



## **CITY OF KINGMAN**

**FIN24-003**

Request for Proposal

## **PROFESSIONAL AUDITING SERVICES**

### **CONTACT PERSON**

Wendy Sherer, Assistant Financial Services Director  
(928) 753-8582

[wsherer@cityofkingman.gov](mailto:wsherer@cityofkingman.gov)

Release Date: November 20, 2023

Proposal Due Date: February 1, 2024 3:00 p.m. Arizona Time

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# CITY OF KINGMAN

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## I. INTRODUCTION

### A. General Information

The City of Kingman (“City”) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for a period of five (5) years, beginning with fiscal year ending June 30, 2024. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth in the U.S. General Accounting Office’s *Government Auditing* and the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

There is not an expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, all interested firms must follow the submission requirements set forth in this Request for Proposal (RFP) to include the requirement that one (1) paper copy and one (1) electronic version saved on four (4) individual flash drives be received by the **City Clerk’s Office at the City of Kingman, 310 North Fourth Street, Kingman, Arizona 86401, by 3:00 P.M., Arizona time, February 1, 2024**. The City reserves the right to reject any or all responses submitted. Any proposal received after 3:00 P.M. on the above stated date will be returned unopened. The outside of the proposal envelope shall indicate the name and address of the proposer, shall be addressed to City Clerk, City of Kingman, at the above address and shall be marked: “**FIN24-003 – PROFESSIONAL AUDITING SERVICES**”.

During the evaluation process, the City reserves the right, where it may serve the City’s best interest, to request additional information or clarifications from proposers. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted, and confirmed in the contract between the City and the firm selected.

It is anticipated that the Evaluation Committee recommendation will be considered for approval by the City Council on March 19, 2024.

### B. Terms of Engagement

A 5-year contract term is contemplated, subject to an annual review, the satisfactory negotiation of terms, the concurrence of the City Council and annual availability of an appropriation.

### C. Subcontracting

No subcontracting will be allowed without the express prior written consent of the City.

## **II. NATURE OF SERVICES REQUIRED**

### **A. General**

The City rotates audit firms at least every five (5) years. With the current professional auditing services agreement ending with the June 30, 2023 audit, the City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for year ending June 30, 2024 and each fiscal year thereafter for a period of five (5) years. These audits are to be performed in accordance with the provisions contained in this RFP.

### **B. Scope of Work to be Performed**

The City requires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles in the United States of America.

The City desires the auditor to express an opinion on the fair presentation of City combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the Annual Comprehensive Financial Report (ACFR). However, the auditor is to provide an “in relation to” report on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving Required Supplementary Information as required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

As required as an integral part of an audit, the auditor is expected to obtain an understanding of the internal control structure of the City and whether the internal controls have been placed in operation. In addition, the auditor is expected to review the city’s Statements on Auditing Standards (SAS) Statement 115 plan annually.

The auditor is required to express an opinion on City’s Annual Expenditure Limitation Report prescribed by the Uniform Expenditures Reporting System required by ARS § 41-1279.07.

The auditor is required to provide an affirmation that the City is in compliance with the Highway User Revenue Fund and other dedicated transportation revenues’ requirements pursuant to ARS § 9-481.

The auditor is required to perform a review of the City’s Municipal Court, on a triennial basis. This review is to be performed in accordance with the State of Arizona Supreme Court’s Minimum Accounting Standards, *Guide for Independent Review Revised 1-1-2021 (MAS Review)*. The last review was performed in FY2021.

The City does not prepare their own ACFR and requires the auditor to complete the report with assistance of the City staff.

### Other Services

The City anticipates the audit firm may be engaged in other services from time to time, under this agreement. Other potential services contemplated may include assistance in planning for and implementing new GASB standards, employee training and development and process improvements.

### **C. Auditing Standards**

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2018), the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the ARS § 41-1279.07, with guidelines set forth by the Arizona Auditor General, State of Arizona HURF Expenditure requirements pursuant to ARS § 9-481, and State of Arizona Supreme Court's Minimum Accounting Standards, *Guide for Independent Review Revised 1-1-2021 (MAS Review)*.

### **D. Reports, Schedules and Statements to be Issued**

Following the completion of the audit of each fiscal year's financial statements and other required work, the auditor shall issue:

1. An independent auditor's report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America, including an opinion on the fair presentation on whether certain supplementary information (combining nonmajor fund financial statements and the City's schedule of expenditures of federal awards) is fairly stated in all material respects in relation to the Financial Statements as a whole.
2. An independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements.
3. An independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.
4. A schedule of findings, recommendations and questioned costs.
5. A summary schedule of prior audit findings and corrective action plan.
6. Auditor's letter of recommendations to management.
7. An independent auditor's report on the Annual Expenditure Limitation Report (AELR) prepared in compliance with ARS § 41-1279.07.
8. An independent auditor's report affirming the City is in compliance with the HURF and other dedicated transportation revenues' requirements pursuant to ARS § 9-481.

9. A report, upon completion of the external review of the Court for fiscal years 2023-24 and 2026-27 must be prepared and received by the Court no later than 90 days after the review is completed.

#### **E. Additional Reporting Considerations**

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data or which could adversely affect the organization's ability to comply with federal laws and regulations. Reportable conditions that are individually or cumulatively material weaknesses shall be identified as such in the report. Deficiencies in internal control that are not reportable conditions that are detected by the auditors shall be reported in the separate letter of recommendations to management, which shall be referred to in the reports on internal controls. The reports on compliance shall include all instances of noncompliance.

Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Financial Services Director, or his/her designee, and City Manager.

