

REQUEST FOR PROPOSAL



CITY OF KENAI
Finance Department

External Audit Services

Release Date: March 1, 2021
Last Date for Questions: March 22, 2021
Proposals Due: March 26, 2021



REQUEST FOR PROPOSAL

External Audit Services

The City of Kenai hereby invites qualified firms to submit proposals for audit services for three years.

Proposal packets may be obtained beginning March 1, 2021 and are available at the Finance Department located at 210 Fidalgo Ave., Kenai, (907) 283-7535 or by email twilliamson@kenai.city.

A complete proposal package (which shall include the *Proposal Form*, the *Tax Compliance Certificate*, along with any other enclosures as requested in the Request for Proposal) are to be submitted to the City of Kenai, Finance Department via email to teubank@kenai.city. These forms must be attached to an email with the subject line reading:

PROPOSAL RESPONSE: External Audit Services RFP

Due date for the RFP shall be **March 26, 2021, no later than 4:00 PM**

The City will not be responsible for the premature opening of, or the failure to open a proposal not properly addressed and identified. Faxed proposals will not be accepted and proposals received after the due date shall be considered non-responsive and will be returned.

City of Kenai

Date of Release: March 1, 2021

**REQUEST FOR PROPOSALS
EXTERNAL AUDIT SERVICES**

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Attachments:

- A. Cost Proposal Form
- B. Tax Compliance Certificate
- C. Reference Questionnaire for Audit Services
- D. Professional Services Agreement

Exhibit 1 - Single Audit Schedule

**CITY OF KENAI
EXTERNAL AUDIT SERVICES**

GENERAL INFORMATION AND SPECIFICATIONS

1.0 GENERAL INFORMATION

1.1 Purpose

The City is seeking cost proposals for a three-year contract period for Fiscal Years 2021 to 2023 with the possibility to extend by mutual consent of both parties for two, one-year terms.

1.2 Introduction to the City

A. The City

The City of Kenai (City) was incorporated in 1960. The City operates under a council - manager form of government.

The City prepares its Comprehensive Annual Financial Report and has an accounting staff that includes a Finance Director, Accountant, and 3 other professional and clerical staff.

B. Data Processing for the City

The City utilizes an Active Directory Service based, Windows 2012 R2 Server enterprise network to facilitate and manage their information systems infrastructure. The City's accounting software was purchased from Caselle, located in Provo, UT. This software has been in place eighteen years, and operates on a Windows 2012 R2 server.

1.3 Questions

Any questions regarding this proposal are to be submitted via email to the Finance Director at teubank@kenai.city, no later than 5:00 p.m. local time on March 22, 2021. The subject line of the email must read: "Questions: External Audit Services RFP".

Verbal requests for information will not be accepted. Questions or requests for clarification directed to any employee or elected official of the City other than the Finance Director may be grounds for disqualification from the process. All questions will be compiled, answered and distributed to all prospective proposers.

2.0 RULES GOVERNING COMPETITION

2.1 Examination of Proposals

Proposers should carefully examine the entire RFP and any addenda issued thereto, and all related materials and data referenced in the RFP. Proposers should become fully aware of the nature of the work and the conditions likely to encounter in performing the work.

2.2 Proposal Acceptance Period

Award of this proposal is anticipated to be announced within 60 calendar days, although all offers must be complete and irrevocable for 90 days following the submission date.

2.3 Confidentiality

The content of all proposals will be kept confidential until the selection of the Contractor is announced. At that time, the selected proposal is open for review by the competing proposers, excluding any tabulations and evaluations thereof. After the award of the Contract, all proposals, tabulations and evaluations will then become public information.

2.4 Proposal Format

Proposals are to be prepared in such a way as to provide a straight forward, concise delineation of the proposers' capabilities to satisfy the requirements of this RFP. Emphasis should be concentrated on: (1) conformance to the RFP instructions; (2) responsiveness to the RFP requirements; and (3) completeness and clarity of content.

2.5 Signature Requirements

All proposals must be signed. A proposal may be signed by: an officer or other agent of a corporate vendor, if authorized to sign contracts on its behalf; a member of a partnership; an owner of a privately-owned vendor; or other agent if properly authorized by a power of attorney or equivalent document. The name and title of the individual(s) signing the proposal must be clearly shown immediately below the signature.

2.6 Proposal Submission

A complete proposal package (which shall include the *Proposal Form*, the *Tax Compliance Certificate*, along with any other enclosures as requested in the Request for Proposal) is to be submitted no later than 4:00 p.m. local time on March 26, 2021, to the City of Kenai Finance Department via email to teubank@kenai.city.

Proposal responses shall be comprised of two PDF documents. One PDF shall contain **only** the RFP Cost Proposal and must be titled:

External Audit Services RFP – NAME OF PROPOSING ENTITY Cost Proposal.

The second PDF shall contain all other response materials and must be titled:

External Audit Services RFP – NAME OF PROPOSING ENTITY RFP RESPONSE.

The City reserves the right to establish any and all elements or terms of this proposal. All proposals submitted shall be binding upon the contractor if accepted by the City.

The date and time stamp provided by the City's email system shall determine the receipt time of RFP responses. **Responses are due no later than 4:00 PM on March 26, 2021.**

2.6.1 Tax Compliance Certificate. The City requires that businesses or individuals contracting to do business with the City be in compliance with City tax provisions. No contract will be awarded to any individual or business who is found to be in violation of the City Code of Ordinances in the several areas of taxation. Prior to award of the contract, the successful firm will be required to submit a completed Tax Compliance Certificate, signed by both the proposer and by Kenai Peninsula Borough Finance Department personnel. See Attachment B.

2.6.2 Licenses and Certifications. Proposers, if in current possession of, shall include with their proposals copies of all licenses, certificates, registrations and other credentials required for performance under the contract. Prior to and throughout the term of any agreement resulting from this RFP, documentation must be current and must have been issued by or under authority of the State of Alaska or, if documentation is from an outside jurisdiction, such documentation must be accepted as valid by the State of Alaska for performance in Alaska. Such documentation shall include, but is not limited to, Alaska business license, and applicable professional licenses, registrations, and certificates. Failure to submit all required documentation may result in rejection of the proposal.

