




Agenda Item No: 5.d
Meeting Date: March 7, 2022

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Finance

Prepared by: Nadine Atieh Hade,
Finance Director

City Manager Approval: _____ 

TOPIC: AUDIT SERVICES

SUBJECT: A RESOLUTION APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH MAZE & ASSOCIATES TO PROVIDE AUDITING SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2025, WITH OPTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2026 AND JUNE 30, 2027

RECOMMENDATION:

Adopt Resolution approving and authorizing the City Manager to execute an agreement with Maze & Associates.

BACKGROUND:

As required by local code, state law and its bond covenants, the City of San Rafael undergoes an annual audit of its financial activities and produces audited financial statements in the form of an annual report. In October 2014, the City conducted a competitive Request for Proposals (RFP) process and selected the accounting firm Maze & Associates Accountancy Corporation to perform auditing services. Maze & Associates performed all services requested for the first three years of the agreement and for the two additional option years, along with a Council-approved one-year extension to the contract for FY 2020-21 due to the impacts of the COVID-19 pandemic.

In keeping with good business practices of soliciting independent auditing services, the Finance Department issued an RFP in November 2021. The RFP was published on the City website, shared with the California Society of Municipal Finance Officers (CSMFO) network, and sent directly to four well-regarded audit firms. Seven firms submitted responses to the RFP by the due date of December 31, 2021.

The proposals were evaluated on the firm’s technical and qualitative ability to provide reports in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-133, Audits of State and Local Government and Non-Profit Organizations.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

ANALYSIS:

The evaluation of the proposals consisted of five factors to help ascertain which proposing firm best met the needs of the City. This included the firm’s expertise and experience, adequacy of staffing, and technical support structure. The Finance Director conducted the first review of the proposals and selected three finalists using the objective factors. Subsequently, the proposals of the three finalists were reviewed by the Audit Proposal Committee, which consisted of the Accounting Manager, Principal Accountant, and Management Analyst from Public Works.

The following is a summary of the average technical scores of the three finalists after evaluation by the Finance Director and Audit Proposal Committee.

Firm Name	Average Technical Score (Max of 100 pts.)
Eide Bailly LLP	77.9
Maze & Associates	94.4
Badawi & Associates	88.0

The firm of Maze & Associates scored above the other firms in their proposal presentation and technical knowledge. A copy of Maze & Associates’ proposal is attached as Exhibit B to the proposed agreement (Attachment 2). Maze & Associates is a well-known regional audit firm in California with a focus on local governments. They have a total of fifty-seven employees including twenty California Certified Public Accountants (CPAs). The firm’s audit team for the City would consist of an Engagement Partner, an Alternate/Technical Review Partner and Childcare Audit Partner, a Manager, and a Supervisor. Three of the four team members are CPAs.

FISCAL IMPACT:

The annual cost for the audit contract will be included in the budget development process for the next four years with annual payments from the City as follows. The annual costs include a 3% maximum CPI increase annually beginning in FY 2022-23.

For fiscal year ending June 30

	2022	2023	2024	2025	Optional 2026	Optional 2027
Total Annual Cost	\$77,706	\$80,035	\$82,437	\$84,911	\$87,458	\$90,082

A copy of Maze & Associates’ pricing proposal is included in their proposal in Exhibit B.

OPTIONS:

The City Council may choose to:

1. Accept the staff recommendation and authorize the execution of the agreement Maze & Associates for the four fiscal years ending June 30, 2022 through fiscal year ending June 30, 2025, with an option for two additional years.
2. Reject staff recommendation and restart the proposal process for auditing services.

ACTION REQUIRED:

Staff recommends the Council accept the report and adopt the Resolution as presented.

ATTACHMENTS:

1. A Resolution of the City Council of the City of San Rafael Approving and Authorizing the City Manager to Execute an Agreement with Maze & Associates to Provide Auditing Services For the Fiscal Years Ending June 30, 2022 through June 30, 2025, with Options for the Fiscal Years Ending June 30, 2026 and June 30, 2027.
2. Proposed Professional Services Agreement, with Exhibit A: Request for Proposals Issued by the City of San Rafael, and Exhibit B: Proposal from Maze & Associates

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN
AGREEMENT WITH MAZE & ASSOCIATES TO PROVIDE AUDITING SERVICES
FOR THE FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2025, WITH
OPTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2026 AND JUNE 30, 2027**

WHEREAS, in November 2021 the City's Finance Department issued a Request for Proposals for independent auditing services needed for the City to meet its audit obligations; and

WHEREAS, out of seven proposals received, staff recommends contracting with Maze & Associates Accountancy Corporation ("Maze & Associates") for the necessary auditing services;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San Rafael that the City Manager is authorized to execute, on behalf of the City of San Rafael, a four-year agreement with Maze & Associates for independent auditing services, in the form included with the staff report for this resolution, subject to final approval as to form by the City Attorney.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Monday, the 7th day of March, 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

**AGREEMENT FOR PROFESSIONAL SERVICES WITH
MAZE AND ASSOCIATES TO PROVIDE PROFESSIONAL AUDITING
SERVICES TO THE CITY OF SAN RAFAEL**

This Agreement is made and entered into this ____ day of February, 2022, by and between the CITY OF SAN RAFAEL (hereinafter "**CITY**"), and MAZE AND ASSOCIATES ACCOUNTING CORPORATION (hereinafter "**CONSULTANT**").

RECITALS

WHEREAS, the **CITY** has determined the need for professional auditing services; and

WHEREAS, the **CONSULTANT** has agreed to render such services.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

1. **PROJECT COORDINATION.**

A. **CITY.** The City Manager shall be the representative of the **CITY** for all purposes under this Agreement. The Administrative Services Director, Nadine Atieh Hade, is hereby designated the **PROJECT MANAGER** for the **CITY**, and said **PROJECT MANAGER** shall supervise all aspects of the progress and execution of this Agreement.

B. **CONSULTANT'S Project Director.** **CONSULTANT** shall assign a single **PROJECT DIRECTOR** to have overall responsibility for the progress and execution of this Agreement for **CONSULTANT**. Amy Meyer, Audit Partner, is hereby designated as the **PROJECT DIRECTOR** for **CONSULTANT**. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute **PROJECT DIRECTOR** for any reason, the **CONSULTANT** shall notify the **CITY** within ten (10) business days of the substitution.

2. **DUTIES OF CONSULTANT.**

CONSULTANT shall perform the duties and/ or provide services as described in the Request for Proposal for Audit Services (attached Exhibit A) and pursuant to the **CONSULTANT'S** Proposal dated December 31, 2021 (attached Exhibit B) and incorporated herein.

3. **DUTIES OF CITY.**

CITY shall cooperate with **CONSULTANT** in their performance under this agreement and shall compensate **CONSULTANT** as provided herein.

4. COMPENSATION.

For the full performance of the services described herein by **CONSULTANT**, **CITY** shall pay **CONSULTANT** pursuant to the Schedule of Fees and Expenses reflected in the **CONSULTANT'S** Proposal (attached Exhibit B), dated December 21, 2021.

The total compensation payable to **CONSULTANT** hereunder shall not exceed the following amounts.

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Total Cost	\$77,706	\$80,035	\$82,437	\$84,911	\$87,458	\$90,082

Payment will be made monthly upon receipt by PROJECT MANAGER of itemized invoices submitted by **CONSULTANT**.

5. TERM OF AGREEMENT.

The term of this Agreement shall be for four consecutive years for auditing fiscal years ending June 30, 2022 through June 30, 2025. Upon mutual agreement of the parties, and subject to the approval of the City Council, the term of this Agreement shall be extended for an additional period of two years for auditing fiscal years ending June 30, 2026 and June 30, 2027.

6. TERMINATION.

A. **Discretionary.** Either party may terminate this Agreement without cause upon thirty (30) days written notice mailed or personally delivered to the other party.

B. **Cause.** Either party may terminate this Agreement for cause upon fifteen (15) days written notice mailed or personally delivered to the other party, and the notified party's failure to cure or correct the cause of the termination, to the reasonable satisfaction of the party giving such notice, within such fifteen (15) day time period.

C. **Effect of Termination.** Upon receipt of notice of termination, neither party shall incur additional obligations under any provision of this Agreement without the prior written consent of the other.

