



## REQUEST FOR PROPOSALS

For Accounting Consultation,  
Financial Audit and Compliance Audit Services

Accounting Consultation:

GASB Statement No. 87, *Leases*, Implementation for City of Fremont  
Accounting Consulting Services to prepare Annual Financial Statements for  
City of Fremont, Nebraska

Financial Audit

Audit of City of Fremont, Nebraska Financial Statements  
Compliance Audit of KENO Funds for City of Fremont, Nebraska

July 27, 2022



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400 East Military Avenue, Fremont, NE 68025-5141

## **PURPOSE**

### **A. Procurement of Accounting Consultation Services:**

The City of Fremont (the City) is soliciting qualification proposals from certain large qualified national and/or regional accounting firms to provide implementation services for Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The City's applicable implementation date for GASB 87 is for our fiscal year ending September 30, 2022.

The City is also soliciting qualification proposals from certain large qualified national and/or regional accounting firms to provide consulting services to prepare a draft of the City's year-end financial statements for our fiscal year ending September 30, 2022. Your firm may submit a proposal and fee quote for audit, GASB 87 implementation consulting services, and financial statement drafting services, however, it is the City's intent to award a separate contract for audit services from consulting services.

### **B. Procurement of Audit Services:**

1. The City of Fremont (the City) is soliciting qualification proposals from certain large qualified national and/or regional accounting firms to audit its financial statements for the year ended September 30, 2022, with the option of auditing its financial statements for each of the two subsequent fiscal years ending September 30, 2023 and 2024. These audits are to be performed in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

2. The City of Fremont also requests proposals to conduct the required State of Nebraska compliance procedures for the City's Keno operations for the fiscal years ending 2023 and 2024, including preparation of Form 35K. The City's Keno operator is EHPV Lottery Services LLC, dba Big Red Keno.

The City will select the firms whose proposal is most responsive to this Request for Proposal (RFP) and is in the best interest of the City. Proposals submitted in response to the RFP must provide sufficient detail and information to complete an evaluation of their merit. Firms are welcome to respond to any or all requests for audit services/consultation. The City reserves the right to reject any or all proposals.



## **FINANCIAL REPORTING ENTITY**

The City of Fremont, Nebraska was incorporated in 1871. The City operates under a Mayor-Council form of government with an elected Mayor and an elected legislative body, the Council, composed of eight members. The administration of the City general government is performed under the direction of the Mayor by the City Administrator. The City is a first-class city under Nebraska Statutes. The following services are provided by the City: Parks & Recreation, Public Works/Engineering, Building Inspections, Planning, Library, Street maintenance, Solid Waste Transfer Station, and Public Safety including Fire, Police and Communications/Dispatch. The City has identified one fiduciary activity (The Community Development Agency) at this time.

The business-type activities are administered by the Utilities General Manager, under the direction of the Utility and Infrastructure Board, which is appointed by the City Council. Services provided by the Department of Utilities include Electric, Water, Sanitary Sewer, Gas, and General Administrative Services for the City and Department of Utilities.

The General Government maintains its accounting system on the modified cash basis for its fund financial statements and includes three major funds and 14 other governmental funds. The Department of Utilities uses a full accrual basis of accounting and has elected to use the procedures prescribed by the Federal Energy Regulatory Commission (FERC), as Regulatory accounting principles. The City utilizes the CentralSquare integrated software solution on a Cloud-based platform for financial records and reports.

Copies of the prior years' budgets and audited financial statements are available online at [www.fremontne.gov](http://www.fremontne.gov) under the Government link. If any additional information is required prior to submitting a proposal or to schedule an appointment to review the budget or financial statement documents, please contact Dan Goebel, Interim Director of Finance, 400 E. Military Ave., Fremont, NE 68025 or by telephone at (402) 727-2626.

## **SCOPE**

### **A. Accounting Consultation Services:**

Implementation services for Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. The City's applicable implementation date for GASB 87 is for our fiscal year ending September 30, 2022.

GASB 87 implementation consulting services are expected to include, but are not limited to, the following:

- Assist City management in reviewing lease agreements and related data to determine which items are within the scope of GASB 87
- Assist City management in developing and implementing accounting, reporting and internal controls/processes over lease activity
- Assist City management in determining the necessary general ledger entries for inclusion in the City's financial statements

- Assist City management in developing and drafting the required lease footnote disclosures
- Responding to auditor questions regarding the City's implementation of GASB 87
- The City is contemplating the purchase of software designed to assist with the implementation of this statement. Please include information, including cost of any firm developed software.

Financial statement drafting services are expected to include the Consultant providing support services and will be available to consult with the Auditor for matters pertaining, but are not limited, to the following:

- Responding to questions from City management regarding the fiscal year-end financial closing process, financial transactions, etc.
- Prepare a draft of the City's year-end financial statements, related notes to the financial statements, and any necessary supplementary information based on financial information provided by City management, due January 15
- The draft will be prepared in accordance with the most recent pronouncements and formats required by Government Accounting Standards Board (GASB)
- Assist with other audit prep, as deemed necessary by City management
- Responding to auditor questions regarding the City's financial statements

#### **B. Audit Services:**

The annual audits will examine the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fremont. The audit procedures will include tests of evidence supporting the amounts and disclosures in the financial statements, as well as direct confirmation of certain assets and liabilities with banks, the county treasurer and legal counsel sufficient to express an opinion as to whether the basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the Schedule of expenditures of federal awards.

The City also requires reports on internal control:

- related to the financial statements and compliance with laws, regulation and provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements, in accordance with *Government Auditing Standards*.
- related to major programs and an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The audits of the City's financial statements shall be in accordance with auditing standards generally accepted in the United States of America for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of the Uniform Guidance; as well as the rules and regulations promulgated by the Auditor of Public Accounts of the State of Nebraska.