2.7 Preparation Costs

The City shall not be responsible for proposal preparation cost, nor for cost including attorney fees associated with any (administrative, judicial or otherwise) challenge to the determination of the highest ranked proposer and/or award of contract and/or rejection of proposal. By submitting a proposal, each proposer agrees to be bound in this respect and waives all claims to such costs and fees.

2.8 News Releases

News releases pertaining to an intent to award or to the award of a contract resulting from this RFP shall not be made prior to completion of the confidential aspects of the procurement process and the accompanying written release by the City of Kenai Finance Director.

2.9 Disposition of Proposals

All materials submitted in response to this RFP will become the property of the City of Kenai. One copy shall be retained for the official files of the City and will become public record after award of the Contract.

2.10 Oral Change/Interpretation

No oral change or interpretation of any provision contained in this RFP is valid, whether issued at a pre-proposal conference or otherwise. Written addenda will be issued when changes, clarifications, or amendments to proposal documents are deemed necessary by the City.

Proposer shall acknowledge receipt of each addendum in the space provided on the Cost Proposal Form. Only a proposal acknowledging receipt of all addenda may be considered responsive, unless the addendum, in the opinion of the City Manager, would have no material effect on the terms of the proposal.

2.11 Modification of Proposals

Modifications will be accepted by the City, and binding upon the responding firm, where the modification:

- Is received by the City via email to teubank@kenai.city prior to the deadline for RFP responses. Attached documents to any modification must adhere to the same requirements as for proposal submission. The subject line for any proposal modification must read:

External Audit Services RFP – NAME OF PROPOSING ENTITY Proposal Modification

- Is signed by the same individual who signed the original submittal.

The modification document shall include a copy of each page of the original submittal which the responding firm seeks to modify, with the modification and the respondent's signature clearly set out in ink on each page.

Should there be more than one submittal modification from a responding firm, the last modification received prior to the deadline shall be opened and applied to the submittal. All earlier modifications shall be returned to the responding firm.

Any modification, which fails to meet any requirement of this section, shall be rejected and the submittal shall be considered as if no modification had been attempted.

2.12 Late Submissions

Proposals not received prior to the date and time specified will not be considered and will be returned unopened after recommendation of award.

2.13 Withdrawal Of Submittal

At any time prior to scheduled closing time for receipt of RFP submittals, any responding firm may withdraw their submittal, either personally or by written request. However, a proposal may not be withdrawn after opening without the written consent of the City.

2.14 Acceptance – Rejection of Submittal

The City may reject any or all bids if the City Manager determines that it is in the best interest of the City and may waive irregularities, other than the requirements for timeliness and manual signature, if the irregularities do not affect the competitive advantage of any bidder.

If any bidder has interest in more than one bid, all bids in which such bidder has interest shall be rejected.

3.0 SCOPE OF SERVICES

3.1 Services to be Performed

The City is soliciting a firm to:

1. Audit the financial statements of the City's governmental and business-type activities, each major fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, and express an opinion as to the compliance of these statements with generally accepted accounting principles. We prefer the opinions to be dated on or before November 15th of each year and to be delivered by November 20th of each year.
2. The City shall prepare its Comprehensive Annual Financial Report (CAFR) and the firm shall assist in reviewing and editing the CAFR. A copy of the City's 2019 CAFR comments from the Government Finance Officers Association of the United States and Canada are included in Attachment E for review.
3. A separate report on compliance and internal controls required for the Federal and State Single Audits shall be prepared by the auditor. Opinions relating to the Federal and State Single Audits shall be dated and delivered the same as in item 1 above. Copies of the report shall be made in accordance with Federal and State requirements plus twenty (20) extra copies. The City had two (2) Federal major

program and four (4) State major programs in FY2020. A copy of the City's FY2020 Single Audit Schedules is attached, see Attachment A.

4. The auditor shall observe the adequacy of the systems of internal control, accounting procedures, and other significant matters. A management letter shall be prepared for the City of Kenai. If material weaknesses are noted, appropriate recommendations should be reviewed with management and included in separate letters to the Council. Twenty (20) copies of each management letter shall be provided.
5. Assist the City in uploading financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan and in completing the appropriate section of the Data Collection Form. The Data Collection Form and the reporting package must be submitted electronically within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the oversight agency for audit.
6. The appropriate financial reports and the management letters are to be presented to the City Council at a regular meeting as early as possible after the statements have been printed. The audit partner or manager assigned to the engagement should be in attendance.

3.2 Auditing Standards to be Followed

The examination shall be conducted in accordance with generally accepted auditing standards, as adopted by the membership of the American Institute of Certified Public Accountants (AICPA), Generally Accepted Government Auditing Standards, and in conformity with generally accepted accounting principles. The audit scope and opinions are to be in accordance with AICPA audit and Accounting Guide "Audits of State and Local Governmental Units" including relevant Statements of Position, and principles prescribed by the Governmental Accounting Standards Board. It shall also follow the Government Finance Officers Association (GFOA) requirements for the Certificate of Achievement and the Association of School Business Officials International Certificate of Excellence in Financial Reporting.

The examination shall include opinions as to the compliance with the Federal Single Audit Act and Uniform Guidance, and the State of Alaska single audit requirements established by 02.AAC.45.010.

3.3 Contract Formation

A contract in this matter will not be formed until executed by all parties including the City of Kenai City Manager. Performance under this contract shall not begin until the contract is fully executed by all parties.

3.4 Term and Conditions

A. Term of Contract

Contract begins approximately May 1, 2021 and continues through completion of the fiscal year 2023 audit. Upon prior written agreement of the parties and subject to appropriation of funds by the City of Kenai, this Agreement may be separately extended for two additional one-year periods under the same terms and conditions as set out in the initial contract. Prior to each extension, contractor must provide the City with a current certificate of insurance evidencing compliance with the requirements of this agreement, a current Alaska business license, and a certificate of compliance with the City of Kenai tax code. Either party may decline extension without reason.

B. Payment

Payment will be made upon receipt of detailed invoices listing the specific activity for which the charge is being made.

4.0 **PROPOSAL AND SUBMISSION REQUIREMENTS**

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that the proposals be organized in the manner specified below.

4.1 Title Page

Show the Request for Proposal subject, the name of your firm, local address, telephone number, name of contact person, and date.

4.2 Table of Contents

Clearly identify the material by section and page number.

4.3 Letter of Transmittal

4.3.1 Limit to not more than two printed pages.

4.3.2 Briefly state your firm's understanding of the work to be done and of the organization and its accounting environment.

