

**CITY OF LAKE CITY**  
**RFP FORM**  
CITY OF LAKE CITY  
POST OFFICE BOX 1329  
202 KELLEY STREET  
LAKE CITY, SOUTH CAROLINA 29560

**DATE: September 21, 2016**

Sealed bids for obtaining the services from a certified public accountant firm for the independent audit of the City of Lake City's financial statements. Services to be rendered on a three year contract basis.

subject to the conditions and provisions set forth herein and attached, will be received at this office until 3:00 pm EST Wednesday, October 19, 2016.

The commodities and/or services must be furnished as described and specified, delivered to the Finance Department, City Administration Building, 202 Kelley Street, Lake City, South Carolina. The amount that is bid must include all costs of transportation to the required destination.

**Required Bidder's Conference**

**October 5<sup>th</sup> 2016** at 1:30 PM

City Council Chambers – Judicial Center

**Mailing Address for Bids**

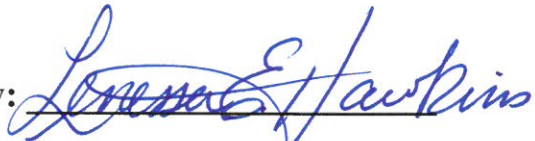
PO Box 1329

Lake City, SC 29560

**Bid No.**      **425.01.092016**

**SHOW ABOVE NUMBER ON  
OUTSIDE OF ENVELOPE**

By:



**LENESSA E. HAWKINS  
FINANCE DIRECTOR**

**Footnotes:**

- Attachment A – Bid Notice**
- Attachment B – (RFP) Request for Proposal**
- Attachment C – Proposer Guarantee**
- Attachment D – Audit Proposal Summary Sheet**

**CITY OF LAKE CITY**  
Post Office Box 1329  
202 Kelley Street  
Lake City, SC 29560

September 21, 2016

TO: ALL INTERESTED CERTIFIED PUBLIC ACCOUNTANTS

The City of Lake City is soliciting proposals from qualified certified public accounting firms for an independent audit of the financial statements for the City of Lake City, as well as, the preparation of the comprehensive annual financial report for the three year term of fiscal years ending June 30, 2016, 2017, 2018. Such reports are to be prepared in accordance with generally accepted auditing standards, Government Audit Standards, issued by the Comptroller General of the United States, and US Office of Management and Budget Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations."

There will be a Bidders' Conference held on October 5, 2016 at 1:30 pm. All firms are **REQUIRED** to attend in order to offer a Proposal.

All interested parties should send proposals to the following address before 3:00 pm on October 19, 2016:

The City of Lake City  
Finance Department  
C/O: Rhonda Housand  
Post Office Box 1329  
Lake City, SC 29560

The scheduled opening of proposals is set for October 19, 2016 at 3:00 pm in the Conference Room, City Administration Building, 202 Kelley Street, Lake City, South Carolina.

Any questions that should be directed to Lenessa E. Hawkins, Finance Director at 843 -374-5421, option 2, ext. 200.

**CITY OF LAKE CITY,  
SOUTH CAROLINA**



**REQUEST FOR PROPOSALS  
FOR  
PROFESSIONAL AUDITING SERVICES**

**City of Lake City, South Carolina**  
**Request for Proposal for Professional Audit Services**

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**I. Audit Schedule and Time Requirements**

**A. Fiscal Period To Be Covered**

The records, accounts, and procedures of the City of Lake City, South Carolina, shall be examined for a July 1st through June 30th fiscal year. The bid shall be submitted for a three-year contract for the following fiscal year periods:

- July 1, 2015 through June 30, 2016
- July 1, 2016 through June 30, 2017
- July 1, 2017 through June 30, 2018

**B. Audit Schedule**

For the fiscal year ending 2016 the following schedule is required.

1. The auditor shall provide the City a detailed audit plan and a list of all schedules to be prepared by the City's staff by February 28.
2. Accounts payable accruals are completed by February 15. The City will have the majority of journal entries recorded and accruals posted by April 1.
3. On-site work should be scheduled between April 3 and April 10.
4. The auditor should complete field work no later than the end of April.
5. The auditor should have draft reports and recommendations available for review by the City Administrator and Finance Director by mid to late May.
6. The final audit should be completed and delivered to the City by June 9, 2017. Twelve sealed (12) copies of the report will be delivered for distribution to Councilmembers, the Finance Director, and the City Administrator.
7. The auditor will be required to appear before the Council on June 13, 2017, to review the report and make an oral presentation.

