

Addison Community Schools
219 N. Comstock St.
Addison, MI 49220
517-547-7509

Request for Proposal

Audit Services

For Years Ending June 30, 2024, 2025 and 2026

GENERAL CONDITIONS

Addison Community Schools is soliciting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2024, 2025 and 2026. The district reserves the right to extend the minimum three-year contract an additional two years based on satisfactory performance of audit services.

To be considered for this engagement, firms must meet the qualifications and satisfy the requirements set forth in this Request for Proposal ("RFP"). Please deliver five (5) copies of your proposal, which should include: a narrative addressing the *Firm/Auditor Qualifications* (see page 3); three client references (school districts preferred; include contact names and phone numbers); a completed *Audit Proposal Form* (see page 7) and any additional information necessary to evaluate the proposed audit services, by 3:00 p.m., Friday, March 15, 2024, to:

Wendy Rokita
CFO
Addison Community Schools
219 N. Comstock St.
Addison, MI 49220

Proposals must be submitted in a sealed envelope clearly marked "AUDIT PROPOSAL". Proposals submitted by facsimile or electronic mail will not be accepted. Proposals received after 3:00 p.m. deadline will be disqualified and returned unopened.

Although cost is an important factor, the school district is not obligated by any statute or regulation to award the purchase of audit services solely on the basis of cost. Accordingly, the school district reserves the right to evaluate all proposals objectively and subjectively, and to accept or reject any or all proposals or portion thereof. Additionally, the district reserves the right to negotiate changes in services with the firm determined to have submitted the proposal that is in the best interest of the district.

This RFP constitutes specifications only for the purpose of receiving proposals for services and does not constitute an agreement for those services. It is expected that each bidder will read these specifications with care. Failure to provide requested information or meet certain specified conditions may invalidate the proposal(s).

The information contained herein is believed to be accurate but is not to be considered in any way a warranty.

Please direct all questions, correspondence, or visitation requests to Wendy Rokita by mail, telephone or e-mail (wendy.rokita@addisonschools.us). In order to assure consistency of information provided regarding this RFP, contact with Addison Community School personnel other than Mrs. Rokita is discouraged and may result in elimination from the selection process.

WITHDRAWAL OF PROPOSALS

Proposals shall remain valid for a period of forty-five (45) days after submission. Modifications to proposals will not be accepted by the district, except as may be mutually agreed upon following the acceptance of the proposal.

RFP TIME FRAME

- 1) Release of RFP on or about February 13, 2024.
- 2) Proposals due at 3:00 p.m. on Friday, March 15, 2024.
- 3) Board of Education action by Wednesday, April 10, 2024.
- 4) Notification to all firms as soon as possible after April 10, 2024.
- 5) Preliminary audit work for FYE 2024 to be conducted during May 2024 and at a mutually agreeable time for subsequent year audits.
- 6) Audit fieldwork for FYE 2024 to be conducted during August or September 2024 and at a mutually agreeable time for subsequent year audits.
- 7) Financial Statements completed for distribution in September/October following each fiscal year end.
- 8) Presentation of Financial Statements to the Board of Education during September/ October of each year.

FIRM/AUDITOR QUALIFICATIONS

- The firm must maintain a sufficient number of professional staff in order to provide adequate technical expertise and depth.
- The auditor assigned to the district must have considerable experience in auditing K-12 public school districts within the State of Michigan.
- The auditors shall be familiar with the types of policies and procedures school districts follow.
- The auditors must be fully informed regarding generally accepted accounting principles and auditing procedures including those in developmental stages and those identified below under Audit Information - Accounting Basis.
- The firm shall identify the audit manager, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the audit manager, field supervisor(s) and partner in charge of the engagement should be included with the proposal.
- Assurance must be given that during the course of the three-year contract there will be some continuity in the assignment of audit staff.
- The firm's professional staff must be trained specifically in auditing and accounting for school districts.
- The firm must be actively involved in school finance/business organizations on a state level.
- All assistants must be properly trained and supervised and the work adequately planned.
- The firm must have an excellent reputation for service in school district auditing.
- The successful firm will be required to provide verification of a minimum of \$1,000,000 Errors and Omissions Insurance coverage.

