



CITY OF NEBRASKA CITY

**REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES**

January 7, 2022

**1409 Central Avenue
Nebraska City, NE 68410**

CITY OF NEBRASKA CITY
REQUEST FOR PROPOSALS

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CITY OF NEBRASKA CITY
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Nebraska City, Nebraska is requesting proposals from qualified firms of certified public accountants to audit the financial statements of the City, the Nebraska City Utilities, LB840 Growth Funds and the Airport Authority, for the fiscal year ending September 30, 2022, with the option of auditing its financial statements for each of the two subsequent fiscal years. Governmental accounts are reported on a cash basis and proprietary accounts are on an accrual basis. These audits are to be performed in accordance with the Governmental Accounting Standards Board (GASB) as mandated by Generally Accepted Accounting Principles (GAAP) in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the U.S., and in accordance with OMB Circular A-133, *Audits of State and Local Governments*, and any requirements set forth in the Nebraska State Statutes for municipalities of the first class.

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

Any inquiries concerning the request for proposals should be addressed to Lou Leone, City Administrator. To be considered, four (4) hard copies and one (1) electronic copy of a proposal must be received at the office of the City Clerk, 1409 Central Avenue, Nebraska City, NE 68410, by 12:00 p.m. on February 7, 2022. The City of Nebraska City reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the Mayor, City Finance Commissioner, City Administrator, General Manager, NCU, and City Clerk/Treasurer.

During the evaluation process, the City of Nebraska City reserves the right, where it may serve in the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Nebraska City staff, firms submitting proposals may be asked to make oral presentations as part of the evaluation process.

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

It is anticipated the selection of a firm will be completed no later than March 7, 2022. Following the notification of the selected firm it is expected an engagement letter will be executed between both parties by March 21, 2022.

B. Term of Engagement

A 3-year term of engagement is contemplated, subject to the annual review and recommendation of management, the satisfactory negotiation of terms (including price

acceptable to both the City of Nebraska City and the selected firm), the concurrence of the Mayor and City Commissioners and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Nebraska City, Nebraska is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2022, with the option to audit the City's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

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

The auditor is to provide an "in-relation-to" report on the schedule of federal financial assistance based on the auditing procedures applied during the audit of the financial statements (when the City's level of federal funding and expenditures requires such an audit to be performed). The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Standards Board as mandated by generally accepted auditing standards.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with the auditing standards generally 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 U.S., and in accordance with OMB Circular A-133, Audits of State and Local Governments (when applicable), and any requirements set forth in the Nebraska State Statutes for municipalities of the first class.

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

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:

- A. Reportable conditions that are also material weaknesses shall be identified as such in the report. Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.
- B. 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:

- 1. Mayor,
- 2. Finance Commissioner,
- 3. City Administrator,
- 4. City Attorney,
- 5. General Manager, NCU
- 6. City Clerk/Treasurer

E. Special Considerations

The City of Nebraska City, Nebraska desires to send its comprehensive annual financial report to the Government Finance Officers Association award program for Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will provide special assistance to the City to meet the requirements of that program. The City has not received the "Certificate" but strives to meet those requirements in the future.

F. Working Paper Retention and Access to Working Papers

All working papers and reports are considered property of the City and 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 the need to extend the retention period. 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 significance.

III. DESCRIPTION OF THE GOVERNMENT

- A. The auditor's principal contact with the City of Nebraska City will be Randy Dunster, City Clerk/Treasurer, 1409 Central Avenue, Nebraska City, NE 68410, (402-873-5515) who will coordinate the assistance to be provided by the City to the auditor. A list of key personnel with the location of their principal offices (Appendix A) is attached.
- B. Background Information

The City of Nebraska City, Nebraska's fiscal year begins on October 1 and ends on September 30 each year as provided by Nebraska Statutes.

The City provides a full range of municipal services including police and fire protection; ambulance services; construction and maintenance of streets and infrastructure; electric, gas, waste water, water and water pollution control utilities; library; parks; cemetery; recreation; historic property; public works; and administration services.

