
From: Mitchell, Donna
Sent: Monday, March 12, 2007 12:53 PM
To: City Council; bjones@polytech.k12.de.us; Dan Shevock; Speed, Stephen R.
Cc: DePrima, Tony; City Clerks Office; Gomes, Linda; Lisiecki, Tracey
Subject: FW: Audit RFP

To All,

The Mayor has provided some suggested changes to the RFP and had some questions.

For your information as well.

Thank you,
Donna

From: Speed, Stephen R.
Sent: Sunday, March 11, 2007 1:18 PM
To: Mitchell, Donna
Subject: Audit RFP

Donna,

I have some comments/questions regarding the RFP document. These comments/questions are based on the document you e-mailed to us. I didn't check to see if any of them changed in the version contained in the LF&A packet.

1. Paragraph IIB - "accepting" should be "accepted."
2. Paragraph IIC1 - delete the last two commas in the sentence.
3. Paragraph IIC after 3 - what are the conditions that shall be reportable? [Mitchell, Donna] the textbook definition is "matters coming to the auditor's attention that in his/her judgment should be communicated to the audit committee because they represent significant deficiencies in the design or operation of the internal control structure that could adversely affect the organization's ability to record process, summarize, and report financial data consistent with the assertions of management in the financial statements. I can't tell from the paragraph that follows what the conditions are. A numbered list, similar to the list in the Reporting to the L. F. & A. Committee paragraph, would be helpful.
4. Paragraph IIC Reporting to the L. F. & A. Committee - What are the definitions of "significant" and "major?"[Mitchell, Donna] The auditor will define this when they develop their test of controls. Any deviations over/under a certain percentage or dollar amount may fall into significant or major. When developing their benchmarks they consider qualitative factors as well as cost benefit factors. They also include probabilities. They may look at an error or misstatement as a percentage of the whole or as a percentage of a subcategory. They will increase the level of analysis if they find we were to exceed the benchmarks.
5. Paragraph IIIB - When were the numbers last updated? [Mitchell, Donna] They were taken from the Statistical section of the CAFR How were they determined?[Mitchell, Donna] We get updates from the Department Heads every year while we are working on putting together the CAFR.
6. Paragraph IIIE - There is an extra "Weed."
7. Paragraph IIIF - Change "it" to "its."
8. Paragraph VIB2 - Why are there parentheses "[]"?
9. Appendix F - Where it reads "fiscal year's sending" it should read "fiscal year ending" or "fiscal years ending."

Thanks,
Steve

CITY OF DOVER

LEGISLATIVE, FINANCE & ADMINISTRATIVE COMMITTEE

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

MARCH 14, 2007

15 EAST LOOCKERMAN STREET

DOVER, DELAWARE 19901

CITY OF DOVER
REQUEST FOR PROPOSALS

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CITY OF DOVER

REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Dover is requesting proposals from qualified firms of certified public accountants to audit its financial statements. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in 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 U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

as well as the following additional requirements:

City of Dover, Charter, Article IV. Sec. 46. Annual audit.

Annually in the month of July, the council shall have the finances of the city and the books and accounts of the city manager, the alderman and the city treasurer audited by a certified accountant.

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

To be considered the proposal must be received by the City Clerk's Office at City of Dover, 15 East Loockeman Street, Dover, DE 19901 by 2:00 p.m. on April 18, 2007. The City of Dover reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by our five (5) member Legislative, Finance, and Administrative Committee (L.F. & A), consisting of three (3) Council members and two (2) civilian members.

Please see Section IV for the Proposal Calendar.

B. Term of Engagement

A five (5) year contract is contemplated, subject to the annual review and recommendation of the L. F. & A. Committee, the satisfactory negotiation of terms (including a price acceptable to both the City of Dover and the selected firm), the concurrence of the City of Dover's Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be performed – Comprehensive Annual Financial Report (CAFR)

The City of Dover desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The City of Dover also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

B. Auditing Standards to Be Followed

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 American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

C. Reports to be issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

2. A report on compliance and internal control over financial reporting based on an audit of the financial statements

3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required report(s) on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, the following conditions shall be considered reportable:

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

Irregularities and Illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Reporting to the L. F. & A. Committee. Auditors shall assure themselves that the City of Dover's L. F. & A. committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

D. Special Considerations

1. The City of Dover will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City of Dover to meet the requirements of that program.

2. The City of Dover currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

3. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.

E. Working Paper Retention and Access to Working Papers

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 Dover of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

City of Dover
U.S. General Accounting Office (GAO)

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 accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Organizational Chart & Location of Offices

An organizational chart (Appendix A) and a list of key personnel with the location of their principal offices (Appendix B) are attached.

