



The right team in the right place

**Proposal to serve the North Slope
Borough School District**

Audit services



February 10, 2020

kpmg.com



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February 10, 2020

Fadil Limani
North Slope Borough School District

Dear Fadil,

The **North Slope Borough School District (the NSBSD)** needs an independent auditing firm with a team that can effectively deliver efficient, high-quality audit services from start to finish. We believe that **KPMG LLP (KPMG)** is that firm. Our strong professional relationship with the **North Slope Borough (the Borough)** encourages us to strive for service excellence, and our aim is to achieve this through an organized and timely audit that is delivered by a competent team that is well-versed in your industry. This helps to limit the disruptions to your business as we deliver the services you need.

We believe that the accompanying information provides a clear indication of KPMG's capability to deliver on our commitment to efficiency:

Experience that matters: The team we have selected for NSBSD is technically proficient, industry experienced, and backed by a firm that has been providing audit services for more than 100 years. As your lead engagement partner, I have more than 32 years of experience providing financial statement audits and I have direct experience working with the Borough as well as the NSBSD at my former firm. I bring with me Christopher Ray as your concurring review partner and his more than 30 years of experience. He will also serve as your Government Accounting Standards Board (GASB) pension and Other Post-employment Benefits (OPEB) specialist. I bring as well Christine Krysinski who will serve as your lead audit engagement senior manager and who has experience working with the Borough as well. For the NSBSD, this means you'll have a team that has the ability to anticipate problems early on because we understand the environment in which you operate. You'll have a team that has the ability to hit the ground running so that you can meet your goals on time and on target.

A team that listens and delivers: Your KPMG team employs an open and proactive communication style that facilitates a transparent and timely consultation process. This helps to enable us to provide the right answers when you need them. Your team, located primarily in Anchorage, will be there when necessary to support you on site and will be available real time as questions arise. Our communication style and commitment to being present enables efficiency because it helps us to stay aware of any issues that may arise throughout the audit so that our service can consistently be in line with the quality you expect and deserve. We are indeed the right team in the right place.

An accelerated audit approach: Our approach enables efficiencies through a model that aims to help limit surprises and missed deadlines. Our accelerated audit model has positively impacted how we plan and execute our work and supports our ability to provide high-quality audits. Furthermore, our team's experience in the state and local government industry and direct experience with the Borough will help to significantly reduce the start-up time required, because our learning curve will be much shorter than you might expect. All this helps to enable an audit that is delivered on time.

Efficiencies to control fees: We recognize that we operate in a very competitive and unpredictable environment. We strive to offer fees commensurate with the quality of service we deliver, and to honor



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our commitment to strengthening the professional relationship we've built. Through effective project management, we seek to identify and enhance efficiencies whenever possible so as to control fees.

In closing, we truly believe KPMG is the leading choice to serve as your auditor. We are excited about this opportunity to serve you and we sincerely appreciate your consideration of KPMG. We would be pleased to address any questions you may have, and we look forward to the opportunity to discuss this proposal with you and your team in greater detail. If you have any questions or require further information about any aspect of our proposal, please do not hesitate to contact me.

Very truly yours,

KPMG LLP

A handwritten signature in black ink, appearing to read "D.J. Rozema".

Daniel J. Rozema
Lead Engagement Partner

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Why KPMG?

The NSBSD will be well served by a firm that has been providing audit services to clients like you for more than 100 years and by a team that possesses strong technical acumen, industry experience, and delivers high quality audits. Our history and experience as a firm, the quality of your KPMG LLP (KPMG) team, and the tested processes and tools we bring allow for an efficient delivery of your audit. With KPMG you get a capable firm and a capable team that is qualified to serve you.

A capable firm you can be confident in

KPMG traces our origin back to 1897. Today we are a leader among professional services firms. We have more than **35,000 people**, including more than **2,200 partners**, delivering audit, tax and advisory services from more than 100 offices across all 50 states including the state of Alaska, and specifically Anchorage. Our long history providing audit services to clients like you and the extent of our resources as a Big Four firm equips us to serve the NSBSD effectively and efficiently.

KPMG's State and Local Government practice

State and local government and public sector agency managers face distinct challenges. They are called upon to deliver high-quality services efficiently and effectively, allocate and enhance resources, and comply with increasingly complex federal regulations, even as their budgets decline. KPMG's State and Local Government practice focuses on areas of need applicable to state and local governments—everything from financial statement and compliance-related audits to performance, operational audits and advisory services. In this way, we have developed our experience and knowledge base in a variety of important state and local programs.

