

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of May 12, 2021

To: Board of Directors

From: Jason Webber, Fire Chief
Kevin Yeager, Deputy Director Fire
Helen Yu Scott, Finance Director

Subject: Approve Contract for Independent Audit Services from Badawi & Associates for Professional Auditing Services for FY2021 through FY2023 with two Additional Years Subject to Fire Chief Approval.

RECOMMENDATION:

That the Board approves the contract for independent audit services from Badawi & Associates, Certified Public Accountants for three fiscal years beginning 2020-2021 with two additional years subject to Fire Chief approval.

DISCUSSION/ANALYSIS:

The Department has worked with Maze & Associates Accountancy Corporation for more than ten years. Staff has found Maze & Associates' staff to be accurate, helpful, knowledgeable, and responsive.

In February 2020, following the completion of the fiscal year 2018-2019 annual audit and financial statement production, the Department partnered with the Town San Anselmo released a request for proposals (RFP) that was broadly distributed to firms providing financial audit services to public agencies in California. However, due to the unprecedented COVID-19 closure, the process was postponed for another year.

In February 2021, the Department released another RFP, which assumed a three-year term covering the auditing and reporting for fiscal years 2020-2021 through 2022-2023, with two additional years subject to Fire Chief approval. Nine firms submitted proposals by the March 19, 2021 deadline.

The Town Finance Staff evaluated the proposals on the firm's technical and qualitative ability to provide the audit services. Five firms were selected to interview with a panel of four, which included representations from the Fire Department, Town's Financial Advisory Committee member, Technical Staff, and Neighbor jurisdiction's seasoned Accounting Manager. These interviews provided an opportunity for these five firms to elaborate on their respective written proposals and present the full depth of experience and services. The panel used this information to select one of the firms for recommendation to the Board.

While the selected panel found two of the firms raise to the top, which were not ranked or prioritized, were: Badawi & Associates and Maze & Associates.

The Department has worked with Maze & Associates for a long period of time. To follow the industry best management practice of rotating its auditor and provide a “fresh look.” The Department decided to award the contract to Badawi & Associates.

FISCAL IMPACT:

The cost associated with audit services provided under the contract will be included in the annual budget development process.

Service	2020-21	2021-22	2022-23	Option Year 2023-24	Option Year 2024-25
Financial Statement Audit	\$15,155	\$15,620	\$15,985	\$15,985	\$15,985
Single Audit Act Report	2,260	2,385	2,360	2,360	2,360
Total for Fiscal Year (Not-to exceed)	\$17,415	\$18,005	\$18,345	\$18,345	\$18,345

The actual costs in each of these years will be affected by the number of program audits required to comply with federal single audit reporting requirements. In addition, the contract provides for amendments and additions to audit scope that the Fire Chief may direct to meet auditing Department needs beyond those expressed in the RFP.

CONCLUSION:

Staff recommends that the Board accepts the report and adopts the Resolution as presented.

- Attachments:** Resolution 20-05 for Financial Auditing Services
 Engagement Letter from Badawi & Associates, Certified Public Accountants
 Exhibit A – Request for Proposal – Audit Services
 Exhibit B – Proposal 2021 – Technical Proposal Only
 Exhibit C – Proposal 2021 – Cost Proposal Only

ROSS VALLEY FIRE DEPARTMENT

RESOLUTION 21-05

A RESOLUTION OF THE ROSS VALLEY FIRE DEPARTMENT BOARD OF DIRECTORS APPROVING AND AUTHORIZING THE FIRE CHIEF TO ENGAGE BADAWI & ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS TO PROVIDE FINANCIAL AUDITING SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2021 THROUGH JUNE 30, 2023, WITH OPTIONS FOR THE FISCAL YEARS ENDING JUNE 30, 2024 AND JUNE 30, 2025

WHEREAS, the Department and Town of San Anselmo issued a joint request for proposals for financial auditing services; and

WHEREAS, the Department received service and pricing proposals from several firms qualified to provide the services sought by the Department; and

WHEREAS, the Department staff has completed a selection process and recommend the firm Badawi & Associates, Certified Public Accountants to provide such auditing services; and

WHEREAS, the Department's staff report includes a proposed professional services agreement with three exhibits: (A) the request for proposal (B) the services proposal submitted by Badawi & Associates, Certified Public Accountants, and (C) the pricing proposal provided by Badawi & Associates, Certified Public Accountants.

NOW THEREFORE, THE BOARD DIRECTORS OF THE ROSS VALLEY FIRE DEPARTMENT HEREBY RESOLVES that the Fire Chief is authorized to engage Badawi & Associates, Certified Public Accountants, for the financial audit services.

I hereby certify that the foregoing resolution was passed and adopted by the Ross Valley Fire Department Board of Directors on the 12th day of May 2021 by the following vote, to wit:

Ayes:

Noes:

Absent:

Ford Greene, President

Abstain:

Mariana Gonzalez, Administrative Assistant



April 29, 2021

To the Board of Directors
of the Ross Valley Fire Department
c/o Ms. Helen Yu-Scott, Finance and Administrative Services Director
777 San Anselmo Ave
San Anselmo, CA 94960

Dear Ms. Yu-Scott:

You have requested that we audit the financial statements of the governmental activities and general fund of the Ross Valley Fire Department (Department), as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. In addition, we will audit the entity's compliance over major federal award programs for the period ended June 30, 2021. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs.

Accounting principles generally accepted in the United States of America (U.S. GAAP) require that certain required supplementary information (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedule for the General Fund
- 3) Required Pension Information
- 4) Required Other Post Employment Benefits Information

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and, if applicable, in accordance with any state or regulatory audit requirements. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America and, if applicable, in accordance with any state or regulatory audit requirements. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Reporting

We will issue a written report upon completion of our audit of the Department's basic financial statements. Our report will be addressed to the governing body of the Department. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of the Department's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received, including federal awards and funding increments received prior to December 26, 2014 (if any), and those received in accordance with the Uniform Guidance (generally received after December 26, 2014);

4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For the design, implementation, and maintenance of internal control over federal awards;
7. For establishing and maintaining effective internal control over federal awards that provides reasonable assurance that the nonfederal entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
8. For identifying and ensuring that the entity complies with federal statutes, regulations, and the terms and conditions of federal award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
9. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
10. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
11. For taking prompt action when instances of noncompliance are identified;
12. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;

20. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

Nonaudit Services

With respect to any nonattest services we perform, which will include assisting in preparation of the financial statements and related notes of the Department in conformity with U.S. GAAP based on information provided by you, we will not assume management responsibilities on behalf of the Department. However, we will provide advice and recommendations to assist management of the Department in performing its responsibilities.

The Department's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards issued by the AICPA that apply to preparation of financial statements when performing an audit of such financial statements, in addition we will comply with independence requirements stated in Section 1.295 of the AICPA Code of Professional Conduct.
- This engagement is limited to the preparation services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account codings and approving journal entries.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

Reproduction of the Auditor's Report

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Fees and Timing

We expect to begin our audit in approximately May 2021 and to issue our reports no later than December 2021.

Ahmed Badawi, CPA, is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Badawi and Associates' services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services are what we agreed on the audit proposal. We will submit our bill for services on a progress basis, and billings are due upon submission. In accordance with firm policies, work may be suspended if fees are not paid in a timely manner. If the account is not paid in full when due, you agree to pay all expenses of collection, including legal fees. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s).

Assistance by Your Personnel

Whenever possible, we will attempt to use the Department's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any Badawi and Associates professionals assigned to the audit, during the one year period prior to the commencement of the year-end audit. Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence has been compromised. As such, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under any such agreement(s). By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Badawi and Associates and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Badawi and Associates' personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the release date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for improved controls over your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

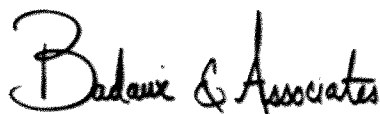
- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,



Badawi and Associates
Certified Public Accountants
Berkeley, California

RESPONSE:

This letter correctly sets forth the understanding of the Ross Valley Fire Department.

Ross Valley Fire Department

Acknowledged and agreed on behalf of the Ross Valley Fire Department by:

Name: _____

Title: _____

Date: _____



Report on the Firm's System of Quality Control

Badawi & Associates

Oakland, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the **accounting** and auditing practice of Badawi & Associates (the firm) in effect for the year ended February 28, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Peer Review Report
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Opinion

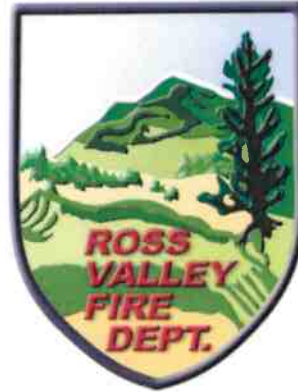
In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 28, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Badawi & Associates has received a peer review rating of *pass*.

GYL LLP

Ontario, California
May 31, 2019



**TOWN OF SAN ANSELMO
ROSS VALLEY FIRE DEPARTMENT**



**REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES**

TOWN OF SAN ANSELMO
525 San Anselmo Ave,
San Anselmo, CA 94960

Issued on February 19, 2021

PROPOSALS DUE:

3:00 p.m. March 19, 2021

Introduction

The Town of San Anselmo (Town) performs financial services for and Ross Valley Fire Department. The Town and the Ross Valley Fire Department (RVFD) are requesting proposals from qualified firms of certified public accountants to audit the Town and RVFD's financial statements and, if needed, perform a Single Audit for the three fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023, with the option of extending the services for two subsequent fiscal years. The proposals shall be submitted by 3:00 p.m. on March 19, 2021.

These audits are to be performed in accordance with the generally accepted auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards (1994) issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

There is no expressed or implied obligation for the Town and RVFD to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

All interested parties are invited to submit three (3) copies and one electronic copy of your services proposal and one (1) copy of your pricing proposal to the Town of San Anselmo in accordance with the specifications of the RFP. The submittal of the proposal should be marked, "Professional Auditing Services Proposal", must be received by March 19, 2021 at the address listed below:

Town of San Anselmo
Attn: Helen Yu-Scott
Finance and Administration Services Director
525 San Anselmo Ave,
San Anselmo, CA 94960

Electronic Proposals sent to: townclerk@townofsananselmo.org

Proposal received after the deadline will not be considered.

The Town reserves the right to accept or reject any or all proposals submitted.

Background

A. Description of the Town of San Anselmo and Ross Valley Fire Department

The Town of San Anselmo is a general law town with a Town Manager form of government. The Town Council consists of five (5) members elected at large. In addition, the Town has an elected Town Treasurer and Town Clerk. San Anselmo was incorporated as a municipal corporation on April 9, 1907.

The Town has a population of approximately 12,500 and employs 34 permanent full-time positions. With an annual General Fund budget of \$17 million and other funds totaling about \$10 million, it provides this primarily residential community with a range of services. Town departments include: Finance and Administration; Library; Planning; Public Works (Engineering, Building, Streets and Parks); and Recreation. Fire and Police services are provided through Joint Powers Authority agreements by Ross Valley Fire Department and Central Marin Police Authority, respectively.

Ross Valley Fire Department provides fire services for the communities of Town of Fairfax, Sleepy Hollow Fire Protection District, Town of Ross, and Town of San Anselmo. The communities consolidated Fire services on July 1, 2012.