B. Background Information

The City of Dover serves an area of 22.93 square miles with a population of 32,043. The City of Dover's fiscal year begins on July 1, and ends on June 30.

The City of Dover provides the following services to its citizens:

Police Protection	Community Development/Housing
Community Policing	Tree Maintenance & Management
Fire Protection	Street Maintenance/Cleaning/Snow Removal
Animal Enforcement	Emergency Preparedness
Library	City Elections

Parks	Building Inspections
Recreation	Planning & Zoning
Leaf Collection	Water Service
Trash Collection	Sewage Service
Bulk Trash Collection	Electricity

The City of Dover has as of the fiscal year end of 2006 a total payroll of $17,689,223 covering 378 employees. The accounting and financial reporting functions of the City of Dover are centralized.

More detailed information on the government and its finances can be found on the City's website, cityofdover@dover.de.us.

C. Fund Structure

The City of Dover uses the following fund types in its financial reporting: (subject to change due to grants)

Fund Type	Number of Individual Funds	Number With Legally Adopted Annual Budgets
General fund	1	1
Special revenue funds	12	5
Debt service funds		
Capital projects funds	4	1
Permanent funds		
Enterprise funds	4	4
Internal service funds	1	1
Private-purpose trust funds		
Investment trust funds		
Pension/OPEB trust funds	3	0
Agency funds	3	0

D. Budgetary Basis of Accounting

The City of Dover does not prepare its budgets on a basis consistent with generally accepted accounting principles.

The City prepares the budgets for the General Fund revenues on the cash basis, except property taxes and billable services, which are modified accrual basis. The expenditures are accounted for when the purchase orders are issued.

Budgets for the Electric Revenue Fund and Water/Wastewater Fund are prepared on an accrual basis. Budgets are prepared under the assumption that the principal redemption of long-term debt must be assumed by Enterprise Fund activity in conformity with the bond ordinance.

E. Federal and State Awards

During the fiscal year to be audited, the City of Dover may receive the following:

CFDA #	Program Name
14.218	Community Development Block Grants-Entitlement Grants
14.228	Community Development Block Grants-State Program
16.592	Local Law Enforcement Block Grant
84.034	Public Library Services
84.186A	Safe & Drug Free Schools & Communities-State Grants
16.595	Executive Office for Weed & Seed-Weed & Seed Project
16.579	Exec. Office for Weed & Seed-Weed & Seed Coordinator
83.350B/351B	Federal Emergency Management Agency-Winter Storm 2/03
16.710	Universal Hiring Grant- Police
97.067	Homeland Security Grants- DEMA

F. Pension Plans

The City of Dover participates in the following pension plans:

Pension Plan	Multi-Employer Cost-Sharing	Single-Employer Defined Benefit Plan	Single-Employer Defined Contribution Plan
General Employee		X	X
Police Pension (Closed)		X	
State of DE Police	X		

Actuarial services for the single-employer plans are provided by Pike and Associates. The City also offers its employees a deferred compensation plan (457).

G. Component Units

The City of Dover is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are not included in the City of Dover's financial statements.

H. Joint Ventures

The City of Dover does not participate in joint ventures with other governments.

I. Significant Changes from Prior Year

The City's ten year power supply and plant management agreement with Duke Energy Services LLC ended on June 30, 2006. Duke Energy opted not to renew this agreement. On May 4, 2006 the City of Dover entered into three year agreements for power supply management with PACE "PACE" Global Asset Management LLC and plant operation services with North American Energy Services Company "NAES" effective July 1, 2006.

The prior agreement with Duke Energy Services LLC was a bundled fixed price contract for both energy and generation with a price escalator each year of the ten year term. The new unbundled agreements are for power supply based on market prices with hedge strategies to mitigate market volatility. The plant operation and fuel cost are a separate and distinct budget and not included in the power supply pricing as before.

J. Finance Operations

The finance department is headed by Donna S. Mitchell, Treasurer/Finance Director and consists of seven (7) employees. The principal functions performed and the number of employees assigned to each are as follows:

Function	Number of Employees
Assistant Finance Director	1
Financial Reporting and Accounting Manager	1
Senior Accountant	1
Payroll Specialist	1
Accounts Payable Clerk	1
Accountant I	1
Administrative Assistant	1

K. Computer Systems

Hardware

IBM iSeries 820 and several Dell services
Operating system – IBM V5R3 and Microsoft 2003 Server
Networked fiber between buildings and Ethernet to desktop PCs. Wireless access available in some areas.

