



McCloud Community Services District

220 West Minnesota Avenue P.O. Box 640

McCloud, California 96057

Phone (530) 964-2017 Fax (530) 964-3175 e-mail mcsd@ci.mccloudcsd.ca.us

SPECIAL MEETING OF THE BOARD OF DIRECTORS

SCOUT HALL - 405 E. COLOMBERO DRIVE

Monday, June 21, 2021 - 6:30 p.m.

AGENDA

The McCloud Community Services District welcomes you to this meeting. This agenda contains brief general descriptions of each item to be considered at this meeting by the Board of Directors. If you wish to speak on an item on the agenda, you will be provided the opportunity to do so prior to consideration of the item by the Board. If you wish to speak on an item that is not on the agenda, you are welcome to do so during the Public Comment portion of the meeting. Persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board. When addressing the Board, please state your name for the record prior to providing your comments. Please address the board as a whole through the President. Comments to individual Board members or staff are not permitted.

All documentation supporting the items on this agenda are available for public review in the District office, 220 W. Minnesota Avenue, McCloud CA 96057, during normal business hours of 9:00 a.m. to 12noon and 1:00 pm to 4:00 p.m. Monday through Friday.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the District office 48 hours prior to the meeting at (530) 964-2017.

1. **Call to Order.**
2. **Public Comment:** This time is provided to receive information from the public regarding issues that do appear on the agenda.
3. **New Business:**
 - A. **Discussion/possible action** release of Request for Proposals for Financial Auditing firm to audit fiscal years ending June 30, 2020, 2021, and 2022.
 - B. **Discussion** of audits for fiscal years-2013/14, 2014/15, 2015/16, 2016/17.
4. **Adjourn** open session.
5. **Convene a Closed Session:**
 - A. **Convene a Closed Session Pursuant to California Government Code §54956.9(b) –** Threatened Litigation.
6. **Reconvene** open session and announce any action taken.
7. **Adjourn**

MCSD Mission Statement

McCloud Community Services District will strive to provide the full range of municipal services, at a reasonable cost applied consistently to all customers, while maintaining a healthy infrastructure and environmental integrity.

MCSO BOARD OF DIRECTORS

June 21, 2021

AGENDA SUPPORTING DOCUMENT

Agenda Item No. 3. A.

Discussion/possible action regarding the release of a Request for Proposals (RFP) for a Financial Auditing firm to audit fiscal years ending June 30, 2020, 2021 and 2022.

Background

MCSO Policy 1100 *Hiring Board Consultants* requires that the Board of Directors determine the frequency of publishing RFPs for the hiring of Auditing Consultants. James Marta and Company were hired to complete the 17-18 18-19 and 19-20. James Marta completed the 17-18 and 18-19 audits and recently informed us that they would not be able to start our 19-20 audit due to staff in their company retiring. In order to maintain momentum in attempt to resolve the outstanding audits, we feel that it is prudent to release an RFP and begin the search as soon as possible.

Recommendation

That the Board of Directors authorize the release of the Request for Proposals (RFP) for a Financial Auditing firm to audit fiscal years ending June 30, 2020, 2021, and 2022.



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REQUEST FOR PROPOSAL

Audit Services

**Proposals due by
August 3rd, 2021**

US Mail:

PO Box 640
McCloud, CA 96057

FEDEX:

220 W. Minnesota Ave.
McCloud, CA 96057

For further information, please contact:

Amos McAbier- General Manager
amos@ci.mccloudcsd.ca.us

or Mike Quinn – Finance Officer
cfo@ci.mccloddcasd.ca.us

Office (530) 964-2017

McCloud Community Services District Request for Proposal for Audit Services

I. NATURE OF SERVICES REQUIRED

A. Scope of work to be performed

The McCloud Community Services District (District) is seeking the services of Certified Public Accountants (Firm) to perform annual financial and compliance audits of the District's financial position in accordance with generally accepted auditing standards for purposes of rendering an opinion as to the condition of the District's financial reports for the fiscal years ending June 30, 2020, 2021 and 2022.

In addition, the Firm shall be required to prepare the Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles, issue a report on the District's accounting controls and procedures and revise as necessary each fiscal year's State Controller's Annual Report for Special Districts.

B. Services to be provided by the Auditor

Perform an audit in accordance with Generally Accepted Auditing Principles (GAAP) as set forth by the American Institute of Certified Public Accountants, and in accordance with the "Minimum Audit Requirements and Reporting Guidelines for California Special Districts" as required by the State Controller's Office. Compile the District's financial statements in accordance with generally accepted accounting principles. Provide the District with five hardbound copies and a portable document format (PDF) file that will include all components of the District's financial statements as presented.

