



**CITY OF FOSTER CITY  
AUDIT COMMITTEE MEETING**

**AGENDA**

**SPECIAL MEETING**

Wednesday, February 15, 2023, 7:00 PM

Location: City Hall, Conference Room ID/EOC  
610 Foster City Blvd  
Foster City, CA 94404

**1. Call to Order**

**2. Roll Call**

Committee Members

Audie Chang	Committee Member
Bob Buyers	Committee Member
Falgon Desai	Committee Member
Michael Barry	Committee Member

(The Committee has one vacancy as of the date of this meeting)

City Council Liaison

Patrick Sullivan

Staff Members

Edmund Suen	Finance Director
Waqas Hassan	Assistant Finance Director
Karen Li	Senior Accountant
Kay Khin	Accountant II

**3. Public Comments**

**4. Election of Officers**

- a. Chair**
- b. Vice Chair**

**5. Approval of Minutes**

Approval of December 15, 2022, Special Meeting Minutes

**6. New Business**

- 1. Establishing Meetings (dates/time/place)
- 2. Development of Mission Statement and Goals for 2023
- 3. Screening of proposals received in response to the Request for Proposals (RFP) for auditing services issued on January 12, 2023 and selection of audit firms to be interviewed on March 4, 2023 Audit Committee Special Meeting
- 4. Develop interview questionnaire to be used for the March 4, 2023 interviews' session

**7. Adjournment**

**The public is invited to attend.**

Any attendee wishing special accommodations at the meeting should contact the Department at (650) 286-3204 at least 48 hours in advance of the meeting. Any writings or documents provided to a majority of the Audit Committee regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection online at [fostercity.org/agendasandminutes](http://fostercity.org/agendasandminutes), at the front desk of the Foster City, City Hall located at 610 Foster City Blvd. during normal business hours and at the meeting.



## **CITY OF FOSTER CITY**

### **AUDIT COMMITTEE**

**SPECIAL MEETING OF THURSDAY, DECEMBER 15, 2022**

### **MINUTES**

1. Call to Order

**Chair Michael Barry called the meeting to order at 7 pm.**

2. Roll Call

**Accountant II called the roll:**

Members Present:

**Committee Chair Michael Barry, Committee Vice Chair Bob Buyers, Committee Members: Cindy Wang and Falgoon Desai.**

Members Absent:

**Committee Member: Keerthana Swaminathan.**

City Council Liaison Present:

**Vice Mayor Patrick Sullivan.**

Staff Present:

**Edmund Suen, Finance Director; Waqas Hassan, Assistant Finance Director; Karen Li, Senior Accountant; and Kay Khin, Accountant II.**

3. Public Comments:

**None.**

4. Approval of Minutes:

**A motion was made by Chair Michael Barry, seconded by Vice Chair Bob Buyers, and carried by a roll call vote, 4-0-1, with Committee Member Keerthana Swaminathan absent, to accept the Audit Committee Regular Meeting Minutes of April 19, 2022.**

5. Reports

1. Draft Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2022
2. Draft Measure A Report for the Year Ended June 30, 2022
3. Draft Measure W Report for the Year Ended June 30, 2022
4. Draft Appropriations Limit Report for the Year Ended June 30, 2022
5. Draft Memorandum of Internal Control for the Year Ended June 30, 2022
6. Draft Required Communications for the Year Ended June 30, 2022

**Auditor Zhang provided an overview of each report and the audit result. Questions and comments from the audit committee members and responses from Finance Director Suen on the reports ensued.**

**A motion was made by Chair Michael Barry, seconded by Committee Member Falgoon Desai, and carried by a roll call vote, 4-0-1, with Committee Member Keerthana Swaminathan absent, to accept the draft FY2021-2022 annual comprehensive financial report and other reports.**

6. Old Business

Review and accept the Directed Study on the impact of 100, 870, and 1000 basis points (BPS) increases on all Balance Sheet line items shown in the City's audited June 30, 2021, Statement of Net Position.

**Questions and comments from audit committee members and responses from Finance Director Edmund Suen.**

**A motion was made by Vice Chair Bob Buyers, seconded by Chair Michael Barry, and carried by a roll call vote, 4-0-1, to acknowledge that the Directed Study was presented.**



7. New Business

Preparation of a written annual report of 2022 accomplishments to be presented to the City Council (possibly Tuesday, January 17, or Monday, February 6, 2023).

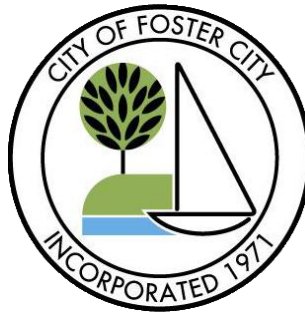
**Chair Michael Barry will prepare and present the annual report of 2022 accomplishments to the City Council.**

8. Adjournment

**The meeting adjourned at 8:25 pm.**

MAILING LIST OF AUDITING FIRMS for RFP								
	Firm Name	Contact	Street Address	City	State	Zip Code	Telephone	Email
1	Badawi & Associates	Mr. Ahmed Badawi	180 Grand Avenue, Suite 1500	Oakland	CA	94612	(510) 768-8251	<a href="mailto:abadawi@b-acpa.com">abadawi@b-acpa.com</a>
2	Macias, Gini & O'Connell LLP	Mr. David Bullock	2121 N. California Blvd, Suite 750	Walnut Creek	CA	94596	(925) 395-2808	<a href="mailto:dbullock@mgocpa.com">dbullock@mgocpa.com</a>
3	Maze & Associates	Ms. Amy L. Meyer	3478 Buskirk Avenue, Suite 215	Pleasant Hill	CA	94523	(925) 930-0902 x271	<a href="mailto:amym@mazeassociates.com">amym@mazeassociates.com</a>
4	The Pun Group	Mr. Kenneth Pun	200 Sandpointe Avenue, Suite 600	Santa Ana	CA	92707	(949) 777-8801	<a href="mailto:ken.pun@pungroup.com">ken.pun@pungroup.com</a>
5	Eide Bailly LLP	Mr. Ahmad Gharaibeh	1900 S Norfolk St., Suite 225	San Mateo	CA	94403	(650) 223-6103	<a href="mailto:aGharaibeh@eidebailly.com">aGharaibeh@eidebailly.com</a>
6	Clifton, Larson, Allen, LLP (CLA)	Melissa Morley	60 S. Market Street, Suite 1550	San Jose	CA	95113	(714) 978-1300	<a href="mailto:melissa.morley@claconnect.com">melissa.morley@claconnect.com</a>
7	Lance, Soll & Lunghard, LLP (LSL)	Mr. Brandon Young	2151 River Plaza Dr., Suite 150	Sacramento	CA	95833	(916) 503-9691 x311	<a href="mailto:Brandon.Young@lslcpas.com">Brandon.Young@lslcpas.com</a>

**CITY OF FOSTER CITY/  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**



**REQUEST FOR PROPOSALS  
FINANCIAL AUDITING SERVICES**

**FINANCIAL SERVICES DEPARTMENT  
610 FOSTER CITY BLVD.  
FOSTER CITY, CA 94404**

**DATE RELEASED: JANUARY 12, 2023**

**PROPOSAL DUE DATE: FEBRUARY 6, 2023 5:00 PM**

I. INTRODUCTION

The City of Foster City was incorporated on April 27, 1971. It is a general law City that operates under the Council-City Manager form of government. The City has a population of 33,056 and provides a full range of municipal services which include the following departments: City Manager, City Clerk and Communications, Police, Community Development Services, Public Works, Parks and Recreation, Financial Services and Human Resources. The City receives fire suppression, prevention, and advanced life support programs/services through its member agency status with the San Mateo Consolidated Fire Department, a Joint Powers Authority between Foster City, the Belmont Fire Protection District, and the City of San Mateo. The City employs approximately 172 full-time equivalent positions. The Total Budget for FY 2022-2023 is just over \$159 million for all funds, which includes a General Fund budget of approximately \$54 million.