D. **Return of Documents.** Upon termination, any and all **CITY** documents or materials provided to **CONSULTANT** and **CONSULTANT'S** documents and materials prepared for or relating to the performance of its duties under this Agreement, other than **CONSULTANT'S** audit documentation, shall be delivered to **CITY** as soon as possible, but not later than thirty (30) days after termination.

7. OWNERSHIP OF DOCUMENTS.

Except for **CONSULTANT'S** audit documentation, which shall remain the sole property of **CONSULTANT**, the written documents and materials prepared by the **CONSULTANT** in connection with the performance of its duties under this Agreement, shall be the sole property of **CITY**. **CITY** may use said property for any purpose, including projects not contemplated by this Agreement.

8. INSPECTION AND AUDIT.

Upon reasonable notice, **CONSULTANT** shall make available to **CITY**, or its agent, for inspection and audit, all documents and materials maintained by **CONSULTANT** in connection with its performance of its duties under this Agreement. **CONSULTANT** shall fully cooperate with **CITY** or its agent in any such audit or inspection.

9. ASSIGNABILITY.

The parties agree that they shall not assign or transfer any interest in this Agreement nor the performance of any of their respective obligations hereunder, without the prior written consent of the other party, and any attempt to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

10. INSURANCE.

A. **Scope of Coverage.** During the term of this Agreement, **CONSULTANT** shall maintain, at no expense to **CITY**, the following insurance policies:

1. A commercial general liability insurance policy in the minimum amount of one million dollars (\$1,000,000) per occurrence/two million dollars (\$2,000,000) aggregate, for death, bodily injury, personal injury, or property damage.

2. An automobile liability (owned, non-owned, and hired vehicles) insurance policy in the minimum amount of one million dollars (\$1,000,000) dollars per occurrence.

3. If any licensed professional performs any of the services required to be performed under this Agreement, a professional liability insurance policy in the minimum amount of one million dollars (\$1,000,000) per occurrence/two million dollars (\$2,000,000) aggregate, to cover any claims arising out of the **CONSULTANT's** performance of services under this Agreement. Where **CONSULTANT** is a professional not required to have a professional license, **CITY** reserves the right to require **CONSULTANT** to provide professional liability insurance pursuant to this section.

4. If it employs any person, **CONSULTANT** shall maintain worker's compensation insurance, as required by the State of California, with statutory limits, and employer's liability insurance with limits of no less than one million dollars (\$1,000,000) per accident for bodily injury or disease. **CONSULTANT's** worker's compensation insurance shall be specifically endorsed to waive any right of subrogation against **CITY**.

B. Other Insurance Requirements. The insurance coverage required of the **CONSULTANT** in subparagraph A of this section above shall also meet the following requirements:

1. Except for professional liability insurance or worker's compensation insurance, the insurance policies shall be specifically endorsed to include the **CITY**, its officers, agents, employees, and volunteers, as additional insureds (for both ongoing and completed operations) under the policies.

2. The additional insured coverage under **CONSULTANT'S** insurance policies shall be "primary and noncontributory" with respect to any insurance or coverage maintained by **CITY** and shall not call upon **CITY's** insurance or self-insurance coverage for any contribution. The "primary and noncontributory" coverage in **CONSULTANT'S** policies shall be at least as broad as ISO form CG20 01 04 13.

3. Except for professional liability insurance or worker's compensation insurance, the insurance policies shall include, in their text or by endorsement, coverage for contractual liability and personal injury.

4. By execution of this Agreement, **CONSULTANT** hereby grants to **CITY** a waiver of any right to subrogation which any insurer of **CONSULTANT** may acquire against **CITY** by virtue of the payment of any loss under such insurance. **CONSULTANT** agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not **CITY** has received a waiver of subrogation endorsement from the insurer.

5. If the insurance is written on a Claims Made Form, then, following termination of this Agreement, said insurance coverage shall survive for a period of not less than five years.

6. The insurance policies shall provide for a retroactive date of placement coinciding with the effective date of this Agreement.

7. The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of **CITY** (if agreed to in a written contract or agreement) before **CITY'S** own insurance or self-insurance shall be called upon to protect it as a named insured.

8. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits shall be available to **CITY** or any other additional insured party. Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured; whichever is greater. No representation is made that the minimum Insurance requirements of this agreement are sufficient to cover the obligations of the **CONSULTANT** under this agreement.

C. **Deductibles and SIR's.** Any deductibles or self-insured retentions in **CONSULTANT's** insurance policies must be declared to and approved by the PROJECT MANAGER and City Attorney and shall not reduce the limits of liability. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or **CITY** or other additional insured party. At **CITY's** option, the deductibles or self-insured retentions with respect to **CITY** shall be reduced or eliminated to **CITY's** satisfaction, or **CONSULTANT** shall procure a bond guaranteeing payment of losses and related investigations, claims administration, attorney's fees and defense expenses.

D. **Proof of Insurance.** **CONSULTANT** shall provide to the PROJECT MANAGER or **CITY'S** City Attorney all of the following: (1) Certificates of Insurance evidencing the insurance coverage required in this Agreement; (2) a copy of the policy declaration page and/or endorsement page listing all policy endorsements for the commercial general liability policy, and (3) excerpts of policy language or specific endorsements evidencing the other insurance requirements set forth in this Agreement. **CITY** reserves the right to obtain a full certified copy of any insurance policy and endorsements from **CONSULTANT**. Failure to exercise this right shall not constitute a waiver of the right to exercise it later. The insurance shall be approved as to form and sufficiency by PROJECT MANAGER and the City Attorney.

11. INDEMNIFICATION.

A. Except as otherwise provided in Paragraph B., **CONSULTANT** shall, to the fullest extent permitted by law, indemnify, release, defend with counsel approved by **CITY**, and hold harmless **CITY**, its officers, agents, employees and volunteers (collectively, the "**City Indemnitees**"), from and against any claim, demand, suit, judgment, loss, liability or expense of any kind, including but not limited to attorney's fees, expert fees and all other costs and fees of litigation, (collectively "**CLAIMS**"), arising out of **CONSULTANT'S** performance of its obligations or conduct of its operations under this Agreement. However, to the extent that liability is caused by the negligence or willful misconduct of the **City Indemnitees**, the **CONSULTANT's** indemnification obligation shall be reduced in proportion to the **City Indemnitees'** share of liability for the negligence or willful misconduct. In addition, the acceptance or approval of the **CONSULTANT's** work or work product by the **CITY** or any of its directors, officers or employees shall not relieve or reduce the **CONSULTANT's** indemnification obligations. In the event the **City Indemnitees** are made a party to any action, lawsuit, or other adversarial proceeding arising from **CONSULTANT'S** performance of or operations under this Agreement, **CONSULTANT** shall provide a defense to the **City Indemnitees** or at **CITY'S** option reimburse the **City Indemnitees** their costs of defense, including reasonable attorneys' fees, incurred in defense of such claims.

B. Where the services to be provided by **CONSULTANT** under this Agreement are design professional services to be performed by a design professional as that term is defined under Civil Code Section 2782.8, then, to the extent permitted by law including without limitation, Civil Code sections 2782, 2782.6 and 2782.8, **CONSULTANT** shall indemnify and hold harmless the **CITY** and its officers, officials, and employees (collectively **City Indemnitees**) from and against damages, liabilities or costs (including incidental damages. Court costs, reasonable attorney's fees as may be determined by the Court, litigation expenses and fees of expert witnesses incurred in

connection therewith and costs of investigation) to the extent they are caused by the negligence, recklessness, or willful misconduct of **CONSULTANT**, or any subconsultants, or subcontractor or anyone directly or indirectly employed by them, or anyone for whom they are legally liable (collectively Liabilities). Such obligation to hold harmless and indemnify any indemnity shall not apply to the extent that such Liabilities are caused in part by the negligence or willful misconduct of such City Indemnitee.

C. The defense and indemnification obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement, and shall survive the termination or completion of this Agreement for the full period of time allowed by law.

12. NONDISCRIMINATION.

CONSULTANT shall not discriminate, in any way, against any person on the basis of age, sex, race, color, religion, ancestry, national origin or disability in connection with or related to the performance of its duties and obligations under this Agreement.