A management letter indicating deficiencies or opportunities for accounting and reporting improvements, specially identifying any reportable condition or material weakness, is required, as well as disclosure of any irregularities or illegal acts. In addition, completion of the appropriate sections and required signatures will be provided on the Data Collection Form; however, the City will be responsible for its submission to the federal clearinghouse.

An audit exit conference with the City Administrator, Utilities General Manager and the Director of Finance will be conducted by the audit partner(s). At this time, findings and recommendations shall be discussed, as well as any proposed adjusting journal entries in sufficient detail to be understood by management.

Audit planning may begin as soon as the contract is awarded, with fieldwork commencing after January 15 annually. It is anticipated that the City will have a preliminary draft of the financial statements and footnote disclosures available at the time of the fieldwork. A draft of the auditor's report and other management communications will be submitted to the Director of Finance by the following February 28 so that a written response from management may accompany the final report to the City Council. Existing Continuing Disclosure requirements necessitate the filing of the audited financial statements within seven months of the end of the fiscal year. The audit partner will be required to make a presentation of the final bound audit report and related communications at separate meetings to the Utility and Infrastructure Board and City Council no later than March 14. The City requires six (6) bound copies of the audit report and related communications with management and those charged with governance. A word searchable PDF file is also required for various regulatory filings.

#### **PROPOSAL CONTENT AND OTHER SUBMISSION REQUIREMENTS:**

- Disclose qualifications and experience of the firm and staff assignment
  - Respondent's experience in providing professional auditing services to Nebraska first class municipalities and municipal-owned, electric-generating utilities.
  - List of names, titles, agencies, and telephone numbers of references from other local government clients.
  - Respondent's quality control review reports
  - Partner, supervisory, and staff qualifications and experience who are assigned to the specific engagement and the procedures for changing assigned staff

during the audit process. Provide the number of hours each will commit to the City's audit and/or KENO compliance procedures.

- Audit approach (for example, statistical sampling, analytical procedures, methodology for documenting, EDP use in the auditing process).
- The audit fee must be quoted as a maximum amount per year. The fee should include incidental expenses for travel and supplies. Please quote a separate price for the financial audit and the single audit as the City of Fremont may not reach the threshold where a single audit is required. The proposal should include the audit for the year ended September 30, 2022, with the amounts for auditing the financial statements for each of the two subsequent fiscal years ending September 30, 2023 and 2024. (Scope B1). Provide a separate fee, including expenses you would charge for the annual KENO procedures for the years ending 2023, and 2024. Please indicate if KENO procedure pricing is dependent on securing the City's audit, and what pricing would be if the KENO procedures would be separately awarded. (Scope B2).
- Hourly rate(s) at which firm will provide additional advice and technical assistance to management.
- Affirmation of compliance with local, state, or federal statutes and regulations
  - Maintenance of independence
    - as required by U.S. Government Accountability Office's Government Auditing Standards 2018, known as the Yellow Book
    - Under the Local Option Municipal Economic Development Act, firms shall not, at the time of the audit or for any period during the term subject to the audit, have any contractual or business relationship with any qualifying business receiving funds or assistance under the economic development program or any financial institution directly involved with a qualifying business receiving funds or assistance under the economic development plan. As of July 22, 2022, qualifying business are:
      - Heartland Area Accessories and Subsidiary
      - Pearl Academy
      - Legacy Post & Beam
      - .402 Sports and Entertainment
      - Costco
      - 505 Brewing Company
      - Summit Medical Staffing
      - Tech Partners
      - WLG Fremont
      - Wholystone Farms
      - Elemental Fabrication
      - 505 Main Street Group, LLC

- My Central Supply
  - Adherence to the AICPA’s Code of Professional Conduct
  - Conflict of interest (for example, ethics ordinance, code of ethics requirements)
  - Participation in the “E-Verify” program
  - Assignment of professional services contract to a third party
- Discuss whether subcontracting will be used and to what extent. If joint ventures are permissible, disclose how such business arrangements will comply with RFP requirements.

The due date for notification of interest is August 9, 2022. The City will respond to questions regarding the RFP at that time.

Two bound proposals, and an electronic copy of the proposal in .pdf format shall be submitted no later than 4:00 p.m. August 19, 2022 in a sealed envelope to:

City Clerk  
City Hall Building  
400 Military Ave  
Fremont, NE 68025

All proposals will be opened at the above-noted time and location. PDF files of less than 10 megabytes can be emailed to the City Clerk to [Tyler.Ficken@fremontne.gov](mailto:Tyler.Ficken@fremontne.gov) in place of providing electronic media, but must be provided by 4:00 p.m. August 19, 2022 for consideration. Proposals will become a part of the City of Fremont’s official files and are subject to open record’s laws and regulations.

Proposals will be evaluated based on the following criteria:

- Experience of the partner(s) and audit manager auditing governmental entities of the approximate size, type and variety of services offered by the City of Fremont. (30%)
- Responses from references provided (20%)
- Cost of services provided (20%)
- Proposed contract terms and conditions (15%)
- Proposed approach and scope of services (15%)

Request for Proposal of Audit Services

July 27, 2022

Page **8** of **8**

The City of Fremont reserves the right to reject any and all proposals submitted and to require additional information from all proposers. Although price will be a factor, it will not be the only factor in the selection process. The City is seeking the best-qualified bid.

The award winning firm will be required to comply with the City's insurance requirements.

The City Council will award the contract on August 30, 2022.