The City Council also serves as the Board of Directors for the Estero Municipal Improvement District (the District). The District, although a separate legal entity, encompasses the same geographical area, is inhabited by the same citizens and governed by the same bodies and procedures as the City.

II. FUND STRUCTURE

The City of Foster City currently uses the following fund types in its financial reporting. Several of the funds shown in the Annual Comprehensive Financial Report (ACFR) are a combination of multiple City funds. The number and type of funds are subject to change based on the needs of the City. Any such change shall not result in change in the audit fee.

Fund Type	Number of Individual Funds
General Fund	11
Special Revenue Funds	25
Capital Projects Funds	2
Debt Service Funds	1
Enterprise Funds *	12
Internal Service Funds	8
Fiduciary Funds	2

\* The City operates two enterprises – wastewater treatment and water service

General ledger accounting is performed on the Central Square (previously known as SUNGARD) NaviLine financial system software suite.

### III. PURPOSE

The City of Foster City is requesting proposals from qualified certified public accounting firms to audit the financial statements of the City of Foster City/Estero Municipal Improvement District for the fiscal years ending June 30, 2023, 2024 and 2025 with an option to extend the audit contract for an additional two fiscal years ending June 30, 2026 and 2027 at the discretion of the City.

The audit is to be performed in accordance with:

1. Auditing standards generally accepted in the United States of America.
2. The standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
3. The provisions of the Single Audit Act of 1996, as amended and the provisions of the U.S. Office of Management and Budget (OMB) guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
4. Governmental Accounting Standards Board (GASB) Pronouncements, and any guidelines, as applicable.

### IV. GENERAL RFP SUBMITTAL INFORMATION

The Financial Services Department staff and the Audit Committee will evaluate proposals received.

During the review process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarification from those that submit proposals or allow corrections of errors or omissions. Any and all changes in the RFP will be made by written addendum, which shall be issued by the City to all proposers who have responded to the RFP by the deadline.

The City reserves the right to retain all proposals submitted. Submission of a proposal indicates the firm's acceptance of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the Auditor selected.

The preparation of the RFP will be at the total expense of the Proposer. There is no expressed or implied obligation for the City to reimburse responding proposers for any expense incurred in the preparation of proposals in response to this RFP. All proposals submitted to the City shall become properties of the City and will not be returned.

The City reserves the right to reject any or all proposals, in whole or in part, to waive any informality in any proposal, and to accept the proposal which, in its discretion, is in the best interest of the City.

Questions with regard to this RFP shall be submitted by e-mail to Waqas Hassan, Assistant Finance Director, at [whassan@fostercity.org](mailto:whassan@fostercity.org) by 5:00 P.M. on January 25, 2023. Responses to the questions will be sent via e-mail by January 31, 2023.

V. SCOPE OF WORK

The selected independent auditor will be required to perform the following:

- A. Audit of all Funds of the City of Foster City and Estero Municipal Improvement District in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audits shall include such tests of the accounting records and other auditing procedures considered necessary to express an opinion.
- B. Render an auditor's report on the Basic Financial Statements which include both Government-Wide Financial Statements and Fund Financial Statements.
- C. Perform limited procedures on the Management's Discussion and Analysis (MD&A) and required supplementary information (RSI) as required by the Governmental Accounting Standards Board as mandated by general accepted auditing standards.
- D. Issue a report regarding the City/District's internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts and grants in accordance with Government Auditing Standards or other communications that may be required by auditing standards.
- E. Perform the required tests of compliance under Measure A of San Mateo County for Local Transportation Purposes and issue the applicable report as required.
- F. Perform the required tests of compliance under Measure W of San Mateo County Congestion Relief Plan and issue the applicable report as required.
- G. If applicable, perform a single audit or compliance audit (if applicable), in accordance with the Office of Management and Budget (OMB) Uniform Grant Guidance/Super Circular. The single audit report will include a schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings.
- H. If applicable, prepare a compliance examination report on the schedule of financial assistance (e.g. ARPA assistance).
- I. Perform agreed-upon procedures pertaining to the City's/District's GANN Limit (Article XIII B – review of appropriation limit calculations) and render a letter annually regarding compliance.
- J. Prepare the City's/District's entire ACFR.

- K. Perform a Directed Study of not to exceed 40 hours of Auditor Staff time. This Directed Study is performed at the request of the City's Audit Committee and/or City staff and is considered to be performed as "agreed-upon procedures" between the City and the Independent Auditor. The subject of the study is typically related to the financial operations of the City, and the final report is intended to document the procedures performed and the results of those procedures. There is no opinion expressed as a result of the completion of such procedures, although the Independent Auditor is free to make recommendations on any findings as a result of the testing performed. Examples of prior Directed Studies include: review of investment return comparisons with the five bay area cities; sample testing on transient occupancy tax revenues at the two (2) hotels operating in Foster City; review of compliance with the City's Internal Services Funds Policy; review of the Long-Term Capital Improvement Funding Policy; and, selected testing of video franchise fees from cable and video operators serving Foster City.
- L. Attend City meetings/audit committee meetings for the purpose of discussing the audit, the management letter and its conclusions, ACFR and other reports prepared by the auditor.
- M. Provide timeline schedule of the annual audit.
- N. Provide listing of requested items at least three (3) weeks prior to audit fieldwork.
- O. Provide assistance to meet requirements of the GFOA program including preparing answers to GFOA comments.
- P. Prepare and print all reports including tabbing and binding. Auditor shall provide unbound reproducible masters, bound copies and a digital file in Adobe Acrobat format for each of the following:

	<u>Unbound Master</u>	<u>Bound Copies</u>
1. Annual Comprehensive Financial Report (ACFR)	1	25
2. Report to the Audit Committee/ Management Letter		15
3. Measure A Compliance Report		15
4. Measure W Compliance Report		15
5. Compliance examination report on the schedule of financial assistance		15
6. Single Audit or Compliance Audit- Federal Assistance		15
7. Appropriation Limits		15
8. Directed Study		15

VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

City Staff will:

- A. Prepare Management's Discussion and Analysis (MD&A) for the ACFR.
- B. Prepare Statistical Section of the ACFR.
- C. Provide an organizational chart.
- D. Prepare Letter of Transmittal.
- E. Provide detailed accounting records and prepare requested audit schedules.
- F. Prepare confirmation letters requested by the auditor.
- G. Provide trial balance reports such as balance sheet, revenues and expenditures details for all funds.

VII. EVALUATION CRITERIA

Proposal will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and fees. The following represents the principal selection criteria which will be considered during evaluation process:



- a. Mandatory Elements
  - 1) The firm is independent and licensed to practice in California
  - 2) The firm has no conflict of interest with the City/District
  - 3) The firm follows the instructions set forth in this request for proposal
  - 4) The firm's professional personnel have received adequate continuing professional education within the last three years
  - 5) The firm submits a copy of its most recent external quality control review report and has a record of quality audit work
  
- b. Technical Quality
  - 1) Responsiveness of the proposal
  - 2) Expertise and experience of the firm in government auditing for cities with full municipal services in the State of California
  - 3) The Firm's reputation in the local government auditing/accounting field
  - 4) Qualification of personnel assigned to the City including managing partner, manager, senior accountant, staff (education, including continuing education taken during the last three years, position in the firm and years of experience will be considered)
  - 5) Size and structure of the firm
  - 6) Adequacy of staff assigned to perform audit
  - 7) Audit approach
  - 8) Experience preparing ACFR
  - 9) Provide complimentary annual training to the client
  - 10) Accessibility to audit firm staff
  
- c. Fees

NOTE: The City reserves the right to reject any and all proposals that are deemed to be considered non-responsive or incomplete as to the required elements as indicated in this Request for Proposals.