The City, by and through the Board of Public Works, operates the Electric, Natural Gas, Water, and Wastewater Distribution Systems in Nebraska City, the Natural Gas Transmission System supplying and Distribution Systems serving Nebraska City, Dunbar, Syracuse, and Unadilla, NE and various misc. customers along its Transmission System, the Electric Distribution System serving Julian, Brock, Dunbar, Lorton, Otoe, Unadilla, Palmyra, Douglas, Bennet, Talmage, NE and various rural customers along its transmission system. The Nebraska City Utilities Departments have been included in this RFP.

More detailed information on the government and its finances can be found in the City's Annual Appropriation Bill report, which is available on the City's website www.nebraskacityne.com under the City Document Center. You may obtain a printed copy for your review by contacting Randy Dunster (402-873-5515).

C. Budgetary Basis of Accounting.

Budget is prepared using the cash basis as allowed by state statutes.

The Nebraska City Utilities prepares its budget using the accrual basis.

D. Federal and State Awards – Fiscal 2021-2022 are expected to reach \$750,000 exceeding single audit act requirement.

E. Pensions Plans

The City of Nebraska City participates in the following pension plans:

- 457
- Police
- Fire
- Money Purchase Plan (NCU)

F. Magnitude of Finance Operations

The finances are headed by Randy Dunster, city clerk/treasurer and consists of three (3) employees. The city administrator prepares the annual budget.

G. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Lou Leone or Randy Dunster at 1409 Central Avenue, Nebraska

City, NE 68410, (402) 873-5515. Also, past audits may be located on the City's website www.nebraskacityne.com under the City Document Center. The City 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

Request for Proposals issued	January 7, 2022
Due date for proposals	February 7, 2022
Selected firm approved	March 7, 2022

B. Date Audit May Commence

The City of Nebraska City will have all records ready for audit and all management personnel available to meet with the firm's personnel as of October 20th (approximate each year).

The Nebraska City Utilities will have records ready for audit and all management personnel available to meet with the firm's personnel as of November 15th (approximate each year).

C. Schedule for the Fiscal Year Audits

The auditor shall prepare a preliminary draft of the financial statements, notes, and all required supplementary schedules, which will be provided to the City for review by December 15th of each year.

The City will complete their review of the draft report as expeditiously as possible. The auditor should be available for any meetings that may be necessary to discuss the reports. It is anticipated that this process will be completed and the final reports will be presented to the Mayor and City Commissioners prior to January 31st.

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

A. Finance Department and Clerical Assistance.

The City personnel will be available during the audit to assist the firm by providing information, documentation and explanations. Furthermore, it is the responsibility of the auditing firm to train City personnel of the required format for sending to the auditors of the fiscal year close out data from management. 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 memorandums.

City personnel will be available to provide systems documentation and explanations. Upload of City financial information is available, which will be converted to Microsoft Excel. The auditor will need to provide their own computer hardware and software.

B. Work Area, Telephones, Photocopies, Internet Access and FAX Machines

City will provide the auditor with reasonable work space, desks, and chairs. The auditor will also be provided access to use the telephone, internet and FAX machines, and the use of the copy machine. No City records are to be removed from the premises. It is the desire for the audit to be conducted onsite unless agreed upon by both parties.

C. Report Preparation

The audit firm will be responsible for preparation of the final audited financial statements to be provided in a searchable Microsoft Excel format, Microsoft Word format and/or Portable Document format (pdf). The City will have final responsibility for the MD&A, Introductory, and Statistical sections of the report.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the request for proposals must be made to:

Randy Dunster, City Clerk/Treasurer or
Lou Leone, City Administrator
1409 Central Avenue
Nebraska City, NE 68410
(402)873-5515

2. Submission of proposals is required to be received on or before February 7, 2022 for a proposing firm to be considered. The Proposal should include a transmittal letter and detailed proposal as set forth in Section VI-B of this request for proposals.

The proposer shall submit a total Dollar Cost Bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL FOR CITY OF NEBRASKA CITY
FOR PROFESSIONAL AUDITING SERVICES
DATE

Proposers should send the completed proposal to the following address:

City of Nebraska City, Nebraska
Attn: Lou Leone, City Administrator
1409 Central Avenue
Nebraska City, NE 68410

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 Nebraska City 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 6, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Nebraska City, Nebraska, including all component units, as defined by generally accepted auditing standards.