Software

Applications on iSeries: Numerous HTE Inc. Modules and some custom iSeries programs.
Applications on Servers: SQL, ESRI GIS products, HTE interfaces, Cisco VOIP System,

Exchange, Westbrook Technologies Imaging, Web filtering, Intranet applications, file sharing.
Applications on Desktops: Microsoft Office, emulation to iSeries, a few other more esoteric applications as required by users.

Access

User ID and password required for all the above systems. Access to devices, applications, and data is limited based on job performed and department.

L. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Donna S. Mitchell at 15 East Loockerman Street or by phone 302-736-7018. The City of Dover will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	March 14, 2007
Due date for notification of interest (Sample letter included)	March 26, 2007
On-site interviews by appointment only	March 22 to March 30, 2007
Proposal due date	April 18, 2007 at 2:00 p.m.
Selected firm notified	May 8, 2007
Contract date	May 23, 2007

B. Date Audit May Commence

The City of Dover will have all records ready for audit and all management personnel available to meet with the firm's personnel as of May 23, 2007.

C. Schedule for the 2007 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the City of Dover exercises its option for additional audits).

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work - The auditor shall complete interim work by June 22, 2007.

2. Detailed Audit Plan - The auditor shall provide City of Dover by July 10, 2007 both a detailed audit plan and a list of all schedules to be prepared by the City of Dover.

3. Fieldwork - The auditor shall complete all fieldwork by August 31, 2007.

4. Draft Reports - The auditor shall have reviewed all draft schedules and statements and provide recommendations to management available for review by the L. F. & A. Committee and the Finance Director by October 22, 2007. The draft report shall be reviewed by the L. F. & A. Committee by November 5, 2007.

D. Finalizing the CAFR and Auditor's Report

The Finance Director shall prepare draft financial statements, notes and all required supplementary schedules [and statistical data] by November 12, 2007 (CAFR). The auditor shall provide all recommendations, revisions and suggestions for improvement to the Finance Director by November 19, 2007. A revised report, including a draft auditor's report(s) shall be delivered to the L. F. & A. Committee by November 26, 2007.

The Finance Director and the L. F. & A. Committee will complete their review of the draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within ten (10) working days. It is anticipated that this process will be completed and the final report delivered by December 20, 2007.

The auditor's final report and two (2) signed copies should be delivered to Donna Mitchell, Finance Director, City of Dover 15 East Loockerman Street, Dover, DE 19901.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

In addition, clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Electronic Data Processing (EDP) Assistance

The following EDP personnel will be available to assist the auditor in performing the engagement:

Position	Hours
Dee Glisson, Administrative Assistant	8-5

EDP personnel will also be available to provide systems documentation and explanations. The auditor will not be provided computer time and the use of the City of Dover's computer hardware and software.

C. Work Area, Telephones, Photocopying and FAX Machines

The City of Dover will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to two (2) telephone lines, photocopying facilities and FAX machines.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the City.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by March 26, 2007 their "Notification of Interest" in the format included in this Request for Proposal. Failure to do so will disqualify firms from submitting a proposal.

2. On-site Inspections and interviews.

Appointments for firms interested in submitting proposals will be available during the week of March 22 through March 30, 2007 at City Hall, 15 East Loockerman Street, Dover, Delaware.

Both verbal and written questions will be accepted.

Representatives of the various departments within the City of Dover will be available to discuss their operations and conduct on-site inspections for interested proposers on an agreed upon date during the month of June.

3. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Donna S. Mitchell, Treasurer/Finance Director
15 East Loockerman Street, Dover, Delaware 19901
Phone: 302-736-7018; Email: finance@dover.de.us

CONTACT WITH PERSONNEL OF THE CITY OF DOVER OTHER THAN DONNA S. MITCHELL, TREASURER/FINANCE DIRECTOR, REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

4. Submission of Proposals

The following material is required to be received for a proposing firm to be considered:

a. A master copy (so marked) of a Technical Proposal and five (5) copies to include the following:

i. Title Page
Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

v. Executed copies of Proposer Warranties, attached to this request for proposal (Appendix C)

b. The proposer shall submit an original and five (5) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL
FOR
CITY OF DOVER
FOR
PROFESSIONAL AUDITING SERVICES
April 18, 2007

c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

CITY CLERK'S OFFICE
CITY OF DOVER
15 EAST LOOCKERMAN STREET
DOVER, DELAWARE 19901

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Dover in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information, which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the City of Dover as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm should also list and describe the firm's professional relationships involving the City of Dover or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of Dover written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in the State of Delaware

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Delaware.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Delaware. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 3) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as City of Dover's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

a. Proposed segmentation of the engagement

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

c. Sample size and the extent to which statistical sampling is to be used in the engagement

d. Extent of use of EDP software in the engagement

e. Type and extent of analytical procedures to be used in the engagement

f. Approach to be taken to gain and document an understanding of the City of Dover's internal control structure

g. Approach to be taken in determining laws and regulations that will be subject to audit test work

h. Approach to be taken in drawing audit samples for purposes of tests of compliance

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Dover.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. (See Appendix F for format.)