VIII. PROPOSAL SCHEDULE

The City reserves the right to make changes to the schedule below, but plans to adhere to the timeline below:

January 12, 2023 Thu	Posting of RFP on the City's website
February 6, 2023 Mon (5:00 PM)	Deadline for RFP submission Responses to the RFP must be received at City Hall by this time
February 15, 2023 Wed	Completion of Screening of applicants
March 4, 2023 Sat (9 AM-4 PM) (subject to change due to Committee members' availability)	Interview with Audit Committee
April 3, 2023 Mon (6:30 PM)	Approval of Audit Services Contract by the City Council

IX. ANTICIPATED AUDIT SCHEDULE:

(NOTE: Time frame below is tentative only. A final time schedule will be worked out between the City staff and the selected audit firm).

May 9, 2023 Tues	Scoping meeting with selected auditors
May 15, 2023-May 19, 2023	Interim Audit
September 11, 2023-September 22, 2023	Final Phase Fieldwork
October 16, 2023 Mon	1st draft of Financial Statements for management review
October 23, 2023 Mon	2 <sup>nd</sup> draft of Financial Statements for management review. 1st draft of Management Letter and other reports
November 6, 2023 Mon	Final draft of Financial Statements and Management Letter and other reports to the Audit Committee
November 16, 2023 Thu	Audit Committee meeting to review draft of Financial Statements and Management Letter and other reports
December 4, 2023 Mon	Printed Financial Statements and Management Letter and other reports issued

X. COMPENSATION:

All responses to the RFP shall set forth the hourly rates of those persons conducting the audit and the maximum total amount of hours and compensation for reviewing all financial records outlined in this scope of work. Fees shall be provided for a three-year engagement including costs of the optional two years beginning with the fiscal year ending June 30, 2023. A cost breakdown by year and individual audit is requested for the five years. The City desires that total fees be stated as “total not to exceed amount inclusive of all out of pocket expenses”.

The City shall make progress payments based on hours of work completed during the course of the engagement within 30 days from the receipt of auditor’s invoice.

XI. PERSONNEL CHANGES

Proposals shall include a statement by the firm as to its plans and commitments relative to providing a continuity of personnel. The City reserves the right to request replacement of any members of the firm’s auditing team prior to and during the course of the audit if circumstances warrant, and similarly, the City requests that it be notified, in advance, of any changes made by the auditing firm concerning the make-up of the auditing team after work has begun.

XII. WORKING PAPERS RETENTION

All working papers and reports must be retained at auditor’s expense for seven years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available to the City/District or any government agencies. In addition, the firm shall respond to the reasonable inquiries of successor auditors to review working papers relating to matters of continuing accounting significance.

XIII. OPTIONAL SERVICES

**State Controller’s Reports**

- a. Prepare City Annual State Controller’s Report
- b. Prepare District Annual State Controller’s Report
- c. Prepare Street Annual State Controller’s Report

XIV. PROPOSAL REQUIREMENT

All firms shall submit a total of eleven with one (1) signed original and ten (10) hard copies of their proposal in the following order:

**A. Title Page/Cover**

It should include the name of the audit firm, address, telephone number, contact person and date of proposal.

**B. Table of Contents**

**C. Transmittal Letter**

Briefly introduce your firm, indicating whether your firm is local, regional, national or international. Identify the location of the office from which the work is to be done. Provide a short profile of the firm and staff levels. Indicate the name of the persons who will be authorized to make representations for and to bind the firm, their titles, addresses and telephone numbers. Indicate your firm's types of clients and any other useful information. Briefly state the proposer's understanding of the audit services to be performed, the commitment to perform the work within the time period specified and a statement as to why the firm believes to be the best qualified to perform the engagement.

**D. Technical Proposal**

- General Requirements – The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City/District. It should demonstrate the qualifications of the firm and the staff to be assigned to the engagement. It should also specify an audit approach that will meet the request for proposal requirements. In addition, it should provide a resume of each person assigned to this engagement.
- Independence – The firm should provide an affirmative statement that it is independent of the City/District as defined by generally accepted auditing standards.
- Business License – The independent auditor selected must possess a City of Foster City license while conducting any work under this contract.
- Firm Qualifications and Experience – The proposal should state the size of the firm, the location of the office from which this engagement is to be performed, and the size of the firm's governmental audit staff.
- External Quality Control Review – It should include the most recent review report.
- Similar Engagements with other entities – List a minimum of three cities for engagement performed in the last five years similar to the City of Foster City. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
- Experience in preparing ACFR – Demonstrate the competency and capacity of the audit firm to prepare ACFR. Provide the names of three Cities that the firm has prepared their ACFR.

- Audit Approach – the proposal should set forth a work plan, including an explanation of the audit methodology to perform the audit services such as:
  1. Segments of the engagement
  2. Level of staff and number of hours assigned to each proposed segment of the engagement
  3. Sampling sizes and technique
  4. The software used in conjunction with the engagement
  5. The analytical procedures used in the engagement

**E. Proposal Data Sheet (see sample format – Exhibit A)**

**XV. INFORMATION / IMPORTANT DATES**

Deadline for RFP submission : **February 6, 2023 @ 5:00 PM**  
Deliver Proposals to:

Mr. Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404

Interviews of Selected Firms **March 4, 2023 @ 9:00 AM to 4:00 PM**  
By Audit Committee  
(subject to change of date due to Committee members' availability)

City Council Approval of Audit Firm: **April 3, 2023 @ 6:30 PM**

# Exhibit A

## RFP PROPOSAL DATA SHEET

FIRM NAME:

CONTACT PERSON:

CONTACT INFORMATION:

QUALIFICATIONS STATEMENT

### GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM

CLIENT NAME

MOST RECENT AUDIT

CONTACT NAME

PHONE

### AUDITING PERSONNEL PROVIDED\*

ACCOUNTING FUNCTION

YEARS OF EXPERIENCE

CERT/DEGREE

LAST PUBLIC AUDIT

\*Please remember to include resumes with your RFP response.

### HOURLY RATES OF AUDITING PERSONNEL

NAME / FUNCTION

HOURLY / RATE

FEES AND BILLING SEQUENCE

<u>Audit Services</u>	<u>ANTICIPATED HOURS EXPENDED</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
1. City / District Audit/ Management Letter and related reports	_____	\$ _____	\$ _____	\$ _____
2. Measure A Compliance Report	_____	\$ _____	\$ _____	\$ _____
3. Measure W Compliance Report	_____	\$ _____	\$ _____	\$ _____
4. Appropriation Limit	_____	\$ _____	\$ _____	\$ _____
5. Preparation of ACFR	_____	\$ _____	\$ _____	\$ _____
6. Directed Study	_____	\$ _____	\$ _____	\$ _____
7. Compliance examination Report	_____	\$ _____	\$ _____	\$ _____
8. Single Audit	_____	\$ _____	\$ _____	\$ _____
Total not to exceed including out of pocket	_____	\$ _____	\$ _____	\$ _____

Optional Services

1. State Controller's Reports (City, District and Street)	_____	\$ _____	\$ _____	\$ _____
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Please state any qualifications you need to make regarding your proposal fee (e.g., out-of-pocket expenses, fee increases, extraordinary services, etc.).

