



CHESTER METROPOLITAN DISTRICT

**REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING
SERVICES**

September 26, 2023

Chester Metropolitan District (CMD)
PO Box 550, Chester, SC 29706

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I. INTRODUCTION

A. Purpose of the Request

Chester Metropolitan District (CMD), through this RFP, shall solicit proposals to provide the financial auditing and compliance services for the fiscal year ending June 30, 2024, June 30, 2025, and June 30, 2026

B. Description of CMD

Mission Statement

The CMD's mission is to provide safe, reliable, and sustainable water at reasonable rates to its customers in order to protect public health and safety and promote economic development.

II. GENERAL INFORMATION

A. Organizational Structure

CMD is governed by a nine-member Board of Commissioners. Commissioners are appointed by the local municipalities (Two from City of Chester, three from Chester County, two from Town of Great Falls, one from Town of Richburg, and one from Town of Fort Lawn). The commissioners are the governing body of CMD and are responsible for selecting the Executive Director. The Executive Director is responsible for the day-to-day operation of CMD. Please see the organizational chart in the attachments under Additional Information.

B. The History of CMD

The Chester Metropolitan District is a Special Purpose District created by the SC legislature in 1959 and serves as the public water supply authority in Chester County, South Carolina. The district distributes water along SC Highway 9, SC Rt. 99, the US 21 corridor, and to the municipalities of Chester, Fort Lawn, Great Falls, and Richburg. The system is supplied by a 7.6 million gallon per day (MGD) surface water treatment plant located on the Catawba River in Fort Lawn on the eastern side of the county.

C. Facilities and Locations

CMD operates from two locations:

Main Office: P.O. Box 550 (155 Wylie St.), Chester, SC 29706

Water Treatment Facility (Filter Plant): 6144 Lancaster Hwy, Fort Lawn, SC 29714

D. Fund Structure

Under U.S. generally accepted accounting principles (GAAP), the District is considered to be a self-supporting enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner like private businesses where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The basis of accounting applied is the accrual method whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles.

Fund Group:

- Fund 100 – Operation Fund (General Fund)
- Fund 300 – Capital Fee (Special Revenue Fund)
- Fund 301 – Capital Recovery Fee (Special Revenue Fund)
- Fund 400 – Capital Project (Capital Project Fund)
- Fund 600 – Chester Wastewater Recovery (Agency Fund)
- Fund 601 – Town of Fort Lawn (Agency Fund)
- Fund 602 – Town of Great Falls (Agency Fund)
- Fund 603 – City of Chester (Agency Fund)

E. Budget

CMD prepares its annual budget on a basis consistent with general accepted accounting principles. The budget is based on the fiscal year from July 1 to June 30 next calendar year. The management prepares the budget and then presents it to the board for their approval. In fiscal year 2023-2024 (July 1 2023 through June 30, 2024), the budget for Operation Fund (General Fund) is \$9,548,604. The budget for Capital Fee Fund is \$1,218,500. The budget for Capital Recovery Fund is \$600,000. The total annual budget is \$11,367,104.

F. Billing Services

CMD provides billing services to four local governmental entities including the Chester County Wastewater Recovery (CWR), the City of Chester, the Town of Fort Lawn, and the Town of Great Falls. Those entities pay a monthly fee to CMD.

G. Debts

In March 2017, the district issued the Waterworks System Improvement and Refunding Revenue Bond, Series 2017 with a par value of \$6,755,000. The proceeds of the bonds were used to defease the Series 2009 Bonds (\$2,517,122). The interest rate on the 2017 Series Bond is 3% from 2017 through 2032, 3.25% in 2033 and 2034, and 3.5% in 2035 and 2036, with a term of 20 years maturing on June 1, 2036. As of June 30, 2023, the bond has an outstanding balance of \$4,365,000.

In 2023, the South Carolina Department of Health and Environmental Control (SC DEHC) approved a 5.5 million State Revolving Fund (SRF) loan for CMD’s water treatment plan renovation project. The term and the interest rate will be released by SC DEHC by the end of October 2023.

H. Grants

On April 24, 2023, the district was awarded a \$10M federal grant for the Water Treatment Plant Renovation Project. The construction is expected to begin in the second quarter of 2024 and reach completion by June, 2026. This federal grant is administered by the South Carolina Rural Infrastructure Authority (RIA) using State and Local Fiscal Recovery Funds received through the American Rescue Plant Act.

The District hired Catawba Regional Council of Governments (CRCOG) as the grant administrator for this \$10M grant. CRCOG is responsible for day-to-day administrative tasks and is the primary contact

for the funding agency. CRCOG will manage the project schedule and budget as well as reporting and recordkeeping.

I. Computer Systems

The District's Accounting and Billing systems utilize ERP Pro 10 hosted by Tyler Technologies. The following is a list of some current modules we are using:

- Accounts Payable
- Accounts Receivable
- Bank Reconciliation
- Cashiering
- Fixed Assets
- General Ledger
- Human Resources Management (Including Payroll)
- Inventory
- Project Accounting
- Purchasing
- Utility Billing

J. Pension

CMD currently has fifty-three (53) employees including fifty (50) full time and three (3) part time employees. They all participate in South Carolina Retirement System (SCRS). With the retirement system, the employees contribute a tax-deferred 9% of their gross pay and CMD's contribution rate is 18.56%

III. SCOPE OF WORK REQUESTED

A. General Requirements

CMD is requesting proposals from qualified firms of Certified Public Accountants to provide auditing services for the fiscal year ending June 30, 2024, June 30, 2025, and June 30, 2026. These audits are to be performed in accordance with generally accepted auditing standards.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by GASB Statements 68 and 75.