4.3.3 Give the names of the persons who will be authorized to make representations for your firm, their titles, addresses, and telephone numbers.

4.3.4 The transmittal letter must include the original signature of an individual authorized to represent your firm.

4.4 Profile of the Audit Organization, Technical Qualifications, and Approach

Indicate the number of staff (by level) that will be involved in the audit. Also describe the resources available to support periodic consultation on governmental accounting issues.

This could range from answering routine client questions to providing assistance with implementation of new accounting standards.

Provide a list of current and prior municipal government audit clients, indicating the type(s) of services performed and the number of years served for each.

Describe your organization's quality control program for audits. Include dates of participation in a peer review or similar programs. Identify any disciplinary action against the firm. Describe your approach to the audit. This should include at least the following points:

- Type of audit program used (tailor-made, standard government, or standard commercial).
- Use of statistical sampling.
- Use of computer audit specialists.
- Organization of audit team and number of hours to be assigned to each proposed segment of the engagement.
- Management letter.
- Typical assistance expected from City staff.
- Tentative timetable outline for completing audit within specified deadlines of RFP.

The proposal must include a positive affirmation that:

- The firm is authorized to use the term "certified public accountants" or "CPA" as set forth by the Accountancy Act (A.S. 08.04).
- The firm personnel have experience and expertise in governmental accounting and Federal and State Single Audit requirements.
- The firm meets the standards of independence required by the Government Auditing Standards (Yellow Book) 2018 revision.
- The firm does not have a record of substandard audits according to records maintained by the State Division of Occupational Licensing.

4.5 Summary of the Proposer's Individual Audit Staff Technical Qualifications

Identify the partners, managers, and supervisors/seniors who will work on the audit. Include resumes for each supervisory person to be assigned to the audit. (The resumes may be included as an appendix.) Describe the experience in local government audits, including federal and state single audits and grant compliance audits of each senior and higher level person assigned to the audit.

4.6 Scope Section

Clearly describe the scope of the required services to be provided. In addition to services included for the examination, specific reference must be made to the requirements of the Federal Single Audit Act and Uniform Guidance, and the State of Alaska single audit requirements established by 02.AAC.45.010.

Although no escalation in the scope of the audit is anticipated by management, the proposal shall include a description of how cost increases, or decreases, shall be calculated in the event that scope is altered.

Proposal should provide a projected timeline representing this engagement.

4.7 References

The proposal shall include a list of current clients similar to this engagement. The City shall select five (5) from the list to complete and return directly to the City, the Reference Questionnaire for Audit Services to ascertain the firm's performance, specifically in the areas of knowledge and expertise, flexibility in scheduling and changes in scope, adherence to agreed-upon deadlines, client support as to the providing of industry information during the year, and conformance to cost proposals. See Attachment C. The proposal should address these issues from the firm's perspective. References of selected clients must be returned directly to the City via email to teubank@kenai.city. The subject line of the email must read:

Reference Questionnaire for Audit Services

4.8 Conformance with Fee

The City requires that the engagement for audit services, including out-of-pocket, be a fixed-fee contract.

The cost associated with the contract may be annually adjusted to account for inflation. The cost may be adjusted each fiscal year by the percentage change in inflation of the previous year based upon the annual U.S. Department of Labor statistics for Anchorage, Alaska. This adjustment may be made by April 1st of each year upon request by the selected firm, approval by the City Manager, and subject to appropriation of funds from the City Council. No adjustment will be made for the first year of the contract.

Projected Hours - In order to determine the proposer's ability to conform to the fee set forth, the City requires that the estimated hours of audit work by staff level, be disclosed in the technical proposal. This is to aid in determining that the engagement has been reasonably planned and, therefore, that the fee can reasonably be adhered to by the proposer.

The City requires that fees for additional financial work be expressed as a fixed hourly rate for each fiscal year subject to audit, quoted for each staff category of the proposer (i.e., partner, manager, senior, etc.). No additional fees or costs will be allowed unless authorized in advance and approved in writing by the Finance Director.

4.8.1 Cost Proposal Preparation Requirements

- A. Proposers must fill in each line of the Cost Proposal Page included as Attachment A, and all proposals shall follow the format on the Cost Proposal Page with respect to price quotations.
- B. Proposers must fill in each line on the Cost Proposal Page (Attachment A), and all proposals shall follow the format on the Cost Proposal Pages with respect to price quotations.
- C. Award will be influenced by the total cost, but will also be based on factors outlined in Section 5 - Proposal Evaluations and Selection Process.
- D. Prices shall be firm and open for acceptance by the City for a period of not less than ninety (90) calendar days from the date the proposal is due. Prices proposed shall be firm for the contract period. All prices and quotations shall be written legibly in ink or typed. A proposal shall be rejected if it contains a material alteration or erasure, which is not initialed by the signer of the proposal.
- E. Proposers will be evaluated using the City's FY2020 audit which included an entity audit, a federal single audit with two major programs, and a State of Alaska single audit with four major programs. Fees for each year of the audit will be based on each years' actual need.
- F. The cost proposal page shall be a separate PDF document titled: **External Audit Services RFP – NAME OF PROPOSING ENTITY Cost Proposal.**

5.0 PROPOSAL EVALUATION AND SELECTION PROCESS

Proposals will be reviewed and scored by an evaluation committee made up of two administrative personnel and three council members. The factors to be evaluated and the points available for each are as follows:

- 5.1 The firm's experience with engagements similar to the City of Kenai, i.e., local governments, and state and federal grants. (maximum 20 points)
- 5.2 The firm's technical qualifications and resumes of the individuals assigned to the project. (maximum 25 points)
- 5.3 The proposal's responsiveness in clearly stating an understanding of the work to be performed, including evidence of adequate planning and commitment of staff resources. This is to help in determining the firm's ability to complete the project in a timely manner within the fee constraints. (maximum 20 points)

- 5.4 The firm's references using the Reference Questionnaire for Audit Services. A minimum of three (3) should be received for each firm and a maximum of five (5) will be considered. (maximum of 10 points)
- 5.5 Cost Proposal for financial statement audits per Attachment A, Cost Proposal. (maximum 25 points)

Points will be awarded using the following formula:

$$\frac{\text{Lowest cost proposal}}{\text{This cost proposal}} \times 25 = \text{Points Awarded}$$

Committee members will independently review the proposals and award points for factors 5.1-5.4. Factor 5.5 will be scored by the committee as a whole using the above formula only after completion of the evaluation process for items 5.1-5.4.