For the fiscal years ending 2017 and 2018

1. The auditor shall provide the City a detailed audit plan and a list of all schedules to be prepared by the City's staff by September 30.
2. Preliminary work may begin on or after the second week of December.
3. Accounts payable accruals are completed by December 15. The City will have the majority of journal entries recorded and accruals posted by January 31.
4. On-site work should be scheduled early February.

5. The auditor should complete field work no later than the end of February.
6. The auditor should have draft reports and recommendations available for review by the Mayor, City Administrator and Finance Director by the first or second week of March.
7. The final printed audit should be completed and delivered to the City by mid to late March. Twelve sealed (12) copies of the report will be delivered for distribution to Councilmembers, the Finance Director, and the City Administrator.
8. The auditor will be required to appear before the Council between March and April to review the report and make an oral presentation.

## **II. Auditing Services Required**

### **A. Audit Standards**

1. 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 General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the Federal Single Audit Act of 1984 (as amended in 1996) and the United States Office of Management and Budget (OMB) circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* (as revised).

### **B. Scope of Audit**

1. The City desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.
2. All funds included in the annual budget as well as any other grant or subsidiary accounts controlled by the City shall be included in the examination. Program income (receipts and expenditures) from Community Development Grants must be analyzed and/or segmented in separate revenue and expenditure accounts. The system of internal control is to be observed, and if weaknesses are noted, appropriate recommendations should be made. Management should be notified immediately of any defalcation or irregularities discovered during the course of the examination.
3. Effective July 1, 1999, Section 14-1-208 of the South Carolina Code of Laws requires local governments to include in their annual independent audit a review of the accounting controls over the collection, reporting and distribution of fines and assessments from the point of collection to the point of distribution; and a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer, and the amount remitted to the state treasurer. The auditor will be required to

- review these controls as well as the information presented by the City in the supplementary schedule.
4. In addition to the normal performance of providing a complete financial and compliance audit, the auditor will provide assistance with year end closing entries not completed by the City due to time constraints or lack of technical expertise. The City will not place the auditor in a situation of conflict of interest or compromise the integrity of the audit.
  5. Shall work with the City to provide proper assistance as needed to correct any audit findings or to satisfy auditor's recommendations.
  6. Shall be available throughout the three-year period to provide ongoing technical assistance needed by the City's finance staff to assure proper accounting methods are being followed.

### C. Special Considerations

1. CAFR
  - a. An extremely important issue will be the auditor's exposure and experience with the *Certificate of Achievement for Excellence in Financial Reporting*. The City will send its **Comprehensive Annual Financial Report** (CAFR) to the Government Finance Officers Association of the United States and Canada for review in the certificate program. The auditor will be required to provide special assistance to the City and must be able to prepare financial statements that will qualify for this certificate. The auditor will be expected to inform the City of any changes to the certificate program.
2. Single Audit Act
  - a. Governments awarded \$500,000 or more per fiscal year in federal awards are subject to the requirements of the Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. If the City is subject to the Single Audit in a given year, the auditor will be required to include the financial statements, supplementary schedule of expenditures of federal awards, as well as the auditor's reports in the scope of the annual audit.
  - b. Form SF-SAC Data Collection Form for Reporting on Audits of States, Local Government, and Non-Profit Organizations, as required by the Single Audit Clearinghouse shall be completed by the auditor.

3. Other
  - a. The City prefers early implementation of all new authoritative pronouncements that affect the City's financial statements and will require auditor compliance with these reporting requirements.
  - b. The City reserves the right to terminate the audit contract after the first year if the City determines it is in its best interest.