AUDIT INFORMATION

1. Accounting Basis

- Michigan School Accounting Manual (Bulletin 1022) as issued by the Michigan Department of Education
- Public Act 621 of 1978 (Uniform Budgeting and Accounting Act)
- Government Accounting Standards, as amended (Yellow Book) issued by the Comptroller General of the United States
- Governmental Accounting Standards Board – Pronouncements and Interpretations
- Single Audit Act of 1984, as amended
- OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations
- GASB Exposure Letters
- Michigan School Audit Manual as issued by the Michigan Department of Education
- Any other required Federal, State, cognizant agency, and/or professional standards applicable to this engagement.

2. Audit Timeline

- Preliminary audit work for FYE 2024 to be conducted during May 2024 and at a mutually agreeable time for subsequent year audits.
- Audit fieldwork for FYE 2024 to be conducted during August or September 2024 and at a mutually agreeable time for subsequent year audits.
- Draft financial statements and audit report completed by September 30 following each fiscal year end. Final audit documents to be delivered to the district by October 15 of each year to meet audit deadlines set by the Michigan Department of Education.
- Presentation of final Financial Statements and audit report to the Board of Education during September/October of each year.

AUDIT REQUIREMENTS

1. Scope

Provide the Comprehensive Annual Financial Report and the report on Compliance for Federal Grant Programs for the periods ended June 30, 2024, 2025 and 2026. Funds to be audited, estimated volume and estimated fund balance include:

| Fund | Description | 6/30/2023 Fund Balances | Projected 2023-24 Revenues | Projected 2023-24 Expenditures |
|-----------------|----------------------|------------------------------------|---|---|
| General Fund | Operational Purposes | \$966,907 | \$9,604,487 | \$10,099,969 |
| Debt Service | QSCB | \$517,111 | \$1,052,705 | \$1,179,200 |
| Debt Service | BAB | \$103,815 | \$76,552 | \$98,000 |
| Non-major Funds | Capital Projects | \$8 | \$0 | \$0 |
| | Food Service | \$174,219 | \$673,872 | \$673,872 |
| Activity Fund | Internal accounts | \$148,554 | \$240,000 | \$240,000 |
| | | | | |
| TOTAL | | \$1,910,614 | \$11,647,616 | \$12,291,041 |

2. GASB 34

The district implemented GASB 34 for fiscal year ended June 30, 2003.

3. Financial Statements

Upon completion of the audit fieldwork and final adjustments to the general ledger, the audit firm will prepare the audited financial statements and Single Audit Report and electronically submit them to the Michigan Department of Education, Michigan Department of Treasury and, along with the Data Collection Form, the Single Audit Clearinghouse. The District will submit the FID.

4. Reporting

The auditors will report the following information to the Superintendent of Schools and the Addison Community Schools Board of Education:

- Internal accounting control based solely on a study and evaluation made as part of the audit of the general-purpose financial statements.
- Compliance with laws and regulations that may have a material effect on the financial statements.
- Accounting and internal controls used in administering federal financial assistance programs.
- Compliance with laws and regulations applicable to federal financial assistance programs, identifying all findings of noncompliance and questioned costs.

5. State Aid

The auditor shall conduct a 100% state aid audit/reconciliation of the state foundation allowance. Reliance can be given to the pupil accounting audit results issued by the Lenawee Intermediate School District.

6. Taxes

The auditor shall conduct a 100% tax audit/reconciliation. Addison Community Schools receives taxes from five (5) municipalities including Somerset Township (Hillsdale County), Wheatland Township (Hillsdale County), Liberty Township (Jackson County), Rollin Township (Lenawee County), and Woodstock Township (Lenawee County).

The district levies taxes only on the winter roll. The 2023 tax levy included 18 mills for operational purposes (non-homestead property only). The operating millage expires in 2025. The 2023 tax levy also included 1.8 mills for debt service. The debt millage expires in 2034.

7. Audit Plan

The auditor will be required to use a comprehensive audit plan and, to the extent permissible, must be willing to review this plan with the district. The plan should cover the study and evaluation of the internal controls and the test of records to the extent necessary by the degree of such reliance. It is assumed that many of the tests will be conducted by a sampling of the records maintained in the files. It is understood that the auditor is responsible for the auditing procedures that in his or her professional judgment must consider the materiality of the audit area, the relation to specific standards and the relation to expressing an opinion on the statements as a whole. District officers should be consulted when such judgments result in a disproportionate amount of effort being expended on a particular subject.

