



PANOCHÉ WATER DISTRICT

52027 West Althea Ave., Firebaugh, CA 93622 – (209) 364-6136 – panochewd.specialdistrict.org

June 13, 2025

REQUEST FOR PROPOSAL FOR FINANCIAL AUDITING SERVICES

PREFACE AND INVITATION

The Panoche Water District (the “District”) is a California water district established in 1950 with statutory authority pursuant to California Water District Law (Water Code sections 34000-38500) to provide water service to users spanning over 38,000 acres in the Central Valley of California. The District also has the power to perform all acts necessary or proper to carry out the purposes of the District (Water Code section 35400). The District is a multi-county district located on the west side of the San Joaquin Valley, spanning portions of Merced and Fresno Counties. The District’s administrative office is located at 52027 West Althea Ave., Firebaugh, CA 93622.

Through this Request for Proposal (RFP), the District invites experienced and qualified independent certified public accounting firms, licensed in the State of California, to submit proposals to perform specified financial auditing functions in accordance with the following.

NATURE OF SERVICES REQUIRED

The Auditing services desired by the District are as follows:

- 1) **Period of Audit:** The initial audit will cover the fiscal-year March 1, 2025 through February 28, 2026. The second audit will cover the fiscal-year March 1, 2026 through February 28, 2027. The third audit will cover the fiscal-year March 1, 2027 through February 29, 2028. The engagement will be for three (3) years, with the understanding that the term may be extended to successive fiscal years upon mutual agreement. For continuity, the District prefers to maintain satisfactory services from a qualified firm for a minimum period of three to five years.
- 2) **Audit:** The scope of the audit includes an examination of all books, records, and accounts of the District in sufficient detail to express an opinion on the financial statements as a whole. The audit shall be performed in accordance with Generally Accepted Auditing Standards (GAAS) in the United States, issued by the Comptroller General of the United States, and Governmental Accounting Standards Board (GASB) Statement requirements.
- 3) **Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditor’s report stating this opinion.**

- 4) The audit may also include issuance of possible necessary special reports to comply with applicable laws and regulations. Included within these laws and regulations are the Single Audit Act of 1984 (P.L. 98-502) and the Single Audit Act Amendments of 1996 (P.L. 104-156).
- 5) Up-to 1.5 hours of attendance, in person or virtual, at one meeting with the District's ad-hoc finance committee to present the draft audited financial statements and approximately .5 hours of attendance to present the final draft financial statements to the Board of Directors at a regularly scheduled meeting.

REPORTS REQUIRED

The following reports shall be provided to the District at the completion of the audit in accordance with the District's audit instructions cited above:

- 1) Financial Statements: A report on the examination of the financial statements of the District, including all accounts and funds. The financial statements and the notes to the financial statements will be prepared, in draft, by the District.
- 2) Management Letter: A Management Letter prepared by the auditor which shall include, as appropriate: findings, observations, opinions, comments or recommendations with regard to systems of internal control, accounting systems, compliance with laws, rules and regulations, or any other material matter that may come to the attention of the auditor during the course of the examination. Such findings, observations, opinions, comments or recommendations shall not be construed as special or additional studies, but shall be limited to those usually associated with such an examination.

REPORTING DEADLINES

Financial Statements and Management Letter: The auditor shall submit 6 copies of the audited Financial Statements and 6 copies of the Management Letter by October 30 in each calendar year of the engagement. In addition, a PDF version of both reports will be provided by the auditing firm at the same time.

QUALIFICATIONS

Proposals will be accepted from firms with demonstrated experience and competency in governmental or nonprofit organization auditing. The minimum qualifications for submitting proposals are:

- 1) The firm must have as existing clients at least three public agencies or nonprofit organizations in California; and during the past five years the firm must have audited at least three such public agencies or nonprofit organizations.
- 2) Members of the audit team shall be experienced in governmental accounting and accounting information systems. This shall include the senior member "in charge", who shall have at least five years recent experience in auditing such agencies or organizations.

MEETINGS AND TIMING

A pre-audit conference will be held with designated District staff to review and discuss the schedule of the audit and the responsibility and method of preparation for the audit working papers. The auditor will commence the pre-audit examination at a date mutually agreeable with the District.

