

# ADDENDUM No. 1

## RFP No. 22-31

### Auditing Services

**Due: April 19, 2022 at 2:00 P.M. (local time)**

The information contained herein shall take precedence over the original documents and all previous addenda (if any) and is appended thereto. **This Addendum includes three (3) pages.**

**The Offeror is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum may be considered non-conforming.**

**The following forms provided within the RFP Document should be included in submitted proposal:**

- **Attachment B - Non-Discrimination Declaration of Compliance**
- **Attachment C - Living Wage Declaration of Compliance**
- **Attachment D - Vendor Conflict of Interest Disclosure Form**

**Proposals that fail to provide these completed forms listed above upon proposal opening may be rejected as non-responsive and may not be considered for award.**

#### I. QUESTIONS AND ANSWERS

The following Questions have been received by the City. Responses are being provided in accordance with the terms of the RFP. Respondents are directed to take note in its review of the documents of the following questions and City responses as they affect work or details in other areas not specifically referenced here.

Question 1: Why is the City seeking a new auditor?

Answer 1: The five-year service contract with the previous auditor has expired.

Question 2: Did the City have any significant disagreements with their current auditor?

Answer 2: None.

Question 3: Who maintains the accounting records for the Smart Zone, LDFA?

Answer 3: The City maintains the accounting records for the Smart Zone LDFA.

Question 4: How much did the City pay for audit services in each of the last two years?

Answer 4: Fiscal year 2021 was \$66,000 and fiscal year 2020 was \$64,000.

Question 5: How much did each of the component units pay for audit services in each of the last two years?

Answer 5: The downtown development authority and the Smart Zone LDFA were included in the total charge for the City referenced in Answer 4 above. The Ann Arbor Housing Commission was audited by a different firm.

Question 6: How much did the following entities pay for audit services in the past two years?

- The City of Ann Arbor Employees' Retirement System

- City of Ann Arbor Retiree Healthcare Trust Fund
- Fifteenth District Court
- Downtown Development Authority

Answer 6: All of these were included in the audit service charge referenced in Answer 4 above. Separate billing did not occur.

Question 7: Will the records of the entities listed in item #6 be available for audit at the same time as the City records?

Answer 7: Yes.

Question 8: Has there been any change in the number or type of funds from 2021?

Answer 8: The City has added two special revenue funds since 6/30/2021. This includes a Sidewalk Construction Millage fund and an Affordable Housing Millage fund.

Question 9: Is the City in compliance with the “new” State Chart of Accounts?

Answer 9: No, the City’s chart has not been updated to match the State chart yet.

Question 10: Does the City prepare the MD&A Section?

Answer 10: Yes, the City will prepare the MD&A section.

Question 11: Does the City prepare the Introductory and Statistical Sections?

Answer 11: Yes, the City will prepare the Introductory and Statistical sections.

Question 12: Does the City prepare the pension and OPEB entries?

Answer 12: Yes, City staff will prepare the required pension and OPEB entries.

Question 13: When do you anticipate the City’s records will be ready for audit?

Answer 13: Late August with the goal of all internal workpapers being complete or substantially complete by the first week of September.

Question 14: How many auditors were present for field work and how many days were they at the City?

Answer 14: The audit was conducted remotely for fiscal year 2021. Prior to the pandemic, between 1 – 4 auditors would be present for 2 – 5 weeks.

Question 15: How many auditor’s proposed adjusting journal entries were there for the most recent audited financial statements?

Answer 15: One.

Question 16: Do you anticipate the City receiving any significant new federal grants? If so, can you provide a list and the Assistance Listing Number for each grant?

Answer 16: The only significant new federal grant is American Rescue Plan Act funding.

Question 17: How much ARPA – State and Local Fiscal Recovery Funds did the City receive? Have any such funds been allocated? How much of the funds are the City planning to allocate as Revenue Replacement dollars?

Answer 17: The City was awarded \$24,182,630. Final allocation of funding is still being determined by City Council and therefore, no expenditures have been incurred to date. The final amount that the City will allocate as Revenue Replacement is still being determined and known after final Council approval.

Question 18: Have the audit findings from 2021 been addressed?

Answer 18: Yes, all findings have been addressed.

Question 19: Will the actuarial reports be available at the start of fieldwork?

Answer 19: Prior year actuarial reports are used since the current year information will not be available in time for audit. The actuary does send a special calculation for GASB #68 disclosures.

Question 20: Has the City made the necessary preparations and adjustments for GASB 87, Leases? Do you anticipate needing auditor assistance?

Answer 20: A comprehensive review of leases is underway. Auditor assistance would primarily be to ensure disclosures and adjustments are compliant with GASB 87 or supply the City with templates or best practice guidance. It is not expected that this will result in a substantial amount of time and effort on behalf of the auditor.

Question 21: Has the City issued any new debt, or do you anticipate issuing debt in the next few years?

Answer 21: No new debt issues have been made since the last Annual Comprehensive Financial Report for fiscal year 2021. The City is in the process of issuing Drinking Water Revolving Fund Debt; as well as, Michigan Transportation Fund Debt. In addition, it is possible that additional Revenue Bonds would be sought in the next few years.

Question 22: Does the City maintain its own fixed asset records?

Answer 22: Yes, we utilize a fixed assets module as a component of our accounting system. Activity is recorded monthly and regularly reconciled and reviewed.

Question 23: Are the covers for the annual financial report provided by the City? How many copies of the report will you want?

Answer 23: The selected firm will provide the covers for the financial report and do all of the printing. We generally request 20-25 copies of the report.

Offerors are responsible for any conclusions that they may draw from the information contained in the Addendum.