Reporting to the Management. Auditors shall ensure that the Financial Services Director or his/her designee is informed of each of the following:

1. The auditor's responsibility under general accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

#### **F. Special Considerations**

1. The auditor will be required to audit the Annual Expenditure Limitation Report and issue the respective reports thereon. The City is subject to an alternative expenditure limitation since enactment of the expenditure limitation law.
2. The City will send its annual ACFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will review the financial statements against the Certificate Program checklist to ensure compliance with the requirements of that program.
3. The City may prepare one or more official statements in connection with the sale of debt securities which will contain the basic financial statements and the auditor's report thereon. The auditor may be required, if requested by the City, to issue a "consent and citation of expertise" as the auditor and to issue any necessary "comfort letters."

4. The schedule of expenditures of federal awards and related auditor's report, as well as the reports on the internal controls and compliance, are not to be included in the ACFR, but are to be issued separately.

**G. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to representatives of the City.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Working papers prepared by the City will be provided to the auditors in an electronic format whenever it is feasible. Working papers and other supporting documents generated by the City in paper format may be copied by the auditors, but the original documents are property of the City, shall not be removed from the premises, and shall be returned to the City intact when the audit fieldwork is completed.

### III. DESCRIPTION OF THE GOVERNMENT

#### A. Principal Contact

The auditor’s principal contact with the City will be Wendy Sherer, Assistant Financial Services Director, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor. The Finance Department is located at the City Complex, 310 N. Fourth Street, Kingman, Arizona 86401.

#### B. Background Information

The City operates under the Council-Manager form of government. The City is governed by a Mayor and six Councilmembers. The Mayor and Council are elected by a city-wide election. The Council appoints the City Manager, who is the Chief Administrative Officer of the City. The City has a population of 34,000. The City’s fiscal year begins on July 1 and ends on June 30.

The City provides services within the city limits for police, fire, planning and zoning, building and life safety, tourism, economic development, city clerk, city attorney, municipal court, streets, engineering, parks, municipal golf course, improvement districts, and various federal and state grants. The City of Kingman also provides utility services to its residents for water, sewer, and sanitation services. Water and sewer services are also provided to an adjacent area outside of the city limits. Additionally, the City assumed the operations of the municipal airport during FY2018.

The City currently employs 413 full-time employees and is organized into 32 divisions. The City’s organizational chart is attached (Appendix A). More detailed information on the City and its finances can be found in the City’s ACFR for the fiscal year ending June 30, 2022 on the City’s website at <https://www.cityofkingman.gov/government/departments/finance/finance-reports>.

#### C. Fund Structure

The City uses the following fund types in its financial reporting as of June 30, 2023:

Fund Type	# of Funds
General Fund	1
Special Revenue Funds	19
Debt Service Funds	2
Capital Projects Funds	7
Internal Service Funds	7
Enterprise Funds	14

#### E. Federal and State Financial Assistance

Please refer to Appendix B for the Schedule of Expenditures of Federal Awards for the list of financial assistance that the City received for the year ended June 30, 2022 (See Appendix F). The City anticipates receiving similar levels of all but COVID-19 federal financial assistance in subsequent years.

#### F. Pension Plans

The City of Kingman participates in the Arizona State Retirement System (“ASRS”) and Public Safety Personnel Retirement System (“PSPRS”). ASRS is a cost-sharing multiple-employer plan, and PSPRS is



an agent multiple-employer plan for police and fire personnel. Actuarial services for these plans are performed annually by third parties hired by each of the systems' Boards.

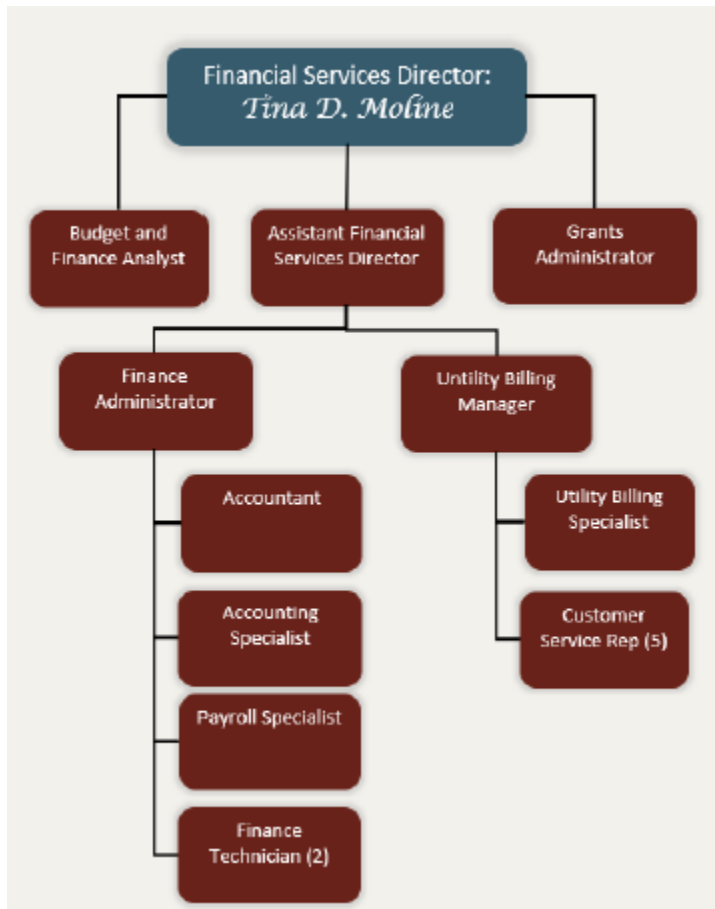
In FY2022, the City issued \$34.1 million in excise tax obligation bonds to pay down its PSPRS unfunded liability and establish a contingency reserve for unforeseen future PSPRS unfunded liability payments. The bonds mature in FY2038.