The City of Dover will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

a. Name of Firm
b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Dover.
c. A Total All-Inclusive Maximum Price for each year of the engagement for each of the following:

(1) Comprehensive Annual Financial Report (CAFR) statement audit
(2) Comfort letters for bond issues
(3) A-133 Audit

2. Rates by partner, specialist, supervisory and staff level times hours anticipated for each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D) that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City of Dover for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid in the format provided in the attachment (Appendix E). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City of Dover rates for its employees.

4. Rates for Additional Professional Services

If it should become necessary for the City of Dover 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 City of Dover and the firm. Any such additional work agreed to between the City of Dover and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. Final payment will be perfected upon delivery of the final report.

VII. EVALUATION PROCEDURES

A. Review of Proposals

The L.F. & A. Committee will use a point formula during the review process to score proposals. Each member of the L.F. & A. Committee will first score each technical proposal by each of the criteria described in Section VII. B below. The full L. F. & A. Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The City of Dover reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

    a. The audit firm is independent and licensed to practice in the State of Delaware

    b. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Dover

    c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal

    d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

    e. The firm’s professional personnel have received adequate continuing professional education within the preceding two (2) years.

2. Technical Qualifications: (Maximum Points - 70)

a. Expertise and Experience

(1) The firm's past experience and performance on comparable government engagements
(2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation

b. Audit Approach

(1) Adequacy of proposed staffing plan for various segments of the engagement
(2) Adequacy of sampling techniques
(3) Adequacy of analytical procedures

3. Price: (Maximum Points - 30)

<u>COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM</u>

C. Oral Presentations

During the evaluation process, the L. F. & A. Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the L.F. & A. Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The City of Dover will select a firm based upon the recommendation of the L.F. & A. Committee.

It is anticipated that a firm will be selected by April 24, 2007. Following notification of the firm selected, it is expected a contract will be executed between both parties by May 1, 2007.

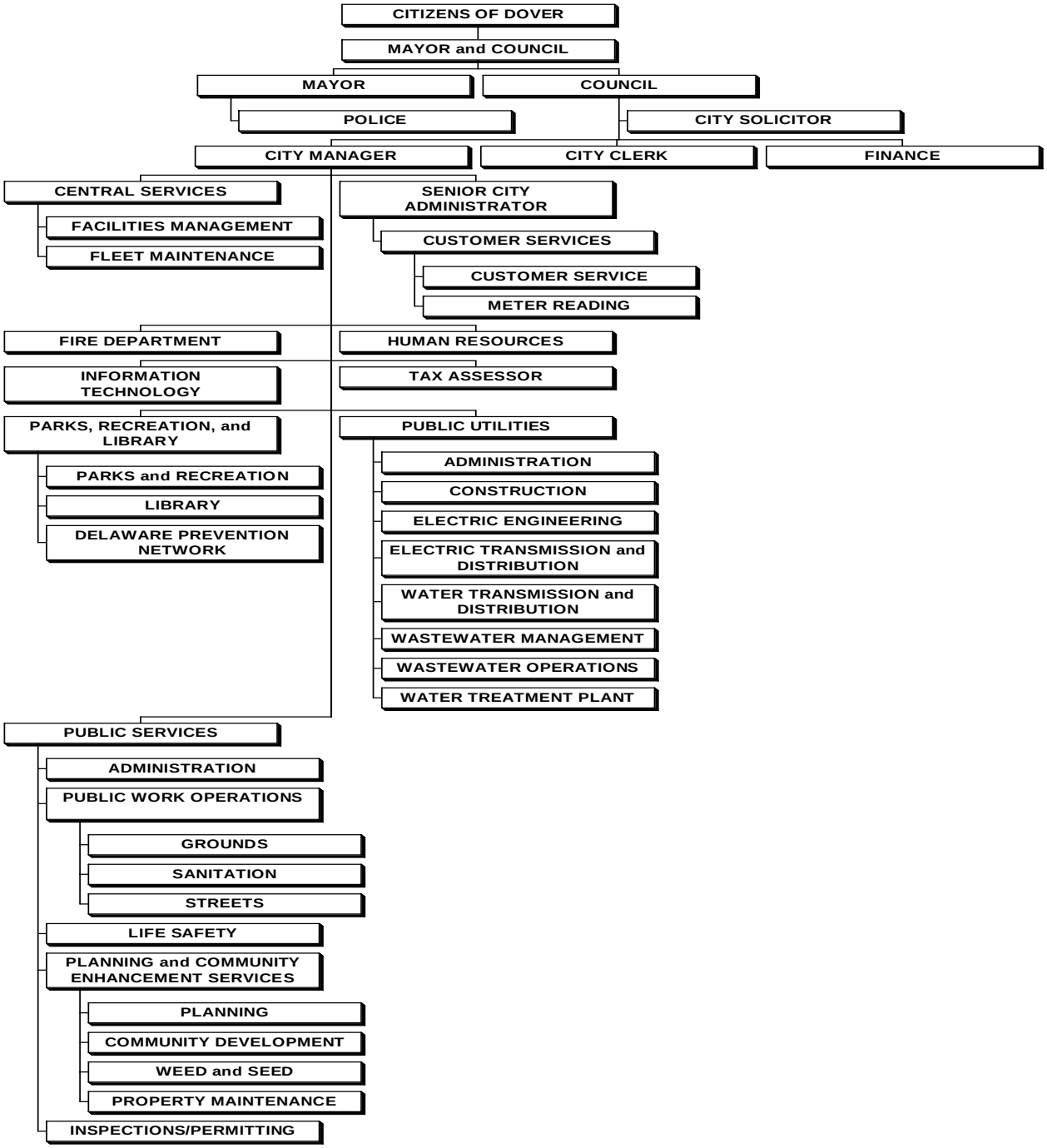
E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Dover and the firm selected.