METHOD AND BASIS OF COMPENSATION

Proposals shall set forth an estimate of the total required hours, an estimate of out-of-pocket expenses, and the resulting all-inclusive total maximum fee for which the requested work will be done. Required attendance, as stated above, shall be considered in calculating the fee proposed. Any requested attendance beyond the required two meetings will be compensated for on an hourly rate basis. Progress payments may be made on work completed during the course of the engagement but interim billings shall cover a period of not less than a calendar month.

ADDITIONAL SERVICES

Proposals shall contain provisions to the effect that in the event disclosures in the audit indicate extraordinary circumstances that warrants more intensive and detailed services, the Proposer shall provide all pertinent facts relative to the extraordinary circumstances, together with the Proposer's fee for such additional services to the District for consideration.

The District may issue bonded indebtedness in future years that may require the preparation of standard disclosure documentation. The District's financial statements may be included as part of these documents. Please describe the auditors required participation in this process, if any, and include an estimate of any applicable costs.

ASSISTANCE AVAILABLE TO PROPOSER

A copy of the most recent audit report can be found on the District's web site under News & Information.

<https://panochewd.specialdistrict.org/financial-audit-statements>

FORMAT OF THE PROPOSAL

Your proposal should be organized in the manner specified below:

- 1) Title Page: Show the proposal subject, the name of your firm, local address, telephone number, name of the contact person, email address, and the date of submission. If the firm has more than one office, state which office will be responsible for providing services.
- 2) Table of Contents: Include a clear identification of the materials by section and by page number.
- 3) Letter of Transmittal: Limit of two pages.
 - a. Briefly state your understanding of the work to be done and discuss how you will ensure the work is completed within the required time period.

- b. State the all-inclusive fee for which the work will be done showing the hourly rate and estimated hours for each staff classification.
 - c. Give the names of the person or persons authorized to make representations for you, their title, address, telephone number, and email address.
 - d. State that the person signing the letter will be authorized to bind the proposal.
 - e. Signature
- 4) Profile of the Proposer:
- a. State whether your firm is local, national, or international.
 - b. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office. Indicate the percentage of professional staff who are CPA's.
 - c. Describe the range of activities performed by the local office.
 - d. State why your firm is qualified to perform the engagement.
- 5) Qualifications:
- a. Identify the partner who will work on the audit, including staff from other than the local office, if any. Resumes for each person assigned to the audit should be included. Include a statement that any personnel substitutions by the audit firm will be of equally qualified personnel.
 - b. Describe recent local office auditing experience for government or non- profit agencies. Also, describe any recent audits which your local office has performed similar to the type of audit requested.
 - c. Describe your personnel rotation policy or other policies to enhance independence and provide new insight into the audit process.
 - d. Affirm that the proposer meets the independence standards as defined by the U.S. General Accounting Office's Government Auditing Standards (2011 revision).

PROPOSAL DEADLINE

- 1) A minimum of two (2) copies of the proposal should be forwarded to:

Josue Marquez
Panoche Water District
52027 West Althea Ave.
Firebaugh, CA 93622

OR in PDF format to jmarquez@panochewd.org

2) Proposals must be received no later than 5:00 p.m., August 8, 2025.

EVALUATION OF PROPOSALS

The District's selection of an auditor will be dependent upon both the fees and technical expertise. The following factors will be considered in determining which, if any, of those submitting proposals shall be selected:

- 1) Responsiveness of the proposal in clearly stating an understanding of the work to be performed.
- 2) Technical experience of the firm.
- 3) Qualifications of the staff who will actually perform significant audit services under this proposal.
- 4) Cost of the work to be performed.

Proposals submitted will be reviewed by District staff and ad-hoc finance committee. A summary report will be presented to the Board of Directors for final determination. The evaluation process will be directed primarily at those capabilities and advantages which are clearly shown in the written proposal; however, the District may request any or all firms to make oral presentations during the evaluation process. It is anticipated that a firm will be selected by August 12, 2025.

The District shall be the sole judge of the proposal, and particularly, which proposal best meets the needs of the District. The District reserves the right to accept the lowest priced proposal which is responsive to and which substantially meets the District's requirements, and to negotiate with the Proposer if it is in the best interest to do so. The District reserves the right to reject any and all proposals submitted and to request additional information from the proposer.

Thank you in advance for your interest in the District and your attention to this request.

Respectfully,



Patrick McGowan
General Manager