**G. Other Post Employee Benefits (OPEB)**

The City of Kingman provides postretirement insurance (health, dental and vision) benefits, for certain retirees and their dependents. The plan is a single-employer defined benefit plan administered by the City. The City contributes 100% of the premiums for employees who retire with 20 years of full-time service before July 1, 2005. The City pays a portion of the premiums for employees who retire with 20 years of service after July 1, 2005 and who agree to pay the remaining premium per month. A separate financial report is not issued for the plan, but a GASB 75 actuarial report is issued each year.

**H. Magnitude of Finance Operations**

The Finance Department is led by Tina D. Moline, Financial Services Director and consists of 17 employees. The principal functions performed and the number of employees assigned to are as follows:



## I. Computer System

<u>Application</u>	<u>Software</u>	<u>Document Storage</u>
General Ledger	Enterprise ERP	Electronic
Accounts Payable	Enterprise ERP	Electronic
Budget Preparation	OpenGov/Excel	Paper/Electronic
Capital Assets	Enterprise ERP /Excel	Paper/Electronic
Accounts Receivables	Enterprise ERP /Excel	Paper/Electronic
Purchasing	Enterprise ERP	Electronic
Utility Billing	Enterprise ERP	Electronic
Payroll	Enterprise ERP	Electronic

## J. Availability of Prior Audit Reports

Interested proposers who wish to review prior year audit reports and management letters should contact Wendy Sherer, Assistant Financial Services Director, at [wsherer@cityofkingman.gov](mailto:wsherer@cityofkingman.gov). Prior year ACFR's are posted on the City's website at:

<https://www.cityofkingman.gov/government/departments/finance/finance-reports>.

## IV. TIME REQUIREMENTS

### A. Submission Calendar

The following is a list of key dates up to and including the date responses are due to be submitted:

RFP Issued	11/20/23
Last Day for Addenda to be Issued	1/22/24
Last Day for Questions to be Posed to City	1/22/24
Last Day for City to Respond to Questions	1/23/24
Submission Due Date	2/1/24
Interviews by Evaluation Committee (if necessary)	2/22/24
Selected Firm Notified	2/26/24
Enter Contract Negotiations	2/26/24
City Council Approval	3/19/24

### B. Work Schedule for Fiscal Year Audits

The following are key dates relating to the City's preparation of the ACFR and the related audit and may be subject to change by mutual negotiated approval during the Contract period.

#### *Interim Work*

The auditor shall complete all interim work by July 31, 2024.

#### *Detailed Audit Plan*

The auditor shall provide the City with a detailed audit plan and a list of all year-end schedules and confirmations to be prepared by the City by June 30, 2024.

#### *Fieldwork*

The auditor shall complete all fieldwork by October 15, 2024. The City expects the auditor to have staff on site at least part of the time to facilitate easier communication with staff and allow access to sensitive data.

#### *Draft Reports*

The auditor shall have drafts of the recommendations to management available for review by November 30, 2024.

### C. Entrance and Exit Conferences

At a minimum, the following conferences should be held by the dates indicated on the schedule:

#### *Entrance conference with the Financial Services Director and Assistant Financial Services Director – By June 30th*

The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish an overall liaison for the audit and ensure arrangements are made for workspace and other needs of the auditor.

#### *Exit Conference with the Finance Key Personnel – At Completion of Fieldwork*

The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

**D. Date Final Report and Schedules are Due**

The Finance Department shall prepare draft schedules and all required supplementary schedules (and statistical data) by November 1, 2024. The auditor shall provide recommendations, revisions and suggestions for improvement by November 15, 2024.

The Finance Department will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final report should be completed and issued by December 15, 2024.

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

### **A. Finance Department**

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

### **B. Work Area, System Access, and Copier Access**

The City will provide the auditor with reasonable workspace, desk and chairs. The auditor will also be provided with view-only access to Munis and be provided with access to a copier.

### **C. Report Preparation**

Report preparation, printing and binding of the ACFR shall be the responsibility of the auditor. All other reports and schedules shall also be printed and bound by the auditor.

### **D. Staffing Requirements**

The Finance Department shall have final approval of any staffing substitutions in lieu of those proposed at the Senior Audit Associate or Audit Manager Level. The Finance Department shall also have the right to request the substitution of any junior staff for cause after discussion with the Audit Manager.

## **VI. SUBMISSION REQUIREMENTS**

### **A. General Requirements**

Submissions received after the date and time required by and stated in this RFP shall not be considered. Such non-complying submissions shall be returned unopened providing the entity submitting the response is identified on the response envelope. The City reserves the right to reject any or all submissions and to waive any minor informality, technicality or irregularity in any submission.

Submissions will be time-stamped upon receipt and held in a secure place until the established due date. Submissions will not be opened publicly or disclosed to unauthorized persons, but will be opened in the presence of two or more City officials. A record of submissions will be established, which will include for all submissions: the name of the entity submitting the response, a description sufficient to identify the services offered, the names of the City officials present and the date and time the submissions were opened.

All responses and related reference information submitted in response to this RFP will become the property of the City and will not be returned. Each entity submitting a response waives any right of confidentiality as to the response documents. If an entity submitting a response considers certain material in the response proprietary information, it shall clearly designate those portions of the response it wishes to remain confidential. As a public entity, the City is subject to making records available for public disclosure as required by law.

