



Klamath County Fire District No. 1
143 North Broad Street • Klamath Falls, Oregon 97601
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REQUEST FOR PROPOSAL

June 27, 2018

To Prospective CPA Municipal Auditing Firms:

Klamath County Fire District 1 is requesting proposals for audit services as required by ORS 297.425.

Proposal and Award Schedule

- June 27, 2018 Publish Notice of Intent
 - July 5, 2018 RFP written clarifications due
 - July 10, 2018 Written responses to RFP clarifications
 - **July 17, 2018 4:00 pm: Proposal's Due**
 - July 24, 2018 Finalists Interviews (*if deemed necessary*)
 - July 31, 2018 Contract awarded by District Board
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- ****The Proposal is to be presented to the District's Finance Officer in a sealed envelope and marked "PROPOSAL FOR AUDIT SERVICES FOR KLAMATH COUNTY FIRE DISTRICT 1".***
 - ***Sealed bids will be accepted until 4:00 p.m., July 17, 2018, at the office of the Finance Officer, Klamath County Fire District 1, 143 North Broad Street, Klamath Falls Oregon, 97601.***

District Overview

The District's mission is to respond the community quickly, safely, and professionally and the organization values a sense of family, teamwork, integrity, customer service, and fiscal responsibility. This mission and values are intended to make sure that our patrons receive the best possible service for their tax dollars. We strive to meet this mission and values in everything we do.

The District provides fire suppression, fire prevention, rescue, hazardous materials and emergency medical services response to the approximate 52,000 residents living in and around the City of Klamath Falls. The District's 76 full-time employees work from six stations to provide

fire protection coverage to the City of Klamath Falls and a 192 square mile area of the District. The District also provides Emergency Medical Service response and Advanced Life Support ambulance transport services to additional 298 square area.

The District is organized as an independent special district under ORS Chapter 478. The fire service in Klamath Falls existed prior to the incorporation of the city from a merger of two rival hose companies in 1903. The City of Klamath Falls Fire Department was established with the formation of the City of Klamath Falls in 1905. Because this was the city fire department, they did not respond to areas outside of the city boundaries. In 1931 the Central Fire Station was built on Broad Street. It currently houses the Administration. Additional city fire stations were built in 1963-1964. These stations are located at 1661 Mitchell Street (Station 3) and 2580 Dahlia Street (Station 4).

The Suburban Volunteer Department formed in 1946 and became a rural fire protection district in 1947. Their main station was constructed in 1947 at 2342 Gettle Street (Station 1). During the 1970's and 1980's the areas outside the City of Klamath Falls were added to the Suburban Fire District. Due to the growth of the suburban area, additional stations were constructed at 7110 Hilyard Avenue (Station 2) in 1978 and 4801 Hwy 97 North in 1982 (sold to Klamath County, in 2016, to house the Klamath County Sheriff's Dive Rescue team). The Suburban Volunteer Fire Department would eventually change its name to Klamath County Fire District No. 1 to better reflect the entire area served.

Klamath County Fire District No. 1 exists today from the merger of these two fire departments. In 1992 the City of Klamath Falls and Klamath County Fire District No. 1 signed an agreement to merge. This was approved by the voters in November 1994. In 2008, Fire District No. 1 constructed a new fire station at 4950 Lakeshore Drive (Station 5).

In 1998, Klamath County Fire District No. 1 purchased the ambulance service from Merle West Medical Center (currently Sky Lakes Medical Center) and became the ambulance service area 5 provider that includes the entire Fire District and portions of the surrounding area.

The District is governed by an elected five-member Board of Directors. The Board meets on the third Tuesday of every month at the Central Fire Station, at 6:00 pm. The public is welcome to attend these meetings.

The District has a permanent tax rate of \$2.8822 per \$1,000 of assessed value. Total budgeted revenue from property taxes for fiscal year 2017-2018 is \$8,020,405. At the request of our Board of Directors, the District strives to maintain a minimum of 6% of general fund revenue for contingency and 20% in unappropriated ending fund balance. This provides the cash necessary to cover expenses at the beginning of the fiscal year until the first tax payments are collected and distributed by the County. The District strives to keep debt to a minimum and does not currently benefit from local option levies or general obligation bonds. In FY 2017-2018, the District paid an additional \$295,000 toward its outstanding long-term debt principal, and has budgeted to do the same, in FY 2018-2019.

The District maintains six funds: a General Fund, Leave Reserve Fund, Apparatus Reserve Fund, Station Reserve Fund, Seismic Rehabilitation Capital Project Fund and Debt Service Fund. The total fund budget for each, for fiscal year 2017-2018, is \$12,440,884 (General Fund), \$250,000 (Leave Reserve Fund), \$750,000 (Apparatus Reserve Fund), \$137,000 (Station Reserve Fund), \$2,349,360 (Seismic Rehabilitation Capital Project Fund) and \$458,063 (Debt Service Fund).

