

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION NO. 2017-29

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH KPMG FOR THE FY17-FY21 AUDITING SERVICES.

WHEREAS, Unalaska City Code Section 6.04.050 states as follows: "Audit of City Accounts. Prior to the end of each fiscal year the Council shall designate certified public accountants who should have no personal interest, direct or indirect, in the fiscal affairs of the municipality, who as of the end of the fiscal year, shall make an independent audit of all of the accounts and other evidences of financial transactions. Copies of the audit shall be available for perusal by the public on request."

WHEREAS, request for proposals were solicited and submitted for auditing services for fiscal years 2017 – 2021; and

WHEREAS, staff recommends KPMG as the auditor of the City of Unalaska.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council designates KPMG as the certified public accountant to make an independent audit of all the accounts and other evidences of financial transactions for the City of Unalaska; and

BE IT FURTHER RESOLVED that the Unalaska City Council authorizes the City Manager to enter into an agreement with KPMG for audit services for FY2017-FY2021.

PASSED AND ADOPTED BY A DULY CONSTITIUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF UNALASKA THIS 11TH DAY OF APRIL, 2017.


MAYOR

ATTEST:


CITY CLERK



MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members
THRU: David Martinson, City Manager
FROM: Nerahoo Hemraj, Finance Director
DATE: April 6, 2017
RE: Appoint Auditor for Fiscal Year 2017-2021

SUMMARY: The city council needs to appoint the auditor for Fiscal Years 2017-2021. This is a requirement of UCO 6.04-050.

PREVIOUS COUNCIL ACTION: The city council appointed KPMG to be the City's auditor in resolution 2010-15.

BACKGROUND: The original five years contract plus one year extension with KPMG has ended.

DISCUSSION: The City has a good working relationship with the KPMG's audit team. The completion of the audit, preparation of the CAFR and single audit was prepared and submitted on time. Assistance, review, and guidance in the submission of the CAFR to the GFOA were also accomplished within the required time frame. The City has also received the Certificate of Excellence in Financial Reporting from the GFOA for FY 2015, and is expected to receive this distinction in FY 2016.

A committee was formed to review and analyze the proposal that was submitted by KPMG; the only bidder for this service. The qualification categories were rated as follows:

- The presentation and completeness of the proposal (5 points maximum)
- The proposal responsiveness in clearly stating an understanding of the work to be performed, including evidence of adequate planning and commitment of staff resources (10 points maximum)
- The firm's experience with engagements similar to the City of Unalaska, approach for this engagement, technical qualifications, and depth of resources, i.e., local government, utilities, ports and harbors, rural Alaska, federal and state single audits, (40 points maximum)
- The technical qualifications of the individuals who will be assigned to the audit, (20 points maximum)

- The total cost proposal per Cost Form A, (25 points maximum)

Cost Proposal					
Item	2017	2018	2019	2020	2021
1 Audit and opinion on general purpose financial statements and related review of complete CAFR	\$ 51,000	51,000	51,000	51,000	51,000
2 State Single Audit and opinion (A)	\$ 21,500	21,500	21,500	21,500	21,500
3 Federal Single Audit and opinion (if required)(B)	\$ 8,700	8,700	8,700	8,700	8,700
4 Review and preparation of CAFR to meet requirements of GFOA's Certificate of Achievement for Excellence in Financial Reporting	\$ 3,400	3,400	3,400	3,400	3,400
5a Preparation and printing of all financial statements, schedules, and opinion letters (auditor prepares financial statements)	\$ 11,000	11,000	11,000	11,000	11,000
5b Printing of all financial statements, preparation and printing of schedules, and opinion letters (client prepares financial statements)	\$ _____	_____	_____	_____	_____
6 Presentation of CAFR and management letter to City Council	\$ 3,200	3,200	3,200	3,200	3,200
TOTAL PER YEAR	\$ 98,800	98,800	98,800	98,800	98,800
TOTAL BID PROPOSAL	\$				494,000

Proposer: KPMG, LLP

(A) \$2,000 per major state program
(B) \$4,000 per major federal program

ALTERNATIVES: There was only “One” bidder for this service. Staff believes that re-sending out RFP’s again will not secure additional responses, and will significantly delay the scheduling of the FY audit. Missing the audit dates will impact the FY closing, the publishing of financial statements, and might negatively impact the reporting to granting and bonding agencies.

FINANCIAL IMPLICATIONS: The cost for audit services and the preparation of the all financial reports is \$98,800 per engagement. This is a level pricing for five consecutive years and is from FY2017-FY2021.

LEGAL: NA

STAFF RECOMMENDATION: Appoint KMPG as the auditors for five fiscal years; FY2017-FY2021.

PROPOSED MOTION: “I move to approve Resolution 2017-29.”

CITY MANAGER’S COMMENTS: City Manager recommends approving this resolution.