Render a report on compliance and internal control over financial reporting based on an audit for the financial statements. **A written report should be issued immediately to management upon the discovery of illegal acts or major irregularities discovered during the performance of this task.**

Issue a management letter for conditions or weaknesses, if any, in the internal control structure that are not considered significant deficiencies.

Prepare and forward to the State Controller's Office the Annual Reports of Financial Transactions of Special Districts pursuant to Government Code Section 53891.

Presentation of the completed Audited Financial Statements to the Board of Directors at a regularly scheduled board meeting, if requested.

Provide general consultation as required, during the year, on financial accounting and reporting matters.

II. DESCRIPTION OF THE DISTRICT

A. Background

The McCloud Community Services District is a California Special District formed in 1965 by Resolution of the Board of Supervisors of the County of Siskiyou. The District is located at the south-east base of Mount Shasta, north of Redding, California. The District has the responsibility of providing municipal services including drinking water, sewer management, alley maintenance, refuse collection, park and recreation management, fire and ambulance services, and library management to the residents within its service area. Approximately 912 parcels exist within the service area with approximately 740 active service connections. The District is governed by a five (5) member Board of Directors and currently employs eight full time and five part time employees and has approximately twenty-five volunteer fire fighters and 6 volunteer librarians. In addition, the Fire Department and Library are supported by auxiliary community organizations.

The District's audits had been delayed in part by an open and unreconciled Assessment District. The Assessment District was reconciled and closed resulting in a refund to eligible property owners and the revision of the 2012 audit. The 2013 audit was completed with errors in 2018 and it was proposed by the Finance Officer and approved by the board to move ahead and complete the 2018, 2019 and 2020 audits so that the current status of the District be disclosed.

B. Current Financial Position of the District

The District receives most of its income from monthly water, sewer and refuse user fees and standby charges in addition to biannual special assessments for park, library, fire and ambulance (collected by Siskiyou County on the annual property tax bill). Other income may include ambulance service fees, grants, misc. fees, new connections, penalties, and interest. Total operating revenue budget for the year ending June 30, 2020 was \$1.63 million and the total operating expense budget was \$1.46 million.

The District maintains one bank checking account. The District also maintains savings and reserve accounts with the California State Local Agency Investment Fund (LAIF). The District has established a CERBT account to address its unfunded health liabilities. We have one long-term debt with the United States Department of Agriculture (USDA), Rural Development Agency and one with the State Water Resources Control Board, State Revolving Fund Program.

Additional information regarding the District can be found at the District's website www.ci.mccloudcsd.ca.us.

C. Accounting Procedures / Staff / Prior Auditors

The District uses Black Mountain Software for the bookkeeping, payroll and utility billing needs of the District. The District has thorough accounting policies and procedures and keeps the District's financial reports in good standing throughout the year.

Aiello, Goodrich & Teuscher (AGT) has served as the District's auditor from June 30, 2006-2016 Prior to that was Bailey & Millington.

In 2017 we hired James Marta & Co. who served till recently in 2021

D. Services to be provided by the District

The District has limited staff, but with proper planning will be available during the audit field work to assist the Firm by providing access and direction to information, documentation and being available for explanations of all inquiries. Staff will provide clerical assistance for preparation of confirmations and other routine correspondence.

The District will provide the auditors with reasonable workspace, phone, internet and copy machine access. Additional needs may be accommodated with advanced planning.

The District will provide trial balances, budgetary and encumbrance data, cash flow statements and other necessary financial statements. All documentation supporting the financial statements is located in the District office.

E. Name and telephone number of principal contact

The principal contacts with the District will be with the General Manager, Amos McAbier and Finance Officer Mike Quinn . Requests for additional information, visits to our site, and/or appointments with the GM should be coordinated through the District Secretary, Andrea Mills who may be reached at (530) 964- 2017.

III. SELECTION PROCSS AND CRITERIA

A. Selection Process

The selection process will involve the review of the proposals by the District for compliance with the requirements of the Request for Proposal. The District will evaluate the proposal including related experience of the Firm. Cost will be considered, however this will not be the sole selection criteria. The Board of Directors will make the final determination on awarding the contract upon recommendation of the District GM.