The City of Dover reserves the right without prejudice to reject any or all proposals.

APPENDIX A

CITY OF DOVER ORGANIZATIONAL CHART



APPENDIX B

LIST OF KEY PERSONNEL

Name and Title	Location of Office	Telephone
Rueben Salters, Chairman – L.F. & A.	City Hall, 15 East Loockerman St.	302-736-7008
Donna S. Mitchell, Finance Director	City Hall, 15 East Loockerman St	302-736-7018
Linda Gomes, Administrative Assistant	City Hall, 15 East Loockerman St	302-736-7018
Tracey Lisiecki, Financial Reptng Mgr.	City Hall, 15 East Loockerman St	302-736-7018
Traci McDowell, City Clerk	City Hall, 15 East Loockerman St	302-736-7008
Peter Gregg, Purchasing Agent	Central Services, 710 William St	302-736-7047

APPENDIX C

PROPOSER WARRANTIES

A. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

B. Proposer warrants that it is willing and able to comply with State of Delaware laws with respect to foreign (non-state of Delaware) corporations.

C. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

D. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Dover.

E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:
Name (typed):
Title:
Firm:
Date:_____

APPENDIX D

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE **AUDIT** OF THE [**YEAR**] FINANCIAL STATEMENTS

	Hours	Hourly Rates	Total
Partners	___	___	___
Managers	___	___	___
Supervisory Staff	___	___	___
Audit Staff	___	___	___
Other (specify): _____	___	___	___
Total for services			
Out-of-pocket expenses:			
Meals and lodging			
Transportation			
Other (specify):_____			
Total all-inclusive maximum price for [YEAR] audit			

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

COMPLETE ONE SCHEDULE FOR EACH YEAR OF SERVICES

APPENDIX E

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [**YEAR**] FINANCIAL STATEMENTS:

COMBINING SCHEDULE - **ALL SERVICES**

Nature of Service To Be Provided	Schedule	Total Price
GFOA – Certificate of Excellence in Financial Reporting Program		
Consent and citation of expertise or comfort letters		
Schedule of Expenditures of Federal Awards		

COMPLETE ONE SCHEDULE FOR EACH YEAR OF SERVICES

APPENDIX F

NOTIFICATION OF INTEREST

[ACCOUNTING FIRM'S LETTERHEAD]

[NAME OF OFFICIAL]
L. F. & A. COMMITTEE
City of Dover
15 East Loockerman Street
Dover Delaware 19901

NOTIFICATION OF INTEREST

Dear [NAME OF OFFICIAL]

Our firm is interested in submitting a proposal to audit the City of Dover's financial statements for the fiscal year's ending [DATE], with the option of auditing the City of Dover's financial statements for the two (2) subsequent fiscal years, as set forth in the request for proposal (RFP) dated March 14, 2007.