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BILLING SEQUENCE

OTHER SERVICES OFFERED

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Signature of Individual Submitting Proposal on Behalf of the Firm



**Summary of audit fees from the proposals received**

Cost of Services	Audit Firms																								
	Badawi					Eide Bailly					Maze					Moss Levy & Hartzheim LLP					The Pun Group LLP				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
City's Audit & Related Reports	\$ 29,720	\$ 30,675	\$ 31,450	\$ 31,450	\$ 31,450	\$ 40,550	\$ 43,591	\$ 46,860	\$ 50,375	\$ 54,153	\$ 36,883	\$ 38,727	\$ 40,663	\$ 42,696	\$ 44,831	\$ 44,490	\$ 44,490	\$ 44,490	\$ 45,825	\$ 45,825	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
Measure A	945	945	1,005	1,005	1,005	2,200	2,365	2,542	2,733	2,983	1,016	1,067	1,120	1,176	1,235	795	795	795	820	820	1,250	1,288	1,326	1,366	1,407
Measure W	1,165	1,195	1,275	1,275	1,275	2,200	2,365	2,542	2,733	2,983	1,016	1,067	1,120	1,176	1,235	1,195	1,195	1,195	1,230	1,230	1,250	1,288	1,326	1,366	1,407
Appropriation Limit (GANN)	945	945	1,005	1,005	1,005	2,540	2,730	2,935	3,156	3,393	881	925	971	1,020	1,071	495	495	495	510	510	500	515	530	546	563
Preparation of ACFR	-	-	-	-	-	9,860	10,600	11,395	12,250	13,169	4,700	4,935	5,182	5,441	5,713	-	-	-	-	-	3,500	3,605	3,713	3,825	3,939
Directed Study	3,695	3,765	3,910	3,910	3,910	7,075	7,606	8,176	8,789	9,448	4,521	4,747	4,984	5,233	5,495	1,475	1,475	1,475	1,520	1,520	5,000	5,150	5,305	5,464	5,628
Compliance Examination Report	4,860	5,115	5,110	5,110	5,110	3,125	3,360	3,612	3,882	3,882	4,553	4,781	5,020	5,271	5,535	1,495	1,495	1,495	1,540	1,540	1,000	1,030	1,061	1,093	1,126
Single Audit (1 Major Program)	5,205	5,270	5,440	5,440	5,440	23,950	25,746	27,678	29,753	31,984	5,338	5,605	5,885	6,179	6,488	3,500	3,500	3,500	3,500	3,500	5,000	5,150	5,305	5,464	5,628
	\$ 46,535	\$ 47,910	\$ 49,195	\$ 49,195	\$ 49,195	\$ 91,500	\$ 98,363	\$ 105,740	\$ 113,671	\$ 121,995	\$ 58,908	\$ 61,854	\$ 64,945	\$ 68,192	\$ 71,603	\$ 53,445	\$ 53,445	\$ 53,445	\$ 54,945	\$ 54,945	\$ 67,500	\$ 69,526	\$ 71,611	\$ 73,760	\$ 75,973
First 3 years Total			\$ 143,640					\$ 295,603					\$ 185,707					\$ 160,335					\$ 208,637		
5 years Total				\$ 242,030					\$ 531,269					\$ 325,502					\$ 270,225					\$ 358,370	
SCO Report (City, District & Street)	3,355	3,515	3,735	3,735	3,735	10,000	10,750	11,556	12,423	13,355	9,800	10,290	10,805	11,345	11,912	6,975	6,975	6,975	7,025	7,025	7,000	7,210	7,426	7,649	7,879
Out of Pocket Fees	Included					will bill for actual out of pocket expenses					Included					Included					Included				

With their original submission, Eide Bailly LLP and Moss Levy & Hartzheim LLP did not submit fees for the two optional years as requested in "X. Compensation" clause listed on page 8 of the RFP. Foster City staff reached out to them for an updated fee schedule which has now been incorporated in the above tables

**Summary of Hours from the proposals received**

		Audit Firms																													
		Badawi					Eide Bailly					Maze					Moss Levy & Hartzheim LLP					The Pun Group LLP									
		2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027					
<b>Hours</b>																															
Partner		54	51	50	50	50	40	40	40	40	40	54	54	54	54	54	71	71	71	71	71										
Audit Manager		94	89	86	86	86	160	160	160	160	160	-	-	-	-	-	192	192	192	192	192										
Supervisor		150	137	133	133	133	140	140	140	140	140	113	113	113	113	113	253	253	253	253	253										
Audit Staff		216	203	196	196	196	90	90	90	90	90	367	367	367	367	367	226	226	226	226	226										
Clerical		26	24	22	22	22	10	10	10	10	10	14	14	14	14	14	13	13	13	13	13										
		540	504	487	487	487	440	440	440	440	440	547	547	547	547	547	755	755	755	755	755	540									
Partner Time as a %		10.0%	10.1%	10.3%	10.3%	10.3%	9.1%	9.1%	9.1%	9.1%	9.1%	9.9%	9.9%	9.9%	9.9%	9.9%	9.4%	9.4%	9.4%	9.4%	9.4%	0.0%									
Manager Time as a %		17.4%	17.7%	17.7%	17.7%	17.7%	36.4%	36.4%	36.4%	36.4%	36.4%	20.7%	20.7%	20.7%	20.7%	20.7%	25.4%	25.4%	25.4%	25.4%	25.4%	0.0%									

Breakdown by staff hours not provided

## Audit Fees for the Past 6 Years

Services Provided	Maze & Associates					
	2017	2018	2019	2020	2021	2022
Annual Comprehensive Financial Report Audit	37,705	37,705	37,705	33,705	37,705	37,705
Measure A	848	848	848	848	848	848
Measure W	N/A	N/A	2,500	1,000	1,250	1,250
GANN Limit Review and Report	848	848	848	848	848	848
Directed Study	4,335	4,335	4,335	4,335	4,335	2,000
Examination	N/A	N/A	N/A	N/A	N/A	5,200
Single Audit, if needed	5,415	5,415	5,415	5,415	5,415	5,415
GASB 68 Cost Sharing Calculations	1,000	1,000	1,000	1,000	1,000	N/A
GASB 75 Implementation (one time charge)	N/A	1,000	N/A	N/A	N/A	N/A
	<b>\$ 50,151</b>	<b>\$ 51,151</b>	<b>\$ 52,651</b>	<b>\$ 47,151</b>	<b>\$ 51,401</b>	<b>\$ 53,266</b>

# CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT

## SCREENING MATRIX FOR AUDIT FIRMS SELECTION

	CRITERIA	Weight	Badawi & Assoc.	Eide Bailly	Maze & Assoc.	Moss Levy & Hartzheim	The Pun Group
<b>a</b>	<b>MANDATORY ELEMENTS</b>						
a.1	Independent and licenced to practice in California	4					
a.2	No conflict of interest with City/District	3					
a.3	Follows instructions set forth in RFP	5					
a.4	Adequate continuing education for the last 3 years	4					
a.5	Submit most recent external quality control review report	4					
		<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>b</b>	<b>TECHNICAL QUALITY</b>	<b>Weight</b>					
b.1	Responsiveness of the proposal	5					
b.2	Expertise and experience in government auditing for cities	8					
b.3	Reputation in the local government auditing/accounting field	3					
b.4	Qualification of personnel assigned to the City	8					
b.5	Size and structure of the firm	4					
b.6	Adequacy of staff assigned to perform audit	4					
b.7	Audit approach	4					
b.8	Experience preparing ACFR	10					
b.9	Complimentary annual training to City	5					
b.10	Accessibility to audit firm staff	4					
		<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>c</b>	<b>FEES</b>	<b>Weight</b>	<b>0</b>	<b>0</b>			
c	<b>Fees</b>	<b>25</b>					
		<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Score:</b>			<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# City of Foster City Sample Auditors' Interview Questions

## General Questions:

### 1. Staffing Questions

- a. What is your planned staffing level for this audit?
- b. Describe the audit staff experience who will be assigned to this job.
- c. How do you manage replacement staff when individuals leave your firm, go on leave or the city's finance team determines an individual is not a fit?
- d. How will you ensure the quality and the continuity of the staff over the term of the engagement?
- e. How will you ensure that the transition replacement personnel, and whether such replacements will have the same or better qualifications and experience.
- f. What is your process for bringing new team members up to speed with the current audit?
- g. How many engagements are the various team members working on concurrently?

### 2. Communication/Interaction

- a. How often does your team intend to be onsite to perform fieldwork?
- b. List areas of work that are not performed on-site during the audit which will require the City staff to spend extra hours assisting preparing the related documents in order for your firm to complete the audit process.

### 3. Audit Schedule

Will the deadlines of November 2023 opinion date pose any particular problems that you anticipate at this time?

- a. When does your firm discuss/finalize audit schedule for interim & final audits?
- b. How will you ensure we get our opinion no later than November 16 and present to the Audit Committee and on December 4, 2023 to the Council. Our agenda packet is due 2 weeks before the meeting. In addition, we need internal review time before adding to agenda packet.