The City reserves the right to (1) accept or reject any and all submissions and to waive any technicalities or irregularities involving any submission and to cancel the RFP process at any time prior to entering into a formal contract for auditing services, (2) not award a contract for any or all of the services that are the subject of this RFP process, (3) negotiate contract terms acceptable to the City with the successful auditor, and (4) disregard all nonconforming, non-responsive or conditional submissions.

During the evaluation process, the City reserves the right to request additional information or clarifications from those firms submitting responses and to allow corrections of errors and/or omissions.

Submission of a response indicates acceptance by the firm submitting the response of the terms, conditions and specifications contained herein.

The City will not pay for any information herein requested, nor is it liable for any costs incurred by those firms submitting responses. The City reserves the right to select the submission that will best meet the needs of the City. Submissions that not meet the stated requirements will be considered in non-compliance and will be disqualified.

No submission may be withdrawn for a period of thirty (30) days from the date set for the opening thereof.

By submission of a response, each entity submitting a response certifies and acknowledges that it has not paid, nor agreed to pay any person, other than a bona fide employee, a fee or a brokerage fee resulting from the award of the contract. The City may, by written notice to the entity submitting the response reject the RFP or cancel any award under this RFP if it is found by the City that gratuities, in

the form of entertainment, gifts or otherwise were offered or given to any representative of the City with a view toward securing an order or other favorable treatment with respect to this RFP or the entity submitting the response participated in collusion with another entity to restrain or eliminate competition.

The contents of this RFP and any clarifications distributed or issued by the City shall become part of the contractual obligation and incorporated by reference into the ensuing contracts as the City deems appropriate.

## **B. Process**

### **1. Inquiries**

Inquiries concerning the RFP must be made to:

Wendy Sherer

Assistant Financial Services Director

310 N. 4<sup>th</sup> Street

Kingman, AZ 86401

E-mail: [wsherer@cityofkingman.gov](mailto:wsherer@cityofkingman.gov)

### **2. Submission of Responses**

The following material is required to be received by 3:00 p.m., Arizona time, February 1, 2024, for a proposing firm to be considered.

- a. One printed copy and one electronic copy on four flash drives of the responses to this RFP, in a commonly readable format, shall be provided and should be marked as follows:

#### **FIN24-003 RFP FOR PROFESSIONAL AUDITING SERVICES**

All submissions shall include the following:

##### Title Page

Title page showing the RFP's subject; the firm's name; the name, address and telephone number of a contact person; and the date of submission.

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##### Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement.

##### Detailed Response

The detailed response should follow the order set forth in Section VI C of this RFP.

Executed copies of Proposer Guarantees and Proposer Warranties, attached to this RFP (Appendix A and Appendix B).

The detailed response should include the number of hours required for each type of employee (i.e. Partner, Manager, Supervisory Staff, etc.) required to perform the audit (Appendix D).

Proposers should send the completed response to the following address:

City Clerk's Office  
City of Kingman  
310 N. 4<sup>th</sup> Street  
Kingman, AZ 86401

### **C. Technical Proposal**

#### **1. General Requirements**

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The Technical Proposal should address all the points outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, Item Nos. 2 through 7, must be included. They represent the criteria against which the response will be evaluated.

#### **2. Independence**

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (2018).

The firm should also list and describe the firm's professional relationships involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

#### **3. License to Practice in Arizona**

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Arizona.

#### **4. Firm Qualifications and Experience**

The response should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.



The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagement.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

#### 5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Arizona.

The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement.

The firm also should indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm or are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

#### 6. Similar Engagement with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this RFP.

These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. The City reserves the right to contact the clients listed to perform reference checks.

## 7. Specific Audit Approach

The response should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the City's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purpose of tests of compliance.

## **VII. EVALUATION PROCEDURES**

### **A. Evaluation Committee**

Responses will be reviewed by an Evaluation Committee of the City consisting of members of Finance. This committee will make a recommendation to the City Council for their consideration and approval.

### **B. Evaluation Criteria**

Submissions will be evaluated using two sets of criteria. Firms meeting the mandatory criteria will have their submissions evaluated based on technical qualifications. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements (must be met in order to be considered for evaluation)
  - a. The audit firm is independent and licensed to practice in Arizona.
  - b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
  - c. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
  - d. Since the City rotates its audit firm at least every 5 years, the firm must not be the firm who was awarded the most recent contract (Baker Tilly, formerly Henry Horne).
  - e. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
  - f. The firm adheres to the instructions in this RFP on preparing and submitting the proposal.
2. Technical Proposals
  - a. Expertise and Experience
    - i. Technical experience of the firm to include, but not limited to:
      1. Recent auditing of municipalities
      2. Similar auditing, of the type under consideration, during the last three years
      3. References (See Appendix C)
    - ii. Membership in the American Institute of Certified Public Accountants' Government Audit Quality Center.
    - iii. Classification of staff (including any consultants) to be assigned to the audit. Education, including continuing education courses taken during the past three years, position in the firm, and years and types of experiences will be considered.
    - iv. Determination of the following based on information submitted:
      1. Qualifications of the audit team
      2. Supervision to be exercised over the audit team by the firm's management

3. Technical review of audit reports prior to issuance

v. Size and structure of the firm to include, but not limited to:

1. Capability to meet the services required
2. Additional skills and services

b. Audit Approach

i. Responsiveness of the submission in clearly stating an understanding of the work to be performed to include, but not limited to:

1. Audit coverage
2. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level, including consultants assigned.

3. Interview

The Evaluation Committee may elect to interview firms submitting responses as part of its screening process.

#### **C. Selection and Negotiation of Award**

Negotiations may be considered in person, in writing or by telephone.