The Finance Department consists of the Finance Officer and a part-time Finance Assistant. The District uses Caselle for its financial software. Caselle is a robust, dynamic software system with many features and modules. The District is continually in the process of enhancing its use of this software.

The Finance Department staff will complete and balance all accounts at year-end. The District will furnish the following information and work papers in conjunction with the audit engagement:

1. Year-end reports with year-to-date totals summarizing all transactions for each line item within each fund. Included also is a year-to-date general ledger detailing all transactions for each fund. The District will provide the individual fund statements of revenues and expenses on the non-GAAP budgetary basis (modified accrual).
2. Bank and cash reconciliation of all bank accounts.
3. Reconciled record of all balance sheet accounts as well as interest income, assessments, payroll, accounts payable/receivable; schedules of debt, notes receivable, tax receivable, transfers, grants, and inter-fund liabilities as of June 30 of each fiscal year.
4. List of fixed assets added/deleted and reconciled for GAAP accounting purposes.

Other

In recent years, with the increasing complexity of GAAP reporting, the District chose to contract with the Auditor for the preparation of the GAAP financial statements, as well as the notes to those GAAP financial statements, the related required supplementary information and additional supplementary information to be included in the audited financial statements. Therefore, this RFP deliverables include all of the above mentioned items plus the auditor's working trial balance, all proposed adjustments, all GAAP reporting adjustments, and the auditor's reports and comments.

Contracting Parties

Proposals should be addressed:

ATTENTION
Phil Hull, Finance Officer
Klamath County Fire District 1
143 North Broad Street
Klamath Falls, Oregon, 97601
(541) 885-2056 ext. 122.

Please provide the name and address of your firm's primary contact person in your proposal.

Scope of Services- Section 1

Basic Financial Services. The firm ("the Auditor") selected will provide an audit of the financial records, on an individual fund basis, in accordance with Generally Accepted Auditing Standards, the Minimum Standards as defined in ORS 297, and the Single Audit Act of 1984, resulting in the expression of an opinion on both in the Comprehensive Annual Financial Report ("CAFR").

The Auditor will schedule the annual fieldwork associated with the engagement beginning after July 31, each year. The District's Finance staff will be ready for audit field work by August 31; and expects a three-month completion date of the audit document from the date the field work has been completed. It is expected that the final completed CAFR document will be presented to the District Board of Directors no later than the December board meeting (third Tuesday of the month). Certain preliminary fieldwork is expected and may be performed prior to end of year for each annual audit.

All working papers beyond those prepared by the District in the normal process of fiscal closing will be the responsibility of the Auditor. Auditor will annually provide the District with copies (electronic is acceptable) of final work papers prior to final payment. As much as possible, all work of the District staff and the sharing of work papers and documents will be provided and shared electronically.

The District is not normally subject to the additional audit requirements of the Uniform Single Audit Act of 1984, and OMB circular A-128. Should the District fall under this requirement the Auditor would be expected to prepare and deliver its opinion on the single audit in conjunction with delivery of the CAFR.

The Auditor shall advise on the interpretation of, and assist with implementation on request, with the application of applicable GASB standards.

The Auditor shall prepare a letter of recommendation to the management of the District covering the Auditor's review of the adequacy of internal accounting controls and other audit

procedures. Such associated costs shall be included in the audit fee. The Auditor shall assist management in advice and counsel in implementing those recommendations as required.

Minimum Requirements of Proposal- Section II

At a minimum, the proposal should include:

1. Current certification by the State of Oregon to conduct Municipal Audits.
2. The ability and willingness to provide the basic financial services set forth in Scope of Services section for the term of the contract.
3. A detailed description of your audit approach and work product delivered on similar engagements, including potential dates and maximum length of time designated for on-site work.
4. A detailed cost analysis developing the proposed fixed-fee (including out-of-pocket expenses) for basic financial services for **each year of the three-year** term of the contract.
5. A professional biography of the individual from your firm in charge of our audit engagement indicating certification, years of service with the firm, and professional experience relative to the engagement. Similarly, with all other professional staff assigned to the engagement.
6. Information concerning your policy with reference to the continuity of staffing our engagement and the District's right to request revision of your proposed staffing for any of the audit periods over the term of the contract.
7. A description of your policies and practices regarding provision of advice and recommendations concerning financial policies, practices and internal controls; as well as a brief description of the kind of relationship you expect to have with the District Board.
8. A minimum of three examples of Management letters presented to municipal clients in the last three years.