### 4. Audit Approach

- a. How do you gear your standard methodologies to fit the City of Foster City?
- b. What have you learned from past audits that you have incorporated into your current audit approach?
- c. Please confirm that your firm will be preparing City of Foster City's entire Annual Comprehensive Financial Report (ACFR) including conversion journal entries, reconciliations from governmental funds to government-wide, footnotes, required supplementary information, supplementary information section and cashflow statements.
- d. How does your firm assist the City in implementing new GASB pronouncements?

## 5. Audit Fees

- a. Describe the scope of services your audit contract covers and what it does not cover.

## 6. Former and Current Clients

- a. List three government entity engagements performed currently that are similar to the engagement described in this request for proposal. Indicate the scope of work, date and engagement partners and how many of them have you prepared their ACFR.

## 7. Finance Team support & training

- a. How can you assist in keeping the Foster City Finance Team up to date on the latest regulations and laws as well as best processes and controls?
- b. Does your firm provide annual training to the audit clients?
  - i. Is it a webinar or live training?
  - ii. Where is the live training held?
- c. We occasionally have questions or inquiries during the year about how to account for certain unusual or nonrecurring transactions.
  - i. Would your staff be available to assist in determining the proper accounting treatment for these transactions?
  - ii. At what point would we be charged extra for the non-financial service?
  - iii. What is the turnaround time of our inquiries?

## 8. Examples of Challenges and How They Were Overcome

- a. Provide a few examples of challenges – either communication or actual evidence gathering, etc where your firm has experienced significant challenges and what did you do to overcome them and what did you learn from these instances?
- b. Provide an example of an audit engagement that went extremely well and what were the factors that contributed to that?

## 9. Discuss your security procedures with regards to data and client personnel information.

# City of Foster City

## TECHNICAL PROPOSAL

### **For Professional Auditing Services for the City of Foster City**

For fiscal years ending June 30, 2023 through 2025,  
with the option of extending the contract for each of  
the two (2) subsequent fiscal years.

***February 6, 2023***

**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](mailto:abadawi@b-acpa.com)







# City of Foster City

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February 6, 2023

Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404

Dear Waqas Hassan:

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 City of Foster City (the "City") for the fiscal years ending June 30, 2023 through 2025, with the option of extending the contract for each of the two (2) subsequent fiscal years. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the City 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 Government Accountability 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 engagement:

- Single Audit
- Measure A Compliance Audit
- Measure W Compliance Audit
- GANN Limit Agreed-upon Procedures
- Preparation of ACFR
- Directed Study Agreed-upon Procedures
- Compliance Examination on Schedule of Financial Assistance
- City State Controller's Report\*
- Estero Municipal Improvement District State Controller's Report\*
- Street State Controller's Report\*

\*Optional services, to be performed at the request of the City.

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 City.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the City 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:

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](mailto:abadawi@b-acpa.com)

Waqas Hassan  
Assistant Finance Director  
City of Foster City  
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 City, we understand the City's operational environment, and pledge to you our complete commitment to providing a quality product that meets the City'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 City's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City 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.

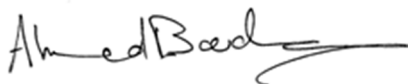
The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

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 City. Our past experience provides us with a thorough understanding of the needs and requirements of the City, 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

## **Firm Independence**

### **Qualifications and Experience**

The Firm is independent of the City of Foster City 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.

#### **Insurance**

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

#### **License to Practice in California**

The Firm and all key professional staff assigned to the City'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.

#### **Conflict of Interest**

The Firm has no conflicts of interest in connection with providing the services described in this proposal. The Firm does not have any financial, business, or other professional relationships with the City or any member of City staff.

#### **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 City.

In addition to specific City 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 City 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 City'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 City's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City 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 City Management to discuss the audit approach, identify specific needs of City Management, and familiarize themselves with City 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 City 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 City on providing a list of those tasks that we will target to complete during interim and work with the City on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the City in meeting its goal of issuing the Annual Comprehensive 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 City 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 City 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 City's operational needs. Additionally, this situation provides the City with an auditing firm that has depth in capabilities to address any financial issue the City may need assistance with, and the quality audit approach that you expect.

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

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 City 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 City processes, and benefiting the City with his broad municipal experience. We have found that this effort benefits the City and the Firm through developing a thorough knowledge of the City's practices and issues and establishing a close working relationship with the City'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
- Redevelopment Agencies
- Financing Authorities
- Housing Authorities
- Special Districts
- Water Districts
- Waste Management Authorities and Operations
- Pension Plans
- Child Care Operations
- Joint Power Authorities
- Investment Activities
- Landfills
- Enterprise Funds
- Airports
- Transportation Operations
- 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
- Compliance audits
- Tax advice
- Development of financial and accounting policies and procedures
- Investment review and compliance evaluation
- Operational reviews
- Technical guidance on existing and upcoming accounting issues
- Training seminars
- Pension/profit-sharing plans
- Performance audits
- Business consulting

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

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**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.

**Flowcharting Documentation**

As part of our risk assessment procedures, we prepare flowcharts for documenting our understanding of the City's significant accounting and financial processes. Flowcharts are updated annually for any changes in the City's processes and copies can be provided upon request for the City's internal use. Flowcharted processes may include:

- Financial Reporting, Closing, and Manual Journal Entries
- Cash Receipts, Billing, and Accounts Receivable/Revenues
- Cash Disbursements, Purchasing, and Accounts Payable/Expenditures
- Payroll and Human Resources

**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**

Berkeley, 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, 2022. 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](http://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 Concoors, Suite 100, Ontario, CA 91764  
 909.948.9990 / 800.644.0696 / FAX 909.948.9633  
 [gyl@gylcpa.com](mailto:gyl@gylcpa.com)  
 [www.gylcpa.com](http://www.gylcpa.com)

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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, 2022, 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  
June 14, 2022



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The Firm 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 the Firm 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**

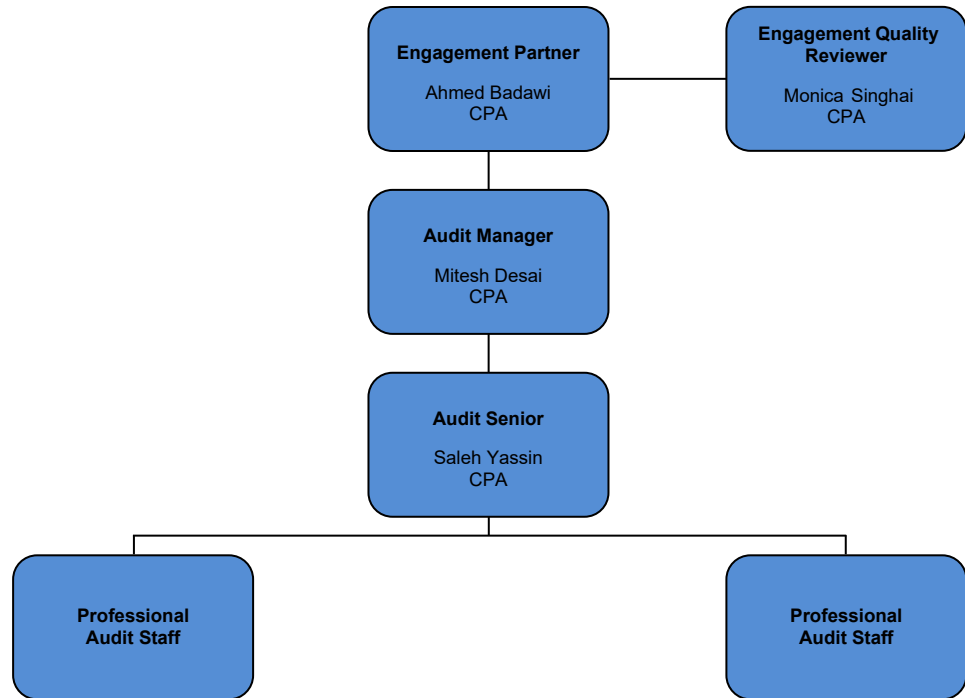
There has not been any state or federal disciplinary actions taken or pending against the Firm nor any findings to report.