RVFD was created in 1982. An amended and restated Joint Powers Agreement was entered into effective July 1, 2010, between the Town of Fairfax, Town of San Anselmo, and the Sleepy Hollow Fire Protection District to provide fire protection, emergency medical and related services within their respective jurisdictions. On July 1, 2012, the RVFD entered into a First Amendment to the Amended and Restated Joint Powers Agreement to admit the Town of Ross as a member. RVFD is governed by an eight-voting member Board of Directors, consisting of, two from each of the member agencies. RVFD's budget for fiscal year 2020-2021 is approximately \$11.5 million.

Copies of the Town and RVFD budgets and annual reports can be found at:

<https://www.townofsananselmo.org/123/Financial-Reports>

<https://www.rossvalleyfire.org/about/board/board-meetings>

1. Schedule of Events

This request for proposal will be governed by the following schedule:

Release of RFP	February 19, 2021
Deadline for Written Questions	March 5, 2021
Responses to Questions Posted on Web	March 12, 2021
Proposals are Due	March 19, 2021
Interviews	April 12 – 16, 2021
Proposal Evaluation Completed	April 23, 2021
Approval of Contract (tentative date)	May 11, 2021

2. Scope of Work

The Town requires Financial Statements for the Town of San Anselmo and Ross Valley Fire Department to be prepared by the independent auditor and be fully compliant with current GASB requirements for each of the subsequent years of the audit firm's contract with the Town.

The selected independent auditor will be required to perform the following tasks for each fiscal year:

The audit firm will perform an audit of all of the funds. Report preparation of the basic financial statements, including government-wide financial statements and fund financial statements, for all funds, and accompanying notes to the financial statements and supplemental statements shall be the responsibility of the auditor. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the Town.

The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 as needed basis.

The audit firm shall perform agreed-upon auditing procedures pertaining to the Town's GANN Limit (Appropriation Limit) and render a letter annually to the Town regarding compliance.

The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions.

In the required report on internal controls, the auditor shall communicate any reportable conditions found during the audit. Reportable conditions that are also material weaknesses shall be identified in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referenced in the report on internal controls.

The auditors shall be required to make an immediate written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the Town Council and Town Manager.

Provide the Town with hard copies of the report and clean PDF of all reports.

The audit firm will present the results of the audit to the Town Council, RVFD's Board and address questions presented at regular meetings as needed basis.

3. Assistant to be Provided

The Town will provide the auditor with a Trial Balance and all of the accounting transaction detail necessary to perform the audit. Town staff will prepare all confirmations and auditors shall mail. The Finance Department staff will be available during the audit to assist the auditors by providing information, documentation and explanations. The auditors will be expected to coordinate their services with the Finance and Administration Services Director.

The Town may determine that additional services are necessary and may contract with the audit firm to perform those services. All additional services shall be documented and approved the Town Manager or Fire Chief for the Town or RVFD, respectively. The fee for additional services shall be negotiated separately at the time of the engagement.

4. Proposal Requirements

The Town will accept proposals from firms in a two steps process. Proposal firms are asked to submit their proposals in two separate sealed envelopes: the main proposal highlighting their technical and qualitative abilities and the second envelope with their pricing for the deliverables and hourly rates for additional work. The Town will screen the "services proposals for the purpose of inviting two or three firms to proposal interviews. The Town will only open the pricing of the top three rated firms from the proposal screening (the Town may choose to interview fewer than three firms). Proposals and unopened pricing envelopes will be kept by the Town until a contract is signed with the selected firm or firms.

Services Proposal (Three copies)

1. Summary of Firm's Qualifications

a. The proposer shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and all personnel who may be assigned to work on the audit. Include brief summaries of their background (including if they hold a CPA license) and experience in auditing cities as well as their assigned responsibilities under the proposal.

b. The proposer is also required to submit a copy of the report on its most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

The firm also must disclose information on the circumstances and status of any disciplinary action taken or pending against the firm during 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.

2. Independence

The firm shall provide an affirmative statement that is independent of the Town and RVFD as defined by the U.S. General Accounting Office's Government Auditing Standards (1994 edition, with all subsequent amendments).

3. License to Practice in California

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

4. List of References

a. Provide the names, address and telephone numbers of at least three (3), maximum of five (5) current municipal audit clients served by your local office.

b. Indicate the scope of work, dates, and total hours for each.

5. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in section six of this request for proposal.

Proposers should consider providing the following information on their audit approach:

a. Proposed segmentation/staging of the engagement.

The Town of San Anselmo and RVFD RFP for Professional Auditing Services

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

c. Sample size and the extent to which statistical sampling is to be used in the engagement.

d. Type and extent of analytical procedures to be used in the engagement.

- e. Approach to be taken to gain and document an understanding of the internal control structure.
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- h. Provided By Client (PBC) List.

The proposal shall include a list of standard client-prepared audit schedules the firm anticipates Town staff will provide as audit support.

Pricing Proposal (One copy)

The Pricing Proposal must be submitted in a separate envelope and should include the following three components:

1. Total All-Inclusive Maximum Price

The dollar cost bid shall contain all pricing information relative to performing the audit engagement for each of the three (3) contract years as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs shall not be included in the proposal.

It shall include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, Empowered to submit the bid, and authorized to sign a contract with the Town
- c. A Total All-Inclusive Maximum Price for each year of the engagement.

2. Rates

Rates by Partner, Specialist, Supervisory and Staff Level; Times Hours Anticipated for each.

The bid shall include a schedule of professional fees and expenses, presented in the format provided in section six below, supporting the total all-inclusive maximum price for each year. The cost of special services described in section six of this request for proposal shall be disclosed as separate components of the total all-inclusive maximum price.

3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing(s) shall cover a period of not less than a calendar month. Invoices for separate reports should be sufficiently detailed or segregated to facilitate the charging of costs to the programs/activities being audited.

5. Evaluation Procedures

The Town will work with the Town's Financial Advisory Committee and RVFD to establish a Review Committee to evaluate proposals and interview all final candidates. Staff will make a recommendation of one firm to the Town Council/Fire Board for its consideration and approval.

Proposals will be evaluated to ascertain which proposing firm best meets the need of the Town. The following criteria will be used to evaluate responses to this proposal:

1. The audit firm is independent and licensed to practice in California
2. The firm has no conflict interest regarding any other work performed by the firm for the Town or RVFD
3. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
4. The firm submits a copy of its latest external quality control review report and the firm has a record of quality audit work
5. The firm's past experience and performance on comparable government engagements
6. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
7. The firm's indication of its ability to meet timeframes for completing the indicated reports.
8. Reasonableness of hours and level of staff dedicated to completing the audit services as indicated by the schedule of audit hours
9. References.

All proposals will be evaluated by using the criteria of factors, after which time the pricing proposals will be opened. After the top firms have been selected, the Town may invite up to three firms for on-site interviews. Additional, less formal interviews and requests for information may be arranged anytime during the selection process to assist in making the final decision.

The selected firms will interview with an evaluation panel that will include at least one member of the Town's Financial Advisory Committee. The pricing will be summarized for the evaluation panel. Copies of the proposals of the firms to be interviewed will be provided to the evaluation panel along with the results of the screenings.

The Town reserves the right to select a firm or two on any combination of price, experience in auditing governmental agencies, special Fire services, references and other features that are deemed to be in the best interests of the Town and RVFD. All factors will be considered in the selection process.

It is anticipated that a firm will be selected by May 14, 2021. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 2021.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town, RVFD and the firm selected.

The Town reserves the right without prejudice to reject any or all proposals.

6. Schedule of Professional Fees and Expenses for the Audit of the June 30, 2021 Financial Statements

The maximum fees for the audit of the Town and RVFD should be provided in the following format for fiscal years ended June 30, 2021, 2022, 2023, 2024 and 2025. The fees should be inclusive of any out of pocket expenses incurred by the audit firm:

Service	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
Town FS/CAFR Audit	\$				
Single Audit Act Report	\$				
Appropriations Limit	\$				
Total for Fiscal Year (not-to exceed)	\$				

Service	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
RVFD FS/CAFR Audit	\$				
Single Audit Act Report	\$				
Total for Fiscal Year (not-to exceed)	\$				

Service	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
Partner	\$				
Manager	\$				
Senior auditor	\$				
Staff auditor	\$				
Clerical					
Miscellaneous	\$				

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, authorized to enter into a contract with the Town or RVFD or both for the services identified in the RFP.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Town of San Anselmo

TECHNICAL PROPOSAL

For Professional Auditing Services for the Town of San Anselmo

For fiscal years ending June 30, 2021 through 2023,
with the option of extending the services for two
subsequent fiscal years.

March 19, 2021

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com



Town of San Anselmo

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March 19, 2021

Ms. Helen Yu-Scott
Finance and Administration Services Director
Town of San Anselmo
525 San Anselmo Ave,
San Anselmo, CA 94960

Dear Ms. Yu-Scott:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the Town of San Anselmo (the "Town") for the fiscal years ending June 30, 2021 through 2023, with the option of extending the services for two subsequent fiscal years. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the Town in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1984, as amended in 1996), and the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, Uniform Administrative Requirements, as well as any other applicable federal, state, local or programmatic audit requirements.

We will also perform the following as part of our audit:

- Town Single Audit (If required)
- GANN Limit Agreed-upon Procedures
- Ross Valley Fire Department (RVFD) Audit
- Ross Valley Fire Department (RVFD) Single Audit (if required)

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the Town.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the Town on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Mr. Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
Telephone: (510)768-8244
E-mail: abadawi@b-acpa.com

Ms. Helen Yu-Scott
Finance and Administration Services Director
Town of San Anselmo
Page 2

We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous cities throughout California. We will be responsive to the needs of the Town, we understand the Town's operational environment, and pledge to you our complete commitment to providing a quality product that meets the Town's requirements.

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the Town's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of Town operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and Town Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the Town. Our past experience provides us with a thorough understanding of the needs and requirements of the Town, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi
Partner
Badawi & Associates
Certified Public Accountants

Independence

Independence

The Firm is independent of the Town of San Anselmo and Ross Valley Fire Department (RVFD) as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

**Firm
Qualifications
and
Experience**

Insurance

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as the Town's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to the Town which shows the minimum requirements identified by Town have been met.

License to Practice in California

The Firm and all key professional staff assigned to the Town's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO *Government Auditing Standards*.

The Firm is registered with the California State Board of Accountancy. Its State number is COR6823.

The Firm has met all required State and local laws, rules, and regulations.

Firm Qualifications

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 20 years of experience working with state and local government with a special focus on cities. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Berkeley, CA, the Firm serves a variety of cities and towns throughout California as well as conducting financial related services for numerous special districts and authorities. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Berkeley office will be the Engagement Office assigned to the Town.

In addition to specific Town financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements.

The Engagement Partner assigned to the Town will be Mr. Ahmed Badawi. Mr. Badawi has over 20 years of government audit experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the Town's finance department.

Technical Approach

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the Town's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of Town operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and Town Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

- 1) **Initial Planning Meeting:**
The Engagement Partner and Manager will meet with Town Management to discuss the audit approach, identify specific needs of Town Management, and familiarize themselves with Town policies and practices.
- 2) **Interim:**
The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, evaluate compliance with Single Audit Act requirements, identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and Town Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the Town on providing a list of those tasks that we will target to complete during interim and work with the Town on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the Town in meeting its goal of issuing the Comprehensive Annual Financial Report.**
- 3) **Year-end:**
The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.
- 4) **Reporting:**
Auditor's reports for all Town reporting entities and compliance requirements will be finalized along with Single Audit Reports and Management Letter comments. The Partner and Manager will be available to make presentations to the Town Council and/or designated bodies.