All proposals received by the deadline will be reviewed by the District for content, completeness, experience and qualifications. After those Firms deemed the most qualified are selected in the initial round of screening, further evaluation of the selected Firms may be conducted as part of the final selection process.

The District reserves the right to select a Firm which, in its sole judgment, best meets the needs of the District.

B. Selection Criteria

Proposals submitted in response to this RFP will be evaluated on the following criteria. The successful Firm will demonstrate through its proposal that it has carefully studied the District's expectations as stated in this RFP. The proposal and presentation of past experience must demonstrate to the District that the Firm has the professional capability and competency to perform the work outlined in this RFP.

Selection criteria includes:

- Firm's qualifications and experience with Community Services Districts and knowledge of governmental auditing and reporting
- Competence and education of the Firm's staff
- Reputation in the field of governmental auditing and accounting. References will be required within the proposal and they will be contacted.
- Number of years performing audits for Special Districts
- Cost of services
- Responsiveness to the RFP

IV. PROPOSAL REQUIREMENTS

It is the desire of the District to receive accurate and easily comparable information on all interested Firms. We have structured this RFP process in a way which allows for variation in proposals while asking all respondents to provide needed basic information. The process should not get in the way of your proposal and we do not expect flashy or very lengthy proposals. Proposals should be but are not required to be presented in an 8.5" x 11" size.

Further, we ask that the proposal be prepared and submitted by the individual auditor or teams of personnel who will be directly involved with the District's annual audit needs. We respect senior partners but very much want to meet with the personnel with whom we may work on a long-term basis. We ask that the individual or individuals who will have the greatest day to day dealings with the District be identified and serve as the Firm's representative during the selection process.

All materials submitted which have not been clearly designated as proprietary information, becomes the property of the District and may be returned only at the District's discretion. Proposals shall become a public record of the District.

The District will not be responsible for expenses incurred in preparing and submitting this proposal.

The proposal should include the following information to be considered:

1. Cover Letter / Letter of Interest

Indicate individual who will be the District's primary contact as well as the principal who has the authority to enter into a service contract. Please state Firm name, address of office submitting proposal (also include main Firm office if proposal is submitted by a branch office), telephone number, fax number, and type of Firm (e.g. corporation, partnership, proprietorship).

Please provide three (3) copies and one unbound copy of your proposal. Proposals should be addressed to:

McCloud Community Services District
Attn: Auditor RFP
P.O. Box 640 (or 220 W. Minnesota Ave., if sending via FedEx)
McCloud, CA 96057

2. Organization / Credentials / Professional Experience

Please provide a brief description of your Firm including number of years in business, professional experience with public agencies/special districts, specifically community services districts, type of audit services provided and the number of employees in the Firm.

Please include a copy of your Firm’s engagement letter/contract, if expected to be signed by the District.

Please include a copy of an annual Financial Report performed by your Firm that most closely fits the nature of services required for this RFP.

3. Audit Team

Identify the key members of the audit Firm and state their experience and qualifications.

An affirmative statement should be included that the Firm is an independent certified public accounting Firm of “recognized ability and standing” and licensed to practice in the State of California.

4. Approach to the Audit

Please describe your approach to this audit and any special ideas, techniques or suggestions that you think might make the audit proceed smoothly.

5. Cost Proposal

Please provide a not-to-exceed and all-inclusive cost proposal (includes reimbursables) for the scope of work to be provided.

The audit period will be for the fiscal years ending June 30, 2020, 2021 and 2022. Price proposals for all three years are requested.

Indicate amount of professional liability insurance coverage your firm has.

6. Proposed Audit Schedule

Please describe your proposed schedule for performing the annual audits.

7. Client References

Please list at least four clients for whom your Firm has provided audit services to in the last five years. Please include a contact person’s name, email and telephone number.

V. PROPOSED SELECTION SCHEDULE:

Release of RFP June 21, 2021
Submittal Due August 3rd, 2021
Selection to be announced August 9th, 2021

VI. GENERAL INFORMATION

The District reserves the right to request additional information or interview some or all of the proposing Firms if necessary to obtain additional information that the District considers necessary to fully evaluate a proposing Firm's qualifications.

The District also reserves the right to: (1) request clarification or additional information from any proposing Firm at any time; (2) waive immaterial defects or minor irregularities in a proposing Firm's responses to this request for proposal; (3) suspend or reopen the request for proposals process; and (4) reject any or all responses and terminate the request for proposals process at any time.

Late submittals will not be considered. Postmark date will not be considered. Proposals must be received in the District office on or before the day and time indicated.