**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 City 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 City, 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 sixteen years of experience in municipal auditing. Mr. Desai has participated in the audits of numerous governmental agencies, assisted in their efforts to publish their Annual Comprehensive Financial Reports in compliance with GASB 34, and a volunteer member of the GFOA Special Review Committee. Mr. Desai is responsible for conducting in-house trainings for staff auditors and is credentialed with 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 ten 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 City.

The Engagement Team members will continue their professional development efforts.

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**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

- Sixteen 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:						
Foster City	X	X	X		X	X
Albany	X	X	X			X
Antioch	X	X		X	X	X
Atwater	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
Cotati	X				X	X
Dublin	X	X				X
East Palo Alto	X	X			X	X
El Cerrito	X	X	X		X	X
Folsom	X	X			X	X
Fremont	X	X	X			X
Guadalupe	X	X	X		X	X
Lafayette	X		X		X	X
Larkspur	X	X			X	X
Lindsay	X				X	X
Menlo Park	X	X	X		X	X
Newark	X	X	X			X
Oakdale	X	X	X		X	X
Ontario	X	X	X		X	X
Petaluma	X	X				X
Pinole	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	X
San Mateo	X	X	X		X	X
Scotts Valley	X		X		X	X
Solvang	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
Counties:						
Santa Cruz County	X	X	X	X	X	X
Contra Costa County	X	X	X	X	X	X
Special Districts and Other:						
Alameda County Water District	X				X	X
East Bay Regional Park 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 Annual Comprehensive 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

- Fourteen 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:						
Foster City	X	X	X		X	X
Dublin	X	X				X
Albany	X					
Antioch	X				X	X
Azusa	X	X			X	X
Berkeley	X	X	X		X	X
Buena Park	X	X			X	X
Calimesa	X		X			X
Crescent City	X	X	X		X	X
East Palo Alto	X	X			X	X
El Cerrito	X	X	X		X	X
Fremont	X	X	X		X	X
Lemon Grove	X				X	
Lindsay	X				X	X
Menlo Park	X				X	X
Millbrae	X	X	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
Sebastopol	X		X		X	X
Solvang	X					X
Susanville	X					
Turlock	X				X	X
Union City	X	X			X	X
Vacaville	X	X	X	X		X
Waterford	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:						
Housing Endowment and Regional Trust	X					
Special Districts and Other:						
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

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

- Ten 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
Cities:						
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
Special Districts:						
Central County Fire 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					
Zayante Fire Protection District	X					
Non-profits:						
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 performed numerous 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 City, 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	Annual Comprehensive 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	Delmy Cuellar Finance Manager (510)620-6790 Delmy_Cuellar@ci.richmond.ca.us	X		X	X	X	X			X	X	X
** Berkeley	2008	1,850	Mitesh Desai	Henry Oyekanmi Finance Director (510)981-7300 hoyekanmi@ci.berkeley.ca.us	X	X	X	X	X		X			X	X
** Ontario	2021	1,012	Ahmed Badawi	Jialuan Ning Acting Accounting Manager (909)395-2096 JNing@ontarioca.gov	X	X		X		X	X			X	X
* Union City	2006	850	Mitesh Desai	Jackie Acosta Finance Director (510)675-5345 jackiea@unioncity.org	X	X	X	X	X					X	
** Folsom	2019	807	Ahmed Badawi	Stacey Tamagni Finance Director (916)461-6712 stamagni@folsom.ca.us	X	X		X		X	X			X	
* Petaluma	2019	691	Ahmed Badawi	Corey Garberolio Finance Director (707)778-4357 cgarbero@cityofpetaluma.org	X	X		X	X	X	X	X			
* San Luis Obispo	2019	638	Ahmed Badawi	Brigitte Elke Finance Director (805)781-7125 belke@slocity.org	X	X		X	X	X	X				
* Antioch	2005	586	Mitesh Desai	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	Jennifer Wakeman Assis. Administrative Services Director (925)299-3213 JWakeman@lovelafayette.org	X	X	X							X	
East Palo Alto	2014	560	Mitesh Desai	Tomohito Oku Finance Director (650)853-3122 toku@cityofepa.org	X	X	X	X		X				X	
** Dublin	2018	546	Ahmed Badawi	Lisa Hisatomi Director of Finance & Admin. Services (925)833-6640 Lisa.Hisatomi@dublin.ca.gov	X	X		X	X						

City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
Azusa	2017	540	Ahmed Badawi	Talika Johnson Administrative Services Director (626)812-5202 tjohnson@AzusaCa.Gov	X	X	X	X		X	X			X	
Millbrae	2015	524	Mitesh Desai	Mike Sung Finance Director (650)259-2433 msung@ci.millbrae.ca.us	X	X	X	X		X	X			X	
* Yuba City	2017	450	Mitesh Desai	Spencer Morrison Finance Director (530)822-4615 smorrison@yubacity.net	X	X	X	X		X	X			X	
Wasco	2021	428	Ahmed Badawi	Isarel Perez-Hernandez Finance Director (661)758-7230 isperez@cityofwasco.org			X	X	X	X	X				
Pinole	2018	419	Ahmed Badawi	Markisha Guillory Finance Director (510)724-9823 MGuillory@ci.pinole.ca.us	X	X	X				X			X	
Larkspur	2019	382	Ahmed Badawi	Cathy Orme Administrative Services Director (415)927-5019 Finance@cityoflarkspur.org				X					X	X	
Atwater	2021	380	Ahmed Badawi	Delilah Youmara Finance Director (209)357-6347 dyoumara@atwater.org			X	X		X	X		X		
Waterford	2018	311	Ahmed Badawi	Tina Envia Finance Manager (209)874-2328 Ext: 104 tenvia@cityofwaterford.org			X			X	X			X	
Solvang	2019	308	Ahmed Badawi	Brad Vidro Interim City Manager (805)688-5575 ext 204 bradv@cityofsolvang.com	X	X				X	X				
Oakdale	2016	306	Mitesh Desai	Albert Avila Finance Director (209)845-3584 aavila@ci.oakdale.ca.us			X	X	X	X	X			X	
Guadalupe	2017	303	Mitesh Desai	Lorena Zarate Finance Director (805)356-3895 ccooper@ci.guadalupe.ca.us			X	X		X	X			X	
Sebastopol	2017	275	Mitesh Desai	Ana Kwong Finance Director (707)824-4879 akwong@cityofsebastopol.org	X	X	X			X	X			X	