Firm Experience

The Firm is located in Berkeley, and provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the Town's operational needs. Additionally, this situation provides the Town with an auditing firm that has depth in capabilities to address any financial issue the Town may need assistance with, and the quality audit approach that you expect.

Our Berkeley office will be the Engagement Office assigned to the Town.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the Town that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of Town processes, and benefiting the Town with his broad municipal experience. We have found that this effort benefits the Town and the Firm through developing a thorough knowledge of the Town's practices and issues and establishing a close working relationship with the Town's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- | | | |
|--------------------------|---|-----------------------------|
| • Cities | • Waste Management Authorities and Operations | • Investment Activities |
| • Redevelopment Agencies | • Pension Plans | • Landfills |
| • Financing Authorities | • Child Care Operations | • Enterprise Funds |
| • Housing Authorities | • Joint Power Authorities | • Airports |
| • Special Districts | | • Transportation Operations |
| • Water Districts | | • Federal and State Grants |

Additional Activities

We offer a full range of accounting and finance services to the governmental sector. These services include:

- | | |
|---|---|
| • Financial audits | • Operational reviews |
| • Compliance audits | • Technical guidance on existing and upcoming accounting issues |
| • Tax advice | • Training seminars |
| • Development of financial and accounting policies and procedures | • Pension/profit-sharing plans |
| • Investment review and compliance evaluation | • Performance audits |
| | • Business consulting |

Consequently, Firm personnel are well qualified to perform the services expected by the Town.

Client Training Seminar

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in the Bay Area.

GASB 68 Firm Developed Tools and Assistance

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

Quality Control Review

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.



Report on the Firm’s System of Quality Control

Badawi & Associates

Oakland, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Badawi & Associates (the firm) in effect for the year ended February 28, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm’s Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer’s Responsibility


Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ▪ Advisors

-  4120 Concourse, Suite 100, Ontario, CA 91764
-  909.948.9990 / 800.644.0696 / FAX 909.948.9633
-  gvl@gylcpa.com
-  www.gylcpa.com



Peer Review Report
Page 2 of 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 28, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Badawi & Associates has received a peer review rating of *pass*.

GYL LLP

Ontario, California
May 31, 2019

GYL

B&A has policies and procedures to ensure it hires only qualified people, that it properly supervises them and provides professional training, that it advances them to responsibilities they are capable of handling, and that it provides them with necessary technical resources. All members of B&A are very familiar with the stringent quality control standards established by the AICPA.

The Firm is a member of the AICPA Government Audit Quality Center.

The Firm is a member of the AICPA Private Companies Practice Section.

Federal or State Desk Reviews

The Firm has had no negative federal or state reviews in the past three (3) years.

Disciplinary Action

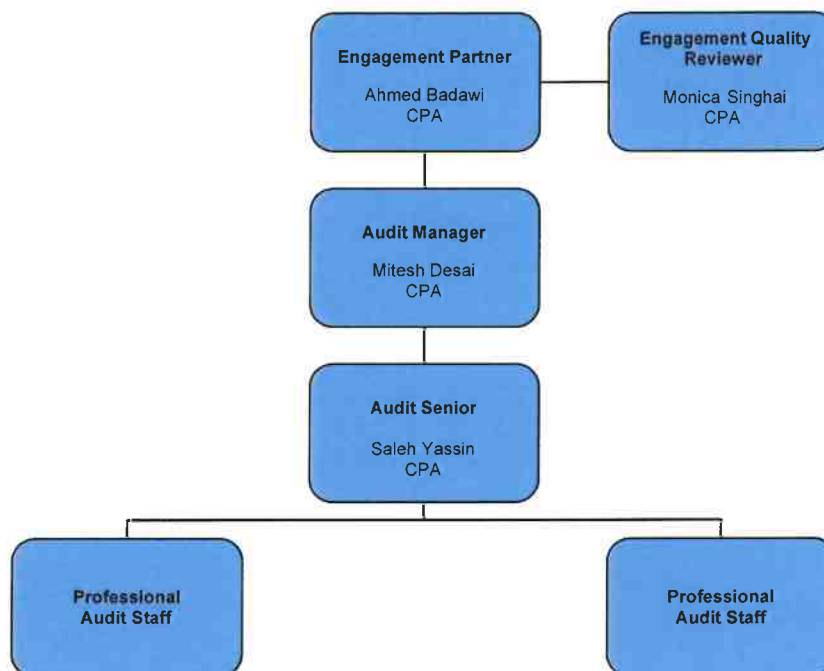
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

Litigations

The Firm has not experienced any lawsuits or legal actions that have been resolved or are currently pending in the prior five years.

**Partner,
Supervisory,
and Staff
Qualifications
and
Experiences**

The Engagement Team will normally consist of six individuals who provide a broad business perspective and significant experience in governmental auditing. This team will provide access to a wide range of technical capabilities which will provide the Town with not only the technical support necessary to perform the audit, but also the broad business background to interpret findings and observations to offer effective solutions to issues, and the personal involvement of the Engagement and Compliance Partners of the Firm.



The Engagement Team will be led by Ahmed Badawi, CPA. Mr. Badawi’s background includes over twenty years of municipal auditing experience with a special focus on cities. He is the instructor of the CSMFO “Introduction to Governmental Accounting” training classes. Mr. Badawi is a member of the Government Accounting and Auditing Committee of the California Society of Certified Public Accountants. He has participated in the audits of numerous Town, county and special district governments, as well as non-profit entities. His diversified background offers the technical qualities required of the governmental and non-profit areas and the necessary wherewithal to properly evaluate the entire accounting process, develop opportunities to improve the accounting process, and to offer practical business recommendations.

The second member of the Engagement Team will be Mitesh Desai, CPA. Mr. Desai’s background includes thirteen years of experience in municipal auditing. Mr. Desai has participated in the audits of numerous governmental agencies, assisted in their efforts to publish their Comprehensive Annual Financial Reports in compliance with GASB 34, and a volunteer member of the GFOA Special Review Committee. Mr. Desai has also achieved the Advanced Single Audit Certificate offered by the AICPA. He will serve as the Audit Manager.

The third member of the Engagement Team will be Saleh Yassin, CPA. Mr. Yassin’s background includes nine years of accounting and auditing experience. He has participated in the audits of numerous governmental entities and assisted in their efforts to publish their financial statements in compliance with various regulations, and is a volunteer member of the GFOA Special Review Committee. Mr. Yassin will be the Audit Senior of this engagement.

The fourth member of the Engagement Team will be Monica Singhai, CPA. Mrs. Singhai's background includes over seventeen years of experience in municipal auditing. She has participated in the audits of numerous governmental agencies and assisted in their efforts to publish their financial statements in compliance with various regulations. Mrs. Singhai will be the Engagement Quality Reviewer of this engagement.

Each member of the Engagement Team participates in continuing education programs offered by the AICPA and California State Society of Certified Public Accountants, and each has met the continuing education requirements for municipalities. In addition, the firm offers at least 60 hours of in-house CPE annually focused mainly on municipal audits.

Professional Development:

The Firm maintains a comprehensive training program targeted at appropriate professional staff levels. It utilizes in-house developed educational programs, AICPA and California CPA Foundation educational programs, and on-the-job training.

The Firm's annual training schedule which officially begins in April for all professional staff and administrative staff includes comprehensive in-house training sessions on such topics as:

- Review of principles of accounting and financial reporting for state and local governments
- Review of governmental fund types and account groups
- Review of newly issued generally accepted auditing standards and GAO auditing standards
- Review of Internal Control evaluation approaches including COSO principles
- Updates on recent governmental accounting and reporting guidelines
- Review of Single Audit requirements and approaches
- Review of financial audit approaches
- Overview of audit and internal control work paper techniques
- Review of GASB reporting requirements
- Review of current issues facing the governmental community

During the year, professional staff members are sent to various educational sessions sponsored by the AICPA and California State Society of CPAs, as considered appropriate for the level and need of the individual. These classes include, among others:

- Governmental Financial Reporting Standards and Practices
- Yellow Book: Government Auditing Standards
- Financial Accounting Standards: Comprehensive Review
- Single Audit
- Governmental Auditing & Accounting Update
- Governmental Accounting Principles
- Comprehensive Review of Generally Accepted Auditing Standards

The result of the Firm's training program is the production of a highly educated and competent municipal audit group capable of performing an efficient and effective audit for the Town.

The Engagement Team members will continue their professional development efforts.

Staff Retention and Continuity:

The Firm's policy on providing service to our clients includes a commitment to maintaining continuity of audit personnel. We cannot guarantee that our staff will remain with the Firm. However, to encourage our staff to remain with us, we pay competitive wage rates; offer promotional opportunities; provide state-of-the-art equipment and excellent working conditions; and offer various benefits, such as retirement plans, medical plans, profit sharing programs, educational benefits, and other such benefits. We can also guarantee that the partner will be involved in future years. Continuity of audit staff is of prime concern to us and because of the hands-on involvement of the partner; we can assure you that future years' audits will be conducted in an efficient and effective manner with qualified and experienced professionals.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

Resumes of each member of the Engagement Team follow.

Ahmed Badawi, Certified Public Accountant – Engagement Partner

Length of Career

- Twenty years’ experience in municipal auditing and accounting with a special focus on cities
- Certified Public Accountant for the State of California

Professional Experience

- Partial listing of clients served:

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Albany	X	X	X			X
Antioch	X	X		X	X	X
Azusa	X	X			X	X
Berkeley	X	X	X		X	X
Buena Park	X	X	X		X	X
Burlingame	X				X	X
Dublin	X	X				X
East Palo Alto	X	X			X	X
Foster City	X	X	X		X	X
Fremont	X	X	X			X
Menlo Park	X	X	X		X	X
Newark	X	X	X			X
Pleasanton	X	X		X		X
Richmond	X	X	X	X	X	X
San Bruno	X	X	X		X	X
San Leandro	X	X	X			X
San Luis Obispo	X				X	X
San Mateo	X	X	X		X	X
Susanville	X					X
Turlock	X	X	X	X	X	X
Union City	X	X	X		X	X
Vacaville	X	X	X	X		X
Walnut Creek	X	X	X		X	X
Yountville	X	X			X	X
Yuba City	X	X	X		X	X
Child Care Programs:						
Contra Costa County Child Care	X					X
Menlo Park Child Care	X					X
Stanislaus County Childcare	X					X
Counties:						
Santa Cruz County	X	X	X	X	X	X
Contra Costa County	X	X	X	X	X	X
County of Lassen	X	X			X	X
Special Districts and Other:						
Coastside Fire Protection District	X					X
Southern Marin Fire Protection District	X					
Aptos/La Selva Fire Protection District	X					
Central County Fire District	X					
Marin Municipal Water District	X					X
Alameda County Water District	X				X	X

- Has performed numerous financial audits, Single Audits, Transportation Development Act audits, housing audits, electrical utility audits, RDA audits, PFA audits, and Trust Fund audits, and has prepared numerous Comprehensive Annual Financial Reports

Education

- BS Degree in Accounting from the University of Alexandria, Egypt

Professional Activities

- Instructor, CSMFO’s “Introduction to Governmental Accounting” training class
- Member, CALCPA Government Accounting and Auditing Committee
- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Member, Government Finance Officers Association
- Member, California Society of Municipal Finance Officers

Continuing Education

- Has met the current CPE educational requirements to perform audits on governmental agencies

Mitesh Desai, Certified Public Accountant – Professional Audit Manager

Length of Career

- Thirteen years’ experience in municipal auditing with a special focus on cities
- Certified Public Accountant for the State of California