Terms, conditions, prices, methodology, or other features of the fee proposal may be subject to negotiation and subsequent revision. As part of the negotiation, the respondent may be required to submit supporting financial, pricing and other data in order to allow a detailed evaluation of the feasibility, reasonableness, and acceptability of the fee proposal.

The mandatory requirements of the RFP shall not be negotiable and shall remain unchanged unless the City determines that a change in such requirements is in the best interest of the City.

In the event the City is unable to negotiate terms it deems acceptable, the City may withdraw its selection and select another firm. It is anticipated that negotiations will be concluded and a contract for Professional Audit Services will be presented for consideration and approval by the City Council by March 19, 2024. A sample professional services agreement is provided in Appendix G.

#### **D. Special Conditions for Submitting a Response**

Submission of a response indicates acceptance by the firm of the conditions contained in this RFP.

Any response, which is not received by the City Clerk's office prior to the deadline date and time will not be considered.

The City will not pay for any information herein requested, nor is it liable for any costs incurred by those submitting proposals. The City reserves the right to select the firm that will best meet the needs of the City.

The contents of the proposal and any clarifications distributed by the City shall become part of the contractual obligation and incorporated by reference into the ensuing contracts.

All proposals become the property of the City and will not be returned to the submitting firm.

**E. EVALUATION CRITERIA SCHEDULE**

The proposal's maximum total is 200 points. The following schedule of criteria and points scoring will be used to evaluate the proposal(s):

<b>CRITERIA SCHEDULE</b>		
<b>Item</b>	<b>Description</b>	<b>Points</b>
1.	The firm's municipal auditing experience and expertise.	35
2.	The quality of the firm's professional and support personnel to be assigned to the engagement.	35
4.	Description of audit approach.	30
5.	Estimated number of hours to be devoted to audit and type of personnel.	25
6.	Work plan and schedule.	25
3.	Firm's ability to provide additional professional services to City of Kingman.	20
7.	References of past clients/agencies	20
7.	Price.	10
	<b>Total Points:</b>	<b>200</b>

## APPENDIX A. Proposer Guarantees

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II. Nature of Services Required.

Signature of Official:	
Name:	
Title:	
Firm:	
Date:	

## APPENDIX B. Proposer Warranties

- A. Proposer warrants that it is willing and able to comply with State of Arizona laws with respect to foreign (non-State of Arizona) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.
- D. Proposer warrants that all information provided in connection with this proposal is true and accurate.
- E. Proposer warrants that it understands it is required to adhere to the Contract requirements set forth in Appendix G. and all of the requirements of the RFP which will be an attachment to the contract entered into.

Signature of Official:	
Name:	
Title:	
Firm:	
Date:	

## APPENDIX C. References

1. Agency/Company: \_\_\_\_\_  
City/State/Phone: \_\_\_\_\_  
Email: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Work Performed & When: \_\_\_\_\_
  
2. Agency/Company: \_\_\_\_\_  
City/State/Phone: \_\_\_\_\_  
Email: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Work Performed & When: \_\_\_\_\_
  
3. Agency/Company: \_\_\_\_\_  
City/State/Phone: \_\_\_\_\_  
Email: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Work Performed & When: \_\_\_\_\_
  
4. Agency/Company: \_\_\_\_\_  
City/State/Phone: \_\_\_\_\_  
Email: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Work Performed & When: \_\_\_\_\_
  
5. Agency/Company: \_\_\_\_\_  
City/State/Phone: \_\_\_\_\_  
Email: \_\_\_\_\_ Contact Person: \_\_\_\_\_  
Work Performed & When: \_\_\_\_\_

**PROPOSER'S NAME:** \_\_\_\_\_



## APPENDIX D. Schedule of Hours and Fees

### Number of Hours:

Report	Partners	Managers	Supervisory Staff	Staff	Other
Annual Comprehensive Financial Report					
Single Audit Report					
Annual Expenditure Limitation Report					
SAS 114 Report					
HURF Report					
Municipal Court Review					
<b>Total Number of Hours</b>					

### All Inclusive Schedule of Professional Fees and Expenses for FY2024:

Nature of service to be provided:	Total Price
Comprehensive Annual Financial Report	\$
Single Audit Report	\$
Annual Expenditure Limitation Report	\$
SAS 114 Report	\$
HURF Report	\$
Municipal Court Review	\$
<b>Total</b>	<b>\$</b>

### All Inclusive Schedule of Professional Fees and Expenses for FY2025:

Nature of service to be provided:	Total Price
Comprehensive Annual Financial Report	\$
Single Audit Report	\$
Annual Expenditure Limitation Report	\$
SAS 114 Report	\$
HURF Report	\$
<b>Total</b>	<b>\$</b>

**All Inclusive Schedule of Professional Fees and Expenses for FY2026:**

Nature of service to be provided:	Total Price
Comprehensive Annual Financial Report	\$
Single Audit Report	\$
Annual Expenditure Limitation Report	\$
SAS 114 Report	\$
HURF Report	\$
<b>Total</b>	<b>\$</b>

**All Inclusive Schedule of Professional Fees and Expenses for FY2027:**

Nature of service to be provided:	Total Price
Comprehensive Annual Financial Report	\$
Single Audit Report	\$
Annual Expenditure Limitation Report	\$
SAS 114 Report	\$
HURF Report	\$
Municipal Court Review	\$
<b>Total</b>	<b>\$</b>