KPMG's dedication to the government industry goes beyond account service. We believe that providing new information and perspective is a vital part of our role in auditing state and local governments. That is why our industry leaders have established a tradition of active participation with the standards-setting bodies for government accounting, auditing and advisory services. KPMG is committed to the development and dissemination of knowledge that helps advance governments through our own research and through strong professional relationships with the Office of Management and Budget (OMB), Association of Government Accountants (AGA), Government Finance Officers Association (GFOA), Government Auditing Standards Board (GASB), Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants (AICPA), as well as local organizations.

The company we keep

Perhaps, the leading evidence of our capability as a firm is the fact that so many state and local government agencies, including the Borough, choose to work with us. The diversity and depth of our base has helped us in developing substantive knowledge of the business, accounting, internal controls, and operational practices of successful organizations, which will be used to efficiently serve you. Below is a list of some of our audit clients in the state and local government industry:

Representative list of KPMG state and local government audit clients		
Alaska Division of Retirement and Benefits	Commonwealth of Massachusetts	NE Illinois Regional Commuter RR Corp
Boston Planning & Development Agency	Commonwealth of Puerto Rico	Nebraska Investment Finance Authority
Burlington Electric Department	County of Henrico	Norfolk Airport Authority
Central Utah Water Conservancy District	DC Water and Sewer Authority	North Slope Borough
City and County of San Francisco	Hampton Roads Sanitation District	Public Health Trust of Miami-Dade County
City of Atlanta	Harris County Metropolitan Transit Authority	Seattle Housing Authority
City of Boston	Hawaii Department of Accounting and General Services	State of Delaware
City of Cambridge	Hillsborough County School Board	State of New Hampshire
City of St. Louis	Massachusetts Bay Transportation Authority Retirement Fund	State of Vermont
City of Unalaska	Navajo Nation	Vermont Economic Development Authority

Our commitment to the industry

KPMG's commitment to the government began shortly after our firm was established, more than 100 years ago. Since then, KPMG has viewed the government sector as significant to the overall success of the firm, and it has been specifically identified for our continued growth in professional services. Accordingly, all professionals, from entry-level associates to partners, who select government sector as their line of business, are trained to understand the issues faced by state and local governments. KPMG's dedicated professionals will bring a thorough understanding of the industry as well as a

Industry participation:

- Government Finance Officers Association (GFOA)
- National Association of State Auditors, Comptrollers, and Treasurers (NASACT)
- Association of Government Accountants (AGA)
- American Institute of Certified Public Accountants (AICPA)
- State CPA societies
- American Public Human Services Association (APHSA)
- National Association of Chief Information Officers






deep “bench strength” at all levels, which allows us to respond efficiently and effectively to your evolving needs.

In today’s fiercely competitive world of professional services, our strong commitment to the government sector has been characterized as a notable exception to the rule by independent analysts. While other accounting firms may treat governments as a sideline business, KPMG is continually investing in an unwavering commitment to the governments we serve. KPMG is a leading government sector auditing firm, nationally and including the state of Alaska. That means you can be confident that we have the people, knowledge, and processes to continue to provide you with the efficient, effective audit services to address your specific needs.

A capable team you can depend on

We understand the importance you place on working with a firm with personnel who have the necessary technical capabilities and commitment to proactive service in order to respond to the NSBSD’s needs. Your KPMG team members are committed to open and frequent communication, meeting agreed-upon deadlines, and possess the strong organizational skills required to manage an audit from inception to completion. Below we have listed the relevant experience of the core team:

Team member	Relevant experience
 Lead Engagement Partner Daniel J. Rozema	Dan has more than 32 years of experience providing audit services to a wide variety of industries, which includes state and local government. He’s worked with the Borough in different capacities and with other clients, such as the City of Anaheim, City of Long Beach, City of Unalaska, City of Wasilla and the Kodiak Island Borough. Additionally, he has worked with many school districts throughout Alaska. Dan’s relevant industry experience enables the delivery of an on-time, high quality audit for NSBSD,
 Concurring Review Partner and GASB Pension and OPEB Specialist Christopher B. Ray	Chris has more than 30 years of experience providing financial statement and compliance audits primarily in the higher education, not-for-profit, and government industries. His audit experience ranges from financial statement audits, single audits and program-specific audits. His relevant technical knowledge and industry experience means he will come to the NSBSD aware and ready to deliver.
 Lead Audit Engagement Senior Manager Christine Krynski	Christine has over eight years of experience providing financial statement audits, reviews, and other professional audit services. She has served clients including Alaska-native corporations, local government, and not-for-profit entities. As a technically capable and industry-experienced member of your team, Christine is equipped to perform her duties in line with our commitment to a high-quality audit.

