

**RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS**

**New Beginnings Fellowship  
7008 10<sup>th</sup> St. Rio Linda, CA  
June 6, 2022 (5:50 p.m.)**

THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC WITH SOME REASONABLE  
LIMITATIONS PURSUANT TO CURRENT STATE AND COUNTY HEALTH & SAFETY  
GUIDELINES.

*Our Mission is to provide a safe and reliable water supply in a cost-effective manner.*

**AGENDA**

The Board may discuss and take action on any item listed on this agenda. The Board may address any item(s) in any order as approved by the Board.

The public will be given the opportunity to directly address the Board on each listed agenda item during the Board's consideration of that item. Public comment on items appearing on this agenda are welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 24 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the District office at (916) 991-1000. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**1. CALL TO ORDER, ROLL CALL,**

**2. PUBLIC COMMENT**

*2.1. Members of the public are invited to speak to the Board regarding items that are on the agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160).*

**3. ITEMS FOR DISCUSSION AND ACTION**

**3.1. Consider approving a Request for Proposals to enable engagement of an independent auditor.**

**4. ADJOURNMENT**

Upcoming meetings:

Regular Board Meeting

June 29, 2022, Wednesday, 6:30 pm Visitors / Depot Center 6730 Front St. Rio Linda, CA .



## Items for Discussion and Action Agenda Item: 3.1

**Date:** June 6, 2022

**Subject:** Request for Proposals for Independent Auditing Service

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A, time constraints preclude discussion at the next Executive Committee.

**Current Background and Justification:**

The letter from our current audit services provider (included as a document associated with this item) conveys the unanticipated passing of the audit firm's primary auditor.

The process of engaging a new auditing service entails a Request for Proposals (RFP) process. Staff has prepared a draft RFP for Board consideration. It behooves the District to initiate the RFP process as soon as practical to mitigate further delays in the District's annual audit process.

**Conclusion:**

I recommend the Board approve the audit services RFP and further direct staff to solicit responses.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Green \_\_\_\_\_ Gifford \_\_\_\_\_.

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



REQUEST FOR PROPOSALS  
AUDIT SERVICES

Release Date: June 7, 2022

Submission Deadline: June 27, 2022

Contact Person: Deborah Denning, Accounting Specialist

RLECWD  
730 L St.  
Rio Linda, CA 95673  
[www.rlecwd.com](http://www.rlecwd.com)  
[DDenning@RLECWD.COM](mailto:DDenning@RLECWD.COM)

**Request for Proposals (RFP)  
RLECWD Audit Service**

Release Date	Tuesday, June 7, 2022
Closing Date	Monday, June 27, 2022, 300 PM, late proposals will not be considered.
Contact Person	Deborah Denning, Accounting Specialist Email: <a href="mailto:ddenning@rlecwd.com">ddenning@rlecwd.com</a> Phone (916) 991-1000 Ext. 205  RLECWD 730 L St. Rio Linda, CA 95673

**PURPOSE:**

Rio Linda Elverta Community Water District (District), the public agency responsible for water distribution in Rio Linda and Elverta, California, requests proposal responses from highly qualified and experienced independent certified public accounting firms (Proposing Firm) to audit and report on the financial position and internal controls of the District. Such firms must possess the required license(s) to practice in the State of California and regularly practice in local government audits (particularly special districts).

The District operates on a July 1 – June 30 fiscal year. The District anticipates a three-year audit service agreement, with the option to extend the agreement for two additional years, subject to annual review by the District beginning with the fiscal year ending June 30, 2021. Additional information about the District, including budgets and past audit reports can be found on the District website at [www.RLECWD.com](http://www.RLECWD.com).

Please read this entire RFP package and include all requested information in your proposal.

**SCOPE OF SERVICES: ANNUAL AUDIT**

1. Perform Audit of Financial Statements and Prepare Auditor’s Report
  - a. Audit the District’s financial statements in accordance with Generally Accepted Accounting Principles, as set forth by AICPA, GASB, and in accordance with the “Minimum Audit Requirements and Reporting Guidelines for California Special Districts”, as required by the California State Controller’s Office.
  - b. Prepare Auditor’s Report that includes the following:
    - i. Statement of Net Position
    - ii. Statement of Revenues, Expenses, and Changes in Net Position
    - iii. Statement of Cash Flows
    - iv. All Financial Statements to include prior year for comparative purposes.
    - v. Required Footnotes to Financial Statements
    - vi. GASB 68 & 75 Required Supplementary Information
    - vii. Auditor’s opinion on the financial statements and required supplementary information.