Professional Experience

- Has performed numerous financial audits, Single Audits, RDA audits, PFA audits, Transportation Development Act audits, and housing audits

	Services Provided					
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	Other
Cities:						
Albany	X					
Antioch	X				X	X
Azusa	X	X			X	X
Berkeley	X	X	X		X	X
Buena Park	X	X			X	X
East Palo Alto	X	X			X	X
Foster City	X	X	X		X	X
Fremont	X	X	X		X	X
Lemon Grove	X				X	
Menlo Park	X				X	X
Newark	X	X	X			X
Oakdale	X	X			X	X
Pittsburg	X	X	X		X	X
Placerville	X	X			X	X
Rio Vista	X		X		X	X
San Mateo	X	X	X		X	X
Susanville	X					
Turlock	X				X	X
Union City	X				X	X
Vacaville	X	X	X	X		X
Yountville	X				X	X
Yuba City	X	X			X	X
Child Care Programs:						
Menlo Park Child Care	X					X
Stanislaus County Childcare	X					X
Non-profits:						
Golden Valley Health Centers	X					X
Housing Endowment and Regional Trust	X					
Newark Betterment Corporation	X					
Special Districts and Other:						
Coastside Fire Protection District	X					X
Alameda County Water District	X					X
Alameda County Medical Center	X	X				X
Castro Valley Sanitary District	X					
Cosumnes Community Services District	X					
Marin Municipal Water District	X					
West County Wastewater District	X					X
Contra Costa Child Development Programs	X					X
Stanislaus County Childcare	X					X

Education

- BS Degree in Business Economics with an emphasis in Accounting from University of California, Santa Barbara

Professional Activities

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Municipal Accounting
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Saleh Yassin, Certified Public Accountant – Professional Audit Senior

Length of Career

- Nine years' of experience in auditing
- Certified Public Accountant for the State of California

Professional Experience

- Has performed numerous financial audits, Single Audits, RDA audits, PFA audits, Transportation Development audits, and housing audits

	Services Provided					
	Financial Audit	SCO Report	Single Audit	PFA Audit	Enterprise Fund	Other
<u>Cities:</u>						
Albany	X				X	X
Antioch	X				X	X
Azusa	X				X	X
Berkeley	X				X	X
East Palo Alto	X				X	
El Cerrito	X					
Larkspur	X				X	X
Newark	X				X	X
Oakdale	X				X	X
Petaluma	X	X		X	X	
Pinole	X				X	X
Richmond	X	X	X		X	X
San Luis Obispo	X				X	
San Mateo	X				X	
Sebastopol	X	X			X	
Solvang	X				X	
Vacaville	X	X	X		X	X
Yountville	X				X	
Yuba City	X				X	X
<u>Special Districts:</u>						
Southern Marin Fire Protection District	X					
Central County Fire District	X					
Zayante Fire Protection District	X					
Hayward Area Recreation and Park District	X	X	X			
Regional Government Services Authority	X					
San Mateo Mosquito District	X	X				
Sutter Animal Services Authority	X					
Sutter Butte Flood Control Agency	X					
<u>Non-profits:</u>						
Housing Endowment and Regional Trust	X					
Newark Betterment Corporation	X					

Education

- BA Degree in Accounting from University of Asmara, Eritrea

Professional Activities

- Member, American Institute of Certified Public Accountants
- Member of the Association of Chartered Certified Accountants
- Volunteer Member, GFOA Special Review Committee

Continuing Education

- Various municipal accounting courses offered by the California Society of CPAs and local universities including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Municipal Accounting
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies

Monica Singhai, Certified Public Accountant – Engagement Quality Reviewer

Length of Career

- Seventeen years’ of experience in auditing with special focus on municipalities.
- Certified Public Accountant for the State of California.

Professional Experience

- Has participated in several financial audits, Single Audits, RDA audits and PFA audits

	Services Provided					Other
	Financial Audit	Single Audit	RDA Audit	PFA Audit	Enterprise Fund	
Cities:						
Berkeley	X	X				X
East Palo Alto	X					X
Menlo Park	X	X				X
Redwood City	X	X				X
Special District:						
Alameda County Fire District	X					
Alameda County Law Library	X					
Burbank Sanitary District	X					X
Lions Gate Community Service District	X					
Los Medanos Community Health Care District	X					
Oakland-Alameda County Coliseum Authority	X					
School District:						
Bayshore Elementary School District	X					
Belmont-Redwood Shores School District	X	X		X		
Brisbane School District	X					
Jefferson Elementary School District	X	X				
La Honda-Pescadero Unified School District	X	X		X		
Pacifica School District	X	X				
Ravenswood City School District	X	X				X
Redwood City School District	X	X				
San Mateo-Foster City School District	X	X				X
Charter schools:						
Oakland Military Institute College Preparatory Academy	X	X				
Sacramento Valley Charter School	X					
West Sacramento College Prep Charter School	X					
First 5:						
First 5 Alameda County	X	X				
First 5 Inyo County	X					
First 5 Marin County	X					
First 5 Monterey County	X					
First 5 Santa Cruz County	X					
Others:						
Alameda County Housing Community Development Agency	X	X				X
Alameda County Redevelopment Agency	X		X			
Alameda County Successor Agency	X					
City of Oakland - Measure C	X					
City of Oakland - Measure Y	X					
City of Oakland - Child Care and Development Program	X					
City of Oakland - Wildfire Prevention Assessment District	X					

Education

- Bachelor of Science in Accounting from Jabalpur University, India.

Professional Activities

- Member, California Society of Certified Public Accountants.
- Member, Institute of Chartered Accountants of India.

Continuing Education

- Various local governments and not for profit accounting courses offered by the California Society of CPAs and AICPA including:
 - Governmental Financial Reporting Standards and Practices
 - Yellow Book: Government Auditing Standards
 - Single Audit
- Has met the current CPE educational requirements to perform audits on governmental agencies.

Similar Engagements with Other Governmental Entities

The tables below and on the following page are a partial listing of our clients similar to the Town, and illustrates the many different types of components involved in each audit engagement that present very difficult and complex auditing and accounting challenges (in order of audit hours).

* Indicates cities with population over 50,000

** Indicates cities with governmental revenues over \$100 million and population over 50,000

City	Client Since	Hours	Engagement Partner	Principal Contact	Comprehensive Annual Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
** Richmond	2020	3,160	Ahmed Badawi	Ms. Belinda Brown Finance Director/Treasurer (510)620-6740 Belinda_Brown@ci.richmond.ca.us	X	X	X	X	X				X	X	X
** Berkeley	2008	1,850	Mitesh Desai	Mr. Henry Oyekanmi Finance Director (510)981-7300 hoyekanmi@ci.berkeley.ca.us	X	X	X	X	X		X			X	X
* Union City	2006	850	Mitesh Desai	Mr. Mark Evanoff Interim Finance Director (510)675-5345 MarkE@unioncity.org	X	X	X	X	X					X	
** Folsom	2019	807	Ahmed Badawi	Ms. Stacey Tamagni Finance Director (916)461-6712 stamagni@folsom.ca.us	X	X		X		X	X			X	
* Petaluma	2019	691	Ahmed Badawi	Ms. Corey Garberolio Finance Director (707)778-4357 cgarbero@cityofpetaluma.org	X	X			X	X	X	X			
San Luis Obispo	2019	638	Ahmed Badawi	Ms. Brigitte Elke Finance Director (805)781-7125 belke@slocity.org	X	X			X	X	X				
* Antioch	2005	586	Mitesh Desai	Ms. Dawn Merchant Finance Director (925)779-6135 dmerchant@ci.antioch.ca.us	X	X	X	X	X	X	X			X	
Lafayette	2020	586	Ahmed Badawi	Ms. Tracy Robinson Administrative Services Director (925)299-3227 trobinson@lovelafayette.org	X	X	X							X	
** San Mateo	2004	566	Mitesh Desai	Mr. Richard Lee Finance Director (650)522-7102 ree@cityofsanmateo.org	X	X	X	X	X		X			X	
East Palo Alto	2014	560	Mitesh Desai	Ms. Brenda Olwin Finance Director (650)853-3122 bolwin@cityofepa.org	X	X	X	X		X				X	
El Cerrito	2018	547	Ahmed Badawi	Mr. Mark Rasiah Finance Director/City Treasurer (510)215-4312 mrasiah@ci.el-cerrito.ca.us	X	X	X	X	X					X	X

City	Client Since	Hours	Engagement Partner	Principal Contact	Comprehensive Annual Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
** Dublin	2018	546	Ahmed Badawi	Ms. Lisa Hisatomi Director of Finance & Admin. Services (925)833-6640 Lisa.Hisatomi@dublin.ca.gov	X	X			X						
Azusa	2017	540	Ahmed Badawi	Ms. Talika Johnson Administrative Services Director (626)812-5202 tjohnson@AzusaCa.Gov	X	X	X	X		X	X			X	
Millbrae	2015	524	Ahmed Badawi	Mr. Mike Sung Finance Director (650)259-2433 msung@ci.millbrae.ca.us	X		X			X	X			X	
* Merced	2016	489	Ahmed Badawi	Ms. Venus Rodríguez Finance Director rodriguezv@cityofmerced.org				X		X	X			X	
* Buena Park	2013	450	Mitesh Desai	Mr. Sung Hyun Finance Director (714)562-3717 shuyn@buenapark.com	X	X	X	X		X	X			X	
* Yuba City	2017	450	Ahmed Badawi	Mr. Spencer Morrison Finance Director (530)822-4615 smorrison@yubacity.net	X	X	X	X		X	X			X	
Pinole	2018	419	Ahmed Badawi	Ms. Markisha Guillory Finance Director (510)724-9823 MGuillory@ci.pinole.ca.us	X		X				X			X	
Larkspur	2019	382	Ahmed Badawi	Ms. Cathy Orme Administrative Services Director (415) 927-5019 Finance@cityoflarkspur.org				X					X	X	
Los Gatos	2017	366	Ahmed Badawi	Mr. Stephen Conway Finance and Admin. Services Director (408)354-6828 sconway@losgatosca.gov	X	X									X
Lindsay	2017	366	Ahmed Badawi	Ms. Juana Espinoza Finance and Accounting Manager (559)562-7102 ext. 8025 jespinoza@lindsay.ca.us						X	X			X	
Waterford	2018	311	Ahmed Badawi	Mrs. Tina Envia Finance Manager (209)874-2328 Ext. 104 tenvia@cityofwaterford.org			X			X	X			X	
Solvang	2019	308	Ahmed Badawi	Ms. Xenia Bradford City Manager (805)688-5575 xeniab@cityofsolvang.com	X	X				X	X				

City	Client Since	Hours	Engagement Partner	Principal Contact	Comprehensive Annual Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
Oakdale	2016	306	Ahmed Badawi	Mr. Albert Avila Finance Director (209)845-3584 aavila@ci.oakdale.ca.us			X	X	X	X	X				X
Guadalupe	2017	303	Ahmed Badawi	Mrs. Carolyn Cooper Finance Director (805)356-3895 ccooper@ci.guadalupe.ca.us			X			X	X				X
Sebastopol	2017	275	Mitesh Desai	Mrs. Ana Kwong Finance Director (707)824-4879 akwong@cityofsebastopol.org	X	X	X			X	X				X
Cotati	2020	265	Ahmed Badawi	Ms. Angela Courter Director of Administrative Services 707-665-4236 acourter@cotaticity.org	X	X				X	X				X
Crescent City	2014	227	Mitesh Desai	Ms. Linda Leaver Finance Director (707)464-7483 x224 lleaver@crescentcity.org			X	X		X	X			X	X
Scotts Valley	2019	202	Ahmed Badawi	Ms. Tina Friend City Manager (831)440-5600 tfriend@scottsvalley.org	X	X	X								X
Calimesa	2013	193	Mitesh Desai	Ms. Bonnie Johnson Finance Director (909)795-9801 ext 231 bjohnson@cityofcalimesa.net			X								