Yours very truly,

[AUDIT FIRM]

APPENDIX G
PROFESSIONAL AUDITING SERVICES CALENDAR

ACTIVITY TO BE COMPLETED	DATE
* Draft Request for Proposal – L. F. & A. Review	March 12, 2007
Proposal Issued/Advertised	March 14, 2007
Notification of Interest	March 26, 2007
* On-site Interviews – L.F. & A./Finance Director	March 22 – March 30, 2007
Proposal Due Date (Sealed dollar cost bids will not be opened until all technical reviews are completed and scored)	April 18, 2007 by 2:00 p.m.
* Review of Proposals – L.F. & A./Finance Director (1 meeting) (Will be sent to each Committee Member for review)	April 19, 2007 – May 7, 2007
Selected Firm Notified	May 8, 2007
Contract Signing Date	May 23, 2007
Audit Commencement	May 23, 2007
Interim Work Completed	June 22, 2007
Detailed Audit Plan Submitted	July 10, 2007
Fieldwork Completed	August 31, 2007
Draft Schedules & Statements – Finance/Auditor	October 22, 2007
Draft Report to L. F. & A.	November 5, 2007
* Discussion of Draft Reports with L. F. & A./Auditor	November 12, 2007
Final Recommended Changes - Finance/Auditor	November 19, 2007
* Final Draft CAFR & Auditor Report to L. F. & A.	November 26, 2007
Meetings with auditors (if requested) (Committee participation)	November 27, 2007 – December 7, 2007
Report to Printer	December 20, 2007

BE ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

The amounts hereinafter named in various City funds are changed from the currently approved revenues/ receipts and appropriations to the revised revenues/receipts and revised appropriations for use by the various departments of the Municipal Government for the fiscal year beginning July 1, 2006 and ending June 30, 2007.

A. GENERAL FUND

RECEIPTS	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
PROPERTY TAXES	$9,148,680	$ 106,229	$ 9,254,909
FRANCHISE FEE	410,000	12,000	422,000
TRASH FEES	1,088,540	24,000	1,112,540
COURT OF CHANCERY FEES	710,000	40,000	750,000
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	1,173,394	8,606	1,182,000
INTRAFUND SERVICE RECEIPTS ELECTRIC	3,860,423	56,398	3,916,821
RECREATION GRANTS	300,000	25,000	325,000
TRANSFER FROM MUNICIPAL STREET AID	660,000	(3,496)	656,504
TRANSFER FROM CAPITAL ASSET RESERVE	330,129	(5,305)	324,824
NET ADJUSTMENTS		$ 263,432	

EXPENDITURES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
CITY CLERK	$ 291,330	$ (25,000)	$ 266,330
TAX ASSESSOR	273,777	(9,000)	264,777
LIBRARY	1,080,627	(19,335)	1,061,292
RECREATION	1,797,246	33,500	1,830,746
POLICE	11,619,793	(25,000)	11,594,793
CITY MANAGER	642,239	66,473	708,712
PUBLIC WORKS - ADMINISTRATION	308,485	(29,775)	278,710
FACILITIES MANAGEMENT	1,401,310	(23,300)	1,378,010
PUBLIC WORKS - ENGINEERING	312,126	11,000	323,126
CENTRAL SERVICES	768,315	(10,900)	757,415
CUSTOMER SERVICES	1,006,712	100,000	1,106,712
HUMAN RESOURCES	384,475	(19,000)	365,475
BUDGET BALANCE	2,692,698	213,769	2,906,467
NET ADJUSTMENTS		$ 263,432	

B. WATER/WASTEWATER FUND

EXPENDITURES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
WATER CONSTRUCTION	$ 569,216	$ 3,000	$ 572,216
WATER DEPARTMENT	962,106	(5,803)	956,303
WASTEWATER DEPARTMENT	835,162	(5,803)	829,359
		(8,606)	
INTRAFUND SERVICE FEES	1,173,394	8,606	1,182,000
DEBT SERVICE - WATER	922,832	(595,557)	327,275
DEBT SERVICE - WASTEWATER	660,244	(420,261)	239,983
TRANSFER TO CAPITAL ASSET RESERVE	300,000	595,557	895,557
BUDGET BALANCE - WASTEWATER	1,097,198	(428,867)	1,517,459
NET ADJUSTMENTS		$0	

