

REQUEST FOR PROPOSALS
INDEPENDENT FINANCIAL AUDITING SERVICES

PROPOSALS DUE BY

Friday, December 14, 2018
By 5:00 p.m.

PROPOSALS DELIVERED TO
Debra Johnson, City Secretary
City of Canton
201 N. Buffalo
Canton, TX 75103

City of Canton Request for Proposal For Independent Financial Auditing Services

General Information

The City of Canton is requesting proposals from Certified Public Accounting firms to perform financial auditing services for the fiscal year ending September 30, 2018, September 30, 2019 and September 30, 2020 for both the City and the Canton Economic Development Corporation.

A copy of the City's general purpose financial statements is available from the Finance Director. Interested firms should contact Teri Pruitt at 903-567-1841 or tpruitt@cantontx.gov for a copy. This document provides information concerning the City, its accounting policies and its related entities.

Software applications currently being used include: Asyst (for City) and QuickBooks (for CEDC), general ledger and budgetary accounting, accounting, utility billing, accounts payable, and payroll.

Ad valorem tax billing and collection are provided by the Van Zandt County Appraisal District, under contract.

The City of Canton demographics:

- Type A General Law Municipality
- Population approximately 3,581
- FY18 Budget approximately \$15,000,000.
- 65 full-time employees/9 departments (Administration, Development Services, First Monday, Utilities, Municipal Court, Police, Water, Wastewater, Streets)
- Outstanding debt (Certificates of Obligation, Tax Notes & Bonds)
- Funds include: General, Utilities, and Interest/Sinking Funds, as well as a First Monday Enterprise Fund

Scope of Audit

The audit shall include an examination of the financial statements of all accounts and funds of the City and all component entities, including the Canton Economic Development Corporation (CEDC). This examination shall be made in accordance with all generally accepted auditing standards for local governments as established by the American Institute of Certified Public Accountants and in accordance with all applicable federal and state laws.

The City occasionally receives funds from various State or Federal Grants. As a recipient of these funds, the City may undergo an annual audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments, depending on the amount of funding received, the City of Canton does not expect to meet this threshold in Fiscal year ending September 30, 2018.

The City has a separate component unit consisting of the Canton Economic Development Corporation, which is a Section 4B Corporation under the Development Corporation Act of 1979.

Preparation of Working Papers, Schedules and Financial Statements

The preparation of the Comprehensive Annual Financial Report shall be prepared in accordance with all applicable guidelines of the Governmental Accounting Standards Board and shall be in the format necessary in the opinion of the City Manager to receive the Certificate of Achievement of the Excellence in Financial Reporting Award, issued by the Governmental Finance Officers Association.

Sealed Fee Estimates

A sealed fee estimate should contain all pricing information relative to performing the audit including rates of compensation and number of anticipated hours of each level of staff that may be assigned to this audit. The total all-inclusive maximum fee should include all direct and indirect costs and anticipated out-of-pocket expenses. A separate estimate for each fiscal year should be provided (FYE 2018, 2019 and 2020).

Separate fee estimates should also be provided for the cost of performing auditing services for the component unit for each fiscal year.

If it should become necessary for the City of Canton to request the auditor 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 City of Canton and the firm. Any such additional work agreed to by the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed fee estimate/dollar cost bid.

Reporting Requirements

At the conclusion of each year's audit, the auditors shall provide the following:

1. Both hard copy and electronic copy, of the Comprehensive Annual Financial Report including all introductory material, the general purpose financial statement with auditor's opinion and notes thereto, all combining and individual statements as required, component unit statements as required, and statistical information.
2. General Purpose Financial Statement. Twelve (12) final form copies of each of the reports will be required for the City of Canton and the Canton Economic Development Corporation.
3. A report as to the adequacy of the City's and CEDC's system of internal accounting controls as observed during the course of the audit. The reports shall be addressed to the Mayor and City Council and CEDC Board respectively, but shall be reviewed in draft form by the City Manager, CEDC Executive Director, and Finance Director before they are prepared in final form. Twelve (12) final form copies of each report will be required.

4. If required, reports not included in the Comprehensive Annual Financial Reports related to determination of compliance with the Single Audit Act and any federal grant programs. Twelve (12) copies of such reports will be required, if applicable.
5. Any audit working paper(s) requested by the City, whether prepared by the auditors, the City Finance Department or the CEDC.
6. All Adjusting Journal entries to ensure the consistency of the City's and/or CEDC's financial records with the audited financial statement.
7. An explanation of adjusting journal entries to ensure staff can correctly book them in future financial reports.

Meeting Requirements

Mandatory Meetings:

1. Audit Firm Representative will meet with the City and CEDC Staff, on at least two (2) occurrences, at the beginning and at the completion of the audit assignment.
2. Audit Firm Representative will meet with the City Council and CEDC Board to make the audit reports, typically one (1) occurrence.