5.5 Contract Award in Best Interest

The City reserves the right to accept or reject proposals on each item separately or as a whole, to reject any or all proposals without penalty, to waive informalities or irregularities, accept for signature and timeliness requirements, and to contract as the best interest of the City may require in order to obtain the services which best meet the needs of the City as expressed in this RFP. The City reserves the right to request additional information, as it deems necessary.

Contract award, if an award is made, will be made on the basis of the Proposal Evaluation and Selection Process described above.

6.0 SAMPLE CONTRACT

In addition to carefully reading all of the information in the RFP, the successful proposer shall be required to enter a contract with the City of Kenai. The sample contract being provided is the City's most recent contract for audit services. See Attachment D.

Changes will be considered in any negotiations with the City. No changes to the sample contract shall be received or considered during proposal evaluations.

7.0 INSURANCE REQUIREMENTS

Contractor and all subcontractors, if any, shall be responsible for the purchase and maintenance of minimum insurance coverage as specified in paragraphs A and B of this section.

This insurance coverage shall be in acceptable form, and for the amounts specified by the City, or as required by law, whichever is greater.

This insurance coverage shall remain in effect for the life of this Agreement and shall be a part of the contract price. This insurance shall be primary and exclusive of any other insurance carried by the City. Such insurance shall be by a company/corporation currently rated "A- or better by A.M. Best.

- A. Before signing this contract, or commencing work on any project, the contractor shall obtain all insurance required. Proof of insurance must be provided.
- B. The contractor shall provide and maintain the following insurance for the term of the Contract plus extensions:
 - 1. A policy of comprehensive **general liability** insurance with limits of not less than **\$1,000,000** per occurrence covering injury to or death of any person or persons, and with limits of not less than **\$1,000,000** per occurrence covering **property damage**.
 - 2. **Auto liability** with included operations, contractual liability, and owned, leased, hired or borrowed, and non-owned vehicles with limits of not less than **\$1,000,000** combined single limit per occurrence.
 - 3. **Worker's Compensation and Employer's liability** insurance in accordance with applicable laws.
 - 4. Professional Errors and Omissions insurance in the amount of not less than **\$1,000,000**.

If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the contractor.

- 5. **Primary Coverage** for any claims related to this contract, the **Consultant's insurance coverage shall be primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- 6. **Deductibles and Self-Insured Retentions** any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
- 7. **Claims Made Policies** if any of the required policies provide coverage on a claims-made basis:

a) The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

b) Insurance must be maintained and evidence of insurance must be provided *for at least two (2) years after completion of the contract of work.*

c) If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of *three (3) years* after completion of contract work.

8. **Verification of Coverage** Consultant shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

9. **Subcontractors** Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

C. Said liability insurance shall provide that such insurance may not be canceled or reduced until **twenty (20) days** after the City shall have received notice of such cancellation or reduction.

D. Consultant shall maintain said insurance policies in effect and shall cause all parties supplying services, labor, or materials to maintain insurance in amounts and coverage not less than those specified above in effect.

8.0 MISCELLANEOUS

Coordination Required

The City requires that the external auditors coordinate their work with City personnel as follows:

1. All work will be coordinated with the Finance Director of the City.
2. Prior to the commencement of audit work, the auditor will meet with the City’s Finance Director to discuss audit workpapers expected to be prepared by the City and any other work that is to be done by the City.

3. The auditor shall maintain frequent communication with management of the City. It is expected that both entrance and exit conferences will be conducted with senior management of the City.

9.0 CHOICE OF LAW AND VENUE

The laws of the State of Alaska shall govern the validity and interpretation of the resulting contract. Venue for any legal proceeding arising out of this agreement shall be in the Alaska State Court System in Kenai, Alaska.

10.0 SEVERABILITY

If any part of the agreement is declared to be void, invalid or unenforceable by any court of law, the other parts of the agreement shall remain in full force and effect.

ATTACHMENT A

CITY OF KENAI
EXTERNAL AUDIT SERVICES
COST PROPOSAL FORM

In submitting this proposal, we certify that we have examined the specifications documents, have received Addenda Nos. ____ ____, and have included their provisions in our proposal. If awarded a contract under this proposal, we hereby agree to the terms set forth in the specifications documents and all addenda identified on this proposal.

Cost Proposals will be evaluated using the City's FY2020 audit which included an entity audit, a federal single audit with two major programs, and a State of Alaska single audit with four major programs. Fees for each year of the audit will be based on each years' actual need and fee adjustments per Section 4.8.

	Audit Fee	Out-of-Pocket	Total
Entity Audit	_____	_____	_____
Federal Single Audit – One Major Program	_____	_____	_____
Federal Single Audit – Each additional Major Program	_____	_____	_____
State Single Audit – No limit on Major Programs	_____	_____	_____
Total	_____	_____	_____

ACKNOWLEDGE

I certify that I am a duly authorized representative of the firm listed below and that information and materials enclosed with this proposal accurately represent the capabilities of the office listed below for providing the services indicated. The City is hereby authorized to request any owner identified in this proposal to furnish any pertinent information deemed necessary to verify information provided or regarding reputation and capabilities of the firm.

_____ Signature	Office Address for which this submittal is made:
Date : _____	Street: _____
Name: _____	P. O. Box: _____
Title: _____	City, State, Zip: _____
Firm: _____	Telephone: _____
Type of Firm (check one)	Alaska Business License No.: _____
____ Individual	
____ Partnership	
____ Corporation in the State of: _____	
____ Other (Specify)	

ATTACHMENT B



City of Kenai, Alaska

Single Audit Reports
Year Ended June 30, 2020

City of Kenai, Alaska

Single Audit Reports
Year Ended June 30, 2020

City of Kenai, Alaska

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Kenai, Alaska

We have audited, 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 United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenai, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Kenai's basic financial statements, and have issued our report thereon dated January 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Kenai's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kenai's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kenai's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kenai's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
January 11, 2021



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and City Council
City of Kenai, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Kenai's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Kenai's major federal programs for the year ended June 30, 2020. City of Kenai's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the term and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Kenai's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Kenai's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Kenai's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Kenai complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of City of Kenai is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Kenai's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Kenai's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenai as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Kenai's basic financial statements. We issued our report thereon dated January 11, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
January 11, 2021