C. ELECTRIC REVENUE FUND

REVENUES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
DIRECT SALES TO CUSTOMER	$83,936,440	$ (2,521,050)	$81,415,390
PURCHASE POWER ADJUSTMENT	-	2,655,400	2,655,400
NET ADJUSTMENTS		$ 134,350	

EXPENSES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
GENERATION	$ 3,963,000	$ (92,000)	$ 3,871,000
TRANSITION COSTS	-	92,000	92,000
TRANSMISSION/DISTRIBUTION	3,227,385	(56,398)	3,170,987
INTRAFUND SERVICE FEES	3,860,423	56,398	3,916,821
TRANSFER TO GREEN ENERGY	-	134,350	134,350
NET ADJUSTMENTS		$ 134,350	

D. ELECTRIC IMPROVEMENT AND EXTENSION FUND

REVENUES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
RECEIPT FROM DEPRECIATION RESERVE	3,374,792	(1,304,554)	2,070,238
NET ADJUSTMENTS		$ (1,304,554)	

EXPENSES	2006/07 Budget	Additions/ (Reductions)	2006/07 Adj Budget
TRANSMISSION AND DISTRIBUTION	$ 1,700,803	$ 295,000	$ 1,995,803
ELECTRICAL ENGINEERING	4,991,724	(1,628,513)	3,363,211
ADMINISTRATION	16,300	57,200	73,500
METER READING	60,241	(28,241)	32,000
NET ADJUSTMENTS		$ (1,304,554)	

APPROVED: *

Budget/Reserve Fund Balances
As of Mid-Year Review March 12, 2007

General Fund	Projected Amount	Requirement As Per Financial Policy 02/26/07	Current Level	Comments
General Fund Balance	$ 2,909,867	8-12% of Revenues	8.70%	This money may be needed if the issue for Civil Traffic penalites is not resolved.
General Fund Contingency Reserve	$ 653,589	2% of Revenues	2.00%	
General Fund Library Reserve	$ 1,720,970	N/A	N/A	
General Fund Parks & Rec Reserve	$ 2,002,232	N/A	N/A	
Water/Wastewater Fund				
Water Fund Balance	$ 1,964,208	8-17% of Revenues	43.00%	
WasteWater Fund Balance	$ 1,517,459	8-17% of Revenues	35.00%	
WasteWater Adj Fund Balance	$ (1,451,321)	8-17% of Revenues	-28.00%	
Sub-Total	$ 2,030,346	8-17% of Revenues	17.00%	
Water/Wastewater Impr/Extension Fund Balance	$ 31,003	20% of Project Appropriation	4.00%	
Water Capital Asset Reserve	$ 1,103,251	$500,000	$ 1,103,251	See Financial Policy for more detail.
/Wastewater Capital Asset Reserve	$ 507,694	$500,000	$ 507,694	
Water Contingency Reserve	$ 119,137	2% of Revenues	2.00%	
Wastewater Contingency Reserve	$ 124,290	2% of Revenues	2.00%	
Impact Fee Reserve				
Electric Revenue Fund				
Electric Revenue Fund Balance	$ 9,600,778	8-12% of Revenues	10.90%	
Electric Improvement/Extension Fund Balance	$ 214,703	20% of Project Appropriation	4.00%	
Electric Contingency Reserve	$ 861,631	1% of Revenues	1.00%	
Electric Insurance Stabilization Reserve	$ 232,908	$350,000	$ 232,908	
Electric Rate Stabilization Reserve	$ 376,981	3-10% of Purchase Power Cost	0.05%	
Electric Depreciation Reserve	$ 14,289,980	$10,000,000	$ 14,289,980	
Electric Future Capacity Reserve	$ 8,913,314	10% of growth in capacity or $10,000,000	$ 8,913,314	
Other Post-Employement Benefits (OPEB)	$ 3,770,757	N/A	N/A	