Professional auditors are requested to provide additional services pertaining to any Federal or State Grants required by their agencies. The District will probably require a single audit be conducted in accordance with Title 2, Subpart F of the Code of Federal Regulations.

The auditor will be required to prepare supplementary information concerning the debt service coverage schedule. The District must maintain compliance with its revenue bond debt covenants. The covenant states net revenues are to be no less than 125% of total outstanding debt service. Net revenues are broadly defined as operating income plus depreciation and amortization expense.

B. Expectations

The auditor will perform the annual physical inventory on June 30th or the last business day of June.

Audit Timeline and Procedures:

A checklist of the required items for the audit shall be provided at least six (6) weeks in advance of

the filed site work to assist in planning and scheduling. This checklist should include the appropriate or preferred format of the information needed such as paper or electronic versions.

The auditor will be expected to complete their field work before October 1 of each year.

A draft of the audit report including draft financial statements, notes and required supplementary schedules as well as the Single Audit report shall be provided no later than October 31, of each year.

The auditor will present the final audit report to the CMD Commissioners at the November board meeting held the third Tuesday of November.

IV. PROPOSAL REQUIREMENTS

A. Time Requirements

The following list of dates are important deadlines for the Audit Proposal:

A. RFP Issue Date	September 26, 2023
B. Proposal Due Date to CMD	November 30, 2023
C. Evaluation and Selection	December 8, 2023
D. Award of Contract	January 23, 2024

For consideration, five (5) copies of the proposal must be sent in a sealed envelope to the following address before 5:00 pm (EST) on Thursday, November 30, 2023:

Audit Proposal
Richard Zhao, CPA, Finance Manager
Chester Metropolitan District
PO Box 550
Chester SC 29706

B. Cost Submittal

Cost Disclosure

The proposal should contain all pricing information relative to performing the audit engagement including all required work stated in the Scope of Work section. The cost submittal shall include a separate line item of cost for items specified in the Scope of Work section.

The proposal should include projected personnel hours required to complete the audit along with hourly billing rates of various levels of staff who will be assigned to the audit.

The proposal should include a total all-inclusive maximum fee to be charged for audit services for each individual fiscal year ending June 30, 2024, June 30, 2025, and June 30, 2026. The maximum fees should include all direct and indirect costs, including such items as travel and out-of-pocket expenses.

Cost Format

The proposal will include an itemized cost breakdown for the following items:

- Audited Financial Statements
- Required Supplemental Information
- Single Audit
- Additional Debt Service Schedule
- Additional Professional Services

There is no expressed or implied obligation for CMD to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

C. Experience and Qualifications

Proposals shall include a signed letter briefly stating the proposer’s understanding of the work to be done, the commitment to perform the work within the specified time, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a final and irrevocable offer for a period of ninety (90) calendar days from the submitted date.

The proposing firm should state the size of the firm, the size of the firm’s governmental audit staff, and the location of the office from which the work of this engagement will be performed. The firm should also state the qualifications of both the supervisory and field work personnel who will be assigned to the engagement. Provide information regarding the experience and training, including relevant continuing professional education and certifications, for each person.

The proposing firm will provide evidence of experience in conducting Single Audits of government type entities, particularly Special Purpose Districts. Please include as reference at least three (3) prior government utilities where similar services have been conducted.

The proposing firm will provide a description of any legal action in the last five (5) years against the firm as well as any other pertinent information the firm deems relevant to the proposal.

The firm must provide evidence of participation in a peer quality review program.

D. Contract Period

The term of the contract will be three (3) years, with the right to extend on an annual basis if deemed to be in the District’s best interest. The District reserves the right to terminate the contract for any reason during the three (3) year period.

V. EVALUATION PROCEDURES

A. RFP Evaluation

A committee of three (3) District’s staff and two (2) board members will evaluate proposals. The committee will use a point system based on the following criteria which shall be weighted by the District in a manner that is deemed appropriate. Each member of the committee will score the proposal and all proposals will be evaluated with equal criteria and weighting.

Evaluation Criteria:

1. Mandatory Firm Criteria – 10%

2. Approach to Audit Quality – 25%
3. Personnel Qualifications and Work Experience– 40%
4. Cost of The Engagement– 25%

B. Mandatory Criteria

The audit firm shall be independent and licensed to practice in South Carolina. It will implement all provisions of the Governmental Accounting Standards Board (GASB) and perform the audit in accordance with Generally Accepted Auditing Standards (GAAS).

C. Approach to Audit Quality

The audit firm shall provide a framework for the scope, timing stems and resources to complete the audit service; outline the processes for ensuring an QA/QC process for final audit report; show the firm’s commitment to provide quality audit services.

D. Personnel Qualifications and Work Experience

The audit firm will state or provide evidence of current and sufficient experience with governmental financial and single audits, specifically Special Purpose Districts where possible.

The audit firm will provide a reference list of at least 3 government utilities where, in the last 5 years, similar services have been conducted. The firm should include the scope of work conducted and a principal contact phone number or email address for the client.

E. Cost of The Engagement

The audit firm will provide a proposed fee itemization with a grand total as requested in the Cost Submittal subsection of Proposal Requirements. Itemized as well as grand total fees will be considered as part of the committee’s evaluation in combination with other factors listed above.

Please note that the selection process will not only be based on the cost-this is not a low bid contract.

VI. ADDITIONAL INFORMATION

A. Organizational Chart

B. CMD Audited Financial Statements

C. Evaluation Criteria Schedule