13. COMPLIANCE WITH ALL LAWS.

CONSULTANT shall observe and comply with all applicable federal, state and local laws, ordinances, codes and regulations, in the performance of its duties and obligations under this Agreement. **CONSULTANT** shall perform all services under this Agreement in accordance with these laws, ordinances, codes and regulations. **CONSULTANT** shall release, defend, indemnify and hold harmless **CITY**, its officers, agents and employees from any and all damages, liabilities, penalties, fines and all other consequences from any noncompliance or violation of any laws, ordinances, codes or regulations.

14. NO THIRD PARTY BENEFICIARIES.

CITY and **CONSULTANT** do not intend, by any provision of this Agreement, to create in any third party, any benefit or right owed by one party, under the terms and conditions of this Agreement, to the other party.

15. NOTICES.

All notices and other communications required or permitted to be given under this Agreement, including any notice of change of address, shall be in writing and given by personal delivery, or deposited with the United States Postal Service, postage prepaid, addressed to the parties intended to be notified. Notice shall be deemed given as of the date of personal delivery, or if mailed, upon the date of deposit with the United States Postal Service. Notice shall be given as follows:

TO **CITY**'s Project Manager:

Nadine Atieh Hade
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94915

TO **CONSULTANT**'s Project Director: Amy L. Meyer, CPA
Maze and Associates
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

16. INDEPENDENT CONTRACTOR.

For the purposes, and for the duration, of this Agreement, **CONSULTANT**, its officers, agents and employees shall act in the capacity of an Independent Contractor, and not as employees of the **CITY**. **CONSULTANT** and **CITY** expressly intend and agree that the status of **CONSULTANT**, its officers, agents and employees be that of an Independent Contractor and not that of an employee of **CITY**.

17. ENTIRE AGREEMENT -- AMENDMENTS.

A. The terms and conditions of this Agreement, all exhibits attached, and all documents expressly incorporated by reference, represent the entire Agreement of the parties with respect to the subject matter of this Agreement.

B. This written Agreement shall supersede any and all prior agreements, oral or written, regarding the subject matter between the **CONSULTANT** and the **CITY**.

C. No other agreement, promise or statement, written or oral, relating to the subject matter of this Agreement, shall be valid or binding, except by way of a written amendment to this Agreement.

D. The terms and conditions of this Agreement shall not be altered or modified except by a written amendment to this Agreement signed by the **CONSULTANT** and the **CITY**.

E. If any conflicts arise between the terms and conditions of this Agreement, and the terms and conditions of the attached exhibits or the documents expressly incorporated by reference, the terms and conditions of this Agreement shall control.

18. SET-OFF AGAINST DEBTS.

CONSULTANT agrees that **CITY** may deduct from any payment due to **CONSULTANT** under this Agreement, any monies which **CONSULTANT** owes **CITY** under any ordinance, agreement, contract or resolution for any unpaid taxes, fees, licenses, assessments, unpaid checks or other amounts.

19. WAIVERS.

The waiver by either party of any breach or violation of any term, covenant or condition of this Agreement, or of any ordinance, law or regulation, shall not be deemed to be a waiver of any

other term, covenant, condition, ordinance, law or regulation, or of any subsequent breach or violation of the same or other term, covenant, condition, ordinance, law or regulation. The subsequent acceptance by either party of any fee, performance, or other consideration which may become due or owing under this Agreement, shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, condition, covenant of this Agreement or any applicable law, ordinance or regulation.

20. COSTS AND ATTORNEY'S FEES.

The prevailing party in any action brought to enforce the terms and conditions of this Agreement, or arising out of the performance of this Agreement, may recover its reasonable costs (including claims administration) and attorney's fees expended in connection with such action.

21. CITY BUSINESS LICENSE / OTHER TAXES.

CONSULTANT shall obtain and maintain during the duration of this Agreement, a **CITY** business license as required by the San Rafael Municipal Code. **CONSULTANT** shall pay any and all state and federal taxes and any other applicable taxes. **CITY** shall not be required to pay for any work performed under this Agreement, until **CONSULTANT** has provided **CITY** with a completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification).

22. SURVIVAL OF TERMS.

Any terms of this Agreement that by their nature extend beyond the term (or termination) of this Agreement shall remain in effect until fulfilled and shall apply to both Parties' respective successors and assigns.

23. APPLICABLE LAW.

The laws of the State of California shall govern this Agreement.

24. COUNTERPARTS AND ELECTRONIC SIGNATURE.

This Agreement may be executed by electronic signature and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one document. Counterpart signature pages may be delivered by telecopier, email or other means of electronic transmission.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month and year first above written.

CITY OF SAN RAFAEL

JIM SCHUTZ, City Manager

ATTEST:

LINDSAY LARA, City Clerk

APPROVED AS TO FORM:

ROBERT F. EPSTEIN, City Attorney

CONSULTANT

By: Amy L Meyer

Name: AMY L. MEYER

Title: VICE PRESIDENT-AUDIT

[If CONSULTANT is a corporation, add signature of second corporate officer]

By: _____

Name: _____

Title: _____

CITY OF SAN RAFAEL

CONSULTANT

JIM SCHUTZ, City Manager

By: _____

Name: _____

Title: _____

ATTEST:

[If CONSULTANT is a corporation, add signature of second corporate officer]

LINDSAY LARA, City Clerk

By:  _____

APPROVED AS TO FORM:

Name: Chris Hunt

Title: C.O.O.

ROBERT F. EPSTEIN, City Attorney



REQUEST FOR PROPOSALS (RFP) FOR PROFESSIONAL AUDITING SERVICES

Date Issued: November 24, 2021
Updated December 1, 2021

Proposals Due: December 31, 2021

The City of San Rafael is seeking proposals for the preparation of both financial and compliance audit reports covering the City and its related operations from qualified firms of certified public accountants.

Respondents to this RFP shall submit completed proposals electronically by 5:00 p.m. on **December 31, 2021** to the following email address:

Claire Coleman
Senior Management Analyst
City of San Rafael
1400 Fifth Avenue, Room 204
San Rafael, CA 94901
claire.coleman@cityofsanrafael.org

Please contact Claire Coleman if you have any questions:

Email: claire.coleman@cityofsanrafael.org
Phone: (415) 451-2474

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Introduction

The City of San Rafael ("City") is requesting proposals for Professional Auditing Services. All proposals must be sent electronically to claire.coleman@cityofsanrafael.org **by no later than 5:00 p.m. on December 31, 2021. Late proposals will not be considered.** The proposals shall be clearly marked **Proposal for Professional Auditing Services**.

Proposals must be responsive to City's request. The City will select a firm on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Cost alone shall not be the determinative factor.

The request for proposals does not obligate the City to award a contract, and the City reserves the right to cancel the request for proposals if deemed in its best interest. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

About the City of San Rafael

The City of San Rafael was incorporated in 1874 and became a charter city in 1913. The City operates under the Council/Manager form of government and is governed by a five-member City Council, which comprises four districted councilmembers and an at-large mayor. The City's mission is to enhance the quality of life and to provide for a safe, healthy, prosperous and livable environment in partnership with the community. The City has a staff of about 412 full-time employees and is a full-service city, which includes the following departments:

- City Attorney's Office
- City Clerk's Office
- City Manager's Office
- Community Development
- Digital Service and Open Government
- Economic Development and Innovation
- Human Resources
- Finance
- Fire
- Library and Recreation (includes Parks, Recreation, Library, and Childcare)
- Parking Services
- Police
- Public Works
- San Rafael Sanitation District

The City's fiscal year begins on July 1 and ends on June 30. For Fiscal Year 2021-22, the City of San Rafael has a total operating budget of approximately \$128 million for all funds and the General Fund makes up approximately \$89.5 million of that total. While City operations generate revenue from various public services, such as licensing, permitting, and building activity, the three primary sources of revenue for the General Fund are sales tax, property tax, and transaction and use tax (TUT). See the City website <https://www.cityofsanrafael.org/departments/finance/> for the most recent City Operating and Capital Improvement Program Budget and the Comprehensive Annual Financial Report (CAFR).

Scope of Auditor Services

The objective of this RFP is to receive proposals for professional audit services. Services shall include, but are not necessarily limited to, the following described below.

