



400 East Military Avenue, Fremont, NE 68025-5141

**ADDENDUM TO REQUEST FOR PROPOSALS
CITY OF FREMONT, NE CONSULTATION, FINANCIAL AUDIT, AND
COMPLIANCE AUDIT SERVICES
August 11, 2022**

We have received a number of questions, I have copied them from the emails, and our responses are in red.

Regarding GASB 87:

1. How many leases (approximately) does the City expect to need review of to determine applicability of GASB 87? **Approximately 65 leases. The City has approximately 30 hangar leases in which the City is the lessor and the lease agreements are similar in format. The City is the lessor for approximately 25 other leases, which are mostly land leases. The City estimates 10 leases in which the City is the lessee and the type varies in nature.**
2. Will the City please provide an estimated number of licenses needed for this software? **2 licenses will be needed if software is based off of licenses**

Regarding financial statement drafting:

1. Has the City previously used a vendor for preparing their year-end financial statements? **No**
2. Will the City request the vendors assistance in drafting the MD&A to the financial statements? **Yes (providing charts, etc.)**
3. How does the City maintain their general ledger? Is it maintained on a cash or accrual basis? **It is maintained on an accrual basis for Proprietary Funds and the modified cash basis for Governmental Funds.**
4. Are all year-end accruals posted to the general ledger? **Yes**
5. Will the City expect the vendor to prepare any or all of the year-end accruals? If the vendor will only prepare select accruals, please summarize which accruals the City will likely request assistance with. **No**
6. Did the City issue any bonds during FY22? **The City is in the process of issuing bonds, with expected settlement date of early September 2022.**
7. Does the City anticipate any significant changes to their financial reporting for FY22 other than GASB 87 implementation? **No**
8. Will the City request the vendor prepare the Schedule of Expenditures of Federal Awards? **No**

9. The City indicates they may seek the vendors assistance with “other audit prep”. Can the City provide an estimate of how much time the vendor may spend on additional requests so that we may properly respond to the fixed fee quote? Alternatively, would the City prefer hourly rates to address these other audit prep matters on an as needed basis? **The City would prefer hourly rates to address these other audit prep matters on an as needed basis.**

GASB Statement No. 87, Leases, Implementation for the City of Fremont, Nebraska

1. Can you please summarize the approximate number of leases, types of leases, and if the City is the lessor in any lease arrangements? **Approximately 65 leases. The City has approximately 30 hangar leases in which the City is the lessor and the lease agreements are similar in format. The City is the lessor for approximately 25 other leases, which are mostly land leases. The City estimates 10 leases in which the City is the lessee and the type varies in nature.**
2. The RFP states that the City is contemplating the purchase of a software to assist with the implementation of GASB 87. Has the City begun to research software? If so, which software packages are being explored? **If the City purchases software to assist with the implementation of GASB 87, it will likely be the selected consultants’s developed software.**
3. Does the City currently have any policies surrounding the recording and tracking of leases? **The City uses General Ledger account numbers to track leases, and does not have specific policies to record and track leases.**

Accounting Consulting Services to prepare Annual Financial Statements for City Fremont, Nebraska

1. Do you have a year-end close schedule that could be provided to include the date the year-end reconciliations will be completed to begin the Financial Statement prep? **The City anticipates having a trial balance available by January 1st.**
2. Are all accounting transactions and reconciliations prepared within the City’s Finance office? If not, can you please explain the reconciliation activities that are performed outside of the Finance office? **Coal inventory balance is prepared by the Power Plant and Natural Gas inventory balance is prepared by the City’s Gas consultant.**
3. Are all transactions maintained in the City’s *CentralSquare* general ledger, including the business-type activities? If not, can you please explain the other software products used? **Yes, all transactions are maintained in the City’s CentralSquare general ledger. There is department specific software for Parks & Rec (Sportsman), Library (SirsiDynix), Waste Transfer Station (Waste Works), and Central Fuel (Gasboy/EKOS) that is brought into CentralSquare’s general ledger.**
4. What software products (excel, word, others) are used internally by the City for Financial Statement prep, specifically as it relates to the Government-Wide conversion? **Excel and Word**

5. Can you confirm that the City does not have any other post-employment benefit (OPEB) plans? **The City has Pre-84 Fire and Police runout.**
6. Can you please provide the prior year proposed adjusting journal entries, if applicable? **Please see Exhibit A below.**
7. Can you please provide the prior year Required Communications Letter or Management Letter. **Please refer to the City's website under the Government/Financials link. The letter is included at the end of the 2021 Audited Financials.**

Questions for Audit Services for the City of Fremont, NE

1. How long has the current auditor served as the City's auditor? Will the current audit firm be invited to submit a proposal for the 2022 audit? **The current auditor has served as the City's auditor since 2016 and is invited to submit a proposal for the 2022 audit.**
2. Has the previous audit firm performed any preliminary/interim audit fieldwork? If so, when has this historically taken place? How many auditors were on-site for interim work and how long were they there? **Not for 2022. Historically, the previous audit firm spent 2-3 days in mid-October on-site with 2 auditors.**
3. When is the City ready for the auditors to begin final field work? On average, how many auditors were on-site for final fieldwork and how long were they there? **January 15th. 3 auditors were on-site off and on for 2 weeks.**
4. Has there been any significant turnover within the finance department at the City within the past year? **Yes, the Director of Finance was promoted to City Administrator and the Director of Finance position is currently open.**
5. Are there any significant planned changes to the City IT systems? **No**
6. Are there plans to issue, or have you issued, new or refunding debt in fiscal year 2022? **The City is in the process of issuing bonds, with expected settlement date of early September 2022.**
7. Through the normal course of business, and through third party audits, has any fraud or irregularities been identified which would impact the City's 2022 audit? **No**
8. What were the 2021 audit fees for the City's financial statement audit and single audit? **\$47,300 for the financial statement audit and \$4,150 for the single audit.**
9. Are there any areas within the audit or the City's operations that impact the audit that are of special concern to management? **Experience with an electric-generating utility (regulatory and FERC accounting). The City is a member of the Southwest Power Pool.**