City of Kenai, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State of Alaska Department of Health and Social Services - Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
Nutrition, Transportation, and Support	93.044	607-309-19011	\$ -	\$ 124,543
Nutrition, Transportation, and Support	93.044	607-309-19011	-	143,075
CFDA 93.044 Total			-	267,618
Passed through to the State of Alaska Department of Administration - Aging Cluster				
Nutrition Services Incentive Program	93.053	607-PA-108	-	20,471
Aging Cluster Total			-	288,089
Total Department of Health and Human Services			-	288,089
DEPARTMENT OF TRANSPORTATION				
COVID 19 -Airport Improvement Program FAA Cares Act Grant	20.106		-	791,298
Terminal Rehab Construction	20.106		-	5,489,882
Airfield Marking, Crack Sealing, Minor Pavement Repair & Seal Coating	20.106		-	900,384
Rehab ARFF Training Center	20.106		-	3,816,639
Total Airport Improvement Program			-	10,998,203
Passed Through State of Alaska Department of Transportation and Public Facilities - National Priority Safety Programs - Highway Safety Cluster				
CLOT Grant for Overtime	20.616	405Dm5hve-18-01-00(A)-7	-	1,287
Total Department of Transportation			-	10,999,490
DEPARTMENT OF HOMELAND SECURITY				
Passed Through State of Alaska Department of Military and Veterans Affairs - Division of Homeland Security & Emergency Management -				
Homeland Security Grant Program	97.067	20SHPS-GY18	-	101,600
DEPARTMENT OF AGRICULTURE				
Cooperative Forestry Assistance - Volunteer Fire Department UDR				
	10.664		-	7,399

City of Kenai, Alaska
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through the State of Alaska Department of Education and Early Development - Grants to States	45.310	CED-20-035	\$ -	\$ 1,250
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the State of Alaska Department of Environmental Conservation - Beach Monitoring and Notification Program Implementation Grants Monitor Kenai River Bacteria	66.472	ACW-19-B11	61,960	61,960
DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Program Ballistic Vest Program	16.607		-	945
Coronavirus Emergency Supplemental Funding Program JAG Grant Covid-19	16.034		-	50,262
Total Department of Justice			-	51,207
DEPARTMENT OF THE TREASURY				
Passed through the State of Alaska Department of Commerce, Community and Economic Development - Coronavirus Relief Fund Grant	21.019		-	4,057,087
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Assistance to Firefighters Grant Program	97.044		588,627	671,035
Total Expenditures of Federal Awards			\$ 650,587	\$ 16,239,117

See accompanying notes to the Schedule of Expenditures of Federal Awards.

City of Kenai, Alaska

Notes to the Schedule of Expenditures of Federal Awards *Year Ended June 30, 2020*

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Kenai under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of City of Kenai, it is not intended to and does not present the net position, changes in net position or cash flows of City of Kenai.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

City of Kenai has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Kenai, Alaska

Report on Compliance for Each Major State Program

We have audited City of Kenai's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Kenai's major state programs for the year ended June 30, 2020. City of Kenai's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Kenai's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Kenai's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of City of Kenai's compliance.

Opinion on Each Major State Program

In our opinion, City of Kenai complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of City of Kenai is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Kenai's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Kenai's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kenai as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Kenai's basic financial statements. We issued our report thereon dated January 11, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
January 11, 2021

City of Kenai, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2020

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subrecipients	State Expenditures
Department of Administration				
*PERS On-Behalf		\$ -	\$ -	\$ 595,990
Department of Revenue				
Electric and Telephone Share Revenue	FY20	29,294	-	29,294
Aviation Fuel Tax	FY20	5,605	-	5,605
Marijuana Application Fees	FY20	3,200	-	3,200
Liquor Share Tax/License	FY20	20,500	-	20,500
Fish Tax Revenue Sharing	851171-FY20	61,247	-	61,247
Total Department of Revenue		119,846	-	119,846
Alaska State Library				
FY20 Alaska Public Library Assistance	PLA-177-4701	7,000	-	7,000
Department of Public Safety				
Crime Prevention Response	FY20	108,000	-	100,028
Department of Health and Social Services				
Nutrition, Transportation & Support	607-309-20011	67,146	-	67,146
Department of Commerce, Community and Economic Development				
Division of Community and Regional Affairs				
Kenai River Bluff Stabilization	12-DC-377	1,750,000	-	23,622
Kenai River South Beach Dip Net Access	15-DC-078	1,900,000	-	32,699
*Community Assistance Program	841244-FY20	174,116	-	174,116
*Replace Fire Pumper/Engine	15-DC-080	400,000	-	400,000
Total Department of Commerce, Community and Economic Development		4,224,116	-	630,437
Department of Environmental Conservation				
*Kenai Water System Improvements	47555	980,084	-	751,389
Total State Financial Assistance		\$ 5,506,192	\$ -	\$ 2,271,836

* Denotes a major program

See accompanying notes to the Schedule of State Financial Assistance.

City of Kenai, Alaska

Notes to the Schedule of State Financial Assistance Year Ended June 30, 2020

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state award activity of City of Kenai under programs State of Alaska for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Kenai, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Kenai.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

City of Kenai, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes

X no

Significant deficiency(ies) identified?

_____ yes

X (none reported)

Noncompliance material to financial statements noted?

_____ yes

X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes

X no

Significant deficiency(ies) identified?

_____ yes

X (none reported)

Type of auditor's report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

_____ yes

X no

Identification of major federal programs:

CFDA Number Name of Federal Program or Cluster

Agency

21.019

Coronavirus Relief Fund

Department of the Treasury

Dollar threshold used to distinguish between a Type A and Type B program:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes

_____ no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

_____ yes

X no

Significant deficiency(ies) identified?

_____ yes

X (none reported)

Type of auditor's report issued on compliance for major
state programs:

Unmodified

Dollar threshold used to distinguish a state major program:

\$ 150,000

City of Kenai, Alaska
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2020

**Section II - Financial Statement Findings Required to be Reported in Accordance with
*Government Auditing Standards***

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section 2 CFR 200.516(a) of the Uniform Guidance) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

ATTACHMENT C



REFERENCE QUESTIONNAIRE FOR AUDIT SERVICES

(Name of firm requesting reference)

This form is being submitted to your company for completion as a business reference for the firm listed above. This form is to be returned to the City of Kenai, Finance Director, via facsimile at (907) 283-3014 or e-mail at teubank@kenai.city, no later than April 2, 2021 at 4:00 p.m., and **must not** be returned to the firm requesting the reference.