3. License to Practice in Nebraska

The firm should provide an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in Nebraska.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, 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. The firm should identify the principal supervisory and management staff, including engagement partners, managers, and other supervisors, who would be assigned to the engagement.

The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education. During the term of the contract audit personnel may be changed provided that replacements have substantially the same or better qualifications or experience.

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. 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 five years with state regulatory bodies or professional organizations.

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposals. Indicate the scope of work, date, engagement partners, and the name and telephone number of the principal client contact. Include experience in preparing a Comprehensive Annual Financial Report for submission in the Government Finance Officers Certificate of Achievement program and the results of the submission.

6. 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 proposals. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

C. Sealed Dollar Cost Bid

1. Total Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses. The cost of special services, further identified as the Schedule of Federal Financial Assistance, when required; the audit of the Nebraska City Airport Authority, must be disclosed as separate components of the total all-inclusive maximum price. The total price will be broken out per the following departments for the purposes of budgeting expenditures to the appropriate unit of government (see also Appendix C):

City of Nebraska City
LB 840 Growth Funds
Nebraska City Airport Authority
Nebraska City Utilities

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 Nebraska City.
- c. A Total All-Inclusive Maximum Price for the Fiscal Year 2021-2022 engagement.

2. Rates for Additional Professional Services

If it should become necessary for the City of Nebraska City to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work, upon approval of the City's management, shall be performed at the

same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

3. Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Evaluation Criteria

Proposals submitted will be evaluated by the Mayor, City Finance Commissioner, City Administrator, General Manager, NCU, and City Clerk/Treasurer using the following three sets of criteria:

1. Mandatory Elements

- a) The audit firm is independent and licensed to practice in Nebraska.
- b) The audit firm's professional personnel have received adequate continuing professional education.
- c) The firm has no conflict of interest with regard to any other work performed by the firm for the City of Nebraska City.
- d) The firm adheres to the instructions in the request for proposals.
- e) The firm's, if any, disciplinary actions taken or pending within the last five years.

2. Technical Qualifications

- a) The firm's past experience and performance on comparable government engagements.
- b) 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.
- c) Adequacy of proposed staffing plan for various segments of the engagement including sampling techniques, and analytical procedures.

3. Price

- a) Cost will not be the primary factor in the selection of an audit firm.

B. Final Selection

It is anticipated that management will make a recommendation to the Mayor and City Commissioners for approval on March 7, 2022. The firm will then be notified of acceptance of the proposal and agreement of the terms contained within the proposal.

C. Right to Reject Proposals

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

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

APPENDIX A

LIST OF KEY PERSONNEL, TITLE AND TELEPHONE NUMBERS

<u>Name</u>	<u>Title</u>	<u>Telephone #</u>
Bryan Bequette	Mayor	(402) 873-5515
Gloria Glover	City Finance Commissioner	(402) 873-5515
Lou Leone	City Administrator	(402) 873-5515
Randy Dunster	City Clerk/Treasurer	(402) 873-5515
Jeff Kohrs	General Manager, NCU	(402) 873-3353

APPENDIX B

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Nebraska laws with respect to foreign (non-state of Nebraska) corporations.
- B. 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.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Nebraska City.
- D. 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 C
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2021 - 2022 FINANCIAL STATEMENTS
WITH THE OPTION OF TWO SUBSEQUENT FISCAL YEARS

	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Nebraska City, Nebraska financials	_____	_____	_____
LB840 Growth Funds	_____	_____	_____
Nebraska City Airport Authority	_____	_____	_____
Nebraska City Utilities	_____	_____	_____
Total All-Inclusive Price	_____	_____	_____
Schedule of Federal Financial Assistance when required	_____	_____	_____

Hourly Rates for Additional Professional Services:	<u>Quoted Rate</u>
Partners	_____
Managers	_____
Supervisory Staff	_____
Staff	_____
Other (specify) _____	_____