

CITY OF ST. LOUIS, MICHIGAN

REQUEST FOR PROPOSALS FOR AUDIT SERVICES

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The City of St. Louis, Michigan is requesting proposals from qualified firms of Certified Public Accountants for auditing services for the City's financial statements for the fiscal years ending June 30, 2014, 2015, 2016, 2017 and 2018, as well as the same services for the Mid-Michigan Community Fire Board District for the same time period.

General and Financial Information

The most recent audited financial statements are available on the City's website, www.stlouismi.com or at the State of Michigan's website, www.michigan.gov/treasury. The Mid-Michigan Community Fire Board District statements are available on the state website or you may obtain an electronic copy by request to bmarr@stlouismi.com. Current budget levels are consistent with recent prior years with exceptions noted below.

The City of St. Louis is currently involved in a major water replacement project with the City of Alma through the Gratiot Area Water Authority. Currently the remaining proceeds of a lawsuit settlement with Velsicol Chemical Company (responsible party of the ground water contamination) are being used to replace the City's water supply. The City is currently waiting for approval of a \$25 million dollar federal grant that will be used in this project as well.

During 2013-14, the City received \$5.4 million in loan funds from Rural Development for upgrades to its sewer facility. Additionally, \$2.1 million is being loaned from Rural Development for renovation/building a New City Hall with construction beginning in the spring of 2014. It is anticipated that City Hall offices will be relocating in October 2014.

The City receives grants from various agencies from time to time. It is anticipated that a Single Audit will be required for 2013-2014, and highly likely through the duration of the audit contract. Costs for a single audit should be separated however in the event that it would not be applicable.

The Mid-Michigan Community Fire Control Board is a joint venture between the City and three bordering townships for fire and rescue services. The City's finance staff processes and maintains the accounting records for the Fire Department. The Fire Board is currently in process of investigating the feasibility of building a new Fire Hall and it is anticipated that construction will be entered into at some point during the audit contract. The City and Fire Board audits are to be conducted at the same time and will

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follow the same schedule for timing. A separate report is required to be issued for the Mid-Michigan Community Fire Control Board, as such we ask that costs for that audit be specifically separated out as well.

The City's Finance staff consists of four full time employees. The Finance Director/ Treasurer is a former auditor of municipal governments, has a CPA license, and CGFM designation. She has been with the City since June of 2012. The three remaining staff have been with the City for five years or less in their respective positions.

The accounting records are maintained using BS&A software. The City has utilized Tax and Assessing for a number of years but recently (March 2013) began using Timesheets, Accounts Payable, Payroll, Cash Receipting, Utility Billing, Misc. Receivables, and General Ledger. The Human Resources and Fixed Asset applications have also been purchased but have not yet been implemented. Currently there is not a set timeframe for that to occur. The City's Information Technology support is a vendor relationship with Trivalent Group.

The City is working towards the goal of preparing a CAFR for submission to the GFOA for consideration for the Certificate of Achievement in Financial Reporting. It is anticipated that this will occur at some point during the audit contract. However, it is unlikely given the City Hall move in the fall that it would happen the first year. The City is also working towards preparation of the formal statements internally, however the firm should plan on preparation until we are ready to coordinate that transition. City staff will prepare the F-65 and Act 51 reports internally. City staff will prepare all journal entries and will provide information for entity wide statement preparation. Financial information is typically ready by the first week of September. Any preliminary test work/ evaluations can take place as mutually agreed before that date as needed.

Inspection of Records/Further Information

On-site inspection of records can be made by appointment. Inquiries shall be made to Bobbie Marr at 989-681-2137 ext. 221, bmarr@stlouismi.com.

Firm/Individual Qualifications

The firm/individual must be a Certified Public Accountant. The firm/individual must meet the Governmental Accounting Standards requirements for eligibility to audit federal programs. The firm/individual must have at least five years of municipal audit experience. Ideally the firm/individual would have at least one current client that receives the Certificate of Achievement in Financial Reporting.

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Annual Performance Specifications

- The audit shall be conducted to satisfy the requirements of the State Department of Treasury.
- The audit shall be conducted to satisfy the requirements of the various granting agencies that require audits of the grants made to the City.
- The audit shall be conducted in accordance with generally accepted auditing standards, government auditing standards and the OMB Circular A-133 requirements.
- The audit fieldwork must be completed within two (2) weeks of its beginning and shall be completed by October 15th of each year.
- Issuance of the financial statement audits is anticipated by no later than October 31st of each year.
- The firm shall provide the City seven (7) copies of the report for its use as well as an electronic copy.
- The firm shall submit the electronic copy of the Comprehensive Annual Financial Report to the State of Michigan Department of Treasury.
- Issuance of the Single Audit report, if required, shall be completed by December 31st each year.
- The firm shall provide the number of Single Audit Reports required by the various granting agencies of the City and seven (7) copies for its use. The firm shall also submit the report to the electronic repository for Single Audits.
- The City audit shall be presented to the City Council at one of the November meetings. Presentation of the Mid-Michigan Fire Control Board statements is not required but may be requested.
- The audit firm shall provide periodic accounting consultation during the period of the contract.