For questions or concerns regarding this form, please contact the City of Kenai Finance director by telephone at (907) 283-8227 or e-mail teubank@kenai.city.

CONFIDENTIAL INFORMATION WHEN COMPLETED

Company providing reference:	
Contact name and title/position:	
Contact telephone number:	
Contact e-mail address:	

QUESTIONS:

1. In what capacity have you worked with this firm in the past?

2. How would you rate this firm's knowledge and expertise?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:
3. How would you rate the firm's flexibility relative to changes in the project scope and timelines?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:
4. What is your level of satisfaction with hard-copy materials produced by the firm?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:
5. How would you rate the dynamics/interaction between the firm and your staff?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:



6. Who were the firm's principal representatives involved in your project and how would you rate them individually? Would you comment on the skills, knowledge, behaviors or other factors on which you based the rating?
(3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)

Name:	Rating:
Name:	Rating:
Name:	Rating:
Name:	Rating:

COMMENTS:

7. How satisfied are you with the services and products developed by the firm?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:

8. How satisfied are you with the firm's adherence to engagement timelines/deadlines?
____ (3=Excellent; 2=Satisfactory; 1=Unsatisfactory; 0=Unacceptable)
Comments:

9. With which aspect(s) of this firm's services are you most satisfied?
COMMENTS:



10. With which aspect(s) of this firm's services are you least satisfied?
COMMENTS:

11. Would you recommend this firm's services to your organization again?
COMMENTS:

12. Did the firm conform to its cost proposal for services to your organization?
COMMENTS:



ATTACHMENT D

PROFESSIONAL SERVICES AGREEMENT

FOR

AUDIT SERVICES

THIS PROFESSIONAL SERVICES AGREEMENT, dated as of _____ (this “Agreement”), is made and entered by and between the CITY OF KENAI and _____.

Section 1. Definition. In this Agreement:

1. The term “City” means the City of Kenai.
2. The term “Consultant” means _____.
3. The term “City Manager” means the city manager of the City of Kenai or his authorized representative.

Section 2. Scope of Services. The Consultant shall perform all the services provided in a Statement of Work (“SOW”) in the form of Attachment A to this Agreement, the terms of which are hereby incorporated by reference as if fully set forth herein. The SOW may only be modified by mutual written agreement of the City and Consultant. In the case of any conflict or inconstancy between this Agreement and this SOW, the terms and conditions in this Agreement shall control and take precedent.

Section 3. Personnel. The Engagement Partner shall be limited to _____ unless changed using the terms and conditions of Section 12 of this Agreement.

Section 4. Time of Performance. The services of the Consultant shall commence _____, 2021, and shall terminate December 31, 2023 subject to appropriation of funds from the Kenai City Council. The period of performance may be extended for additional periods only by the mutual written agreement of the parties and subject to appropriation of funds by the Kenai City Council.

Section 5. Compensation. Subject to the provision of this Agreement, the City shall pay the Consultant those fees and expenses to which the parties agree in the SOW attached hereto. The City and Consultant agree during the initial period of performance identified in Section 4 above, and additional periods identified in Section 4, the fees assessed by the Consultant shall not increase over the immediately preceding year’s fees by more than the annual Consumer Price Index for Anchorage, Alaska. Except as otherwise provided in the Agreement, the City shall not provide any additional compensation, payments, service or other thing of value to the Consultant in connection with performance of Agreement duties. The parties understand and agree that, except as otherwise provided in this agreement, administrative overhead and other indirect or direct costs the Consultant may incur in the performance of its obligations under this Agreement have already been included in computation of the Consultant’s fee and may not be charged to the City.

Section 6. Method and Time of Payment.

- A. Payment shall be made within 30 calendar days from receipt of an approved invoice.

- B. Any expenditures identified as reimbursable under the request for proposal shall be included with the billings for professional services. Billing shall include a summary of expenditures to date by line item categories (e.g., personal services, travel, lodging, meals, and other). Documentation of expenditures need not be submitted with billings but must be retained by the Consultant in the event the City requests said documentation.
- C. No payment will be disbursed until the completed task and associated expenditures have been approved by the City.
- D. All invoices should be submitted in duplicate and addressed as follows:

City of Kenai
Attn: Finance Department
210 Fidalgo Avenue
Kenai, AK 99611

Section 7. Ownership. The Consultant and the City will specify any deliverables to be provided to the City in connection with the services provided hereunder in a writing acknowledged by both parties (including, without limitation, in an SOW hereto) (the "Deliverables "). The Deliverables (which shall exclude the Consultant's Working Papers and the Consultant Materials (each as defined below) are and will remain the exclusive property of the City, subject to the terms of this Agreement. The parties agree that the Consultant has created, acquired , owns or otherwise has rights in, and may, in connection with the performance of the services provided hereunder or provision of the Deliverables, use, provide, modify, create, acquire or otherwise obtain rights in, methods, methodologies , procedures, processes, know-how, techniques, models, templates, tools, and work papers that are not explicitly described as a Deliverable, including any pre-existing materials, and other creative and technical content, developed before the Effective Date, provided by the Consultant or its suppliers (collectively, the "Consultant Materials"), which shall be the sole and exclusive property of the Consultant or such supplier(s), as appropriate; and all rights related thereto, including, without limitation, the IP Rights, are hereby exclusively reserved by the Consultant or its applicable owner, and the City agrees that no title to or ownership of the Consultant Materials is transferred to the City under this Agreement. In addition, any working papers prepared by Consultant pursuant to this Agreement, meaning any proprietary supporting documentation to substantiate our work product of any kind or nature (the "Working Papers"), are the sole and exclusive property of Consultant. Such Working Papers, constitute confidential, proprietary information, and will be retained by Consultant in accordance with all applicable laws.

Section 8. Termination of Agreement for Cause. If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner the obligations under this Agreement or if the Consultant shall violate any of the covenants, agreements, or stipulations of this Agreement, the City shall have the right to terminate this Agreement by giving written notice to the Consultant of termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. All finished Deliverables prepared by the Consultant under this Agreement are the property of the City and shall be delivered to the City by or upon the effective date of termination. The Consultant shall be entitled to receive compensation only for work completed to in accordance with the terms of this Agreement and applicable auditing standards.