The City of San Rafael desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The audit shall include an examination of all City funds by certified public accountants duly authorized to practice as such by the State of California. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board, as mandated by generally accepted auditing standards.

The auditor shall review and verify all trial balance worksheets and summary schedules including balance sheets, revenues, expenditures, and changes in fund balance for each City fund. The data source for the schedules will be the financial statements supplied by the City. An initial draft of the CAFR will be prepared by City staff and will be given to the auditors during the final stage of the audit. Final report preparation and necessary editing shall be the responsibility of the Auditor.

The auditor shall submit for management review a draft of all reports. The final reports are subject to review by the City Council. The auditor shall incorporate, as part of the basic proposal, meeting time with staff and City Council for the purpose of discussing the audits or management letter and its conclusions.

Reports To Be Issued

- Comprehensive Annual Financial Report (CAFR), including a web-ready CAFR PDF to be issued on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- Management and SAS 114 Letters, which includes findings, statements, observations, opinion, comments, or recommendations, related to:
 - o Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
 - o Compliance with applicable laws and regulations.
 - o Accounting systems, functions, procedures, and processes, especially regarding cost effectiveness.
- Single Audit Report which includes a City prepared Schedule of Expenditures of Federal Awards
- Child Development Program Audit Report
- Transportation Development Act (TDA) Program Audit Report
- Agreed-Upon Procedures Performed Related to the calculation of the Gann Appropriations Limit

Proposal Submission Requirements

The proposal shall be organized and submitted with the following elements:

- Cover page
- Table of Contents
- Questionnaire
 - Proposer shall provide responses and information to fully satisfy each item in the Questionnaire (see section below). Each question item should be presented before the proposer's response.
- Attachments
 - A report on firm's most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings.
 - The firm also must disclose 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, as well as any pending or settled litigation within the past three (3) years.
 - Any other attachments deemed relevant.

Please keep your proposal to no more than twenty (20) pages in length. This page limit includes the cover page, table of contents, executive summary, questionnaire, and any supplemental attachments.

Questionnaire

A. Company and General Information

- Company name and address.
- Letter of transmittal signed by an individual authorized to bind the respondent, stating that the respondent has read and will comply with all terms and conditions of the RFP.
- General information about the primary contact who would be able to answer questions about the proposal. Include name, title, telephone number and email address of the individual.

B. Qualifications and Experience of the firm

- Describe your firm's history and organizational structure. Include the size of the firm, location of offices, years in business, organizational chart, and name(s) of owner(s) and principal parties.
- Identify partners, manager, and seniors who will be assigned to work on this project and the firm's office in which they are each located. Include brief summaries of their background (including if they hold a current CPA license) and experience in auditing cities, as well as their assigned responsibilities under the proposal.
- What is your firm's experience in public sector accounting and auditing?
- Comment on other areas that may make your firm different from your competitors.

C. Questions/Response to Scope of Services

- Describe the audit approach and methodology to be used to perform the services. This may include a discussion of:
 - i. Approach to selection of sample size;
 - ii. Use of specialized software;
 - iii. Analytical procedures;
 - iv. Approach to internal control structure;
 - v. Approach to determining laws / regulations subject to audit test work;
 - vi. Identification of any anticipated problems, or special assistance required from city staff; and
 - vii. The format of the report.

D. Fees

- Provide your fees for the proposed service.
- Detail costs and hourly billing rates, as well as any proposed method of adjustment in the cost of services for subsequent years of the engagement, if applicable.
- Outline billing and payment expectations, including timing and method of payment.
- Describe any remaining fees not already detailed above.
- Present a specific "not to exceed" fixed fee, including associated fees (i.e., printing costs, attendance at meetings, travel) and all direct and indirect costs.

Request for Proposals (RFP) for Professional Auditing Services

E. References

- Provide a list of the municipal agencies for which the respondent has provided audit services for the past three calendar years.
- Provide the following information for three client cities that are similar in size and scope to the project requested by this proposal:
 - Name of Public Agency
 - Name and title of contact person
 - Telephone number and email address of contact person
 - Brief description of the scope of the audit performed

F. Implementation Schedule

- Include a work schedule and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule. Any assumptions regarding turnaround time for City Staff review should be clearly noted.
 - Please note that auditor is responsible for identifying required review times for the City input and must account for printing and distribution within any timelines identified in this RFP.

Evaluation of Proposals and Selection Process

Evaluation of Proposals

The project's core team, composed of City staff, will evaluate all proposals in accordance with the criteria listed below. The City team members, in applying the major criteria to the proposals, may consider additional criteria beyond those listed. In addition to evaluating written proposals, twenty-minute oral interviews may be requested to allow for a formal presentation by the proposer.

The final selection will be the firm which, in the City's opinion, is the most responsive and responsible, meets the City's requirements in providing this service, and is in the City's best interest. The City maintains the sole and exclusive right to evaluate the merits of the proposals received.

Proposals will be evaluated based on the following criteria:

- Thoroughness and understanding of the tasks to be completed
- Background and experience in professional audit and accounting services
- Staff expertise and overall experience of personnel assigned to the work
- Responsiveness to requirements of the project
- Recent public sector experience, preferably in a municipal setting conducting similar work
- Costs

Although price for the services will be an important part of the consideration for award of the project, the City will consider the consultant's qualifications, expertise and level of professional service in the award of the project.

Timing and Schedule

We will make every effort to administer the RFP process in accordance with the terms and dates outlined below. However, we reserve the right to modify the RFP process and dates as deemed necessary.

Event	Time	Date
RFP Published and distributed		November 24, 2021
Proposal submission deadline	5:00 PM	December 31, 2021
Proposals reviewed and evaluated by staff		January 3 - 14, 2022
Recommendation to City Council with Agreement		January 17, 2022
Contract work begins		January 24, 2022

Additional Information

All responses to this RFP will become the property of the City of San Rafael.

This RFP does not commit the City to award a contract or to pay any costs incurred in the preparation of the company's proposal. The City reserves the right to modify or cancel this RFP in part or in its entirety and to accept or reject any or all proposals received if they do not meet the minimum requirements of this RFP. The City also reserves the right to negotiate with the selected firm to revise the scope of services if necessary, including modifying the services requested to more closely match City needs.

If your firm is awarded the contract, your services (as well as those provided by other members of the team) will be subject to the terms of a Professional Services Agreement. Your company should review the terms of the Agreement to ensure that the proposal is consistent with its provisions and include in the proposal an acknowledgement of acceptance of those provisions, including requirements for indemnification and insurance. If your company takes exception to any of the terms, such concerns or exceptions must be expressly stated in the proposal.

Insurance and Business License

The firm receiving the contract for audit services shall procure and maintain, for the duration of the contract, insurance as required in the City's standard professional services agreement. The firm selected must have a valid City of San Rafael business license while conducting any work under this contract for each year of the contract term. Additional information regarding the City's business license program may be obtained by calling (415) 485-3051.

Standards To Be Followed

To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Government Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing Standards, and in the U.S. Office of Management (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Special Considerations

The City of San Rafael has received awards from the Government Finance Officers Association (GFOA) for the "Certificate of Achievement for Excellence in Financial Reporting" for the past nine years. The City of San Rafael anticipates that it will continue to send its Annual Comprehensive Financial Report to GFOA for review in their Certificate of Achievement for Excellence in Financial Reporting program. The format of reports shall allow the City to meet the requirements of that program. This also requires that the auditor ensure that the audit report and financial statements are completed in time for submission to GFOA. The auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.

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 three (3) years, unless the firm is notified in writing by the City of San Rafael of the need to extend the retention period. The auditor will be required to make working papers available to the City of Rafael or any government agencies included in the audit of federal grants. 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.

Contract Term

The contract shall be for four consecutive years for auditing fiscal years ending June 30, 2022 through June 30, 2025. Upon mutual agreement of the parties, and subject to the approval of the Agency, the term of this Agreement shall be extended for an additional period of two years for auditing fiscal years ending June 30, 2026 and June 30, 2027.

