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P.O. Box 8, Springfield, OR 97477

1550 42nd Street, Springfield, OR 97477

Phone: 541-746-1676

Fax: 541-747-0845

**REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES**

January 2025

Rainbow Water District
P.O. Box 8
1550 N. 42nd Street
Springfield, OR 97477
541-746-1676

Contact Information:

Jodi Sanders	Jamie Porter
Office Manager	Superintendent
jodi@rwdonline.net	jamie@rwdonline.net



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**RAINBOW WATER DISTRICT
REQUEST FOR PROPOSALS - AUDITING SERVICES**

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1. DISTRICT BACKGROUND AND ACCOUNTING SYSTEM

The Rainbow Water District (RWD) serves customers in areas of unincorporated Lane County adjacent to the Springfield city limits. The RWD has approximately 2,385 connections and serves a population of 6,300 in an area of approximately 2.5 square miles. RWD also provides water for city customers under a wholesale contract with the Springfield Utility Board. RWD has seven employees (6.75 FTE) and is a member of PERS. The fiscal year runs from July 1 through June 30.

RWD is a domestic water supply district formed under Oregon Revised Statutes (ORS) Chapter 264 and governed by a five-person Board of Commissioners. The district has a \$8.6 million budget for 2024-2025, with revenue from a variety of sources. Funding is derived primarily through water sales to customers, a wholesale water sales contract, property taxes, fees, grants and other contracts.

Rainbow Water District provides the following services to customers:

1. Domestic Water Supply.
2. Contract Street Lighting through Springfield Utility Board, costs of which are paid through the Water Fund.
3. Contract Fire Protection with Eugene Springfield Fire and Life. Supported fully by property taxes.

RWD earns supplemental revenue by contracting to provide support for five other small water systems in the area. At this time, no audit services are requested for:

1. Deerhorn Community Water Association (ORS 62 nonprofit cooperative)
2. Shangri-La Water District (ORS 264 domestic water supply district)
3. Shenandoah Homeowners Inc (ORS 65 nonprofit mutual benefit corp)
4. Blue River Water District (ORS 264 domestic water supply district)
5. Marcola Water District (ORS 264 domestic water supply district)

Accounting Overview - RWD has four funds: An Enterprise Fund (Water Operating), a Governmental Fund (Fire Protection), and two Reserve Funds (Capital Projects and Rate Stabilization). RWD is repaying one loan through the Safe Drinking Water Revolving Loan Fund, with an outstanding debt of \$1.94 million.

Financial accounting records are computerized using a combination of Springbrook Software and QuickBooks Enterprise 24. RWD operates on an accrual basis of



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accounting. All prescribed procedures of the State of Oregon in the preparation and adoption of the district's annual budget are followed.

2. GENERAL INFORMATION AND SUBMISSION OF PROPOSALS

All information and data furnished to the audit firm by RWD and all other documents to which the audit firm's employees have access to during the preparation and submittal of the proposal shall be treated as confidential by the audit firm. Any oral or written disclosure to unauthorized individuals is prohibited.

The Rainbow Water District requires all audit firms to comply with equal opportunity policies and procedures.

A. All proposals must be submitted in a sealed envelope to:

Mailing Address:

Jamie Porter, Superintendent
Rainbow Water District
PO Box 8
Springfield, OR 97477

Hand Delivered:

Jamie Porter, Superintendent
Rainbow Water District
1550 N 42nd Street
Springfield, OR 97477

For questions or additional information contact Jamie Porter at 541-746-1676, jamie@rwdonline.net OR Jodi Sanders at 541-746-1676, jodi@rwdonline.net.

**All submissions must be physically received by 4:00 pm on February 14, 2025.
Faxes and email submissions will not be accepted.**

- B. Three (3) copies of the proposal are required, not to be opened until after the final submission hour and date noted above. These submissions shall become the property of the Rainbow Water District without obligation.
- C. RWD reserves the right to reject any and all proposals, with or without cause, and has the right, in its sole discretion, to accept the proposal it considers most favorable to RWD's interests. RWD reserves the right to seek clarification of any proposal submitted. RWD also reserves the right to require evidence of technical, financial, or other abilities prior to selection. RWD may make an award based on initial proposals received without discussion of such proposals with the submitting entity.



- D. The selection of the auditor will be based upon the selection criteria listed in section 5.
- E. Work under the municipal auditing services agreement shall begin with the fiscal year 2024-25 audit and shall commence with the adoption of the contract by the RWD Board of Commissioners. Any agreement initiated as a result of this RFP will be effective through the completion of the FY 2029-2030 audit with an option to renew annually up to a maximum of three years unless otherwise terminated as provided for by the term and conditions of the agreement.