Section 9. Termination for Convenience of City. The City may terminate this Agreement at any time by giving written notice to the Consultant of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in Section 8, above, are the property of the City and shall be delivered to the City by or upon the effective date of termination. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of this Agreement only for work completed to the City's satisfaction in accordance with the terms of this Agreement. If this Agreement is terminated due to the fault of the Consultant, Section 8 of this Agreement shall govern the rights and liabilities of the parties.

Section 10. Termination to the Extent Required Under Applicable Law, Regulation, or Professional Standard. Upon notice to the City, the Consultant may terminate this Agreement if the Consultant reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, Laws, or regulations. If the Consultant elects to terminate its services for any reason provided for in this Agreement, the Consultant's engagement will be deemed to have been completed upon written notification of termination, even if the Consultant has not completed its report. If the Agreement is terminated, the City agrees to compensate the Consultant for the services performed and expenses incurred through the effective date of termination, provided that such services are performed in accordance with the terms of this Agreement and applicable auditing standards.

Section 11. Causes Beyond Control. In the event the Consultant is prevented by a cause or causes beyond control of the Consultant from performing any obligation of this Agreement, nonperformance resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render the Consultant liable for damages or give rights to the cancellation of this Agreement for cause. However, if and when such cause or causes cease to prevent performance, the Consultant shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Consultant and which prevent the performance of the Consultant: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Consultant from performing the terms of this Agreement. Events which are peculiar to the Consultant and would not prevent another Consultant from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Consultant. The City will determine whether the event preventing the Consultant from performing is a cause beyond the Consultant's control.

Section 12. Modifications.

- A. The parties may mutually agree to modify the terms of this Agreement. Modifications to this Agreement shall be incorporated into this Agreement by written amendments.
- B. It is expressly understood that the City may require changes in the scope of services and an unreasonable refusal by the Consultant to agree to modification in the scope of services will be the basis for termination of this Agreement for cause. It is expressly understood that the total amount of compensation for successful

performance of this Agreement will not be modified, under any circumstances, without prior written approval of the City.

Section 13. Interest of Members of City and Others. No officer, member or employee of the City and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects their personal interest or the interest of any corporation, partnership or association in which they are, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

Section 14. Assignability. The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the City thereto; provided, however, that claims for money due or to become due to the Consultant from the City under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City, or the Consultant shall be responsible to the City for any moneys due the assignee of this Agreement, which are paid directly to the Consultant.

Section 15. Interest of Consultant. The Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Consultant further covenants that in the performance of this Agreement no person having any such interest shall be employed.

Section 16. Findings Confidential. To the extent permitted or required by law any reports, information, data, etc., given to or prepared or assembled by the Consultant under this Agreement which the City requests to be kept confidential shall not be made available to any individual or organization by the Consultant without the prior written approval of the City.

Section 17. Publication, Reproduction and Use of Materials. No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The City shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

Section 18. Jurisdiction; Choice of Law. Any civil action arising from this Agreement shall be brought in the superior court for the third judicial district of the state of Alaska at Kenai. The law of the state of Alaska shall govern the rights and obligations of the parties.

Section 19. Non-Waiver. The failure of the City at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the City thereafter to enforce each and every protection hereof.

Section 20. Permits, Laws and Taxes. The Consultant shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this

Agreement. All actions taken by the Consultant under this Agreement shall comply with all applicable federal, state, and local regulations including, but not limited to, those laws related to wages, taxes, social security, workers compensation, nondiscrimination, licenses, and registration requirements. The Consultant shall pay all taxes pertaining to its performance under this Agreement.

Section 21. Agreement Administration.

- A. The Finance Director, or his designee, will be the representative of the City administering this Agreement.
- B. The services to be furnished by the Consultant shall be administered, supervised, and directed by _____. In the event that the individual named above or any of the individuals identified in the proposal to perform work under this Agreement is unable to serve for any reason, the Consultant shall appoint a successor in interest subject to written approval of the City.

Section 22. Integration. This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties.

Section 23. Defense and Indemnification. This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 24. Interpretation and Enforcement. This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 25. Relationship of the Parties. The services to be rendered under this Agreement are those of an independent contractor. The Consultant will not at any time directly or indirectly act as an agent, servant or employee of the City or make any commitments or incur any liabilities on behalf of the City without the City's express consent. The City shall not supervise or direct the Consultant except as set forth in this agreement. The Consultant will perform the professional services provided in connection with this engagement solely for the benefit and use of the City. The Consultant does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the City and the Consultant.

Section 26. Insurance. Consultant and all subconsultants, if any, shall maintain the following insurance coverage in effect during the term of this Agreement and shall file certificates of such insurance with the Owner or City prior to the commencement of its performance under this Agreement. Such insurance shall be by a company/corporation currently rated "A-" or better by A.M. Best.

- A. A policy of comprehensive **general liability** insurance with limits of not less than **\$1,000,000** per occurrence covering injury to or death of any person or persons, and with limits of not less than **\$1,000,000** per occurrence covering **property damage**.
- B. **Auto liability** with included operations, contractual liability, and owned, leased, hired or borrowed, and non-owned vehicles with limits of not less than **\$1,000,000** combined single limit per occurrence.
- C. **Worker's Compensation and Employer's liability** insurance **in accordance with applicable laws**.
- D. **Professional Errors and Omissions** insurance in the amount of not less than **\$1,000,000**.

If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the contractor.

- E. **Primary Coverage** for any claims related to this contract, the **Consultant's insurance coverage shall be primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- F. **Deductibles and Self-Insured Retentions** any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
- G. **Claims Made Policies** if any of the required policies provide coverage on a claims-made basis:
 - 1) The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
 - 2) b) Insurance must be maintained and evidence of insurance must be provided ***for at least two (2) years after completion of the contract of work.***
 - 3) c) If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Date*** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of ***three (3) years*** after completion of contract work.
- H. **Verification of Coverage** Consultant shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received

and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

- I. **Subcontractors** Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Said liability insurance shall provide that such insurance may not be canceled or reduced until **twenty (20) days** after the City shall have received notice of such cancellation or reduction.