December 31, 2021

Claire Coleman
Senior Management Analyst
City of San Rafael
1400 Fifth Avenue, Room 204
San Rafael, CA 94901
Claire.Coleman@CityofSanRafael.org

Dear Ms. Coleman:

In response to the City's request for proposals for professional auditing services, we are pleased to enclose one electronic copy of our Proposal to continue to provide Professional Auditing Services for the City of San Rafael.

Yours very truly,

A handwritten signature in black ink that reads 'Amy L. Meyer'.

Amy L. Meyer, CPA
Audit Partner

AM:saa

Enclosures

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PROFESSIONAL AUDITING SERVICES PROPOSAL 12.31.21

PREPARED FOR



Claire Coleman
Senior Management Analyst
City of San Rafael
1400 Fifth Avenue, Room 204
San Rafael, CA 94901
Claire.Coleman@CityofSanRafael.org

Amy L. Meyer, CPA
3478 Buskirk Ave, Suite 215
P (925) 930-0902
F (925) 930-0135

M **MAZE**
& ASSOCIATES

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**CITY OF SAN RAFAEL
PROFESSIONAL AUDITING SERVICES PROPOSAL**

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A. COMPANY AND GENERAL INFORMATION

December 31, 2021

Claire Coleman
Senior Management Analyst
City of San Rafael
1400 Fifth Avenue, Room 204
San Rafael, CA 94901
Claire.Coleman@CityofSanRafael.org

Dear Ms. Coleman:

We appreciate this opportunity to submit our proposal to continue to provide Professional Auditing Services for the City of San Rafael. We have read the request for proposals (RFP) and agree to comply with all terms and conditions of the RFP. We understand we will audit the City's Basic Financial Statements and assist with the Annual Comprehensive Financial Report for the four fiscal years beginning with the fiscal year ending June 30, 2022, with the option to extend for an additional two years. We will also perform additional procedures and complete the other assurance services as specified in the City's RFP within the time periods established by the City.

We are quite certain we are the most qualified firm to be your independent accountants. As our founder, Scott Maze, first coined over forty years ago, "*We are in Business to Help Our Clients Succeed!*" Since that time, we have rigorously employed this philosophy along with our commitment to continual improvement. Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our client's staff. We've summarized these techniques, technologies and strategies below and explained them in more depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancements. We frequently speak at CSMFO and CSDA events and webinars.
- **The municipal industry is our main business.** We believe we have the necessary qualifications to perform your audit.
 - **Annually, we serve over 200 municipalities including special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the San Francisco Bay Area.**
 - We currently have over forty City or Town clients ranging in size from small towns to large complex cities. We are proud to say that over forty of our clients publish award-winning Annual Comprehensive Financial Reports, the majority of which we have provided assistance in compiling reports.
 - **We conduct over three dozen Single Audits annually.**
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.

- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **80 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 87.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.

As with all our audits, we are committed to providing timely, quality audit services to the City of San Rafael. We have no doubt that we are the firm best qualified to perform the services described in the RFP. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Amy Meyer, Vice President (amym@mazeassociates.com), and Katherine Yuen, Vice President (katheriney@mazeassociates.com), are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, P(925) 930-0902, F(925) 930-0135. The proposal is a firm and irrevocable offer for 90 days.

We look forward to the opportunity to continue to provide audit services for the City of San Rafael!

Yours very truly,



Amy L. Meyer, CPA
Audit Partner

AM:saa

B. QUALIFICATIONS AND EXPERIENCE OF THE FIRM

RFP QUESTION: Describe your firm’s history and organizational structure. Include the size of the firm, location of offices, years in business, organizational chart, and name(s) of owner(s) and principal parties.

OVERVIEW - We are a professional services corporation located in Pleasant Hill, California. We presently have a total of fifty-seven people including the following:

- Seven Shareholders, including five Audit Partners:
 - Tim Krisch, CEO
 - Chris Hunt, COO
 - Amy Meyer
 - Katherine Yuen
 - David Alvey
 - Vikki Rodriguez
 - Grace Zhang
- Three Directors
- Six Managers
- Six Audit Supervisors

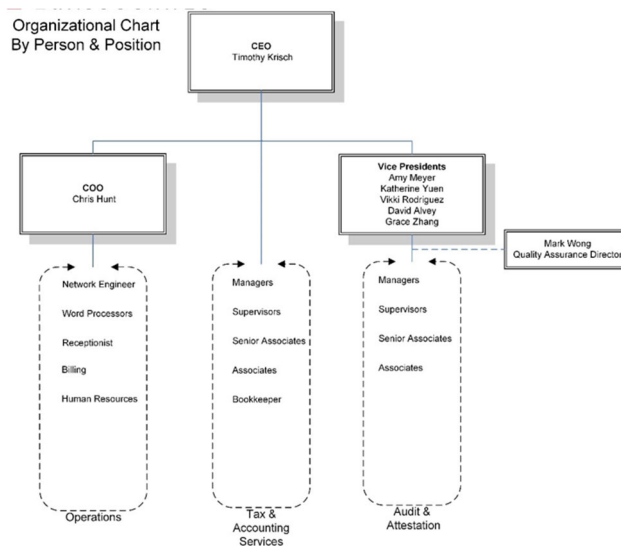
Twenty of our professional staff are California Certified Public Accountants, and three additional staff members are in the process of completing their applications for licensure. Thirty of our professional staff members comprise our governmental audit staff, as our firm’s emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

All staff assigned to this engagement are full-time staff of our firm. We anticipate assigning two partners, one manager, one supervisor, two to three audit associates and administrative support staff to this engagement. The location of the office from which work on this engagement will be performed is Pleasant Hill, California. Our mailing address is 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA 94523. Phone: 925-930-0902 Fax: 925-930-0135

The majority of our clients are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several cities similar to the City in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms. **We have focused on municipalities since 1986.** We are active in GFOA, CSMFO, CSDA and CMTA, and our Partners have been speakers at GFOA, CSMFO, CSDA and CMTA functions.

We are in business to help our clients succeed. We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you informed of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you so areas that concern you can be addressed as a normal part of the audit at no extra cost.

ORGANIZATION CHART - We are organized as follows:



B. QUALIFICATIONS AND EXPERIENCE OF THE FIRM (Continued)

RFP QUESTION: Identify partners, manager, and seniors who will be assigned to work on this project and the firm's office in which they are each located. Include brief summaries of their background (including if they hold a current CPA license) and experience in auditing cities, as well as their assigned responsibilities under the proposal.

AUDIT TEAM - We are proposing to assign Amy Meyer, CPA, as Engagement Partner, Katherine Yuen, CPA, as Alternate/Technical Review Partner and Childcare Audit Partner, Whitney Crockett, CPA, as Manager, and Kristine Manansala as Supervisor. We have selected this team based on their extensive municipal audit experience.

We will balance out our resources with our Senior Associates and Associates to form a fully leveraged team. All of our audit staff are experienced with audits of Basic Financial Statements, enterprise operations, retirement plans, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

All personnel who are assigned to work on this engagement and the firm office in which they are located is Pleasant Hill, California.

RESUMES OF STAFF ASSIGNED TO YOUR AUDIT (NOTE – client lists listed below have been edited to include only City clients and exclude special district and authority clients – if you would like to see our team members' full resumes, we will be happy to provide them.)