The table below lists all special district engagements (in order of audit hours):

Special District	Client Since	Hours	Engagement Partner	Principal Contact	Comprehensive Annual Financial Report	GFOA Award	Single Audit	Enterprise Funds
Florin Resource Conservation District/ Elk Grove Water District	2015	350	Mitesh Desai	Mr. Patrick Lee Finance Manager / Treasurer (916)685-3556 plee@egwd.org	Yes	Yes		X
Hayward Area Recreation and Park District	2017	350	Ahmed Badawi	Ms. Janelle Cameron Administrative Services Director (510)881-6707 camj@haywardrec.org	No	No		
Cosumnes Community Services District	2008	350	Mitesh Desai	Mr. Jeremy Edwards Finance Manager (916)405-7187 jeremyedwards@yourcsd.com	Yes	Yes		
Amador County Transportation Commission	2019	260	Ahmed Badawi	Mr. John Gedney Executive Director (209)267-2282 john@actc-amador.org	No	No		
Solano County Water Agency	2020	243	Ahmed Badawi	Mr. Roland Sanford General Manager (707) 455-1103 rsanford@scwa2.com	No	N/A		
San Mateo Mosquito and Vector Control District	2018	228	Ahmed Badawi	Mr. Richard Arrow Finance Director (650)344-8592 rarrow@smcmvcd.org	Yes	Yes		
Monterey Bay Unified Air Pollution Control District	2016	200	Mitesh Desai	Ms. Rosa Rosales Administrative Services Manager (831)718-8019 rrosales@mbard.org	No	N/A		
Southern Marin Fire Protection District	2020	160	Ahmed Badawi	Ms. Alyssa Schiffmann Finance Manager (415)388-8182 aschiffmann@smfd.org	No	N/A		
Aptos La Selva Fire District	2016	150	Mitesh Desai	Ms. Nancy Dannhauser Finance Director 6934 Soquel Drive, Aptos, CA (831)685-6690	No	N/A		
Central County Fire Department	2012	150	Mitesh Desai	Ms. Jan Cooke Finance Director (650)375-7408 jcooke@hillsborough.net	Yes	Yes		
Zayante Fire Protection District	2017	150	Mitesh Desai	Mr. John Stipes Fire Chief (831) 335-5100 chief2401@cwncast.net	No	No		
Santa Cruz Regional 9 - 1 - 1	2016	150	Mitesh Desai	Mr. Dennis Kidd General Manager (831)471-1038 dennis.kidd@scr911.org	No	No		
Resource Conservation District of Santa Cruz County	2017	150	Mitesh Desai	Ms. Sharon Corkrean Director of Finance scorkrean@rcdsantacruz.org	No	No		
Port of San Luis Harbor District	2017	150	Ahmed Badawi	Ms. Kristen Stout Business Manager (805)595-5413 kristens@portsanluis.com	Yes	Yes		
Central Fire Protection District of Santa Cruz County	2018	150	Mitesh Desai	Mrs. Nancy Dannhauser Finance Director (831)479-6842 nancyd@centralfpd.com	No	Yes		

Understanding of Services to be Provided

The Town desires an audit of the financial records for the Town and an expression of an opinion in accordance with generally accepted accounting principles on the fairness of presentation of financial statements for the fiscal years ending June 30, 2021 through 2023, with the option of extending the services for two subsequent fiscal years.

The Firm will:

- Express an opinion on the fair presentation of its basic financial statements which includes but is not limited to the financial statements of governmental activities, the business-type activities, each major fund and all aggregate remaining fund information in conformity with generally accepted accounting principles in the United States of America.
- Express an opinion on the fair presentation of its combining and individual non-major and fiduciary fund financial statements and schedules in conformity with generally accepted accounting principles. The Firm will provide an “in-relation-to” report on the supporting schedules contained in the comprehensive annual financial report based on the auditing procedures applied during the audit of the basic financial statements and schedules.
- Provide an “in-relation-to” report on the schedule of federal financial assistance based on the auditing procedures applied during the audit of the financial statements.
- Perform the audit in accordance with generally accepted auditing standards accepted in the United States of America, applicable to the financial audit contained in the Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations.
- Perform limited procedures on supplementary information required by the Government Accounting Standards Board.
- Issue the following reports, following the completion of the audit of the fiscal year's financial statements:
 - Independent Auditor's Report on Financial Statements and Schedule of Expenditure of Federal Awards
 - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance (if required)
 - Schedule of Findings and Questioned Costs (if required)
 - Auditor's Communication with Those Charged with Governance
 - GANN Limit Agreed-upon Procedures
 - Ross Valley Fire Department (RVFD) Audit Report
 - Ross Valley Fire Department (RVFD) Single Audit Report (if required)
- Provide special assistance to the Town as needed.
- Retain all working papers and reports at the audit firm's expense for a minimum of 7 years. In addition, make working papers available to the Town and/or any government agency as appropriate.

Should any conditions be discovered requiring corrective action, the Firm will provide a detailed description of the findings and recommended actions as to their resolution.

The Firm will submit a report to the Town’s Council and management detailing auditor’s responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting statements, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, difficulties encountered during the audit, and any significant deficiencies or material weaknesses found during the audit. Non-material instances of noncompliance will be reported in a separate management letter, if appropriate, along with any other observations or recommendations determined to be informative to Town Management.

The Firm will be available to provide advice and counsel regarding significant matters during the year.

The Firm’s Partner and Staff welcome the opportunity to make presentations to the Town Council and will be ready to respond to questions from the Council and citizens of the Town.

Specific Audit Approach

Objectives of Our Services

The basic objective of our audit of the Town is to conduct an examination of the financial statements in accordance with generally accepted auditing standards and to express our opinion on the fairness of presentation of such financial statements in conformity with generally accepted accounting principles.

Additionally, we believe that another real value of our audit lies in meeting other objectives at no additional cost. The following are other objectives of our services that have important benefits to the Town:

- To offer substantive observations and recommendations relating to accounting and operating control policies and procedures.
- To identify opportunities for operating efficiencies and isolate candidate activities for cost reduction opportunities.
- To perform a professional audit in an efficient and effective way to minimize disruption to the office operations.
- To offer ongoing advisory services to assist in the running of the operation and implementation of improved operating procedures.

The engagement will be conducted within the framework of the Firm’s quality control program which includes the use of audit programs, careful planning, use of computerized audit software and internal control evaluation and documentation software, and objective review procedures. On-site staff will use Firm supplied portable computers and printers.

Audit Approach

The specific audit approach has been designed to efficiently and effectively address the audit requirements of the Town, to perform the audit of the Town’s financial records in a timely manner with minimal disruptions to office operations, and to meet the Town’s timeline.

The audit will be conducted in accordance with:

- 1) Generally accepted auditing standards established by the AICPA.
- 2) The standards contained in Government Auditing Standards issued by the GAO.
- 3) Provisions of the Single Audit Act and the Uniform Guidance.
- 4) Requirements issued by the California State Controller’s office.
- 5) Other requirements as required.

We will conduct the necessary audit steps to perform:

- Planning of the engagement
- Evaluation of the existing internal control environment to determine degree of risk of material misstatement
- Determination of degree of compliance with laws, regulations, grant provisions, and Town approved policies
- Assessment of potential fraudulent issues
- Validation of account balances
- Verification of reasonableness of management estimates

Technical Approach

We use an industry specific audit approach tailored to governmental entities. Our governmental audit approach addresses the special risks and circumstances of local governments. As a result, the audit is conducted efficiently and effectively with minimal disruption to your staff.

The core of our governmental technical audit approach can be summarized as follows:

1. Planning, Understanding and Communication:

Based on our previous audit experience, using the budget, organizational charts, manuals and other financial information systems and our knowledge of how governments work, we will obtain an insight to the specific concerns and sensitivities of the Town. Our understanding is updated continuously through our year-round contact and communication efforts. We will agree on common audit objectives and expectations with management before audit work begins and, throughout the audit, will meet regularly with management to discuss audit issues and to gather feedback.

2. In-Depth Review of Systems and Controls:

We have developed diagnostic reviews which enable us to evaluate your systems and controls, and to provide management with constructive feedback. Combined with our knowledge of the Town and understanding and experience with the Town’s accounting software, our control review will form the basis of our audit risk assessment. We will utilize the COSO approach in our evaluation of the Town’s internal processes to identify potential control deficiencies. In future years, we will update our understanding through similar procedures.

3. Risk-Based Customized Testing Program:

Our audit approach is tailored to governmental applications. We will use audit programs specifically designed to address the operational environment of governmental entities. Our approach will identify potential control risks and the opportunities for risk of material misstatements and fraud. We will evaluate the various risk assessments and identify the potential risks relating to the:

- Balance Sheets / Statement of Net Position
- Statement of Revenues and Expenditures / Statement of Activities
- Presentation
- Disclosure

Our audit procedures will then be developed to address these risk areas.

4. Expanded Interim Fieldwork:

Timeliness and audit efficiency is enhanced by performing extensive interim work. Partners, managers and senior staff work with Town staff to identify and resolve potential audit issues early. Accordingly, the amount of audit work to perform at year end is minimized. Because our audit staff is familiar with the operations before year-end fieldwork begins, disruption of accounting staff is minimized.

5. Smooth Transition:

Our testing program focuses on audit risks identified by our understanding of the Town's operations. We will work with the accounting staff to identify the most effective ways to address our objectives. Communication between the members of the audit engagement team and Town staff will be fluid and continuous.

6. Sample Size and Sampling Techniques:

Our audit approach will include sampling activities. Population size and the level of assurance to be derived from a particular test will dictate the sample size. We use sampling in our audit approach to compliment skilled judgment and knowledge of the particular situation. Our sample size will range normally from 25 to 60 items.

7. Automated Systems:

We will evaluate controls over the IT functions to assess control risk. We intend to test controls for purposes of reliance. Our review procedures will evaluate controls over:

- Security Management
- Logical and Physical Access
- Configuration Management
- Segregation of Duties
- Contingency Planning

In addition, we will review controls over:

- Input, processing, output, master data
- Application interface
- Data management system interface

8. Analytical Procedures:

We use analytical procedures in several aspects of our audit. Extensive knowledge and industry background are required for effective analytics, and our staff possesses the appropriate experience and knowledge for the Town to benefit from these procedures.

9. Approach to be Taken in Determining Laws and Regulations Subject to Audit Test Work:

We continuously refer to specific regulations, compliance supplements, state guidelines and contracts currently in force. We perform the procedures required related to laws and regulations, using inquiries, observations and sampling techniques. Some of the laws and regulations that we believe may be applicable to the Town are the requirements of 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, Child Care Program compliance requirements, etc.

10. Report Format:

We will meet with Town Management to review report formats. Any report format changes will be made in conjunction with approval from Town Management.

11. Work Plans:

The detailed work plans will be designed to efficiently and effectively address the audit requirements of the Town in accordance with generally accepted auditing standards, to perform the audit of the Town's financial records in a timely manner with minimal disruptions to office operations, and to meet the Town's timeline.