#### **D. Audit Report Requirements**

1. Auditor's Reports
  - a. A report on the fair presentation of the general purpose financial statements in conformity with generally accepted accounting principles and on the supplementary schedule of expenditures of federal awards.
  - b. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
  - c. A report on compliance with requirements applicable to each major federal financial assistance program and on internal control over compliance in accordance with OMB Circular A-133.
  - d. A schedule of findings and questioned costs.
2. Report Format
  - a. The report shall be designed and formatted to conform to and meet all requisite program standards of the Government Finance Officers Association (GFOA) Comprehensive Annual Financial Report, satisfying both generally accepted accounting principles and applicable legal audit requirements. The report will be submitted to GFOA in an effort to obtain the *Certificate of Achievement for Excellence in Financial Reporting*, an award for the highest standards in government accounting and financial reporting.
3. Report Preparation
  - a. Report preparation, routine editing, printing and binding shall be the responsibility of the auditor.
  - b. The audit firm will be required to print (25) copies of the completed Comprehensive Annual Financial Report and provide the completed report in electronic format to place on the City's website and respond to FOIA requests. These costs shall be included in the fee of the audit.

### III. Description of the Government

#### A. Background Information

The City of Lake City is organized under a Mayor-Council Form of Municipal Government and provides services to a population of approximately 6,800. The City is governed by a seven-member Council, including the Mayor, who is responsible for setting City operating policies, creating ordinances, and adopting the City's annual budget. The chief administrative officer of the City is the City Administrator who has the designated responsibility for the day-to-day operations of City government and the supervision of the City's workforce, which is comprised of approximately 81 full time employees and 5 part time employees with a payroll, including benefits, of approximately \$ 5.2 million.

More detailed information on the government and its finances can be found in annual budgets and the annual financial reports available on the city's website at <http://www.LakeCitySC.com> or otherwise upon request.

#### B. Financial Operations Review

- a. The City of Lake City's operations are divided into the following funds:
- b. Fiscal Year 2016
  - a. Governmental
    - i. General fund (Admin, police, fire, streets, sanitation, recreation)
    - ii. Special Revenue (Federal Grants)
  - b. Enterprise
    - i. Public Utilities (Water and Sewer system)
      1. General administration and water and sewer operations.
- c. Total 2016 Budget:

i.	General fund	\$ 5,783,632
ii.	Water Fund	1,204,480
iii.	Sewer Fund	<u>2,635,000</u>
iv.	Total	\$ 9,632,112
- d. The City manages several special revenue funds containing restricted federal grant revenues and expenditures. Included are revenues received from the Community Development Block Grants and US Department of Agriculture - RD.
- e. The City maintains a variety of bank accounts including the General Fund, Drug Forfeiture, Money Market (includes Hospitality, Restitution, Water and Sewer Reserve Funds, GASB 45 Funds), Investment Accounts, as well as



- Community Development, Firemen's Fund, Fireman Fund, EDA Accounts, CDBG, Rural Development.
- f. Community Development funds are administered by the Pee Dee Council of Governments and are to be audited in their offices and included in the City's audit report.
  - g. A payroll account is maintained with an imprest balance and is funded from the general fund and the enterprise fund.
  - h. Florence County bills and collects property taxes on real estate, mobile homes, boats, airplanes, businesses, and automobiles and remits to the City. The City bills and collects business licenses and a variety of other revenue sources for its general fund.
  - i. The City bills and collects for water, sewer and sanitation utilities provided to approximately 3,900 customers. Utility bills and collections are processed on a secure web-based server.
  - j. The City maintains a fixed assets inventory for the general fund and enterprise fund.
  - k. The City is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officer's Retirement System (SCPORS). Both systems are multiple-employer public employee retirement systems and are administered by the South Carolina Retirement Systems, which covers substantially all full-time employees. Employee and employer contributions are made monthly.
  - l. The City has a fully computerized general ledger system using Nicholson Business Systems (NBS). The finance department computer is a part of a networked system housing the software for accounts payable, payroll, fund ledger, cash collections other than taxes and business licenses. The Water and Sewer Administration office utilizes Nicholson Business (NBS) software for its utility billing. The police department and the municipal court system are currently using Nicholson Business Systems LawTrak software.
  - m. The City has the following organization as a component unit requiring inclusion in the Local Government's financial statements:

-The Lake City Development Corporation.

### **C. Assistance To Be Provided To The Auditor**

- a. The Finance Department completes the majority of the City's year-end journal entries, but due to time constraints, the City may require the auditor to complete some of the entries based upon schedules provided by the City. These entries should comprise no more than ten percent of the overall closing process.
- b. The Finance Department and clerical staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations.