AMY MEYER, CPA, Engagement Partner – Amy graduated from the University of the Pacific in 1993 with a B.S. in Accounting and a minor in Information Systems and has worked with Maze & Associates since 1993. Amy is a California CPA and is a member of the California Society of CPAs and the American Institute of Certified Public Accountants. Amy has assisted several of our clients with their computer applications and is very comfortable using a variety of systems. She has been involved with a number of accounting and GASB implementation training classes customized to our clients' needs. Amy is also our PC applications expert. Amy currently serves on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants, which provides practical guidance to CPAs in the area of governmental accounting and auditing in an effort to improve the quality of financial reporting on governmental entities. Amy is also an Annual Comprehensive Financial Report reviewer for GFOA. She has accumulated three hundred and four hours of continuing education during the last three years as an in-house instructor and participant. She has gained valuable experience on the audits of the following:

City of Alameda	City of Livermore	Town of San Anselmo
City of Albany	Town of Los Gatos	City of San Carlos
City of American Canyon	City of Manteca	City of Modesto
Town of Atherton	City of Martinez	City of San Pablo
City of Belmont	City of Milpitas	City of San Rafael
City of Brentwood	City of Mountain View	City of Santa Clara
City of Concord	City of Oakley	City of Saratoga
City of Daly City	City of Palo Alto	City of South San Francisco
City of Dublin	City of Rancho Cordova	City of Tracy
City of El Cerrito	City of Richmond	City of Turlock
City of Elk Grove	City of Rio Vista	City of Vallejo
City of Hercules	City of Rocklin	City of Waterford
City of Lathrop	City of Roseville	City of Woodland

B. QUALIFICATIONS AND EXPERIENCE OF THE FIRM (Continued)



KATHERINE YUEN, CPA, Alternat/Technical Review Partner and Childcare Audit Partner – Katherine is a year-round municipal auditor and has been with Maze & Associates since 1996. Over the years, she has taught classes both externally and internally on topics including GASB Statements implementation, auditing techniques under the *Government Auditing Standards*, and internal controls environment. She currently serves on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants, which provides practical guidance to CPAs in the area of governmental accounting and auditing in an effort to improve the quality of financial reporting on governmental entities. She is also a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. She holds a Bachelor of Science degree in Business Administration from the University of California, at Berkeley. She is a Certified Public Accountant in the State of California. Her relevant audit experience includes:

City of Alameda	City of Los Banos	City of Rancho Cordova
Town of Atherton	Town of Los Gatos	City of Roseville
City of Belmont	City of Manteca	City of San Carlos
City of Benicia	City of Martinez	City of San Leandro
City of Campbell	City of Millbrae	City of San Mateo
City of Concord	City of Milpitas	City of San Rafael
City of Daly City	City of Monterey	City of San Rafael Child Development Program
City of Davis	Town of Moraga	City of San Ramon
City of Dublin	City of Mountain View	City of Sausalito
City of Emeryville	City of Napa	City of South Lake Tahoe
Town of Fairfax	City of Newark	City of South San Francisco
City of Galt	City of Orinda	City of Tracy
City of Hayward	City of Oxnard	City of Walnut Creek
City of Lafayette	City of Palo Alto	City of Woodland
Town of Larkspur	City of Petaluma	Town of Woodside
City of Lathrop	City of Pinole	
City of Los Altos	City of Pleasant Hill	



WHITNEY L. CROCKETT, CPA, Manager – graduated from Washington State University with a Bachelor of Arts in Business Administration in Accounting in May 2011 and received a Masters of Accounting Degree in August 2012. She is a Certified Public Accountant in the State of California. **Whitney has received over 240 hours of continuing education** in the past three years and has participated in the following audits:

City of Alameda	City of Larkspur	City of Richmond
Town of Atherton	City of Los Banos	City of Roseville
City of Brisbane	City of Manteca	City of Santa Clara
City of Concord	City of Martinez	City of San Pablo
City of Daly City	City of Mountain View	City of San Rafael
City of Dublin	City of Pittsburg	City of Sausalito
City of East Palo Alto	City of Milpitas	City of Vallejo
City of El Cerrito	Town of Moraga	City of Watsonville
Town of Fairfax	City of Oakley	City of West Sacramento
City of Hayward	City of Pacifica	Town of Woodside
City of Lafayette	City of Petaluma	

B. QUALIFICATIONS AND EXPERIENCE OF THE FIRM (Continued)



KRISTINE MANANSALA, Supervisor – Kristine graduated from St Mary’s College of California in 2013 with a Bachelor of Science in Accounting, when she joined our firm. **Kristine has received over 240 hours of continuing education in the last three years.** Her audit experience includes the following:

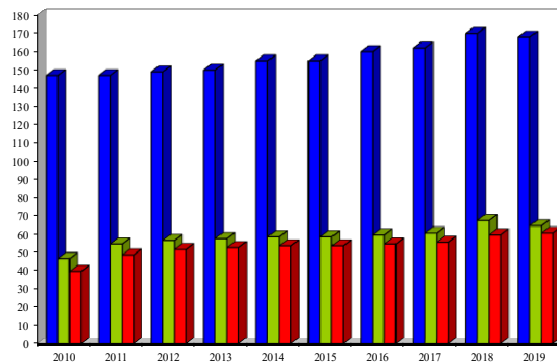
City of Alameda
 City of Brentwood
 City of Davis
 City of Galt
 City of Hayward
 City of Lafayette
 City of Livermore
 City of Los Banos
 City of Manteca

City of Milpitas
 Town of Moraga
 City of Mountain View
 City of Oakley
 City of Orinda
 City of Petaluma
 City of Pittsburg
 City of Pleasanton
 City of Rancho Cordova

City of Richmond
 City of San Leandro
 City of San Rafael
 City of South San Francisco
 City of Tracy
 City of Turlock
 City of Vallejo

RFP QUESTION: What is your firm’s experience in public sector accounting and auditing?

EXPERIENCE - Our practice includes over forty city and town clients and more than fifty special districts, including over forty Comprehensive Annual Financial Report award winners—more award winners than any other Northern California accounting firm or international firm branch office. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total municipal entity clients in blue, City audit clients in green and Comprehensive Annual Financial Report award winners in red.



Every one of the above Comprehensive Annual Financial Reports won awards from GFOA and/or CSMFO.

As you can see from the client list in the **References - City and Town Clients** Section below, we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal process**, most recently Cities of Brentwood, Milpitas, Oakley, Pittsburg, Santa Clara and South San Francisco.

RFP QUESTION: Comment on other areas that may make your firm different from your competitors.

CAPACITY AND ASSISTIVE RESOURCES - We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

B. QUALIFICATIONS AND EXPERIENCE OF THE FIRM (Continued)

Over the years we have made substantial additional investments in our people and our systems. We have continued our policy of at least doubling the required amount of Continuing Education we provide our people.

We have moved most of our clients from a manual input of their general ledger data to a **fully mechanized computer upload** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. Not only does our direct upload produce fund-basis financial statements, it produces the Entity-wide financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients within a week of the last day of our fieldwork.**

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with five audit partners, we are positioned perfectly to provide staff and Council with a wide variety of resources. Support ranges from turnkey financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five-minute phone calls throughout the year.

PROFESSIONAL ACTIVITIES - We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners and IT Director have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

Amy Meyer, Partner, and Katherine Yuen, Partner, serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey, Partner, serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are Annual Comprehensive Financial Report reviewers for the Comprehensive Annual Financial Report Award Program of the Government Finance Officers Association.

STAFF TRAINING - We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

We accomplish this task by reserving up to two weeks each year solely for staff training. Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

C. QUESTIONS/RESPONSE TO SCOPE OF SERVICES

RFP QUESTION: Describe the audit approach and methodology to be used to perform the services.

OVERVIEW - Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance. We have integrated GASB 34 requirements into our strategy so that there is a seamless transition to the entity-wide statements.

We will plan the audit in detail and prepare an Audit Plan which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

We do not require special reports or reconciliations just for our audit. We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

SPECIFIC AUDIT STRATEGY – INTERIM - Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Council minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

LAWS, REGULATIONS AND COMPLIANCE - Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end, we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

SYSTEM CONTROLS, TRANSACTION CYCLE PROCESSING VERIFICATION AND SAMPLE SIZES - With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-User rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the **Client Tailored Risk Assessment** section below. As part of our risk assessment process, we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

C. QUESTIONS/RESPONSE TO SCOPE OF SERVICES (Continued)

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

REMOTE AUDIT CONSIDERATIONS - With the global pandemic and related subsequent shelter-in-place mandates that we all experienced in early 2020, we found that we needed to expand our remote audit abilities. Our client's audits could not be deferred, even with the various extensions of filing deadlines that were allowed. While many firms may have been caught off guard, we were already equipped to provide our clients with a very smooth transition to remote audits. We had already transitioned to paperless audit workpapers over ten years ago, already experienced with the use of secure client data transfer portals (LeapFile and SharePoint) that we have used for a number of years, and our IT staff had been working on the implementation of Microsoft Teams – that meant we were immediately able to conduct remote audits and shortly after that we were able to conduct virtual meetings with our audit teams and with our clients. In the event a client did not have or was not able to use Microsoft Teams, we also obtained a Zoom account to provide flexibility in that area. Of course, there were a small number of clients that did not have the technological resources and/or personnel capacity to accommodate a remote audit, and we made arrangements to conduct those audits onsite with the use of applicable safety measures.