Contents of Proposals -Section III

Proposals shall contain sufficient information for the District to determine which firm will be selected to furnish the services that are contemplated by this RFP. The proposal should contain at least the following information:

1. The firm's name, address and telephone number.
2. The number of years the firm has been in business.
3. The names of the officers, principals and key employees of the firm (the project team) who will be responsible for implementing the proposal, with a description of each person's experience in performing the type of services covered by this RFP.
4. A list of all public bodies for which the firm has provided services within the last three years.
5. The cost of the services to be provided; including all reports, documents and other tangible items required to be provided.
6. The firm's suggested audit contract.
7. Number and scope of other projects in which the firm will be engaged at the time the District's project will be implemented; and an assessment of the firm's ability to handle multiple projects concurrently.
8. Constraints that could affect the firm's ability to perform services promptly and efficiently.
9. The names and addresses of any and all clients of the firm who have made claims against the firm within the last five years, alleging that the firm breached a contract for services or were negligent in performance of services. Describe the nature and current status of the claims. Claims should be fully disclosed regardless of whether they involved litigation, arbitration, or other formal dispute resolution process. The disclosures required under this provision also apply to any business with which the principals or officers of the firm were associated during the last five years.
10. The proposal shall include a schedule for performing services, and identify any contingencies that could affect timely performance.
11. The proposal shall state whether the firm is capable of performing all services described in Scope of Services section and other services recommended in the proposal.

12. The proposal shall include all of the information required to be submitted under Section II.
13. Information regarding other services outside the scope of the audit available from the firm and applicable hourly charges for varying levels of expertise.

Submission of Proposals Section IV

In order to be considered, three copies of the proposal, in a sealed envelope, must be delivered to the address specified before the time and date specified above. Firms who mail proposals should allow mail delivery time to ensure timely receipt of their proposals. Proposals received after the specified time and date cannot be considered, and will be returned unopened to the firm.

Proposals shall be submitted in sealed packages or envelopes and insets shall be clearly identified on the exterior of the envelope or package as noted in the above.

The District will not pay for any costs incurred by firms in the preparation, submission and presentation of their proposals.

Proposals received in response to this RFP will be opened at the time and date specified. Firms who wish to be present at the time will be informed of the number and names of firms. No other information will be made available at that time.

Withdrawal of Proposals. Any proposal may be withdrawn by delivering a written request to the Finance Director at any time prior to the time set for opening proposals. The request shall be executed by a duly authorized representative of the firm.

Evaluation of Proposals Section V

Proposals will be evaluated by the Fire Chief, a selected Board Member and the Finance Officer.

Proposals which do not contain all information required by this RFP or are otherwise non-responsive may be rejected immediately.

The District reserves the right to waive irregularities or deficiencies in a proposal if the District determines that the waiver is in the best interest of the District.

The District may request supplemental written information from a firm concerning the firm's ability to perform the services. If a firm fails to provide supplemental information within the time stated in the request, the District may refuse to consider the firm's proposal.

The District may request an interview with selected firms. The District's Finance Officer selected Board member and Fire Chief will conduct interviews as specified in the Proposal and Award Schedule, page 1.

If a proposal is unclear, or appears inadequate, the firm may be given an opportunity in the interview to explain how the proposal complies with this RFP. The District reserves the right to make such investigation it deems appropriate to determine whether a firm is qualified to provide the services. If a firm fails to cooperate with an investigation, or if a firm provides false, misleading or incomplete information, the District may refuse to consider the firm's proposal.

In cases of doubt or differences of opinion concerning the interpretation of this RFP, the District reserves the exclusive right to determine the intent, purpose and meaning of any provision in this RFP.

The following criteria will be applied in the evaluation process:

Responsiveness to Contract Provisions: Proposals that accept the District's contract provisions, or proposed alternatives that are acceptable to the District, will be awarded the appropriate point values. A maximum of 15 points may be awarded under this subsection.

Qualifications and Experience: General experience and qualifications of the firm, including experience in providing the type of services that are covered by this RFP will be evaluated. A maximum of 30 points may be awarded under this subsection.

Performance: The ability of the firm to provide services promptly and efficiently as needed by the District will be evaluated. A maximum of 25 points may be awarded under this subsection.

Cost: Cost of services provided, including all reports, documents and other tangible items required to be provided will be evaluated. A maximum of 20 points may be awarded under this subsection.

The total points awarded to each proposal will be tabulated and the firms shall be ranked accordingly. A committee as previously indicated may interview selected firms. A contract with the firm deemed to be most qualified will then be negotiated. If negotiations with the firm who is ranked highest are unsuccessful, the District may proceed to the next most qualified, and so on, until a contract is successfully negotiated.

The firm selected by the District and all other firms will be notified of the District's selection. Final award will depend upon the execution of an acceptable contract. Award of the contract may be withdrawn if the contract is not signed by the date specified in the schedule of events.

This RFP, proposals submitted by firms and all documents pertaining to the award of a contract are public records and shall be open to public inspection, except for information that the District determines to be exempt from disclosure under ORS 192.501 or 192.502. Any firm may review documents at the office of the Finance Officer any time after the contractor is selected.

June 27, 2018