Please see **Appendix A** for résumés giving more details on the qualifications of your team.

Our extensive experience and knowledge serving similar clients in similar ways means we come to you prepared. You can be confident in KPMG and our ability to deliver high-quality audit services that match the needs of the NSBSD with the right team, in the right place.

Timeline



Timeline

Our timely delivery depends on our proactive manner of addressing issues and establishing communication protocols. We will also leverage technology to increase the effectiveness and efficiency in which the project is completed, and the manner in which the deliverables are made. You can expect high-level attention, availability, and access to your KPMG team. We will establish clear expectations, milestones, and checkpoints—some of which can be seen in the timeline provided.

2020						
Interim	April	May	June	July	Aug	Sept
Planning, risk assessment, and file setup						
Document systems						
Evaluate controls						
Test grant and general expenditures						
Final						
Complete substantive procedures						
Draft and review financial statements						
Prepare audit results						
Issuance of financial statements						

KPMG has a history of providing reliable services to similar organizations, with deliverables completed on time. We will work proactively with management to develop an audit plan that takes into consideration potential issues and will work with management during the audit to mitigate the impact of any unforeseen issues that arise during our work.

Fees





Fees

Our fees have been developed from a bottom-up analysis based upon our extensive knowledge of the NSBSD and the industry in which you operate. We have also taken into account the quality of service that you'll receive and the level of commitment your KPMG team will give as it pertains to time. We firmly believe your fees reflect the nature of service you will receive. We propose the following:

Staff level	Hours
Partner	25
Concurring, including GASB 68 and 75	8
Actuary	2
Senior manager	50
Senior	200
Staff	260
Total Hours	545
Total Fees	\$85,000
Estimated Out-of-Pocket Expenses	\$10,000
Estimated Final Fee	\$95,000

The above fees assume a consistent level of state and federal major programs from year to year and do not include drafting financial statements and GASB 68 and 75 fund allocations.

In connection with the appointment to serve a new client, we are required, under KPMG and professional policies, to conduct client acceptance evaluation procedures prior to entering into any working arrangement. Such procedures, which vary depending on the circumstances, may involve public source background checks, review of entity structure and ownership for independence and conflicts, requests for references and inquiries into attorney or banking relationships. We look forward to accepting appointment as your auditors on conclusion of these procedures.

Appendix A: Résumés





Daniel J. Rozema

Partner

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Function and specialization

Dan is a partner in KPMG's Anchorage office. He specializes in audit services for a diverse group of Alaska-based public and private companies.

Representative current and former clients

- Alaska Housing Finance Corporation
- Alaska Permanent Fund
- Anchorage School District
- Bering Straits School District
- City of Anaheim
- City of Long Beach
- City of Unalaska
- City of Wasilla
- Iditarod Area School District
- Kake City Schools
- Kodiak Island Borough
- Kodiak Island Borough School District
- North Slope Borough
- North Slope Borough School District
- Northwest Arctic Borough School District
- Police and Fire Retirement System
- University of Alaska

Professional associations

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Alaska State Society of Certified Public Accountants
- Member, Government Finance Officers Association

Education, licenses & certifications

- BA degree, Michigan State University
- Licensed CPA—Alaska

Lead Engagement Partner

Background

Dan is an Audit partner in KPMG's Anchorage practice. He has more than 32 years of experience providing financial statement audit, audit of internal control, and performance improvement advisory services.

Professional and industry experience

Dan has provided professional audit services to a wide variety of clients, including Alaska-native corporations, construction and oilfield services, financial institutions, government contractors, and healthcare and public sector clients. His audit experience ranges from Securities and Exchange Commission (SEC) filings, employee benefit plans, numerous comfort letters, and welfare and pension plan audits. He has a thorough understanding of GASB and GAS rules and regulations and has been involved in numerous exempt debt offerings. His public sector experience includes many Alaska school districts as well as local government.