10. Do you anticipate the level of federal funding for the City to be different for FY22 as compared to FY21? If significant differences are expected, please describe these differences. **Yes, the City expects the level of federal funding to decrease due to less COVID presumptive payroll and FEMA disaster grants.**
11. Have there been any overruns or extra billings associated with the audit in the past two years? If so, what was the cause of the extra billings? **Yes, due to the appointment of the Director of Finance as Interim City Administrator January 2022 the City incurred extra billings.**
12. What level of assistance has the auditor previously provided in drafting the financials? **None.**
13. Are there any significant anticipated changes to the City that would impact the audit for the next 3 years? **None noted.**
14. How quickly are the books closed after year-end? When are draft financial statements available? **The City anticipates having a trial balance available by January 1st. Draft financial statements prepared by a consultant are anticipated to be completed by January 15th.**
15. In the past, have there been audit adjustments identified as part of the audit (i.e. either unrecorded or recorded)? If so, please describe the nature of these audit adjustments. **Please refer to the City's website under the Government/Financials link for unrecorded audit adjustments included at the end of the 2021 Audited Financials. Please see Exhibit A for recorded audit adjustments.**

EXHIBIT A

8/11/2022 4:12 PM

Adjusting Journal Entries JE # 3	D.001		
To adjust FEMA receivable not collected within 60 days of year-end			
001-2026-331.00-00	Outside Funding Source / Federal Funding	309,332.00	
001-0000-223.00-00	Deferred Revenue / Unearned Revenue		309,332.00
Total		309,332.00	309,332.00
Total Adjusting Journal Entries		319,335.00	319,335.00

Reclassifying Journal Entries JE # 2	652		
To reclass TIF receivable from CDA for GASB 84			
001-0000-138.00-00	Receivables / Intergovernmental	404,665.00	
001-0000-130.00-00	Receivables / Due From Other Funds		404,665.00
Total		404,665.00	404,665.00

Adjusting Journal Entries JE # 2	D.001		
To adjust FEMA revenue not collected within 60 days of year-end			
012-2025-331.00-00	Outside Funding Source / Federal Funding	63,870.00	
012-0000-223.00-00	Deferred Revenue / Unearned Revenue		63,870.00
Total		63,870.00	63,870.00
Total Adjusting Journal Entries		63,870.00	63,870.00

Adjusting Journal Entries JE # 2	516.17		
To adjust revenue recognition of ARPA funding received, not yet expended			
036-0791-331.00-00	Outside Funding Source / Federal Funding	2,334,734.00	
036-0000-223.00-00	Deferred Revenue / Unearned Revenue		2,334,734.00
Total		2,334,734.00	2,334,734.00

Adjusting Journal Entries JE # 4	D.001		
To adjust FEMA revenues not collected within 60 days of year-end			
033-0789-331.00-00	Outside Funding Source / Federal Funding	3,097.00	
033-0789-335.00-00	Outside Funding Source / State Funding	172.00	
040-2037-331.00-00	Outside Funding Source / Federal Funding	28,483.00	
040-2037-335.00-00	Outside Funding Source / State Funding	1,582.00	
033-0000-223.00-00	Deferred Revenue / Unearned Revenue		3,269.00
040-0000-223.00-00	Deferred Revenue / Unearned Revenue		30,065.00
Total		33,334.00	33,334.00
Total Adjusting Journal Entries		2,475,309.00	2,475,309.00

Reclassifying Journal Entries JE # 3	652		
To reclass CDA payable to General Fund for GASB 84			
017-0000-207.00-00	Accounts Payable / Due To Other Funds	404,665.00	
017-0000-208.00-00	Accounts Payable / Intergovernmental		404,665.00
Total		404,665.00	404,665.00

Adjusting Journal Entries JE # 3		K.007		
To adjust deferred gain/loss on refunding of 2014B Electric bonds				
051-5001-928.01-00	Bond Issuance costs / Amortized costs	3,428,446.00		
051-0000-186.00-00	Deferred Charges / Def'd loss on bond refund		245,792.00	
051-0000-226.00-00	Long Term Debt / Unamortized(prem)disc ltd		2,106,878.00	
051-0000-252.00-00	Liabilities / Def'd gain on bond refund		1,075,776.00	
Total		<u>3,428,446.00</u>	<u>3,428,446.00</u>	
Adjusting Journal Entries JE # 3		D.015		
To record an allowance on State of NE invoice from 2013				
053-6001-905.55-04	Other Expenditures / Bad Debt	61,475.00		
053-0000-144.00-00	Current Asset / Uncollectable Acc'ts Rec		61,475.00	
Total		<u>61,475.00</u>	<u>61,475.00</u>	
Adjusting Journal Entries JE # 4		K.007		
To adjust balances related to 2021 bond refundings.				
053-6001-928.01-00	Bond Issuance costs / Amortized costs	107,822.00		
053-0000-226.00-00	Long Term Debt / Unamortized(prem)disc ltd		107,822.00	
Total		<u>107,822.00</u>	<u>107,822.00</u>	
Adjusting Journal Entries JE # 3		K.007		
To adjust balances related to 2021 bond refundings.				
055-7001-928.01-00	Bond Issuance costs / Amortized costs	320,118.00		
055-0000-226.00-00	Long Term Debt / Unamortized(prem)disc ltd		320,118.00	
Total		<u>320,118.00</u>	<u>320,118.00</u>	