Now that the State and most counties are relaxing the restrictions, we still find that many of our clients are not open to the public or are not able to provide an area to accommodate our entire audit team. We have also found that some clients prefer to continue to conduct the audit remotely or a hybrid-remote audit. With the hybrid-remote audit, we conduct a good portion of the audit remotely and our audit team or only a few team members, depending on the ability to maintain safe social distancing, visit the client's offices to review any documents or processes that are not readily available electronically. We are also working to obtain feedback from our clients regarding the remote audit tools and processes that worked and those that could use improvement. As with all of our services, we want to ensure that our clients receive the best possible quality of service, whether in-person or remote on a computer screen.

ASSESSING RISKS – INTERIM PHASE - We have consistently employed a risk-based concept from our firm's inception. Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

C. QUESTIONS/RESPONSE TO SCOPE OF SERVICES (Continued)

CLIENT TAILORED RISK ASSESSMENT - Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations, we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures. **We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

ASSESSING RISKS – FINAL PHASE - Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

C. QUESTIONS/RESPONSE TO SCOPE OF SERVICES (Continued)

COMMUNICATION, COORDINATION, PROMPT SERVICE AND DELIVERY OF REPORTS - *We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.*

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients. The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Council.

We have always focused on reducing financial statement turn-around time. Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients. Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

INTERNAL QUALITY ASSURANCE SYSTEM - Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

D. FEES

RFP QUESTION: Provide your fees for the proposed service.
Detail costs and hourly billing rates, as well as any proposed method of adjustment in the cost of services for subsequent years of the engagement, if applicable.

TOTAL COST OF AUDIT - Our All-Inclusive Maximum Prices for the services specified in the Request for Proposal for the fiscal years ending June 30, 2022 through June 30, 2027, are detailed on the next page. Our Total All-inclusive Maximum Not to Exceed Prices for the services specified in the RFP are firm fixed fees.

WHAT OUR PRICE INCLUDES - Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at no additional cost:

- 1) Year-round support and telephone consultation on pertinent issues affecting your City.
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements.
- 3) A Study Session for the Council and/or Audit Committee to discuss the audit process, financial statements and recommendations.
- 4) Active Partner involvement in your work **every year**.
- 5) Our typed Interim Audit Checklist.
- 6) Our typed Annual Closing Checklist.
- 7) Our typed interim Accounting Issues Memorandum.
- 8) Preliminary draft financial statements and/or suggested revisions to the City's financial statement disclosures **at interim**.
- 9) Overviews and summaries of upcoming pronouncements and regulation affecting the audited financial statements.
- 10) Direct upload of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

COST RATIONALE - We have always completed our work in the time budgeted and for the agreed upon fee. We have never requested additional fees for work within the scope of the audit after our work was completed. As always, we finish what we start, regardless of the accuracy of our budgets.

RFP QUESTION: Outline billing and payment expectations, including timing and method of payment.

FEES AND BILLINGS (METHOD OF PAYMENT) - Our fees are firm fixed prices. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. Interim billings do not cover a period of less than a calendar month. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price.

We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

D. FEES (Continued)

TOTAL ALL-INCLUSIVE MAXIMUM PRICE SUMMARY AND TOTAL ESTIMATED HOURS PER FISCAL YEAR

Audit Services	Optional Extension					
	2021-22	2022-23 (1)	2023-24 (1)	2024-25 (1)	2025-26 (1)	2026-27 (1)
City Audit (Annual Comprehensive Financial Report), including web-ready ACFR PDF, Memorandum on Internal Control (management letter) and SAS 114 letter	\$56,870	\$58,576	\$60,333	\$62,143	\$64,007	\$65,927
Single Audit (one major program) (2)	4,760	4,903	5,050	5,202	5,358	5,519
Child Development Program Audit	6,605	6,803	7,007	7,217	7,434	7,657
Transportation Development Act Report (TDA)	2,820	2,905	2,992	3,082	3,174	3,269
Appropriations (Gann) Limit Agreed Upon Procedures	916	943	971	1,000	1,030	1,061
Out-of-pocket expenses (3)						
Total (all-inclusive maximum "not to exceed")	\$71,971	\$74,130	\$76,353	\$78,644	\$81,003	\$83,433

Optional Services (4):

City's Annual Report of Financial Transactions (State Controller's Report)	\$4,920	\$5,068	\$5,220	\$5,377	\$5,538	\$5,704
San Rafael Joint Powers Financing Authority State Controller's Report	\$815	\$839	\$864	\$890	\$917	\$945

POSITION	ESTIMATED ANNUAL HOURS (5)	STANDARD HOURLY RATES
Partners	46.50	\$325.00
Managers	50.50	205.00
Supervisor	122.00	135.00
Associates	309.00	95.00
Administrative Staff	8.50	80.00
Total Annual Hours	536.50	

NOTES:

- (1) Our policy is to attempt to keep our clients fees constant after inflation. The current CPI for San Francisco Bay Area Services Sector of the U.S. Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland Area is 1.4% Therefore, fees for years subsequent to 2021 will be adjusted by the actual CPI, up to a maximum of 3%.
- (2) Fee is per tested (major) program.
- (3) Out-of-pocket expenses are included in our standard hourly rate.
- (4) The compilation of these reports was included in the engagement services in fiscal year 2021, but not included in the RFP.
- (5) The RFP did not include a request for the breakdown of the hours by proposed engagement segment. We would be happy to provide such a schedule, upon request.

RFP QUESTION: Describe any remaining fees not already detailed above.

GASB No. 87, Leases, and Potential Increase in Audit Scope

Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with City staff and, in the year of implementation, we proforma new disclosures and add on additional data requests to our interim and closing checklists. However, for the upcoming implementation of GASB Pronouncement 87, Leases, in fiscal year 2022, we anticipate there will be an increase in the audit scope. We will not know the extent of the potential increase in audit scope, if any, until we have additional conversations with City staff, and that change in scope could increase (or even decrease) between now the end of and fiscal year 2022 if the City enters into new lease agreements or terminates existing agreements. Therefore, once that information is known for fiscal year 2022, we will provide a cost estimate and addendum to the engagement letter that will be based upon our standard hourly rates.

E. REFERENCES

RFP QUESTION: Provide a list of the municipal agencies for which the respondent has provided audit services for the past three calendar years.

CITY AND TOWN CLIENTS - The following table summarizes our most recent experience with audits of cities and towns. We are responsible for all phases of the work on these clients. **All of this work represents recurring annual audit and related work; all this work and that presented in the table was completed on or before the deadline from the first year listed for each client.** Please also see the References Section for names and current phone numbers for contacts on work quality and performance.

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Population > 100,000					
Concord	Audits of City financial statements, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019 - Present	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Population < 100,000					
Alameda	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City financial statements, Successor Agency, Single Audit, Transportation Measure	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City financial statements	2018 - Present	✓ Yes	✓ Yes	*
Benicia	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Brentwood	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Brisbane	Audit of City financial statements, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City financial statements, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City financial statements, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City financial statements and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes
Fairfax	Audit of Basic Financial Statements	2009 - Present	*	*	*
Half Moon Bay	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Lathrop	Audit of City financial statements, Single Audit	2011 - 2020	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City financial statements, Single Audit, Transportation Measure	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos Hills	Audit of City financial statements and North County Library Authority, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City financial statements, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes
Martinez	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Mill Valley	Audits of City Basic Financial Statements and Sewerage Agency of Southern Marin	2020 - Present	*	*	*
Morgan Hill	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes

E. REFERENCES (Continued)

CITY AND TOWN CLIENTS (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Oakley	Audit of City financial statements, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City financial statements, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pleasanton	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - 2020	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes
San Bruno	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Carlos	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes
San Pablo	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City financial statements, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
South San Francisco	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Watsonville	Audit of the City financial statements, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

As you can see from the client list above, we have a winning combination that has resulted in **strong client loyalty and retention. Several clients who left have returned after seeing the difference between our firm and our competitors. Others have gone through a full proposal process and retained us** such as the cities of Brentwood, Milpitas, Oakley, Pittsburg, Santa Clara and South San Francisco.