8. Communication

The auditor will maintain regular contacts and meetings with the district administrators and other personnel including but not limited to:

- Engagement planning meeting
- Progress reports
- Closing review meeting
- Changes that would affect the reporting requirements of the school district
- Sharing of innovative methods and procedures that may warrant district investigation and/or consideration
- Newsletters or other method of regular communications containing information with specific benefit to school districts

9. Audit Reports

The audit manager or partner of the firm shall personally present the audit final reports to the Board of Education. The auditor shall furnish the school district with 12 copies of the Comprehensive Annual Financial Report including the Single Audit Report if applicable. In addition, the auditor shall furnish and send the requested number of copies for submission to each federal, state (and county) agency as may be required.

10. Other Requirements

The auditors shall provide assistance in correcting errors and procedural shortcomings identified during the audit.

11. Additional Data

Please provide any additional information or data that you feel is relevant and may be helpful in the selection process.

DISTRICT INFORMATION

1. Enrollment

Addison Community Schools is a Class C K-12 school district located in Addison, Michigan. The district provides general and special education services to students within its service area as well as those enrolling under Section 105 and 105c of the State Aid Act, Schools of Choice.

The district owns and operates the following schools:

| School | Location | Programs | Enrollment |
|---------------------------|------------------------------------|-----------------|-------------------|
| Addison Elementary | 219 N. Comstock St. Addison, MI | Grades PK-5 | 333 |
| Addison Jr/Sr High School | 219 N. Comstock St. Addison, MI | Grade 6-12 | 374 |
| TOTAL ENROLLMENT | | | 707 |

Enrollment in the district can be described as declining.

2. Funding

The district's 2023-2024 per-pupil foundation grant is \$9,608. The district is expecting to receive approximately \$800,000 in federal grant funds in 2023-2024, which is primarily comprised of Title I, Title IIA, Title IV, ESSER III, and National School Lunch Program.

3. Staffing

The district employs approximately 95 people: 49 certified teachers, 9 administrators and 55 hourly staff including secretaries, custodians, paraprofessionals, and food service workers.

The following list represents key personnel involved in the financial operations of the district and their length of experience:

| Name | Position | Length of Service with the district | Total Experience in Current Position |
|--------------|-----------------|--|---|
| Dan Bauer | Superintendent | 5 months | 9.5 years |
| Wendy Rokita | CFO | 17 years | 17 years |

In preparation for each audit, the district currently records all journal entries and provides all detail for accounts receivable, accounts payable, accrued salaries, other accrued liabilities and deferred revenue. All grants are reconciled and receivables/deferred revenue recorded at year-end. Few audit entries are usually required by the current auditors.

4. Accounting Software

Addison Community Schools utilizes software provided by EfinancePlus for general ledger, accounts payable, accounts receivable, payroll and personnel functions. The district also utilizes Infinite Campus for student services/pupil accounting purposes.

5. Office Hours

The Addison Community Schools Business Office is open from 8:30AM to 4:00PM, Monday through Friday.

AUDIT PROPOSAL FORM

Please complete and return five (5) copies of the proposal, which should include: a narrative addressing the "Firm/Auditor Qualifications", three client references (school districts preferred; include contact names and phone numbers), this completed proposal form and any additional information necessary to evaluate the proposed audit services.

Proposals are due by 3:00 p.m., Friday, March 15, 2024.

Base audit cost:

For the year ending June 30, 2024 _____

For the year ending June 30, 2025 _____

For the year ending June 30, 2026 _____

Single audit cost:

For the year ending June 30, 2024 _____

For the year ending June 30, 2025 _____

For the year ending June 30, 2026 _____

Number of Michigan school districts audits your firm conducted in each of the last three years:
(Please attach a list of those schools)

For the year ending June 30, 2021 _____

For the year ending June 30, 2022 _____

For the year ending June 30, 2023 _____

Number of other governmental (fund accounting) audits your firm conducted in each of the last 2 years:

Last year _____

Prior year _____

Type of consulting service(s) provided to the school district on an annual and ongoing basis at no additional cost:

Hourly rates for consulting services beyond the scope of the consulting services listed above:

Indicate other services that you provide to your clients:

Location of office that will be performing the audit for Addison Community Schools:

Name of Firm: _____

Address: _____

Contact Person: _____

Telephone: _____

Email: _____

Authorized Representative Assurance:

I certify that the information contained on this form is true and accurate and that the presentation of this information to Addison Community Schools represents an offer to contract and that acceptance by Addison Community Schools of this offer will bind me to performance under the terms and conditions of the RFP.

Name of Authorized Representative

Title

Signature

Date

Email address

Telephone Number