12. Adjusting Journal Entries:

We will discuss and explain proposed audit adjusting entries with the Town's designated Finance Department personnel prior to recording. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the Town's general ledger system.

13. Listing of Schedules and Tables (anticipated to be prepared by the Town):

Based on preliminary inquiries made with management and Town staff and review of documents, we will tailor a list of schedules, tables, and other reconciliations required for the audit. We will take into account as much as possible reconciliations already prepared by the Town for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional Town staff hours.

The following is a listing of some of the significant reconciliations and schedules that we would normally expect the Town to provide to us in assisting us in conducting our fieldwork.

- Trial Balance
- Comprehensive Annual Financial Report and Account Roll Up Schedule
- Budget to Actual Reports
- Bank Reconciliations
- Listing of manually prepared journal entries posted
- Summary of Investments held by the Town
- Capital Asset Schedules
- Long Term Debt Schedules
- Debt amortization schedules & Calculations of deferred amounts
- Calculations of any debt covenants amounts or percentages
- Schedule of Operating Leases
- Schedule of Expenditures of Federal Awards
- Analysis of Deferred Inflows of Resources and Deferred Outflows of Resources
- Reconciliation of Receivables to subsidiary ledgers
- Calculations for estimate of allowance for uncollectible accounts
- Loans Receivable Schedules
- Reconciliation of Significant Revenue Accounts
- Compensated Absences Schedules and Copies of Related Policies
- Claims Payable schedules
- Pension and OPEB Roll Forward & Supporting Schedules
- GASB 54 Fund Balance Roll Forward Schedule
- Interfund Transaction Schedules

Use of Technology in the Audit

The Firm maintains a variety of specialized software packages during the audit that enable us to perform an efficient, thorough, and timely audit and keeping time demands on Town staff to a minimum.

Trial Balance Management and Financial Statement Preparation

ProSystem Fx Engagement allows us to import and manage multiple years of trial balance data including budgetary information, create multiple account groupings, generate reports, post journal entries proposed during the audit (including GASB 34 conversion entries), and link information directly to the financial statements. This gives us the ability to:

- Generate immediate trend and other comparative analysis of trial balance and budget data prior to the start of the audit. This allows us to identify potential issues and make inquiries early in the audit
- Link the financial statements and footnotes prior to the start of the audit allows us to have majority of the financial statements (including budgetary comparison schedules and other supplementary information) prepared at the time the trial balance is uploaded
- Audit adjustments or Town adjustments provided during the audit are automatically reflected in the financial statements

Audit Request Management and Document Exchange

CCH Engagement Organizer (“Organizer”) is a virtual “Prepared by Client (PBC) List” that streamlines the process of requesting, receiving, and keeping track of documents. The Organizer is an integrated cloud-based request list that helps to facilitate the engagement through more seamless collaboration between the Firm and our clients. By utilizing the Organizer, the Town can do all of the following in one secure virtual environment:

- Attach files of any type to document requests
- Easily track the status of document requests that are either pending, completed by the Town, accepted by us, or rejected by us
- Access templates and documents from us that require completion
- Have multiple Town staff get involved and assist in the audit process
- Participate in a dialog with us for questions and notes

Especially with having to perform a large part of the audit remotely in 2020, and anticipated for the upcoming year, we have found that the use of the Organizer has helped our clients be always informed as to the status of their audit, and not be surprised with new requests or follow up on outstanding requests previously provided.

Computer Aided Audit Tools (CAATs)

The Firm’s data analytics software enables our Engagement Team to perform more than 150 Computer Aided Audit Tools (or “CAATs”). CCH Teammate Analytics gives us the ability to perform advanced data analysis and increase efficiency. By utilizing this software, we can:

- Immediately visualize and analyze 100% of account populations with graphs, charts and statistics to identify anomalies
- Make fewer sample selections that are targeted to problematic areas
- Quickly analyze transactional data for:
 - Duplicate records
 - Missing transactions
 - Transaction sequence
 - Unusual items
- Compare excel worksheets for changes or differences
- Generate immediate testing samples
- Perform regression analysis
- Filter and extract data from Town reports

Audit Planning, Risk Assessment, and Audit Programs

Our firm utilizes CCH Knowledge Coach, which is an expert system that adapts and customizes our audit approach specifically based on the Town’s structure, operating environment, specific transactions, and identified risks or matters to be addressed in the audit. The software is frequently updated for new industry trends and audit requirements. Included in the software is a continuous diagnosis of audit forms that identifies missing information, procedures, or any conflicts that need to be addressed prior to issuance of the audit report. We have found that this audit tool greatly benefits our audit clients in the following ways:

- Removal of standardized audit steps and procedures that do not add value to the audit
- Targeted audit procedures focusing on risks and accounts specific to the Town’s operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less Town staff time dedicated to gathering information or responding to inquiries by focusing on material issues
- Automatic self-diagnostics ensure no audit steps are missed, guaranteeing a quality audit

Research Tools

We maintain multiple research software packages that are always kept up to date to ensure compliance with accounting and auditing standards, and are also a resources for us to provide guidance to our clients. In addition to accounting and audit literature, we have access to interactive disclosure checklists that include sample footnote disclosures and financial statements.

**Audit
Schedule**

Town
2021
Period

RVFD
2021
Period

Audit Tasks

May - June May - June - **Planning and Administration**

- ▶ Review and obtain copies of key work papers of prior audit firm
- ▶ The entrance conference shall be held with Town staff. The purpose of this meeting will be to discuss prior audits and the interim work to be performed. This meeting will also be used to establish overall liaison for the audits and to make arrangements for work space and other needs
- ▶ Review and evaluate the Town's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements
- ▶ Prepare overall memo to the Town confirming audit procedures, timing, and assistance
- ▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by the Town staff
- ▶ Send the Organizer to the Town that will include all request items considered to be necessary for the audit

May - June May - June - **Internal Control Evaluation**

- ▶ Meeting with Town Manager and Department Heads of other departments with large operating budgets or have significant federal grant expenditures
- ▶ Attending Town Council meetings
- ▶ Meeting with off-site locations
- ▶ Meeting with key Finance Department personnel
- ▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation
 - General ledger system
 - Budgeting system
 - Revenue, accounts receivable, and cash collections
 - Purchasing, expenditures, accounts payable, and cash disbursements
 - Payroll
 - Federal Financial Assistance
 - Other systems
- ▶ Identify control risks
- ▶ Evaluate IT control environment

Town 2021 Period	RVFD 2021 Period	Audit Tasks
May - June	May - June	<ul style="list-style-type: none"> ▶ Perform testing of the internal control system and evaluate the effectiveness of the Town's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with Town policies ▶ Conduct fraud assessment procedures ▶ Assess degree of risk for material misstatement ▶ Provide to the Town's management a memo concerning management letter points and identify issues, if any <p>Other Tasks</p> <ul style="list-style-type: none"> ▶ Review minutes of Town Council meetings and other key committees ▶ Perform preliminary substantive procedures, which would include tests of: <ul style="list-style-type: none"> ○ Vendor and contractor payments ○ Payroll expense ○ Pension and OPEB testing ○ Capital asset acquisitions ○ Journal entries ○ Retrospective review of accounting estimates ▶ Financial statement database management and other setup, in addition to drafting of all necessary report templates ▶ Preliminary Single Audit and other compliance testing ▶ Coordinate with Town staff and prepare of all appropriate confirmation requests including: <ul style="list-style-type: none"> Bank accounts Investment pool accounts Accounts receivable Federal grants Revenue from governmental agencies Bond and other debts Pension plan Attorney letters Others, as required ▶ Update the Organizer with any additional requests that will be needed for the Town's audit ▶ Provide the Town with audit plan and list of year-end audit schedules ▶ Hold progress conference with Town Management ▶ Hold exit conference with Town Management

Town 2021 Period	RVFD 2021 Period	Audit Tasks
October	August	<ul style="list-style-type: none"> - Final Field work <ul style="list-style-type: none"> ▶ Entrance conference with Town Management ▶ Follow-up on all outstanding confirmations ▶ Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required ▶ Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual ▶ Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing Town staff ▶ Perform review of subsequent events by discussions with Town Management and update all minutes of Town Council and key committees - Single Audit Compliance (if required) <ul style="list-style-type: none"> ▶ Entrance conference with Town Management ▶ Obtain Federal Financial Assistance Schedule ▶ Determine grants to be considered as major programs including clusters ▶ Perform audit tests of major grant programs and compliance with Federal Law and Regulations. ▶ Review grant documents, select sufficient number of transactions to test for compliance of Federal Requirements ▶ Coordinate Single Audit efforts with the Financial Audit efforts ▶ Communicate findings to Town Management. ▶ Other Compliance
October	September	<ul style="list-style-type: none"> - Audit Reports <ul style="list-style-type: none"> ▶ Complete drafts of Town Comprehensive Annual Financial Report and RVFD Basic Financial Statements ▶ Prepare draft of Single Audit Reports concerning internal control structure, compliance with laws and regulations, and administering of federal financial assistance programs ▶ Prepare other reports as required

Town 2021 Period	RVFD 2021 Period	Audit Tasks
October	September	- <i>Provide revised final drafts of all required reports to the Town for approval</i>
November	October	- <i>Final Audit Reports, Financial Statements, Single Audit Reports (if required), and other reports delivered.</i>
December	December	- <i>Audit Presentation to Council and Board of Directors</i>

Estimated Hours by Audit Phase

Town of San Anselmo

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	4	10	7	2	23
Audit Manager	4	19	21	3	47
Audit Senior	9	33	35	5	82
Professional Audit Staff	-	63	58	8	129
Administrative Assistant	3	5	-	4	12
Total	20	130	121	22	293

Ross Valley Fire Department (RVFD)

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	3	7	4	1	15
Audit Manager	3	13	14	1	31
Audit Senior	6	22	23	3	54
Professional Audit Staff	-	42	38	5	85
Administrative Assistant	2	3	-	3	8
Total	14	87	79	13	193

Total Town of San Anselmo and Ross Valley Fire Department (RVFD)

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	6	17	11	4	38
Audit Manager	7	32	35	4	78
Audit Senior	15	55	58	8	136
Professional Audit Staff	-	105	97	12	214
Administrative Assistant	5	8	-	7	20
Total	33	217	201	35	486

Discussion of Relevant Accounting Issues

Identification of Anticipated Potential Audit Problems

We do not anticipate that there will be any audit problems at the Town. However, the following are some areas that we will carefully investigate and monitor during our audit procedures:

- Financial Reporting:
 - Review and evaluate that the Town's Annual Financial Reports are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA.
 - Review Annual Financial Reports for financial reporting conformance awards issued by CSMFO and GFOA.
 - Review and evaluate degree of compliance with the various GASBs in effect.
 - Review degree of compliance with infrastructure obligations and regulatory provisions.
- Internal Control Structure:
 - Review and evaluate the Town's internal control functions and ascertain compliance with proper internal control philosophies.
 - Review computer system processes and controls and evaluate adequacy of the control environment.