Consultant shall maintain said insurance policies in effect and shall cause all parties supplying services, labor, or materials to maintain insurance in amounts and coverage not less than those specified above in effect.

A lapse in insurance coverage is a material breach of this Agreement, which may result in immediate termination of this Agreement, pursuant to Section 8.

Section 27. Severability. If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

Section 28. Understanding. The Consultant acknowledges that the Consultant has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of their choice, and is executing this Agreement of their own free will.

Section 29. Notices. Any notice required pertaining to the subject matter of this Agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following addresses:

City: Finance Director
City of Kenai
210 Fidalgo Avenue
Kenai, AK 99611

Consultant: XXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX

Section 30. Consultant's Violations of Tax Obligations.

- A. This Agreement can be terminated for cause, pursuant to Section 8, if it is determined that a Consultant is in arrears of any taxation, lease or rental agreement that is due to the City that is not remedied within ten (10) calendar days of notification by regular mail.

- B. The City reserves any right it may have to offset amounts owed by an individual, firm, corporation or business for delinquent City taxes, moneys owed on sales, assessments, leases and rental agreements, against any amount owing to the same under an agreement between the City and the same.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed by their respective authorized representatives.

By: _____
 Its: _____
 Dated: _____

By: _____

Its: _____

Dated: _____

By: _____
 Its: _____
 Dated: _____

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY BY:

Scott Bloom
City Attorney

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

Notary Public for State of Alaska
My Commission Expires: _____

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _(name), the _(title) of _(name of corporation) for and on behalf of the corporation.

Notary Public for State of Alaska
My Commission Expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by (name) , the (title) of (name of corporation) for and on behalf of the corporation.

Notary Public for State of Alaska
My Commission Expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by (name) , (partner or agent) of (name of partnership) for and on behalf of the partnership.

Notary Public for State of Alaska
My Commission Expires: _____

ATTACHMENT E

Certificate of Achievement for Excellence in Financial Reporting Detailed Listing of Comments and Suggestions for Improvement

City of Kenai, Alaska
Member ID: 115231002
Report #: CAFR-2019-00501

104 - Management's discussion and analysis (MD&A)

Comment Number: 2749 **Checklist Question: 4.1f**

Page 18 - For the Airport Improvements Capital Project Fund.

In Management's Discussion and Analysis, the discussion should explain the underlying reasons for the significant changes in fund balances/fund net position rather than focusing solely on the size of the changes (amount or percentage of change). [GASB-S34: 11d; COD 2200.109d; GAAFR, page 569; eGAAFR, pages 447-448]

Comment Number: 3382

Page 13 - Refer to the first bullet point.

The discussion of the government's overall financial position in Management's Discussion and Analysis should include all applicable financial statement elements (i.e., assets, deferred outflows of resources, liabilities, and deferred inflows of resources). [GASB-S34: 11c; GASB-S63: 7; GAAFR, pages 229 and 296-297]

106 - Government-wide financial statements

Comment Number: 3315 **Checklist Question: 6.11**

Page 22 - Refer to page 53.

Refer to the net pension/OPEB asset and the net pension/OPEB liability (NPL/NOPEBL)/collective NPL/NOPEBL disclosed in the notes to the financial statements. It is not permitted to net pension/OPEB-related assets against pension/OPEB-related liabilities. [GASB-S68: 21, 51, 110, 118, 125, and 131; GASB-S75: 22, 232; COD P20.120, .151, .203, .222; COD P21.111 and .118; COD P50.118; P51.109]

113 - Pension-related note disclosures

Comment Number: 3333 **Checklist Question: 13.2i**

Page 54 - Disclose information separately for each OPEB plan since, per page 52, the City appears to participate in three separate OPEB plans.

The notes should provide the following information about the employer balances of deferred outflows of resources and deferred inflows of resources for the plan: (1) the differences between expected and actual experience in the measurement of the total pension/OPEB liability; (2) the changes of assumptions or other inputs; (3) the net difference between projected and actual earnings on pension/OPEB plan investments; (4) the changes in the employer's proportion of the balances and differences between the employer's contributions and the employer's proportionate share of contributions, if the plan is a single-employer or agent plan with a special funding situation or a cost sharing plan; and (5) the employer's contributions to the pension/OPEB plan subsequent to the measurement date of the net pension/OPEB liability. [GASB-S68: 45 and 80; GASB 75: 56 and 96; COD P20.145h and .182h; P50.153h and .196h; eGAAFR, page 913; eSUP, page 9]

Comment Number: 3334 Checklist Question: 13.2i6

Page 54 - Disclose information separately for each OPEB plan since, per page 52, the City appears to participate in three separate OPEB plans.

The notes should include a schedule that presents the net amount of deferred outflows and inflows of resources for each plan that will be recognized in the employer's pension/OPEB expense for each of the subsequent five years, and, at a minimum, in the aggregate for subsequent years. [GASB-S68: 45i(1) and 80i(1); GASB-S75: 44-45, 96, and 105; COD P20.145h and .182h; P50.153h and .196h; eGAAFR, page 913; eSUP, page 9]

118 - Statistical section

Comment Number: 2483 Checklist Question: 18.1a

Page 99 - Consider using the term "permanently restricted - nonexpendable" rather than the term "nonspendable" since the latter is used in the governmental fund classifications.

The presentation of net position should display each of its three components (i.e., the net investment in capital assets, restricted net position, and unrestricted net position) separately. [GASB-S44: 9; GASB-S63: 9; COD 2800.108; GAAFR, pages 616-617]

120 - New Pronouncements

Comment Number: 3577

The GASB has issued the following statements and implementation guide:

1. Statement No. 83, "Certain Asset Retirement Obligations." The requirements of this Statement will take effect for financial

statements starting with the fiscal year that ends June 30, 2020.

2. Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.
3. Implementation Guide No. 2018-1, "Implementation Guidance Update—2018." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

Comment Number: 3578

The GASB has issued the following statements and implementation guide:

1. Statement No. 84, "Fiduciary Activities." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.
2. Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.
3. Implementation Guide No. 2019-2, "Fiduciary Activities." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

Comment Number: 3579

The GASB has issued the following statements and implementation guides:

1. Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.
2. Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021.
3. Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.
4. Implementation Guide No. 2019-1, "Implementation Guidance Update—2019." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.
5. Implementation Guide No. 2019-3, "Leases." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

***** END OF COMMENTS FOR CAFR-2019-00501 *****