - a. Description of audit approach.
 - b. Use of statistical sampling.
 - c. The firm's knowledge and use of computer and programs to assist in the audit process.
 - d. Organization of audit team and approximate percentage of time spent on audit.
 - e. Management letter (provide a sample letter).
 - f. Typical assistance expected from City staff.
 - g. Tentative schedule for completing audit.
 - h. Policy on rotation of personnel to be assigned to the City the first year and each year thereafter.

B. Individual Audit Staff Technical Qualifications

1. Describe the experience in government audits, specifically each senior and higher level person assigned to the audit, including years on each job and their position while on the audit. Indicate the percentage of the time the senior will be on-site.
2. Describe the relevant educational background of each individual assigned to the audit.
3. Describe experience of assigned individuals in auditing relevant government organizations, programs, activities and functions (e.g. general government, special revenue, and enterprise programs).

C. Price Quote

Provide the firm's proposed all-inclusive audit fee and the firm's proposed all-inclusive audit fee for four (4) succeeding years should the contract be extended. Include the hourly rates for each staff employee classification, and any other fees associated with the completion of the audit. Break out separately the costs associated with single audit and the Urban Renewal Agency. Please state if there are any opportunities to reduce audit fees should the City institute additional procedures such as an internal audit function, provision of additional schedules, or other recommended procedures.

In addition, please provide a supplemental list of services your firm could provide with applicable pricing schedule and /or pricing strategy to reflect costs for additional services. City may request additional services that would be outside the normal course of the requested annual audit services such as technical assistance on developing supplemental statistical schedules, specialized internal control reviews (i.e. red flags, IT security, etc.), audit review for state/federal programs, and other opportunities that may arise (assessment of specific operations, organizational/efficiency studies, cost recovery, etc.).

Ownership of the audit reports shall belong to the City of Hood River and it is expressly understood that publication of the audit report (in whole or in part) or reference for such audit report shall be at the sole discretion of the City of Hood River.

Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the Finance Director who will respond in writing concerning the additional services. Additional fees must be approved by the City Council.