RFP QUESTION: Provide the information (Name of Agency, Name and Title of Contact Person, Brief Description of Scope of Services), for three client cities that are similar in size and scope to the project requested by this proposal.

REFERENCES- Our references are listed below. Please contact these clients for further information if you wish or call any of our clients for a reference (we would be happy to provide contact information for any of our current or previous clients).

E. REFERENCES (Continued)

City of Brentwood – A client since 2007

Address – 150 Park Way, Brentwood, CA 94513

Engagement Partner – Katherine Yuen (previously Amy Meyer)

Principal Contact – Kerry Breen, City Treasurer/Director of Finance & Information Systems,
(925) 516-5436

Work Scope and Reports

- Comprehensive Annual Financial Report (GFOA Award Winner)
- Memorandum on Internal Control and Required Communications
- Single Audit Act Report
- Transportation Development Act Audit Report
- Proposition 111 Agreed Upon Procedures Report
- Annual Reports of Financial Transactions for the City (State Controller's Report)

City of Daly City – A client since 1992

Engagement Partner – Amy Meyer

Principal Contact – Tim Nevin, Director of Finance and Administrative Services, (650) 991-8040
Daneca Halvorson, Financial Services Manager, (650) 991-8047

Work Scope and Reports:

- Comprehensive Annual Financial Report (GFOA Award Winner)
- Memorandum on Internal Control and Required Communications
- Single Audit Act Report
- Proposition 111 Agreed Upon Procedures Report
- Measures A and W Compliance Reports
- San Mateo County Pre-hospital Emergency Medical Services Group JPA Financial Statements
- Annual Report of Financial Transactions for the City (State Controller's Report)
- Transportation Development Act Audit

City of Belmont – A client since 1998

Engagement Partner – Amy Meyer

Principal Contact – Grace Castaneda, Finance Director, (650) 595-7436

Work Scope and Reports:

- Comprehensive Annual Financial Report (GFOA Award Winner)
- Memorandum on Internal Control and Required Communications
- Single Audit Act Report
- Belmont San Carlos Fire Department Financial Statements
- Transportation Development Act Audit
- Measures A and W Compliance Reports
- Measure I Compliance Report (Local Measure)
- Proposition 111 Agreed Upon Procedures Reports for the City and for the Belmont Fire Protection District
- Annual Reports of Financial Transactions for the City, Belmont San Carlos Fire Department, Belmont Fire Protection District and the Joint Powers Financing Authority (State Controller's Reports)

F. IMPLEMENTATION SCHEDULE

RFP QUESTION: Include a work schedule and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule. Any assumptions regarding turnaround time for City Staff review should be clearly noted.

TIMELINE FOR AUDIT WORK - We have timed our audit to complete all your reports so that they are ready to print by your deadlines. Of course, our timetable may be adjusted to fit your needs. We will start our work as soon as you appoint us as your auditors, with an entrance conference once the contract is executed.

The interim and year-end phases of the audit will take approximately one to two weeks. In the first year of the audit, we may schedule an additional week for our staff to review long-term agreements and prepare our audit workpapers to ensure a smooth transition throughout the audit process. And, the timing of the Single Audit work will be coordinated with the year-end field work, but the length of time needed for that work will depend upon the number of tested programs.

F. IMPLEMENTATION SCHEDULE (Continued)

The schedule below is a summarized version based on our previous timeline established with the City's Finance Department staff, but of course it can be modified to fit the City's needs:

- **March and April**
 - Interim Audit Fieldwork (interim checklist sent to the City at least two weeks prior to the start of fieldwork)
 - Interim Audit Exit Conference
 - Maze will go over the Interim Accounting Issues Memo
 - Maze to conduct Interim Fieldwork for Childcare Audit
- **May, June and July**
 - Maze will provide the Closing Checklist
 - Maze will provide confirmation templates and markups to letters
 - City will provide signed copies of the confirmation letters to Maze
 - City to provide listing of Attorneys used in FY2022 along with amounts paid to each
 - City to provide Attorney letter confirmations to Maze's office to send out, after Maze makes selection of Attorney letters to be sent
- **TBD (Prior to Year End Fieldwork)**
 - Maze to audit GASB 68 and 75 information prepared and provided by the City
 - Maze to conduct final TDA audit for FY 22, if needed
- **August 29:**
 - City to email trial balance to Maze
- **Week of September 5 (September 5th is a Holiday):**
 - Maze to prepare analytical review and send to the City
 - City to upload final checklist items to Maze's secure file sharing portal
- **Weeks of September 12 and September 19:**
 - Final phase of financial statement audit
 - Maze to conduct Childcare final phase audit
 - Maze to provide the fund financial statements draft for the City to review
- **Weeks of September 20 and October 3:**
 - Maze to provide financial statements roll-up for City to review
 - City to provide draft of transmittal letter, statistical section and introductory section of the Annual Comprehensive Financial Report
 - Maze to provide Annual Comprehensive Financial Report draft (will incorporate GFOA comments except for those related to City prepared documents in Annual Comprehensive Financial Report) and Open Items List
- **Week of October 10:**
 - Maze to provide the following report drafts to the City:
 - Memorandum of Internal Control (MOIC)
 - Gann Appropriations Limit AUP
 - Transportation Development Act (TDA)
 - Childcare Financial Statements
 - Draft of management representation letters for (City, TDA and Childcare)
 - City to provide the following to Maze:
 - Edits for Annual Comprehensive Financial Report
 - MD&A for Annual Comprehensive Financial Report ready for Maze to tick and tie and review
 - San Rafael Sanitary District (SRSD) to provide a copy of the Basic Financial Statements with signed audit opinion and Management Letter (if any)
 - Maze to perform input of SRSD information
 - Maze to send reports to internal Pre-Issuance Review (PIR)
- **Weeks of October 17 and 24:**
 - City to provide:
 - Edits to the following reports:
 - Memorandum on Internal Control (MOIC)
 - Transportation Development Act (TDA)
 - Childcare FS Draft
 - Management responses to MOIC, and findings for Childcare (if any)

F. IMPLEMENTATION SCHEDULE (Continued)

Audit Timeline (Continued):

- **Weeks of October 17 and 24 (Continued):**
 - Maze will also incorporate PIR changes for all reports and edits from City on all reports
 - Maze to provide the following:
 - Proposed edits on the MD&A
 - Revised Annual Comprehensive Financial Report draft
 - Maze to provide the following revised report drafts to the City:
 - Memorandum of Internal Control (MOIC)
 - Gann Appropriations Limit AUP
 - Transportation Development Act (TDA)
 - Childcare FS draft
 - City to provide:
 - Final edits to all reports
 - Signed management representation letters (City, TDA and Childcare)
- **TBD in October:**
 - City to visit on-site at Maze office to review final draft and Maze to provide revised draft the next day
 - Maze to provide final drafts with page numbers
 - City to review final report and provide any pagination edits
 - City to approve issuance of reports
- **Week of October 31:**
 - Maze to provide PDFs of reports.
- **By November 7 and 14, respectively:**
 - City to provide the Schedule of Federal Expenditure Award (SEFA) to Maze
 - Maze to provide single audit checklist to the City to prepare for the single audit fieldwork
- **TBD in November:**
 - Presentation of reports to the Council
 - Maze to provide bound copies of reports and 1 web-ready PDF.
- **Week of December 5:**
 - Maze to complete single audit fieldwork

ATTACHMENTS

EXTERNAL QUALITY CONTROL REVIEW/PEER REVIEW - We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2021; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements. A copy of our most recent peer review opinion is located at the end of this section.

A copy of our most recent external peer review report can be found here: <https://www.mazeassociates.com/wp-content/uploads/2021/10/2020-Peer-Review.pdf>

FEDERAL OR STATE DESK OR FIELD REVIEWS - We have not been subject to any State Desk or Field Reviews of our audits during the past three years. In addition, we have not received any disciplinary action taken or pending action against us during the past three years with state regulatory bodies or professional organizations.

LITIGATION - We have not been sued over poor work quality, nor have we paid any such claims out of court in the past three years, and there are no current and we are not aware of any potential lawsuits.

LICENSE TO PRACTICE IN CALIFORNIA - We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CalCPA).