

CENTRAL BASIN MUNICIPAL WATER DISTRICT

JUNE 13, 2007 - Finance/Administration
Hawkins, Apodaca

JUNE 22, 2007 - Special Board Meeting

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Approved by: Art Aguilar

ACTION CALENDAR

WEST AND CENTRAL BASIN JOINT FINANCING AUTHORITY
ANNUAL AUDIT SERVICESSUMMARY:**Background**

West and Central Basin Joint Financing Authority's (JFA) audit services contract expired upon the completion of the fiscal year ended June 30, 2006 audit. The previous auditor of the JFA since its inception 13 years ago was Leaf & Cole, LLP. Leaf & Cole, LLP also served as the auditors of West Basin Municipal Water District (West Basin) from 1991 to 2006. Central Basin Municipal Water District's (Central Basin) auditor is Vasquez & Company, LLP, a Los Angeles based firm.

Staff from both Districts agreed that "Request for Proposals" (RFP) for the JFA would be sent out to accounting firms except Leaf & Cole, LLP and Vasquez & Company LLP.

Request for Proposals

RFPs were sent to six (6) accounting firms dealing mostly with governmental agencies. It was also posted in the Central Basin website for one month. The Districts received four (4) proposals, which were reviewed and ranked by staff.

Interviews

Staff interviewed two firms that were on the top three (3) ranking of the proposal review phase. The interviews, which provided additional clarification on the proposals, were conducted on May 30 and 31, by staff from both Districts.

Selection and Contract Award

After the review and interview process, staff selected Mayer Hoffman McCann P.C. (Mayer) based on the following factors:

- a) Strong technical orientation on government accounting and auditing; and
- b) Past experience on the dissolution of other Financing Authorities as Mayer will assist the Districts in the termination and wrap-up of the JFA.

West Basin's senior staff will also present this to the West Basin's Board for approval.

FISCAL IMPACTS:

Costs for annual audit services for fiscal year 2006-07 are included in the JFA budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance/Administration Committee on June 13, 2007 and was recommended for approval at the June 22, 2007 Special Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to enter into a contract with Mayer Hoffman McCann P.C. (under West and Central Basin Municipal Water Districts) for auditing services for the period of July 1, 2006 through June 30, 2007 with two options to renew for another year covering the period July 1, 2007 through June 30, 2008 and July 1, 2008 through June 30, 2009 for a not-to-exceed amount of \$41,630. Central Basin's share is 50% or \$20,815. This contract could be terminated within 30 days notice.

EXHIBITS:

Exhibit "A" - Mayer Hoffman P.C. - Proposed Fees and Rates

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EXHIBIT “A”

SECTION H

OUR HOURLY RATES AND MAXIMUM FEE TO PERFORM THIS ENGAGEMENT

The following is a summary of our fixed fee (including out-of-pocket expense) for performing the audit engagement for the West and Central Basin Financing Authority:

<u>Description</u>	<u>Estimated Hours</u>	<u>Fiscal Year Ended June 30</u>		
		<u>2007</u>	<u>2008</u>	<u>2009</u>
Audit of the West and Central Basin Financing Authority and Management Letter	130	\$13,470	13,870	14,290

The following **discounted hourly rates** by professional staff were used to determine the cost noted above:

<u>Classification</u>	<u>Standard Hourly Rate</u>	<u>Discount</u>	<u>Discounted Hourly Rate</u>
Shareholder	\$325	\$100	\$225
Manager	180	55	125
Senior Auditor	125	30	95
Associate Auditor	90	15	75

The above maximum fees contemplate that the books will be closed and ready for audit, that substantially all adjusting entries will be made by District staff prior to the start of final fieldwork, that District staff will provide supporting schedules and reconciliations for all significant asset and liability balances.

If additional time is needed for us to assist the District in the resolution or investigation of accounting errors, discrepancies, or reconciliation issues, assistance in the preparation of year end schedules, or to reflect in our workpapers entries made after the start of the audit, we will perform such additional work at our standard hourly rates indicated above.