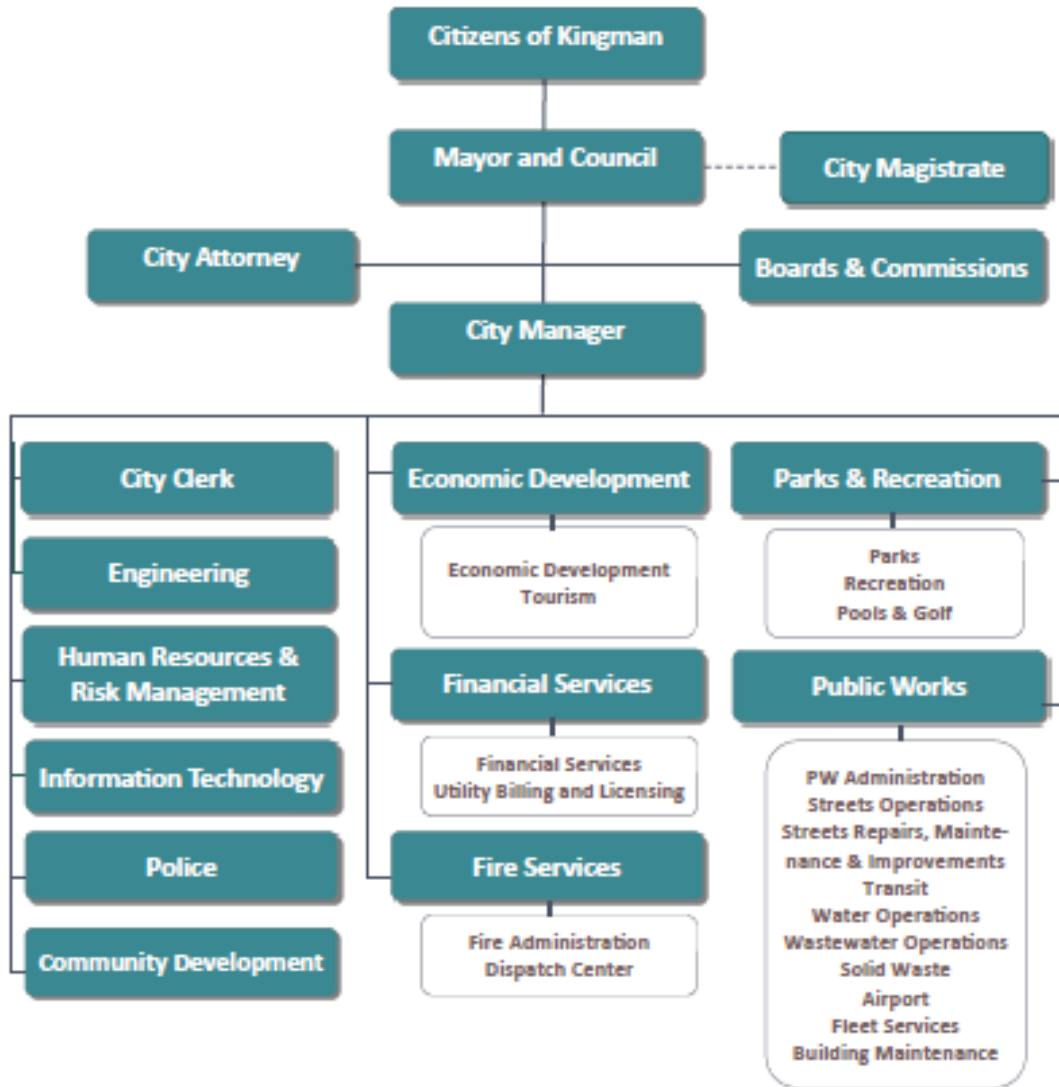
**All Inclusive Schedule of Professional Fees and Expenses for FY2028:**

Nature of service to be provided:	Total Price
Comprehensive Annual Financial Report	\$
Single Audit Report	\$
Annual Expenditure Limitation Report	\$
SAS 114 Report	\$
HURF Report	\$
<b>Total</b>	<b>\$</b>

**Schedule of Professional Fees and Expenses for Additional Services:**

Description	Number of Hours	Standard Hourly Rate(s)	Proposed Hourly Rate	Proposed Total Dollars
Partners		\$	\$	\$
Managers		\$	\$	\$
Supervisory Staff		\$	\$	\$
Staff		\$	\$	\$
Other (Specify):		\$	\$	\$
Out-of-pocket expenses: Meals and lodging		\$	\$	\$
Transportation		\$	\$	\$
Other (Specify):		\$	\$	\$
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$</b>