PROPOSAL AND AWARD SCHEDULE

Publish notice and distribute RFP	January 27, 2025
Proposal due date	February 14, 2025
Selection of finalists	February 21, 2025
Interview finalists, if necessary	February 24-28, 2025
Complete contract process	April 1, 2025
Award contract by commissioners	April 9, 2025

3. AUDIT OBJECTIVES AND SCOPE OF SERVICES

RWD is soliciting the services of qualified firms of Certified Public Accounting firms to audit the financial statements of the Rainbow Water District. Service will include, but not limited to: planning and performing the audit; performing tests of documentary evidence, evaluating internal controls, preparing the draft and final Audit Report, reporting to the Board of Commissioners, preparing and filing State Documents, and providing 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 RWD present fairly the financial operations in conformity with Generally Accepted Accounting Principles.
 - Express an opinion on whether the district has complied with laws and regulations that may have a material effect on the audited financial statements in accordance with Government Auditing Standards.
 - Report on internal controls related to the financial statements and major programs and issue an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on compliance with audit requirements.
 - Issue a management letter.

- B. To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and applicable state of Oregon regulations concerning financial audits of public agencies.
- C. The auditor shall communicate in a separate letter to management 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 controls, accounting systems, compliance with laws, rules and regulations, or any other matters that come to the attention of the auditor during the course of the audit.
- D. The auditor shall meet with RWD employees prior to the commencement of each audit to discuss the planned approach to the audit work and to provide a list of schedules and work papers to be prepared by RWD employees. An exit conference with the RWD Superintendent is required of the auditing firm on completion of all fieldwork so as to inform the Superintendent of the findings.
- E. Expectations of services to be provided by auditors not already outlined above:
- The auditor should be familiar with and prepared to advise RWD staff on how best to implement both current and proposed GASB Statements. In addition, the auditor is also expected to provide informal advice and consultation throughout the year on matters related to accounting and financial reporting.
 - Provide RWD with adjusting entries and a final trial balance upon completion of the field work.
 - Draft and prepare final audit report – Auditor will be expected to prepare the final audit report and provide (15) hard copies and an electronic copy to RWD.
 - Prepare and file all required State Documents by December 31 of each year.
 - Prepare the “Oregon Audits Division Summary of Revenues and Expenditures” form.
- F. The auditor may be requested to present virtually or in person to present a brief (one-half hour) report of the findings at the December or January Board meeting (2nd Wednesday at 5:30 pm). Advance copies of the respective audit reports will be provided by RWD staff to the Board in preparation for this presentation. Auditors shall inform the board of the following:
- The auditor's responsibility under generally accepted auditing standards.
 - Significant accounting errors, policies, or audit adjustments.

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- Management judgments and accounting estimates.
 - Disagreements with management.
 - Major issues discussed with management prior to retention.
 - Difficulties encountered in performing the audit.

4. PROPOSAL REQUIREMENTS

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

- a. **Title Page** – The name of the proposal’s firm, firm address, telephone number, name of contact person, email address, and the date of the proposal.
- b. **Table of Contents** – Include a clear identification of the material by section and by page number.
- c. **Organization and Assigned Personnel** – State whether your audit organization is national, regional, or local. Include the names of local partners/principals and the number of local personnel on the Oregon Municipal roster. Provide a list of partners, managers, and other key staff people who will be assigned to the audit team. Indicate employees’ experience in auditing municipal organizations.
- d. **Compliance** – Disclose and all judgements, pending or expected litigation, or other real or potential financial referrals 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 has had a contract terminated for default during the past five years, all such incidents must be described. The audit firm must not have a record of substandard work. RWD will verify this requirement by communication with the Oregon State Board of Accountancy.
- e. **Use of Subcontractors** – Subcontractor use is not permitted.
- f. **Audit Approach** – Describe the staffing level that will be assigned to the fieldwork. Outline a work plan and related time schedule for each significant segment of the work. Describe the organization of the team. Describe the use of statistical sampling and the use of computer programs to assist in the audit process. Describe your policy on rotation of personnel to be assigned to RWD the first year and each year thereafter.
- g. **Use of District Personnel** – Describe how you would propose to the RWD personnel, if at all, to assist you during the audit and indicate the approximate time requirement.
- h. **Reporting Deadlines** – Provide detailed information on how the audit firm proposes to meet the anticipated timelines and reporting deadlines of the engagement.

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- i. **References** – Proposers must demonstrate successful past performance of the firm’s ability to provide services as set for in this specification. Proposers must provide contact information (contact name, company, phone number, and email address) of at least three references in the municipal sector.
 - j. **All-inclusive price** - Provide the firm’s proposed all-inclusive audit fee and a statement regarding determination of increases in succeeding years should the contract be extended. Include hourly rates for each staff employee classification, and any other fees associated with the completion of the audit. The bid shall include all direct and indirect costs including all out-of-pocket expenses for performing the audit up to and including the report to the Board of Commissioners either in person or virtually at their board meeting.