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2. Management Letter
  - a. Prepare letter that includes recommendations for improvements in internal controls, accounting procedures, and other significant observations that are non-reportable conditions. Management letter shall be addressed to the General Manager.
3. Management Report
  - a. Prepare a report of any reportable conditions, if any, discovered during the audit. A reportable condition shall be defined as a significant or material deficiency in the design or operation of the internal control structure that could materially adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
4. Staff Presentation
  - a. Prior to the preparation of the final audit report, the Auditor will meet with District staff to discuss the results of the audit and to review significant findings, if any.
5. Board Presentation:
  - a. Attend publicly noticed Board of Director's meeting and present the audit report and results of the audit.
6. The audits performed under the RFP shall cover periods a through c, with an option to extend to cover periods d and e:
  - a. July 1, 2021 – June 30, 2022
  - b. July 1, 2022 – June 30, 2023
  - c. July 1, 2023 – June 30, 2024
  - d. July 1, 2024 – June 30, 2025
  - e. July 1, 2025 – June 30, 2026

**ORGANIZATION OF PROPOSALS**

District requests that Proposing Firm's proposals be organized consisting of two sections: 1) Technical Proposal and 2) Cost Proposal, and formatted as follows:

Technical Proposal

1. Introduction: Proposal will state Auditor's understanding of the work tasks and products to be produced as a part of the audit. Proposal will state the firm's general experience, capabilities and approach or approaches generally used in audits similar to those items addressed in this RFP.

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2. **Specific Audit Approach:** The proposal should set forth a work plan, including an explanation of the audit methodology to perform the services required in this RFP. In developing the work plan, reference should be made to such sources of information as District's budget and related materials, organization chart, prior financial statements, etc.. The proposal should include the following information about the firm's audit approach:
  - a. Proposed phases of the audit and staff hours assigned to each phase of the engagements.
  - b. Description of analytical procedures to be used in the engagement, including sampling.
  - c. Approach to be taken to understand, review, and make recommendations regarding the District's internal controls.
  - d. Description of any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be required of the District.
  - e. Additional work tasks and products the Auditor recommends in addition to those specified in the RFP Scope of Work.
3. **Description of Firm's Experience:** The Auditor shall provide a description of the audit firm's experience, including a brief history, types of services provided, and experience in providing similar services as those requested in this RFP. The description of experience shall include experience with local governments and special districts and shall highlight experience with agencies that are similar in size and structure to the District.
4. **Project Team:** Identify key personnel assigned to the project and describe their respective role(s) and responsibilities. Provide resumes for all key personnel assigned to the project.
5. **License to Practice in California:** Proposal must include an affirmative statement verifying that the firm and all assigned key professional staff are properly licensed to practice in California.
6. **Independence:** Proposal must include an affirmative statement that the firm and all assigned key professional state are independent of the District as defined by auditing standards generally accepted in the United States and the General Accounting Office's Government Auditing Standards.
7. **References:** This section shall consist of a list of at least three (3) current special district clients (include names of contact persons, email address, telephone numbers, and a brief description of the work performed) for whom the Consultant has performed services similar to those required in this RFP.
8. **Peer Review:** Proposing Firm to submit copy of a report on its most recent external quality control review (peer review), including a statement as to whether the external quality control review included a review of specific government engagements (required by Government Audit Standards).
9. List of all current public agency clients
10. Other pertinent information

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Cost Proposal

The cost of the proposal should contain all detailed pricing information relative to performing the audit engagement as described in this RFP. For each year, and in total, the total all-inclusive maximum price is to contain all direct and indirect cost, including all out-of-pocket expenses.

General Terms and Conditions

1. Consultant questions during Proposal Process: Proposing firms are encouraged to ask questions to strengthen proposals to the District. Please email your intention to respond and provide all inquiries in writing via email to Deborah Denning (DDenning@RLECWD.com). Questions will be accepted up to 3:00 pm Pacific Time on Monday, May 3, 2021. All inquiries and responses will be emailed to all Proposing Firms who indicate their intention to respond to the RFP. **Please email your intention to respond to Deborah Denning.** You will receive confirmation of receipt of your email. Inquiry sources will remain anonymous.
2. Limitation: The Request for Proposals (RFP) does not commit the District to award a contract, to pay any cost incurred in the preparation of the firm's RFP response or to procure or contract for services or supplies. The District reserves the right to accept or reject any or all RFP responses received as a result of this request, to negotiate with any/all qualified sources or to cancel all or part of this RFP.
3. Award: The firm/entity chosen may be required to participate in negotiations and to submit such revisions of its proposals as may result from negotiations. The District reserves the right to award a contract/select a service provider without discussion based upon the initial proposals.
4. Signature: The consultant's RFP response shall provide the following information: name, title, address, and telephone number of individuals with authority to bind the service provider and who may be contacted during the period of proposal evaluation. The consultant's RFP response shall be signed by an official authorized to bind the consultant.