## APPENDIX E. City of Kingman Organizational Chart



## APPENDIX F. Schedule of Expenditures of Federal Awards

CITY OF KINGMAN, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program	Federal Assistance Listing Number	Cluster Title	Pass-Through Grantor	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S Department of Housing and Urban Development</b>					
Community Development Block Grants (CDBG)	14.228		Arizona Department of Housing	124-22, 128-21	\$ 25,802
<b>U.S Department of Justice</b>					
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034		Arizona Justice Commission	ACESF-21-027	16,834
Edward Byrne Memorial Justice Assistance Grant	16.738		Arizona Justice Commission	DC-22-007	111,155
Equitable Sharing Program	16.922		Arizona Justice Commission	n/a	192,708
Bulletproof Vest Partnership Program	16.607		Bureau of Justice Assistance	n/a	3,600
<b>Total U.S Department of Justice</b>					<u>324,297</u>
<b>Federal Aviation Administration</b>					
Airport Improvement Program	20.106		U.S. Department of Transportation - Federal Aviation Administration	AIP-3-04-0021-032-2021	21,483
<b>U.S. Department of Transportation</b>					
Metropolitan/State Transportation Planning and Research	20.505		Arizona Department of Transportation	AZ-2016-003-00	33,533
Formula Grants for Rural Areas	20.509		Arizona Department of Transportation	GRT-20-0007909-T	592,881
National Priority Safety Programs	20.616	Highway Safety Cluster	Arizona Governor's Office of Highway Safety	2022-405d-026, 2022-CIOT-014	23,031
<b>Total Department of Transportation</b>					<u>649,445</u>
<b>U.S. Department of Treasury</b>					
COVID-19 - Coronavirus State and Local Relief Fund	21.027			1505-0271	5,393,722
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Areas Program	95.001		City of Tucson, Arizona	HT-20-2924A, HT-20-2924, HT-21-2924, HT-21-2924A, HT-21-2924B, HT-22-2924	131,835
<b>Department of Homeland Security</b>					
Assistance to Firefighters Grant	97.044		Arizona Department of Homeland Security	EMW-2019-FG-04367, EMW-2020-FG-05427	133,382
Assistance to Firefighters Grant	97.083		Arizona Department of Homeland Security	EMW-2017-FH-00463	11,446
Hazardous Materials Unmanned Aerial System Program	97.067		Arizona Department of Homeland Security	EMW-2020-SS-00017-S01	75,113
<b>Total Department of Homeland Security</b>					<u>219,941</u>
<b>Total Expenditures of Federal Awards</b>					<u>\$ 6,766,525</u>

\* Denotes major program

## APPENDIX G. Sample Contract

### PROFESSIONAL AUDITING SERVICES AGREEMENT BETWEEN THE CITY OF KINGMAN AND

\_\_\_\_\_

THIS AGREEMENT (this "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, between the City of Kingman, an Arizona municipal corporation (the "CITY") and \_\_\_\_\_, hereinafter called "AUDITOR".

#### WITNESSETH

WHEREAS, the CITY wishes to engage the services of a firm qualified to provide annual professional auditing services;

WHEREAS, AUDITOR submitted a Detailed Scope of Services dated \_\_\_\_\_, attached hereto and made a part of hereof as Exhibit A, offering to perform professional auditing services; and,

WHEREAS, AUDITOR is qualified to perform those services necessary to successfully complete the City's Annual Audit and the MAS Municipal Court Audit, as required;

NOW, THEREFORE, it is mutually agreed as follows:

I. AUDITOR Duties.

AUDITOR shall provide all labor, materials and equipment and complete all tasks necessary for the completion of the City's annual financial audit as outlined in Exhibit A.

II. CITY Duties.

The CITY agrees to provide information and make payment for the work covered under this Agreement in accordance with the following:

- A. CITY agrees to pay AUDITOR for auditing services. For each of the following fiscal year's ending on June 30<sup>th</sup>, City agrees to pay AUDITOR for audit services and printing as follows:

FY2024 - \$ \_\_\_\_\_; FY2025 - \$ \_\_\_\_\_; FY2026 - \$ \_\_\_\_\_; FY2027 - \$ \_\_\_\_\_; and FY2028 - \$ \_\_\_\_\_.

This does not include the compensation associated with the Municipal Court Audit which will take place in FY2024 and FY2027. The CITY agrees to pay AUDITOR for audit services and printing associated with the Municipal Court Audit \$ \_\_\_\_\_ for FY2024 and \$ \_\_\_\_\_ for FY2027.

- B. Cost of Other Services. Parties agree to determine the price of any other services permitted under this Agreement prior to commencement of services.

### III. GENERAL CONDITIONS

- A. Term of the Agreement. The initial term of the Agreement will be for five years for purposes of performing the City's Fiscal Year Annual Audits and the Fiscal Year 2024 and Fiscal Year 2027 Municipal Court Review. By mutual written agreement of the party's representatives identified herein, this Agreement may be extended in one-year additional terms.
- B. Termination and Amendments to the Agreement.
  - 1. Termination. Either party may terminate this Agreement for any reason by providing written notice at least 90 days prior to the effective date of the termination. Termination by mutual Agreement may be made at any time.
  - 2. Amendments to the Agreement. Any changes in the scope of work or identification of additional projects and services will become part of this Agreement as an attachment and subject to the terms and conditions included within this Agreement.
    - a. Amendments to the work to be performed that do not affect the amount of compensation may be made by mutual consent of the representatives.
    - b. Any other amendment may be made under the provisions of the Purchasing Policy of the Kingman City Code.
    - c. This Agreement may be canceled in accordance with A.R.S. Title 38, Chapter 3, Article 8, Section 38-511.
- C. Personnel. AUDITOR represents that it has or will secure at its expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of or have contractual relationship with the CITY. All personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
- D. Assignability. Neither party shall assign, subcontract or transfer their interests, rights or obligations in this Agreement without prior written consent of the other party.
- E. Records and Audits (Maintenance and Retention). AUDITOR shall maintain accounts and records adequate to identify and account for all costs pertaining to this Agreement. Said records shall be made available for inspection at AUDITOR's offices during normal business hours, upon request, to the CITY and any other body authorized in writing by the CITY.
- F. Accuracy of Work. The Auditor shall be responsible for the accuracy of the work and shall promptly make all necessary revisions or corrections resulting from errors and omissions on the part of the Auditor without additional compensation. Auditor shall notify the City when errors and omissions occur, and of any resulting possibility of missing a contract completion deadline. Acceptance of the work by the City will not relieve the Auditor of the responsibility for subsequent correction of any such errors and the clarification of any ambiguities.