Several new GASB pronouncements will become effective over the time period of this proposal. As such, specific attention will be provided to determine the proper implementation of these new pronouncements. A list of known new pronouncements with implementation dates that fall within this proposal period are as follows:

2021

- Statement 84 – Fiduciary Activities
- Statement 90 – Majority Equity Interests
- Statement 93 – Interbank Offered Rates (except LIBOR removal and lease modifications)

2022

- Statement 87 – Leases
- Statement 89 – Construction-period Interest
- Statement 92 – Omnibus (multiple effective date)
- Statement 93 – LIBOR Removal and Lease Modifications
- Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

2023

- Statement 91 – Conduit Debt
- Statement 94 – Public-private Partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements

Conclusion

A client relationship with the Town will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the Town. We are committed to:

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the Town
- Assisting the Town in operational issues
- Producing a quality end-product

We have the technical qualifications and experience to provide the level of service desired and expected by the Town and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the Town and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

Appendix A References

- 1) City of Berkeley
 - Scope of Work: Comprehensive Annual Financial Report, Gann Limit, SAS114, Measure B (Alameda County), Vehicle Registration Fee Audit (Alameda County), Due Diligence Reviews for the RDA Successor Agency
 - Contract Amount: \$188,000
 - Engagement Partner: Ahmed Badawi (2008 – 2019), Mitesh Desai (2020)
 - Principal Contact:
Mr. Henry Oyekanmi
Finance Director
(510)981-7332
hoyekanmi@ci.berkeley.ca.us
- 2) Town of Los Gatos
 - Scope of Work: Comprehensive Annual Financial Report, Gann Limit, SAS 114, Audit Pension Trust Fund
 - Contract Amount: \$34,265
 - Engagement Partner: Ahmed Badawi
 - Address: 110 East Main Street, Los Gatos, CA 95030
 - Principal Contact:
Mr. Stephen Conway
Finance and Admin. Services Director
(408)354-6828
sconway@losgatosca.gov
- 3) City of Petaluma
 - Scope of Work: Comprehensive Annual Financial Report, Transportation Development Act Fund, SAS 114
 - Contract Amount: \$67,300
 - Engagement Partner: Ahmed Badawi
 - Address: 11 English St, Petaluma, 94952
 - Principal Contact:
Ms. Corey Garberolio
Finance Director
Phone: (707)778-4357
cgarbero@cityofpetaluma.org
- 4) City of Larkspur
 - Scope of Work: Comprehensive Annual Financial Report, SAS 114, GANN Limit, Single Audit, Transportation Development Act
 - Contract Amount: \$37,315
 - Engagement Partner: Ahmed Badawi
 - Address: 400 Magnolia Avenue, Larkspur, CA 94939
 - Principal Contact:
Ms. Cathy Orme
Administrative Services Director
(415) 927-5019
Finance@cityoflarkspur.org
- 5) City of East Palo Alto
 - Scope of Work: Comprehensive Annual Financial Report, SAS 114, GANN Limit, Single Audit, Measure A
 - Contract Amount: \$64,800
 - Engagement Partner: Ahmed Badawi (2014 – 2019), Mitesh Desai (2020)
 - Address: 2415 University Avenue, East Palo Alto, CA 94303
 - Principal Contact:
Ms. Brenda Olwin
Finance Director
(650)853-3122
bolwin@cityofepa.org

Appendix B Provided By Client (PBC) List.

The following is a Sample Provided-by-Client (PBC) List. The actual PBC List will be provided via the CCH Engagement Organizer.

Town of San Anselmo

Interim General

- Year-to date Trial Balance (Balance Sheets & Revenues & Expenditure Reports) for all funds for most recently closed month with comparison to last year
- Prior Year Trial Balance (Balance Sheets & Revenues & Expenditure Reports) for all funds
- Prior year confirmation letters and list of new bank accounts & list of new debt
- Internal policies/guidelines for closing and reporting
- Internal policies/guidelines for payroll check runs.
- Internal policies/guidelines for cash receipts.
- Internal policies/guidelines for account payable processes
- Journal entry report for manual journal entries as of date.
- Most recent budget-to-actual financial reports submitted to Town Council or Town Management
- List of top 10 vendors (names, expenditure amount)
- 700 forms from the Council members & Town Manager
- Conflict of interest codes
- List of new funds with description
- Comprehensive Annual Financial Fund Grouping, Comprehensive Annual Financial Report Account Grouping/Mapping Schedule, Comprehensive Annual Financial Report Mapping of Program Revenues for Governmental Funds
- Memo summarizing the FY2021 status of PY findings (GAGAS and management comments) and processes/controls implemented to address items.
- Signed engagement letters for FY2021 audit
- Brief memo summarizing management's analysis of new accounting standards to be implemented in FY2021
- Copy of the Town's organizational chart applicable to FY2021
- Any reports provided by Federal or State grantors or other regulators during FY2021 to date on reviews or audits that may impact the FY2021 audit.
- Detail of legal expenses for FY2021 (as of date)
- Auditor "read-only" access to the Town's general ledger system to expedite control testing process. VPN access if possible.
- Prior year Report worksheet used by management to direct auditors on allocation of GASB 34 expense adjustments to expense programs/functions on Statement of Activities: May include net OPEB adjustment, Compensated absences adjustment, long term debt, capital assets, etc.
- Copy of the internal timeline used to execute all tasks for closing and report preparation and indicating responsible Town personnel.

Interim Budget

- Resolutions for adopting the 2021 budget
- Electronic report of FY2021 budget adjustments to-date (appropriation changes, object/line item transfers etc.)

Interim Cash

- Most recent bank reconciliation for all bank accounts
- List of all bank accounts (Bank Names, Bank Account Numbers and Authorized Signers)

Interim Investments

- Investment Report for the most recent month submitted to Council
- Annually adopted Investment Policy for FY2021
- Agreements with bank and custodians

Interim Loan/Note receivables

- List of new loans given out in FY2021
- Listing of loans outstanding (Most Recent)
- Loan agreements

Interim Capital Assets

- Most recent capital asset policy
- Detailed listing of assets additions, including CIPs.
- Detailed listing of assets deletions.
- Listing of active construction projects, and construction projects completed during FY2021
- Capital Asset Roll forward Schedule for FY2021 (as of date)

Interim Payroll

- List of locations/# employees @ location
- Payroll Register for the most recent pay period
- Payroll calendar for FY2021
- System-generated report of Town employee hires, terminations, promotions during FY2021 to date.
- Copies (PDF) of or access to MOU labor agreements, and other benefit agreements applicable to payroll periods covered in FY2021
- FY2021 941 Forms

Interim Long-Term Debt

- Official statements including debt service schedules for loans outstanding
- Capital lease agreement and payment schedules
- Listing and official statements for all new non-Town obligations debts, if any
- Related Journal entries to recording of new debt
- Related Debt repayment schedules
- Related calculation of Deferred Gain (loss) on Refunding, Issuance Premium, Issuance Discount with supporting amortization schedule(s)
- Schedule of all operating and capital leases applicable to FY2021, with \$ amounts of payments to be made in FY2021

Interim Risk Management

- Agreements with Third Party Claim Administrators
- Data provided to the actuaries for determining the claim liabilities for FYE2021
- Actuarial studies to be used for FY2020/2021
- Detailed claim expenditure reports (General Liability and Workers Comp)
- Listing of attorneys utilized by the Town during FY2021
- Memorandum of Coverage for policies in effect for FY2021

Interim Computer Controls

- Contingency plans for the IT department, if there is a new one
- Any new policies and procedures manual for the IT department

Interim Revenue

- Approved billing rates and Council Resolution
- Detailed tax revenue reports (sales taxes, property taxes, and etc.)
- Detailed grant revenue reports
- Listing of all sites where cash (and checks) is collected with approximate daily or annual \$ amount

Interim Expenditures

- Detailed expenditure report for all funds
- Single excel listing of all Town active contracts during FY2021. Please ensure the report includes the following fields: Contract #, Date contract executed, Contract amount, Amount spent in FY2021 (if possible)
- Listing of contract change orders executed during FY2021 to date
- Listing of purchase card (i.e. p-card, CalCard, etc.) holders during FY2021 with Credit Limits and single purchase amounts (if applicable)
- Town procurement policy(ies)
- Travel and credit card policy.

Interim GANN Limit

- Resolution to adopt the appropriation limit for FY 2022
- The Town's calculation of the appropriation limit for FY2022
- Letter from County for assessed valuation for non-residential new construction, if applicable
- FY2021 GANN Limit AUP report
- Resolution to adopt FY2022 appropriation limit

Interim OPEB

- Data provided to the actuaries for GASB 75 Valuation
- OPEB Actuarial Valuation for FY2021
- OPEB Trust statement as of valuation date and measurement date
- Plan agreements

Interim Pension

- CALPERS Appointment status change report
- List of new hires in FY2019
- Agreement with CalPERS

Interim Fund Balance

- Fund balance/GASB 54 Policies
- Listing of special revenue funds with fund description and special revenue fund justification (i.e. major revenue source and whether revenue is restricted/committed on what basis (specific law, contract, ordinance/resolution, measure, etc.)

Interim single Audit

- Schedule of Expenditure of Federal Awards (FY2021)

Interim Component Units/Potential Component Units

- Provide agreement/formation documents

Year End General

- Final Trial Balance as of 6/30/2021
- Revenue and expenditure report for FY2021 (budget and actual)
- Detailed by transaction revenue report for FY2021
- Detailed by transaction expenditure report for FY2021
- Comprehensive Annual Financial Report Fund rollup (updated for FYE 6/30/2021)
- Comprehensive Annual Financial Report Account rollup (i.e. account coding classifications) updated for FYE 6/30/2021
- Any monitoring/audit reports received during FY2021 (from other auditors or agencies)
- Major fund determination
- List of all manual journal entries posted to the General Ledger for FY2021 (in Excel format, listing JE numbers, date posted, account posted and the amounts)
- Report Account Grouping Schedule

Year End Cash & Investments

- Cash and investment summary by bank account. Including Restricted Cash and Investment accounts.
- Bank reconciliations as of 6/30/2021 for all bank accounts with support for reconciling items.
- Investment statements as of 6/30/2021
- Interest Income Fund Allocation Worksheet for FY2021
- Schedule of investments held with book values and FMV as of 6/30/2021 (GASB 31 Worksheet and Investment roll-forward worksheet) along with the credit rating for each investment.
- GASB 72 Levelling information

Year End Accounts Receivable

- Allowance for doubtful accounts calculations as of 6/30/2021 (if any for FY2021)
- A/R aging reports by account numbers/names for all billed receivables for each fund as of 6/30/2021 (if any)
- Listing of A/R accruals by account name for each fund (include nature of revenue and when received)
- Calculation of unbilled revenue accrual

Year End Interest Receivable

- Interest receivable listing with calculations

Year End Taxes Receivable

- Listing of all Taxes Receivable by type of revenues for each fund (Please indicate the date that the cash receipt was received for each Tax receivable accrual)
- Property tax remittance advices for FY2021 from the County

Year End Loan Receivable

- Listing of loans receivable by borrower as of 6/30/2021
- Agreements for new loans issued in FY2021

Year End Intergovernmental Receivable

- Listing of all Intergovernmental Receivable for each fund (Please indicate the date that the cash receipt was received for each revenue accrual)

Year End Inventory

- Listing of inventory as of 6/30/2021

Year End Capital Assets

- Capital Asset Excel Worksheets
- Depreciation expense by function for FY2021
- Roll forward schedule of Construction in Progress (CIP) from 7/1/2020 to 6/30/2021. Please include schedule showing CIP placed in service (transferred from CIP to asset accounts) during fiscal year
- Detail schedule of CIP Projects by Project number as of 6/30/2021 (accumulated costs by Project)

Year End Interfund Transactions

- Due to/Due from schedule
- Advance to/Advance from schedule
- Interfund transfer in/out schedule
- Resolutions approving any new interfund advances in FY2021 with repayment schedules

Year End Accounts Payable and Expenditures

- AP Listing as of 6/30/2021 (by vendor)
- Check Register for all checks written on and after 7/1/2021 through current date (by fund).
- Listing of payments made by ACH/wire transfer on and after 7/1/2021
- Open encumbrance listing for each fund as of 6/30/2021

Year End Payroll

- Town's calculation of accrued payroll as of 6/30/2021
- Payroll register for last pay period of FY2021

Year End Compensated Absences

- List of compensated absence payable as of 6/30/2021 by employee
- Roll forward Schedule of Compensated Absences (i.e. list beginning balance as of 7/1/2020, additions, deletions, and ending balance as of 6/30/2021 (by governmental and business type activities)
- Schedule of short-term portion and long-term portion by governmental activities and business type activities (if any), and calculation of short term portion.
- For the governmental activities, provide a schedule which details compensated absences by fund and expenditure function. Please reflect prior year amounts by function to determine current year adjustment required in the government-wide statement of activities.