Optional Meetings

1. Audit Firm representatives will meet with City Staff and CEDC Staff during the audit assignment to gather additional information as necessary.

Other Requirements

The City shall provide the space and facilities necessary for the auditors to conduct the examination. In addition, all information, data, reports, and records necessary for carrying out the audit work shall be furnished to the auditor in charge and the City shall cooperate with the auditors in every reasonable way to ensure completion of the audit.

The City and CEDC expect to close their books for the fiscal year ending September 30, no later than November 30, of each year and would like to present the printed CAFR to the City Council and CEDC Board no later than the following March of each year at the regular City Council meeting. A meeting will be required prior to presentation to the City Council and CEDC Board. With these dates in mind, a proposed "Schedule of Activities" should be included as part of the proposal.

As part of the proposal, the responder shall include resumes of all employees to be assigned to the audit. It is understood by the City that the individuals specified in the auditor's proposal are the individuals who will do the work associated with the City audit, as described in the proposal. The City reserves the right to approve or disapprove any change to the assigned staff named in the proposal, whether such change occurs prior to or during the engagement.

Auditor Selection Criteria

Final selection of an auditing firm for this engagement will be made at the sole recommendation of the Canton City Council, and at its sole discretion. Although not intended to be all-inclusive, the following is a list of criteria that will be considered in making the selection:

1. Extent and quality of the governmental auditing experience of the firm, based on information provided by the firm as well as references from former and present clients;
2. Experience and qualifications of persons who will be assigned to perform the actual audit work;
3. Existing and future time commitments of persons assigned to perform the actual audit work;
4. Proven ability of the firm to meet work schedules and communicate and work effectively with government officials;
5. Completeness of the project approach as outlined in the proposal;
6. Auditors' demonstrated understanding of the City's requirements and the auditor's plan for meeting these requirements;
7. Degree of assurance by the auditor that audit procedures will minimize disruption of the City's normal activities and ensure timely completion of the audit;
8. Degree of assurance by the auditor that technical assistance and advice will be available to the City when requested throughout the engagement period subject to limitations mutually agreed to;
9. Proposal costs for a three-year engagement period; and
10. General responsiveness to the City's request for proposal.

Instructions for Submitting Proposals

Final proposal shall be mailed or delivered to:

City of Canton
Attn: City Secretary, Debra Johnson
201 N. Buffalo
Canton, TX 75103

Proposals must be received no later than 5:00 P.M., Friday, December 14, 2018, to be considered. Each proposal must be sealed and clearly marked on the outside of the envelope "Proposal for Auditing Services".

Suggestions for Preparing Proposals

Interested firms are encouraged to use their own preferred style and format in preparing a proposal; however, it is suggested that the proposal include at least the following:

1. Full description of the firm's planned audit approach and procedures used for this engagement.
2. Response to the conditions and requirements outlined in the RFP, including the proposed work schedule. Any reservations or exceptions to the RFP should be fully explained, as the City intends to incorporate the RFP and proposal into the final contract by reference.
3. Listing of present and former governmental clients for whom the local office of the firm has performed auditing services similar to those outlined in the RFP within the past three years,

including the names, addresses and phone numbers of persons who may be contracted as references. Indicate which are current clients of the firm.

4. Lists of all governmental clients served by the local office of the firm that have been lost (no longer clients) within the last three years, and provide reasons for the loss.
5. Professional resumes on all employees of the firm who will be assigned to this engagement, indicating specific auditing experience to date, with a clear indication as to what specific responsibility each individual will have.
6. Information as to what time commitment or workload is presently assigned to each person who will be working on this engagement.
7. Indication as to the degree of technical assistance that will be provided to the City throughout the fiscal year (outside of the audit process).
8. Proposed fee for the engagement, for each of the three years.
9. Proposed billing schedule.

Selection Process

Proposals submitted in response to the RFP will be reviewed initially by the Finance Director, City Manager and CEDC Executive Director. Based on this review, recommendations will be made to the City Council who will make the final selection. It is expected that the final selection will be made on or about Friday, December 28, 2018.

Acceptance/Rejection of Proposals

The City reserves the right to accept the proposal considered to be the most advantageous to the City and to reject any and all proposals and re-advertise.

PUBLIC NOTICE

CITY OF CANTON, TEXAS

REQUEST FOR PROPOSALS

The City of Canton is seeking proposals from qualified Certified Public Accountants for auditing services. The audit will be for fiscal years ending September 30, 2018, 2019 and 2020 for both the City of Canton and the Canton Economic Development Board. Copies of the proposal requirements are available in the office of the City Secretary, 201 N. Buffalo, Canton, Texas 75103 or website www.cantontx.gov. Deadline for submitting proposals is Friday, December 14, 2018 at 5:00 p.m.

For further information regarding the audit requirements, contact the Finance Director, Teri Pruitt, at 903-567-1841.