KPMG firm designations

Employee benefit plan resource partner and federal Uniform Guidance audit concurring review partner

Publications and speaking engagements

- Presents to various trade association conferences related to the Sarbanes-Oxley Act
- Frequent speaker at various trade association conferences on employee benefit and Governmental Accounting Standards Board (GASB) and general U.S. generally accepted accounting principles (GAAP) issues and updates

Other activities

- Board member, Alaska Chapter of Construction Finance Management Association
- Member, United Way of Anchorage Campaign Cabinet
- Past member, Alaska State Board of Accountancy



Christopher B. Ray

Partner

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Representative current and former clients

- Aquarium of the Pacific
- Autry Museum of Western Heritage
- Azusa Pacific University
- Biola University
- California State University
- City of Anaheim
- City of Beverly Hills
- City of Long Beach
- City of Santa Monica
- County of Los Angeles
- International Medical Corps
- Los Angeles Community College District
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles Department of Water and Power
- Los Angeles Unified School District
- Los Angeles World Airports
- Make-A-Wish Foundation
- Pomona College
- Santa Clara University
- Southern California Metropolitan Water District
- University of California
- University of Washington
- Vision Fund International
- Westmont College
- World Vision International

Professional associations

- Member, AICPA

Education, licenses & certifications

- BBA degree, Baylor University
- Licensed CPA—California

Concurring Review Partner and GASB Pension and OPEB Specialist

Background

Chris is an Audit partner in KPMG's Los Angeles Business Unit Public Sector practice. He has more than 30 years of experience providing financial statement and compliance audits, primarily in the higher education, not-for-profit, and government industries.

Professional and industry experience

Chris has provided professional audit services to several large complex entities in accordance with U.S. GAAP and Government Auditing Standards. His audit experience includes financial statement audits, single audits, and program-specific audits. Chris has also been involved on exempt offerings with SEC filings. He has managed several large complex audits for clients. His strengths and accomplishments include:

- Served or currently serves as the lead engagement partner on several large exempt organizations including the County of Los Angeles, California State University, World Vision International, Vision Fund International, Los Angeles World Airports, Los Angeles Community College District, Los Angeles County Metropolitan Transportation Authority, and the Los Angeles Department of Water and Power. Chris also served as partner in charge of KPMG's Western Area Campus Recruiting Program.
- Serves as the concurring review partner on other numerous not-for-profit organizations, higher education institutions, and government entities. He also serves as one of KPMG's approved concurring review partners for single audit engagements.

Technical skills

- Financial statement audits
- Uniform Guidance compliance audits

Publications and speaking engagements

- Presents to various conferences related to the Single Audit Act and technical literature impacting not-for-profit, higher education, and government entities
- Participates as a local and national instructor for KPMG

Other activities

- Serves on the audit committee of Wycliffe Bible Translators
- Served on the board of directors of the St. Joseph Hospital Foundation
- Actively involved in KPMG's campus recruiting and training programs



Christine Krynski

Senior Manager

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Function and specialization

Christine performs professional audit services for a variety of clients. She is part of the State and Local Government practice at KPMG.

Representative clients

- North Slope Borough

Professional associations

- Member, AICPA
- Member, Alaska Society of Certified Public Accountants

Education, licenses & certifications

- BS degree, accountancy, Northern Arizona University
- MBA degree, accounting, Northern Arizona University
- Licensed CPA—Alaska

Lead Audit Engagement Senior Manager

Background

Christine began her career in Seattle, Washington, focusing on financial institution and seafood clients. She is currently an Audit senior manager in KPMG's Anchorage office. She has over eight years of experience providing financial statement audits, reviews, and other professional audit services.

Professional and industry experience

Christine has provided professional audit services to a wide range of clients including Alaska-native corporations, commercial entities, local government, and not-for-profit entities in accordance with U.S. GAAP, including government accounting requirements set forth by the Governmental Accounting Standards Board. She has a thorough understanding of AICPA rules and regulations, Governmental Auditing Standards, and state and federal single audit requirements.

As an Audit senior manager, Christine manages a variety of engagements including agreed-upon procedures, benefit plans, and financial statement audits.

Technical skills

- Christine has participated in advanced training in IDEA, the statistical sampling and data analysis tool used by KPMG.
- Christine has helped clients implement new accounting standards, including those in the following areas: employee benefit plan simplification, cost-sharing pension plan accounting for local governments, lower of cost or market inventory valuation, and investment reporting at net asset value.

Other activities

- Finance committee member for the Girl Scouts of Alaska, October 2017 to present
- Treasurer and board member for the Safe Harbor Inn, from March 2012 to October 2014, when the entity was acquired by another not-for-profit entity. Christine helped facilitate this transaction.

Contact

Daniel J. Rozema
Lead Engagement Partner
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Thank you for your time and the opportunity to discuss our firm's capabilities and experience. If you have any questions, we would be happy to respond to them.

We greatly appreciate the opportunity to acquaint you with our credentials and look forward to building our long term professional relationship with you.

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