City	Client Since	Hours	Engagement Partner	Principal Contact	Annual Comprehensive Financial Report	GFOA Award	RDA/Successor Agency	Single Audit	TDA	Water Fund	Sewer Fund	Child Care Audit	Housing Authority	Enterprise Funds	Pension Trust Fund
Cotati	2020	265	Ahmed Badawi	Angela Courter Director of Administrative Services (707)665-4236 acourter@cotaticity.org	X	X				X	X			X	
Crescent City	2014	227	Mitesh Desai	Linda Leaver Finance Director (707)464-7483 x224 lleaver@crescentcity.org			X	X		X	X		X	X	
Scotts Valley	2019	202	Ahmed Badawi	Selina Andrew s Finance Manager (831)440-5614 sandrew s@scottsvalley.org	X	X	X							X	
Calimesa	2013	193	Mitesh Desai	Celeste Reid, CPA Finance Director (909)795-9801 creid@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	Annual Comprehensive Financial Report	GFOA Award	Single Audit	Enterprise Funds
Florin Resource Conservation District/ Elk Grove Water District	2015	350	Mitesh Desai	Patrick Lee Finance Manager / Treasurer (916)685-3556 plee@egwd.org	Yes	Yes		X
Solano County Water Agency	2020	243	Ahmed Badawi	Roland Sanford General Manager (707) 455-1103 rsanford@scwa2.com	No	N/A		
Alameda County Waste Management Authority (StopWaste)	2018	154	Ahmed Badawi	Jennifer Luong Finance Services Manager (510)891-6500 jluong@stopwaste.org	Yes	Yes		
San Gabriel Valley Council of Governments	2021	618	Ahmed Badawi	Rey Alimoren, Director of Finance (626) 962-9292 ralimoren@sgvcog.org	No	N/A	X	X
County of Contra Costa Community Services Bureau Child Development Program	2013	450	Mitesh Desai	Nancy Benavides Fiscal Officer (925)681-4268 nbenavidas@ehsd.cccounty.us	No	N/A		
Hayward Area Recreation and Park District	2017	350	Mitesh Desai	Anne Maze Administrative Services Director (510)881-6707 maza@haywardrec.org	No	N/A		
Amador County Transportation Commission	2019	260	Ahmed Badawi	John Gedney Executive Director (209)267-2282 john@act-amador.org	No	N/A		
San Mateo Mosquito and Vector Control District	2018	228	Ahmed Badawi	Richard Arrow Finance Director (650)344-8592 rarrow@smcmvcd.org	Yes	Yes		
Monterey Bay Unified Air Pollution Control District	2016	200	Mitesh Desai	Rosa Rosales Administrative Services Manager (831)718-8019 rrosales@mbard.org	No	N/A		
Southern Marin Fire Protection District	2020	160	Ahmed Badawi	Alyssa Schiffmann Finance Manager (415)388-8182 aschiffmann@smfd.org	No	N/A		
Port of San Luis Harbor District	2017	150	Mitesh Desai	Kristen Stout Business Manager (805)595-5413 kristens@portsanluis.com	Yes	Yes		X
Central County Fire Department	2012	150	Mitesh Desai	Jan Cooke Finance Director (650)375-7408 jcooke@hillsborough.net	Yes	Yes		
Central Fire Protection District of Santa Cruz County	2018	150	Mitesh Desai	Nancy Dannhauser Finance Director (831)479-6842 nancyd@centralfpd.com	No	N/A		
Resource Conservation District of Santa Cruz County	2017	150	Mitesh Desai	Sharon Corkrean Director of Finance scorkrean@rcdsantacruz.org	No	N/A	X	
Santa Cruz Regional 9 - 1 - 1	2016	150	Mitesh Desai	Dennis Kidd General Manager (831)471-1038 dennis.kidd@scr911.org	No	N/A		
Zayante Fire Protection District	2017	150	Mitesh Desai	John Stipes Fire Chief (831) 335-5100 chief2401@cwncast.net	No	N/A		

## Understanding of Services to be Provided

The City desires an audit of the financial records for the City 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, 2023 through 2025, with the option of extending the contract for each of the two (2) 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 in-relation-to 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 Annual Comprehensive 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 expenditures of federal awards 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
  - Schedule of Findings and Questioned Costs
  - Auditor’s Communication with Those Charged with Governance
  - Annual Comprehensive Financial Report following the requirements and guidelines of the GFOA award program
  - Measure A Compliance Report
  - Measure W Compliance Report
  - GANN Limit Agreed-upon Procedures
  - Preparation of Annual Comprehensive Financial Report (ACFR)
  - Directed Study Agreed-upon Procedures
  - Compliance Examination on Schedule of Financial Assistance Report
  - City State Controller’s Report (if requested)
  - Estero Municipal Improvement District State Controller’s Report (if requested)
  - Street State Controller’s Report (if requested)
- Provide special assistance to the City 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 City 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 City'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 City 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 City Council and will be ready to respond to questions from the Council and citizens of the City.

## **Specific Audit Objectives of Our Services Approach**

The basic objective of our audit of the City 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 City:

- 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 City, to perform the audit of the City's financial records in a timely manner with minimal disruptions to office operations, and to meet the City'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 City 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 City. 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 City and understanding and experience with the City'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 City'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 City 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 City'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 City 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 City 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 City are the requirements of the California Public Utilities Commission, 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 City Management to review report formats. Any report format changes will be made in conjunction with approval from the City Management.

**11. Work Plans:**

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

**12. Adjusting Journal Entries:**

We will discuss and explain proposed audit adjusting entries with the City'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 City's general ledger system.

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

Based on preliminary inquiries made with management and City 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 City for day to day operations and reporting, as well as any reports that are system generated to limit the need for additional City staff hours.

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

- Trial Balance
- Annual Comprehensive Financial Report Account Roll Up Schedules
- Budget to Actual Reports
- Bank Reconciliations
- Listing of manually prepared journal entries posted
- Summary of Investments held by the City
- Capital Asset Schedules
- Long Term Debt Schedules
- Debt amortization schedules & Calculations of deferred amounts
- Calculations of any debt covenants amounts or percentages
- Schedule of 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
- Utility billing Registers and Fee schedules
- 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 Schedule of Subscription Based Information Technology Arrangements
- Investment in Joint Venture Calculations

## 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 City 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 allowing 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 City 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 City 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 City, accepted by us, or rejected by us
- Access templates and documents from us that require completion
- Have multiple City staff get involved and assist in the audit process
- Participate in a dialog with us for questions and notes

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 City reports

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### **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 City'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 City's operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less City 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

2023 Period	Audit Tasks
April - May	<p>- <b>Planning and Administration</b></p> <ul style="list-style-type: none"> <li>▶ Review and obtain copies of key work papers of prior audit firm.</li> <li>▶ The entrance conference shall be held with City 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</li> <li>▶ Review and evaluate the City's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements</li> <li>▶ Prepare overall memo to the City confirming audit procedures, timing, and assistance</li> <li>▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by the City staff</li> <li>▶ Send the Organizer to the City that will include all request items considered to be necessary for the audit</li> </ul>
May	<p>- <b>Internal Control Evaluation</b></p> <ul style="list-style-type: none"> <li>▶ Meeting with City Manager and Department Heads of other departments with large operating budgets or which have significant federal grant expenditures</li> <li>▶ Attending City Council meetings</li> <li>▶ Meeting with off-site locations</li> <li>▶ Meeting with key Finance Department personnel</li> <li>▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation <ul style="list-style-type: none"> <li>○ General ledger system</li> <li>○ Budgeting system</li> <li>○ Revenue, utility billing, accounts receivable, and cash collections</li> <li>○ Purchasing, expenditures, accounts payable, and cash disbursements</li> <li>○ Payroll</li> <li>○ Federal Financial Assistance</li> <li>○ Other systems</li> </ul> </li> <li>▶ Identify control risks</li> <li>▶ Evaluate IT control environment</li> <li>▶ Perform testing of the internal control system and evaluate the effectiveness of the City'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 City policies</li> <li>▶ Conduct fraud assessment procedures</li> <li>▶ Assess degree of risk for material misstatement</li> <li>▶ Provide to the City's management a memo concerning management letter points and identify issues, if any</li> </ul>

2023 Period	Audit Tasks
May	<p>- <b>Other Tasks</b></p> <ul style="list-style-type: none"> <li>▶ Review minutes of City Council meetings and other key committees</li> <li>▶ Perform preliminary substantive procedures, which would include tests of: <ul style="list-style-type: none"> <li>○ Vendor and contractor payments</li> <li>○ Payroll expense</li> <li>○ Utility billing</li> <li>○ Pension and OPEB testing</li> <li>○ Capital asset acquisitions</li> <li>○ Journal entries</li> <li>○ Retrospective review of accounting estimates</li> </ul> </li> <li>▶ Financial statement database management and other setup, in addition to drafting of all necessary report templates</li> <li>▶ Preliminary Single Audit and other compliance testing</li> <li>▶ Coordinate with City staff and prepare of all appropriate confirmation requests including: <ul style="list-style-type: none"> <li>○ Bank accounts</li> <li>○ Investment pool accounts</li> <li>○ Accounts receivable</li> <li>○ Federal grants</li> <li>○ Revenue from governmental agencies</li> <li>○ Bond and other debts</li> <li>○ Pension plan</li> <li>○ Attorney letters</li> <li>○ Others, as required</li> </ul> </li> <li>▶ Update the Organizer with any additional requests that will be needed for the City's audit</li> <li>▶ Provide the City with audit plan and list of year-end audit schedules</li> <li>▶ Hold progress conference with City Management</li> <li>▶ Hold exit conference with City Management</li> </ul>
September	<p>- <b>Final Fieldwork</b></p> <ul style="list-style-type: none"> <li>▶ Entrance conference with City Management</li> <li>▶ Follow-up on all outstanding confirmations</li> <li>▶ Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required</li> <li>▶ Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual</li> <li>▶ Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing City staff</li> <li>▶ Perform review of subsequent events by discussions with City Management and update all minutes of City Council and key committees</li> </ul>