- G. Conflict or Dispute. In the event of a conflict or dispute as to the performance, interpretation or implementation of this Agreement, either party shall have the right to submit the conflict or dispute to mediation in accordance with the rules of American Arbitration Association then in effect. Any disputes arising from this Agreement in any way and involving an amount of less than \$50,000 shall be settled by arbitration.
- H. Standard of Care – Professional Services. Subject to limitations inherent in the agreed scope of work as to the degree of care, amount of time and expenses to be incurred, and subject to any other limitations contained in this Agreement, AUDITOR shall perform its services in accordance with generally accepted auditing standards. AUDITOR does not expressly or impliedly warrant or guarantee its services.
- I. Subject to Annual Appropriation. Continuation of this Agreement is subject to annual appropriation by the Common Council. In the event that appropriations are not made, CITY may terminate the Agreement as provided for in this Agreement.
- J. Designated Representatives. For purposes of monitoring and amending this Agreement, parties agree that the CITY will be represented by the Financial Services Director and AUDITOR will be represented by \_\_\_\_\_.
- K. Separability. In the event any term or provision of this Agreement is held to be invalid and unenforceable, the validity of the other provisions shall not be affected, and this Agreement shall be construed and enforced as if it did not contain the particular term or provision that is invalid or unenforceable.
- L. Completion of Time. The AUDITOR shall complete the work per the schedule outlined in Exhibit A.
- M. Insurance Requirements and Indemnification. Insurance Requirements and Indemnity Clause:
  - i. Auditor warrants that, at its own expense, it shall procure and maintain the following minimum insurance coverage for the duration of the contract with companies duly licensed to do business in the State of Arizona, possessing a current A.M. Best, Inc. Rating of A- or better. All liability policies shall be written on an occurrence basis form. In the event any insurance policy(ies) required by the Contract is(are) written on a “claims made” basis, coverage shall extend for two years past completion and acceptance of the Auditor’s work or services.
  - ii. The Auditor’s insurance shall be primary insurance, and any insurance or self-insurance maintained by the City shall not contribute to it.
  - iii. The Auditor shall be solely responsible for deductibles and/or self-insured retention.
  - iv. The City reserves the right to request and to receive, within 10 working days, certified copies of any or all of the required insurance policies and/or endorsements. The City shall not be obligated, however, to review same or to advise Auditor of any deficiencies in such policies and endorsements, and such receipt shall not relieve the Auditor from, or be deemed a waiver of, the City’s right to insist on strict fulfillment of the Auditor’s obligations outlined herein.

- v. Before starting any work or services under this Agreement, Auditor must furnish City with Certificates of Insurance, and where required, policy endorsements as evidence that policies are placed with acceptable insurers as specified herein and provide the required coverage limits. The insurance policy(ies), except the copy of Workers' Compensation and Professional Liability, shall be endorsed to name the City, its agents, officers, officials and employees as Additional Insured's and provide a policy endorsement to effect such change to the actual liability policies.
- vi. Auditor agrees to notify City of any action or pending legal action that might affect Auditor's liability insurance within 30 days of that action.
- vii. Required Coverage:
  - a. Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$1,000,000 Products and Completed Operations Aggregate and \$2,000,000 General Aggregate Limit. The policy shall include coverage for premises, operations, independent contractors, personal injury, and products/completed operations.
  - b. Professional Liability Insurance covering errors and omissions arising out of the work or services performed by Auditor, or anyone employed by Auditor, or anyone for whose acts, mistakes, errors and omissions Auditor is legally liable, with a liability insurance limit of \$1,000,000 each claim and \$2,000,000 all claims. Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to the Auditor's owned, hired and non-owned vehicles assigned to or used in the performance of the Auditor's work.
  - c. Worker's Compensation insurance to cover obligations imposed by Arizona state statutes.
- viii. Each party (as "Indemnitor") agrees to defend, indemnify, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. The obligations under this section shall survive termination of this Agreement.
- N. Legal Arizona Workers Act. In compliance with A.R.S. § 41-4401, the Parties hereby warrants that they will, at all times during the term of this Agreement, comply with all federal immigration laws applicable to the Parties' employment of their employees, and with the E-Verify requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). The Parties shall further ensure that each subcontractor who performs any work for the Parties under this Agreement likewise complies with the State and Federal Immigration Laws. The Parties agree and warrant that the Parties shall each have the right at any time to inspect the books and records of the other Parties and any subcontractor in order to verify



such party's compliance with the State and Federal Immigration Laws. The Parties agree that any act by another Party or subcontractor that results in the impediment or denial of access of the books and records of the Parties or subcontractor shall be a material breach of this Agreement on the part of the that Party. Nothing herein shall make the Parties or subcontractor an agent or employee of any of the other Parties. Nothing herein shall act to establish privity of contract between any of the Parties and any subcontractor. Any breach of the Parties' or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, shall be deemed to be a material breach of this Agreement subjecting the offending Party to penalties up to and including suspension or termination of this Agreement. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, the Party shall be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, subject to each Parties' approval as soon as possible so as not to delay project completion and at no additional expense to the other Parties. Any additional costs attributable directly or indirectly to remedial action under this Article shall be the responsibility of the offending Party.

IN WITNESS WHEREOF, we have set our hands and seal the day, month and year first above written.

\_\_\_\_\_  
Audit Firm

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

State of Arizona )

)ss.

County of \_\_\_\_\_ )

Subscribed and Sworn to  
Before Me This \_\_\_\_\_ day of  
\_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

.....

CITY OF KINGMAN, ARIZONA

\_\_\_\_\_  
KEN WATKINS, MAYOR DATE

ATTEST:

\_\_\_\_\_  
ANNIE MEREDITH, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CARL COOPER, CITY ATTORNEY