- c. The City has the capability to download trial balances as well as other financial data into CVS file and/or Microsoft Excel file format.
- d. The staff of the City will prepare statements and schedules for the auditor, which its level of expertise and available time allows. In the past, this assistance has included schedules of fixed assets and depreciation; compensated absences; a schedule of capital items; accounts receivable; bank reconciliations; revenue and expenditure budget versus actual reports; trial balances; etc.
- e. The City will provide the auditor with reasonable work spaces, desks, and chairs. The auditor will also be provided with access to a telephone; photocopying facilities, and an electronic facsimile machine.
- f. The Finance Department will complete the transmittal letter and statistical pages required for the CAFR. The Finance Director may require assistance with the Management's Discussion and Analysis report.

#### **IV. Working Paper Retention and Access to Working Papers**

- a. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period.
- b. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing significance.
- c. The auditor will be required to make working papers available, upon request, to the following parties or their designees: City of Lake City, U.S. Department of Housing and Urban Development, and the U.S. General Accounting Office (GAO), parties designated by the federal or state governments or by the City as part of an audit quality review process, auditors of entities of which the City is a subrecipient of grant funds.

#### **V. Proposal Requirements**

##### **A. General Requirements**

- a. As a requirement of submitting a proposal, a Bidders' Conference will take place as described on the enclosed RFP Form.
- b. Proposals should include the anticipated hours for audit completion, hourly rates required by staff classification and the out-of-pocket expenses for each year. Include a brief work plan.
- c. Proposals must be in sealed envelopes and clearly marked with the bid number from the enclosed RFP form. Proposals submitted by mail should be addressed as follows: City of Lake City, Attention: Rhonda Housand, P. O. Box 1329,

Lake City, SC, 29560. Proposals received after the bid deadline date and time will not be considered.

- d. The fee should include a maximum fee for each fiscal year depending on whether a Single Audit is required, see Attachment D.

## **B. Qualifications and Technical Experience**

- a. An affirmative statement should be included that the firm is a properly licensed certified public accounting firm in the State of South Carolina and that all assigned key professional staff are properly licensed to practice in South Carolina.
- b. Education, experience, and audit qualifications of your principles and staff.
- c. A list of governmental entities that your firm has audited with the dates performed.
- d. A statement of continuing professional education in governmental accounting and auditing completed during the past two years.
- e. A copy of your firm's latest peer review.
- f. A copy of your firm's most recent quality control review.

## **VI. Compensation and Terms of Payment**

- a. Periodic progress billing may be submitted on the basis of hours of work completed, but no more often than monthly.
- b. If it should become necessary for the City 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 the City and the firm. The auditor should state the hourly rates that would be charged for such services.

**Attachment C**  
**Proposer Guarantees**

The Proposer certifies that it has read this Request For Proposal (RFP) for the City of Lake City, understands the requirements therein, and that it will provide all services set forth in Section II, Auditing Services Required, of this RFP.

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment D**

**City of Lake City  
Audit Proposal Summary Sheet**

**Firm Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Phone No:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Persons responsible for the Audit and number of years with the Firm  
(Please include qualifications (i.e. Resumes) of those available and to be assigned)**

	Name	# of Years with the Firm
<b>Partner</b>		
<b>Manager</b>		
<b>Senior</b>		
<b>Staff</b>		

All-Inclusive Fee For Fiscal Year Ending	Basic Financial Audit	Single Audit	Total For Financial Audit and Single Audit	Cost of Preparation of CAFR
<b>2016</b>				
<b>2017</b>				
<b>2018</b>				

**Attachment D – Continued:**

**Other Services Hourly Rate for Non Audit Services:**

<b>Hourly Rate</b>	
<b>Partners:</b>	
<b>Senior Managers:</b>	
<b>Managers:</b>	
<b>Staff:</b>	
<b>Paraprofessionals:</b>	

**Comments:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**References:**

<b>Government Entity</b>	<b>Address</b>	<b>Contact Person</b>	<b>Phone No.</b>	<b>Years of Engagement</b>

\_\_\_\_\_ **Authorized Signature** \_\_\_\_\_ **Print Name**  
 \_\_\_\_\_ **Title** \_\_\_\_\_ **Date**, 2016