If it should become necessary for RWD to request the auditor to render any additional services to either supplement the services requested in this RFP 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 RWD and the firm. Any such additional work agreed to between RWD and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the bid.

Any additional expenses expected during the course of the audit, where the services of the auditing firm must extend above the all-inclusive audit fee, will require written notification to and approval of the RWD Superintendent.

- k. **Authorized signature and attestation** – A qualified representative must sign and return the Authorized Signature and Attestation form in appendix A with the proposal.

5. EVALUATION CRITERIA AND SELECTION PROCEDURE

EVALUATION - Proposals meeting the above minimum qualifications will be evaluated by RWD staff using the following criteria:

- 1) Qualifications and experience of auditing firm and staff assigned to perform services, specifically including work on a water district of similar size. Maximum points – 25.
- 2) Description of audit approach, including outlining a work plan and related timeline schedule for work completion. Maximum points – 25.
- 3) The proposal meets minimum requirements. Maximum points – 15.
- 4) Distance from the Rainbow Water District locale. Maximum points – 15.
- 5) Availability to perform ongoing consulting services as described in this RFP. Maximum points – 10.
- 6) References – Maximum points – 10.



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SELECTION PROCEDURE – The evaluation committee will consist of three members. Each member shall complete an evaluation sheet ranking each qualified proposer against the weighted criteria set forth in the Evaluation Criteria. Completed evaluations shall be combined and tallied. RWD reserves the right to interview one or more of the highest ranked candidates. Upon completion of its evaluation process, the evaluation committee shall provide the results of the scoring and ranking to the RWD Board of Commissioners, with an awardee recommendation.

If the Board of Commissioners agrees with the recommendation, the RWD Superintendent will begin negotiating a contract with the chosen candidate. The Superintendent will direct negotiations toward obtaining a written agreement that outlines the awardees obligations, payment methodology that is fair and reasonable to RWD, and any other provisions the Superintendent believes to be in the best interest of RWD.

If the Superintendent and the selected candidate are unable for any reason to negotiate a contract at a compensation level that is reasonable and fair to the District, the Superintendent shall formally terminate the negotiations with the selected candidate. The Superintendent may then negotiate with the next most qualified candidate. The negotiation process may continue in this manner through successive candidates until an agreement is reached or RWD terminates this RFP.

It is the desire of the Rainbow Water District to have a new auditing contract in place no later than April 9, 2025.

CONTRACT- RWD desires to enter into a professional services agreement, which includes all services necessary for this contract, whether or not the services are specifically outlined in this RFP.

The selected proposer will be expected to sign the written agreement, which will incorporate this RFP and awardee’s proposal. Submittal of a proposal indicates a proposer’s agreement with the terms of the contract. Negotiations shall be limited to cost and any other terms RWD chooses to negotiate, at RWD’s discretion.

RWD anticipates progress payment(s) for services based on percent completion, with balance payment upon completion of the Audit. However, RWD is open to alternative proposals.

Any contract requires that the awardee will comply with all applicable federal laws, rules, and regulations. This solicitation is not an implied contract and may be modified or revoked without notice.



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6. MISCELLANEOUS

Meetings and Progress Reports:

- A. Pre-audit conferences with designated RWD employees will be held to discuss audit schedules, working paper requirements, and report deadlines, as well as the audit program. A written list of information to be provided by RWD staff to the auditors should be provided at this time.
- B. Progress report meetings will be held at regular intervals to be mutually agreed upon.
- C. An exit conference with the Superintendent is required on completion of fieldwork to report the preliminary findings.
- D. Formal report presentation by the audit firm management will be required before the Board of Commissioners upon completion of the final report.

Use of Audit

Ownership of the audit report belongs to the Rainbow Water District, and it is expressly understood that publication of the audit, in whole or in part, or reference to the audit, will be at the sole discretion of the Rainbow Water District.

Contract Termination

Either party may cancel the contract for an audit year by giving written notice to the other party at least ninety (90) days prior to July 1 of any year.



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APPENDIX A

AUROTHIZED SIGNATURE AND ATTESTATION

I, the undersigned, an authorized representative of _____, have read and thoroughly understand the specifications, instructions, and all other conditions of the RFP – Audit Services issued by the Rainbow Water District. Acting on behalf of my accounting firm, which is listed above, I do attest that the services offered by us meet the Rainbow Water District's specifications in every respect (check one).

_____ Without exception

_____ With exception (please explain)

Signature of Official: _____

Name (Printed): _____

Title: _____

Date: _____