REVENUE FORECAST FOR FISCAL YEAR 2008
March 12, 2007

GENERAL FUND	REVISED BUDGET	FY07 Mid Year Review	FY08 PROJ'D	COMMENTS	FY06 RECEIPTS	FY05 RECEIPTS
Property Taxes	$ 9,148,680	$ 9,254,909	$ 9,453,511	Includes$8.9 M taxes, $.4 PILOT,$50K Farmland rollback, $67 K penalties	$ 8,792,652	$ 7,370,318
Transfer Tax	2,900,000	2,900,000	3,764,222	Includes $2.65 M and $1.11M for pending Mall sale. Mall revenue will be put in Capital Project Fund	3,048,064	2,379,548
Permits & Other Licenses	1,000,000	1,054,000	1,066,000	FY08 = 1% growth;	1,147,224	1,007,765
Business Licenses	1,310,000	1,318,000	1,320,000	Business Licenses due in July; FY08 = 1% growth;	1,318,621	1,243,327
Fines & Police Revenue	824,000	770,020	789,000	Update not available at this time	823,439	858,604
Police Extra Duty Fees	350,000	350,000	300,000	Historical trend < $350,000	250,985	303,195
Court of Chancery Fees	710,000	750,000	750,000	Based on current trends	792,280	710,380
Trash Fees & DSWA Rebate	1,282,540	1,282,540	1,361,411	$170,040 DSWA Rebate;	1,253,312	1,081,064
Library Revenues & County Reciprocal Pymt.	399,500	399,500	391,297	Kent County fees projected to decrease	451,705	346,652
Franchise Fees	410,000	422,000	422,000	# of subscribers declining; any increase in revenue due to rates;	416,595	395,821
Grants	524,435	728,597	170,609	FY07 includes Recreation Grant $300,000	827,148	483,820
Other Miscellaneous Receipts/Interest	516,767	676,767	462,313	Includes interest, recreation, rent,internet, and misc. revenues.	590,244	259,552
Intrafund Service Receipts Electric	3,805,480	3,905,781	3,919,644	FY08 - 3% increase;	3,652,063	3,536,040
Intrafund Service Receipts Water/Wastewater	1,153,704	1,179,270	1,188,315	FY08 - 3% increase;	1,045,326	932,708
Transfer from Municipal Street Aid Fund	660,000	656,504	660,000		659,910	792,242
Transfer from Civil Traffic Penalties Fund	950,000	624,000	696,000	Ytd is averaging approximately $52,000 per month through 12/06.	936,540	258,837
Transfer from Electric Fund	4,700,000	4,700,000	6,552,189	FY08 - 6.5% of Electric Revenues	5,716,956	5,463,008
Transfer from Water/Wastewater Fund	535,000	535,000	466,608	FY08 - 4% of Water/Wastewater Revenues	535,785	848,016
Transfer from Reserves	1,294,929	1,289,624	1,832,400	Parkland & Capital Asset	124,504	-
TOTALS	$ 32,475,035	$ 32,796,512	$ 35,565,518		$ 32,383,353	$ 28,270,897

WATER/WASTEWATER FUND	BUDGET	FY07 PROJ'D	FY08 PROJ'D	COMMENTS	FY06 REVENUES	FY05 REVENUES
Water Fees	$ 4,222,500	$ 4,222,500	$ 4,371,900	Projecting one percent growth in FY08	$ 4,289,413	$ 3,791,254
Wastewater Fees	2,618,250	2,618,250	2,508,600	Projecting four percent decrease in FY08	2,605,428	2,361,738
Wastewater Adjustment Fees - County Trtmt	3,761,010	3,761,010	3,655,101	Projecting three percent decrease in FY08	3,865,683	2,969,129
Impact Fees	750,000	750,000	746,500	Construction completions updated & expected to trend the same;	615,682	1,229,737
Water Tank Space Leasing	303,000	303,000	242,798	Projected based on current contract information	304,799	264,926
Other Miscellaneous Revenues & Interest	176,750	176,750	140,300		186,090	133,585
State Reimbursement/Grants	-	-	-		-	42,830
Transfer from Reserves	-	-	-		-	60,420
TOTALS	$ 11,831,510	$ 11,831,510	$ 11,665,199		$ 11,867,095	$ 10,853,619

ELECTRIC REVENUE FUND	REVISED BUDGET	FY07 PROJ'D	FY08 PROJ'D	COMMENTS	FY06 REVENUES	FY05 REVENUES
Sales to Customers	$ 83,936,440	$ 84,070,790	$ 95,879,900	Projections based on Burns & McDonnell Rate increase 14%	$ 62,751,642	$ 59,137,768
Utility Tax	1,426,800	1,426,800	1,689,700	Based on Burns & McDonnell rate calculations	1,092,711	1,032,656
Transfer from Rate Stabilization Reserve	5,758,000	5,758,000	-		-	
Miscellaneous Revenue & Interest	2,804,900	2,804,900	3,087,800	Incl. non-metered lighting,rent, sale of emission credits and misc revenues	4,062,916	1,742,060
Rental Income	145,505	145,505	145,500		223,539	171,753
TOTALS	$ 94,071,645	$ 94,205,995	$ 100,802,900		$ 68,130,808	$ 62,084,237