Year End Refundable Deposit Payable

- Detailed listing of all deposits payable for each fund as of 6/30/2021

Year End Claims Payable

- Memorandum of Coverage for general liability and workers compensation showing coverage and deductibles effective for FY2021

Year End Unearned Revenue

- Detailed listing by fund of unearned revenues with explanations for each deferred revenue

Year End Unavailable Revenue

- Detailed listing by fund of unavailable revenues with explanations for each deferred revenue

Year End Long term Debt

- Debt roll forward schedule for the FY2021
- Debt schedules for conduit bonds for FY2021 (if any)
- Any new capital lease agreements and payment schedules for FY2021
- Town's calculation of accrued interest payable as of 6/30/2021
- Latest arbitrage report for each debt issue
- Journal entry recording new debt

Year End Pension

- MyCalPERS Billing and Payment Summary for FY2021
- GASB 68 Calculation and Journal Entries for FY2021

Year End OPEB

- Detailed expenditure report for actual OPEB contributions made for FYE 6/30/2021
- GASB 75 Actuarial Valuation
- Census data used by Actuary

Year End Fund Balances/Net Position

- GASB 54 roll forward schedule detailing listing of additions and deletions to fund balance classifications
- Any new agreements/resolutions/ordinances/laws supporting assignments/commitments/restrictions on fund balance
- Net Position worksheet, classifying reported fund balance to Net Assets/Net Position

Year End Single Audit

- Schedule of all expenditures of federal awards, state grants, and local grants for FY2021
- General ledger detail expenditure report for federal grants
- Copies of grant agreements and applicable amendments
- Copies of monitoring reports and resulting action plans
- Schedule of sub-recipients expenditures (if applicable)
- Copies of reimbursement requests submitted

Ross Valley Fire Department (RVFD)**General**

- Year-to date Trial Balance (Balance Sheets & Revenues & Expenditure Reports) for all funds for most recently closed month with comparison to last year
- Any new internal policies and procedures for accounting systems (Conflict of interest, ethics, investments, procurement (contracts) and Disbursements (warrants, Cal-card, etc.), Human resources/Payroll, Fund Balance, other)
- Journal entry report for manual journal entries for FY2021
- Most recent budget-to-actual financial reports submitted to the Board
- List of top 10 vendors (names, expenditure amount)
- 700 forms from the Board members
- Conflict of interest codes (if there is a new one adopted)
- List of new funds with description
- Signed engagement letters for FY2021 audit
- Copy of the RVFD's organizational chart applicable to FY2021
- Any reports provided by Federal or State grantors or other regulators during FY2018 to date on reviews or audits that may impact the FY2021 audit.
- Detail of legal expenses for FY2021

Budget

- Adopted budget report for the year ended June 30, 2021
- Resolutions for adopting the 2021 budget
- Electronic report of FY2021 budget adjustments to-date (appropriation changes, object/line item transfers etc.)

Cash

- List of all bank accounts (Bank Names, Bank Account Numbers and Authorized Signers)
- Bank reconciliation and supporting documents for June 2021

Investments

- Listing of all investment accounts (restricted and unrestricted)
- Annually adopted Investment Policy for FY2021

Prepaid items

- Listing of prepaid items

Capital Assets

- Most recent capital asset policy
- Detailed listing of assets additions, including CIPs.
- Detailed listing of assets deletions.
- Listing of active construction projects, and construction projects completed during FY2021.
- Capital Asset Roll forward Schedule for FY2021

Payroll

- Payroll Register for the most recent payperiod
- List of locations/number employees at each location
- Payroll calendar for FY2021
- System-generated report of RVFD's employee hires, terminations, promotions during FY2021.
- Copies (PDF) of or access to MOU labor agreements, and other benefit agreements applicable to payroll periods covered in FY2021
- 941 Forms for FY2021
- Compensated absences schedule as of June 30, 2021

Long-Term Debt

- Agreements for any new debt (notes payable, capital leases)
- Roll-forward Analysis of long term debt (beginning balance, additions, deletions, and ending balance) for period from 7/1/20 to 6/30/21

Risk Management

- Insurance policies in effect in the fiscal year

Computer Controls

- Contingency plans for the IT department
- Any new policies and procedures manual for the IT department

Expenditures

- Purchasing policy (if updated)
- Check/Warrant Register for most recent check run
- Detailed expenditure report for all major funds

Pension

- FY2019 New Hires Listing
- Participant Appointment Status Report
- MyCalPERS Billing and Payment Summary for FY2021

OPEB

- Schedule of current year employer contributions
- Trustee statements for current year
- GASB 75 Actuarial Valuation
- GASB 75 Actuarial Valuation Census Data File

The PBC List will be provided using the CCH Engagement Organizer (Organizer), an integrated browser based and automated client request list. All requests, notes and due dates are logged and reminders and notifications are automatically sent in real-time to keep auditor and client in sync.

Below is the PBC List as it appears in the Organizer:

The screenshot displays the Wolters Kluwer Engagement Organizer interface. At the top, the logo and name 'Wolters Kluwer' are visible, along with navigation links for 'Help', 'Feedback', and the user 'Wael Tantawy'. The main header identifies the current context as 'Engagement Organizer' and 'Organizers > Town of San Anselmo'.

The primary view is for the 'Town of San Anselmo 2020 Audit [June 30, 2020]'. A summary table provides key details:

Due Date	Client Users	First Sent to Client	Last Sent to Client	Send
Retention End	Helen Yu-Scott	April 16, 2020	October 21, 2020	
	Firm Users		Last Sent to Firm	
	Mitesh Desai			

Below the summary, the interface shows a list of request items categorized by status: Pending (100), Rejected (0), Completed (0), Accepted (0), Not Applicable (0), and All. A 'Clear' button and a 'Download' icon are also present. The list of items includes:

- INTERIM FIELD REQUEST
- INTERIM GENERAL
- INTERIM BUDGET
- INTERIM CASH
- INTERIM INVESTMENTS
- INTERIM LOAN/NOTE RECEIVABLES
- INTERIM CAPITAL ASSETS

Each item in the list has associated links for 'ATTACHMENTS', 'NOTES', and 'DUE DATE'.

Requested documents can be easily uploaded as shown below. Both auditor and client receive automated notifications when changes in the Organizer are made.

The screenshot shows a web application interface for document management. At the top, a blue header bar contains the text: "Attachments - Year-to-date Trial Balance, Balance Sheets, and Revenue and Expenditure Detail Reports for all funds as of most recent monthly close, with comparisons to last fiscal year. In excel format." Below this is a large white area with the text "DRAG AND DROP FILES HERE - OR - BROWSE...". Underneath, a table titled "Attachments" lists two files. The table has columns for "FILE NAME", "DATE", "SIZE", and "ACTIONS".

FILE NAME	DATE	SIZE	ACTIONS
General_Trial Balance as of 3-31-19.xlsx	5/12/19 10:57 PM	392,99 KB	[Icon]
General_Budget Comparison Report as of 3-31-19.xlsx	5/12/19 10:57 PM	131,21 KB	[Icon]

Town of San Anselmo

SEALED DOLLAR COST BID PROPOSAL

For Professional Auditing Services for the Town of San Anselmo

For fiscal years ending June 30, 2021 through 2023,
with the option of extending the services for two
subsequent fiscal years.

March 19, 2021

Contact Person:

Ahmed Badawi, CPA
Badawi & Associates
Certified Public Accountants
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
Phone: (510) 768-8244
Fax: (510) 768-8249
E-mail: abadawi@b-acpa.com



Name of Firm and Certification

Name of Firm: Badawi & Associates

Address: 2855 Telegraph Avenue, Suite 312

City, State, Zip: Berkeley, CA 94705

Contact Name: Ahmed Badawi

Contact Telephone Number(s): 510-768-8244

Contact Fax Number(s): 510-768-8249

Contact E-mail Address: abadawi@b-acpa.com

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the Town on behalf of the above named firm. The Firm will honor the prices listed in this proposal for 180 days from the submittal deadline.



_____	_____	_____
Signature	President	March 19, 2021
	Title	Date
Ahmed Badawi		

Name (print)		

Schedule of Professional Fees

Service	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
Town Financial Statements Audit	\$ 21,420	\$ 21,840	\$ 22,680	\$ 22,680	\$ 22,680
Town Single Audit Act Report	4,520	4,770	4,900	4,900	4,900
Town Appropriations Limit	515	545	580	580	580
Total for Fiscal Year (not-to exceed)	26,455	27,155	28,160	28,160	28,160

Service	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
RVFD Financial Statements Audit	15,155	15,620	15,985	15,985	15,985
RVFD Single Audit Act Report	2,260	2,385	2,360	2,360	2,360
Total for Fiscal Year (not-to exceed)	17,415	18,005	18,345	18,345	18,345

Position	2020-21	2021-22	2022-23	Option Yr 2023-24	Option Yr 2024-25
Partner	\$ 150	\$ 155	\$ 165	\$ 165	\$ 165
Audit Manager	120	125	135	135	135
Audit Senior	85	90	95	95	95
Professional Audit Staff	75	80	85	85	85
Administrative Assistant	60	65	70	70	70

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, authorized to enter into a contract with the Town or RVFD or both for the services identified in the RFP.

Signature: Ahmed Badawi

Printed Name: Ahmed Badawi

Title: President

Date: March 19, 2021

Manner of Payment:

Each Engagement Team member maintains detailed time sheets describing work performed, date of work, and amount of time spent on each task for the Engagement. The Firm will bill the Town after completion of each phase of the audit and bill the Town up to a maximum of 90%. The remaining 10% of the proposal amount will not be due until all final reports are delivered and accepted by the Town. The Town can anticipate three billings as follows:

<u>Work Performed</u>	<u>% of Proposal Amount</u>
For interim work	45%
For year-end work	45%
At presentation and acceptance of final reports	10%
Total	100%

Rates for Additional Professional Services:

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

<u>Position</u>	<u>Hourly Rate</u>
Partner	\$ 200
EQR	200
Manager	150
Senior	125
Staff	100
Admin.	75

Our Standard Hourly Rates are adjusted annually by 3% for Cost of Living and Inflation Adjustments

A client relationship with the Town will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the Town. We are committed to:

- * Rendering the highest standard of service.
- * Developing a long-term working relationship dedicated to meeting the needs of the Town.
- * Assisting the Town in operational issues.
- * Producing a quality end-product.

We have the technical qualifications and experience to provide the level of service desired and expected by the Town and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the Town and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.