Instructions Regarding Proposals

The proposal must be submitted to Bobbie Marr, Finance Director/Treasurer, City of St. Louis, 108 W. Saginaw St, St. Louis, Michigan, 48801, before 1:00 p.m., March 10, 2014. Proposals submitted by mail shall be submitted in sealed envelopes plainly marked "Audit Proposal". Electronic submissions may be directed to Bobbie Marr at bmarr@stlouismi.com, indicating "Audit Proposal" in the subject line.

Proposals must include:

1. Qualifications of the firm:
 - a. A description of the firm.
 - b. A listing of Michigan municipal clients for which your office has performed an audit, including a Single Audit, within the last five years and other pertinent information to support relevant prior experience.

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- c. A list of clients your firm has performed audits for that have received a Certificate of Achievement in Financial Reporting from the Government Finance Officers Association.
 - d. Demonstrate appropriate State of Michigan Licensing requirements.
 - e. Demonstrate applicable independence standards.
 - f. Demonstrate applicable requirements for continuing professional education required by Government Auditing Standards, issued by the Comptroller General of the United States.
 - g. Resumes of the partner(s) and supervisory staff to be assigned to the engagement.
2. Technical Approach
- a. Express agreement to meet or exceed the performance specifications as described. --A schedule for performing the key phases of the audit. (Including preliminary work date, start date, completion date and report date).
 - b. Adequacy of proposed Audit Approach --- A brief description of the audit procedures to be followed, presented in a form which shall best aid the City in evaluation of your firm's ability to identify, evaluate and communicate on local governmental financial issues.
3. Fees
- a. The maximum annual fee your firm will charge the City for each year of the audit contract. The annual fee should be stated separately for the financial audit of the City, Single Audit of the City and for the financial audit of the Mid-Michigan Community Fire Board District.
 - b. Include the hourly rates for each level of staff used in calculating charges leading up to the maximum fee and any difference in annual fee should the City authorize your firm to expand the scope of the contracts. Also include the firm's policy and method, if any, expected to be used in calculating adjustments to the annual fee should an increase or decrease in the number of funds to be audited occur.

Cost will not be the primary factor in the selection of an audit firm.

Proposal Evaluation Procedures

The City Finance Director/Treasurer together with the City Manager will evaluate the proposals on the basis of the qualifications, relevant experience, and responsiveness of the bidders, as well as the estimated cost of the engagement. During the evaluation process, they 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 City has on the firm's proposal. Not all firms may be asked to make such presentations.

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The City Council will make a selection based not only on the recommendation the Finance Director/Treasurer and City Manager, but also from deliberations and discussions among the council members.

Timetable

February 10	Proposal specifications mailed/advertising placed
March 10	Proposals Due by 1:00pm
March 10-14	Proposals reviewed, interviews conducted, if necessary
March 18	Recommendation to City Council
March 18	Award of Contract by City Council

Contract award could be pushed to April 1st if there is additional information required to be obtained for City Council evaluation/decision.

Other Terms and Conditions

1. There is no expressed or implied obligation to reimburse responding firms for any expenses incurred in preparing proposals in response to this RFP.
2. Any proposal may be withdrawn up until the date and time set for the deadline of proposals. Any proposal not withdrawn shall constitute an irrevocable offer to the City for up to 60 days, as may be required by the City to act. It is anticipated that the City Council will select an auditor from among those submitting proposals on the date specified in the Time Requirements section.
3. Submission of a proposal indicates acceptance by the firm of the conditions contained in the RFP unless clearly and specifically noted in the proposal submitted and confirmed in a letter of agreement signed by both the City and the firm.
4. The City reserves the right to reject any of all proposals submitted, and also the right to waive any formal defects in proposals when deemed to be in the best interest of the City.
5. The City reserves the right to accept a proposal higher in price than the lowest proposal, and to negotiate with any respondent concerning matter which the City determines requires clarification or changes not in conformity with the specific requirements set forth in this RFP.
6. The City reserves the right, where it may serve the City's best interest, to request additional information or clarification from proposing firms, or to allow corrections of errors or omissions.

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7. The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
8. The selected firm shall maintain a prudent level of errors and omissions insurance covering the willful or negligent acts, omissions of any officers, employees or agents thereof.
9. The City expects to sign a contract with the selected firm. Progress payments will be billed monthly for services rendered in the prior month. Final payment will be made upon receipt and acceptance of the final reports. The Fire Board should be billed separately.