Special Terms and Conditions

1. District staff will be available during the audit to assist the audit firm with providing information, documentation, and explanations. In addition, the District will provide the auditor with reasonable workspace, desks, chairs, access to internet connectivity, and photocopying machines. Report preparation, editing, printing and binding shall be the responsibility of the auditor.
2. All material submitted in response to this RFP shall be considered the property of the District and may be used by the District for any purpose.
3. Proposals received by the District will not be returned to the Proposing Auditor.

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4. The District reserves the right to reject any and all proposals, to waive informalities and minor irregularities in the proposals received, to discuss proposal details with respondents, and to accept other than the lowest bid proposal.
5. Proposing Firms will not be compensated for any expenses incurred in the process for responding to this RFP or, if requested, in submitting further information or appearing for an interview.
6. Proposing Firm must provide certificates for Worker's Compensation insurance and liability insurance for auditors performing onsite auditing services, to District standards.

Selection Criteria (not necessarily in order of priority)

1. Experience and qualification of assigned staff.
2. References and relevant work performed (particularly public agencies/special districts).
3. Firm/entity key personnel assigned to the engagement.
4. Demonstrated ability to competently implement the scope of services.
5. Demonstrated understanding of the issues raised by the District in this RFP and the completeness of addressing the scope of work.
6. Proposed Cost of Services.

Selection Procedure

District staff will evaluate each proposal against the Selection Criteria and bring recommendations to the Board of Directors, who will in turn make a final decision on the selection of the Proposing Firm and authorize the District General Manager's execution of a contract with the selected Proposing Firm to perform the requested services.

District staff anticipates that the Proposing Auditor selection will be awarded at the May 17, 2021 Board of Directors meeting. The selection will be awarded to the respondent whose proposal conforms to this RFP and which will be, in the opinion of the District, the most beneficial to the District.

Selection Process and Time Frame:

Tuesday, June 7, 2022	Release of RFP
Thursday, June 16, 2022	Written questions due (optional)
Monday, June 27, 2022	RFP Responses due
Wednesday, June 29, 2022	Selection of Auditor by Board of Directors
Friday, June 1, 2022	Auditor to provide draft engagement letter.
Tuesday, July 5, 2022	General Manager to approve engagement letter (approximate)
Tuesday July 5, 2022	Services Begin (approximate)

Proposal Submittal

Email submission of proposals must be received by the District not later than 3:00 pm on Monday June 27, 2022. Proposals and all inquiries relating to this RFP should be emailed to: Deborah Denning, Accounting Specialist, DDenning@RLECWD.com



Craig R. Fechter, CPA, MST  
(1976 - 2022)

May 17, 2022

VIA EMAIL AND US MAIL

Jason Green  
President, Board of Directors  
Tim Shaw  
General Manager  
Rio Linda Community Water District  
730 L Street  
Rio Klinda, California 95673

Dear Sirs,

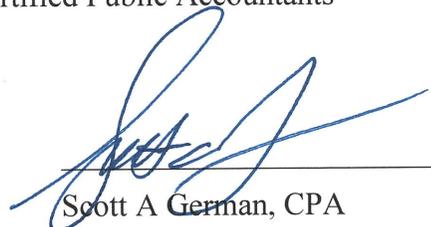
As you may have heard, our founder, Craig Fechter CPA, passed away on April 4, 2022. As a result, we have evaluated our upcoming workload and determined effective May 17, 2022, we will cease our services as your auditors. We have reached this decision reluctantly and after substantial deliberation because we do not feel that we can continue to provide you with the level of services that you require

You should take steps to retain a new accounting firm as there are a number of accounting matters that require immediate attention. We will cooperate with your new accountants in assisting you in the transition to a new audit firm. To facilitate that process, please send us a letter authorizing us to make disclosures to your new accountants. Without such a letter, we are ethically prohibited from communicating with others regarding your affairs.

Thank you for your past business and please consider us when you issue bids in the future, We are prepared to help you make a smooth transition with your new accountants.

Very truly yours,

Fechter & Company  
Certified Public Accountants

by   
\_\_\_\_\_  
Scott A German, CPA