2023 Period	Audit Tasks
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- **Single Audit Compliance**
  - ▶ Entrance conference with City 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 City Management
  - ▶ Other Compliance
  
- October - **Audit Reports**
  - ▶ Complete drafts of City’s Annual Comprehensive Financial Report
  - ▶ 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
  - ▶ Provide revised final drafts of all required reports to the City for approval by no later than October 23<sup>rd</sup>
  
- November - **Final City Audit Reports, Financial Statements, Single Audit Reports, and other reports delivered by no later than November 6<sup>th</sup>**
- **Audit Presentation to Audit Committee**
  
- December – - **State Controller’s Reports delivered and submitted**
- January 2024 - **Single Audit Report package submitted to Federal Audit Clearinghouse**

**Estimated Hours by Audit Phase**

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	9	24	16	5	54
Audit Manager	8	38	42	6	94
Audit Senior	17	60	65	8	150
Professional Audit Staff	-	106	97	13	216
Administrative Assistant	6	10	-	10	26
<b>Total</b>	<b>40</b>	<b>238</b>	<b>220</b>	<b>42</b>	<b>540</b>



## Discussion of Identification of Anticipated Potential Audit Problems

### Relevant Accounting Issues

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

- Financial Reporting:
  - Review and evaluate that the City's Annual Comprehensive Financial Report are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA.
  - Review the Annual Comprehensive Financial Report 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 City'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:

#### 2023

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

#### 2024

- Statement 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

#### 2025

- Statement 101 – Compensated Absences

**Comprehensive Schedule of Professional Fees  
Cost Bid**

Service	2023 Hours	2023	2024	2025	2026 Optional Year	2027 Optional Year
Financial Statements Audit (including ACFR preparation assistance)	322	\$ 29,720	\$ 30,675	\$ 31,450	\$ 31,450	\$ 31,450
Single Audit	56	5,205	5,270	5,440	5,440	5,440
Measure A Compliance Report	10	945	945	1,005	1,005	1,005
Measure W Compliance Report	13	1,165	1,195	1,275	1,275	1,275
GANN Limit Agreed-upon Procedures	10	945	945	1,005	1,005	1,005
Directed Study Agreed-upon Procedures	40	3,695	3,765	3,910	3,910	3,910
Compliance Examination on Schedule of Financial Assistance Report	53	4,860	5,115	5,110	5,110	5,110
Total not to exceed including out of pocket	504	46,535	47,910	49,195	49,195	49,195
<b>Optional Services:</b>						
City State Controller's Report	19	1,745	1,840	1,955	1,955	1,955
Estero Municipal Improvement District State Controller's Report	10	945	945	1,005	1,005	1,005
Street State Controller's Report	7	665	730	775	775	775
<b>Total</b>	<b>540</b>	<b>\$49,890</b>	<b>\$51,425</b>	<b>\$52,930</b>	<b>\$52,930</b>	<b>\$52,930</b>

Position	2023		2024		2025		2026 Optional Year		2027 Optional Year	
	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates
Partner	54	\$ 150	51	\$ 155	50	\$ 155	50	\$ 155	50	\$ 155
Audit Manager	94	120	89	130	86	135	86	135	86	135
Audit Senior	150	85	137	95	133	100	133	100	133	100
Professional Audit Staff	216	75	203	85	196	95	196	95	196	95
Administrative Assistant	26	60	24	70	22	75	22	75	22	75
<b>Total Hours</b>	<b>540</b>		<b>504</b>		<b>487</b>		<b>487</b>		<b>487</b>	
<b>Total Cost</b>	<b>\$ 49,890</b>		<b>\$ 51,425</b>		<b>\$ 52,930</b>		<b>\$ 52,930</b>		<b>\$ 52,930</b>	

**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 City after completion of each phase of the audit and bill the City 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 City. The City can anticipate three billings as follows:

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

**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:

<b>Position</b>	<b>Hourly Rate</b>
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**

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

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the City
- Assisting the City 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 City and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the City 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.

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## Appendix A References

- 1) City of Berkeley
  - Scope of Work: Annual Comprehensive Financial Report, Gann Limit, SAS114, Measure B (Alameda County), Vehicle Registration Fee Audit (Alameda County), Due Diligence Reviews for the RDA Successor Agency
  - Engagement Partner: Ahmed Badawi (2008 – 2019), Mitesh Desai (2020- Present)
  - Address: 2180 Milvia Street, Berkeley, CA 94704
  - Principal Contact:  
Henry Oyekanmi  
Finance Director  
(510)981-7332  
[hoyekanmi@ci.berkeley.ca.us](mailto:hoyekanmi@ci.berkeley.ca.us)
- 2) City of Antioch
  - Scope of Work: Annual Comprehensive Financial Report, SAS 114, GANN Limit, Single Audit, Antioch Public Financing Authority, Antioch Area Public Facilities Financing Agency
  - Engagement Partner: Ahmed Badawi (2005 – 2019), Mitesh Desai (2020- Present)
  - Address: 200 H Street, Antioch, CA 94509
  - Principal Contact:  
Dawn Merchant  
Finance Director  
(925)779-6135  
[dmerchant@ci.antioch.ca.us](mailto:dmerchant@ci.antioch.ca.us)
- 3) City of Folsom
  - Scope of Work: Annual Comprehensive Financial Report, Single Audit, Gann Limit, SAS114, Folsom Successor Agency Report, Public Financing Authority Report, Folsom Ranch Financing Authority Report
  - Engagement Partner: Ahmed Badawi (2019 – Present)
  - Address: 50 Natoma Street, Folsom, California 95630
  - Principal Contact:  
Stacey Tamagni  
Finance Director  
(916)461-6712  
[stamagni@folsom.ca.us](mailto:stamagni@folsom.ca.us)
- 4) City of Petaluma
  - Scope of Work: Annual Comprehensive Financial Report, Transportation Development Act Fund, SAS 114
  - Engagement Partner: Ahmed Badawi (2019 – Present)
  - Address: 11 English St, Petaluma, CA 94952
  - Principal Contact:  
Corey Garberolio  
Finance Director  
(707)778-4357  
[cgarbero@cityofpetaluma.org](mailto:cgarbero@cityofpetaluma.org)
- 5) City of Lafayette
  - Scope of Work: Annual Comprehensive Financial Report, Single Audit, Gann Limit, TDA, Lamorinda Fee and Finance Authority Report, Lamorinda School Bus Transportation Agency Report
  - Engagement Partner: Ahmed Badawi (2020 – Present)
  - Address: 3675 Mount Diablo Blvd., #210, Lafayette, CA 94549
  - Principal Contact:  
Jennifer Wakeman  
Assistant Administrative Services Director  
(925)299-3213  
[JWakeman@lovelafayette.org](mailto:JWakeman@lovelafayette.org)

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**Appendix B RFP Proposal Data Sheet**

**RFP PROPOSAL DATA SHEET**

FIRM NAME: Badawi & Associates, CPAs

CONTACT PERSON: Ahmed Badawi, CPA

CONTACT INFORMATION: Email: [abadawi@b-acpa.com](mailto:abadawi@b-acpa.com), Phone: 510-768-8245

QUALIFICATIONS STATEMENT: Please refer to pages 3 to 9 of our proposal.

**GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM**

CLIENT NAME: Please refer to pages 17 to 20 of our proposal.

MOST RECENT AUDIT: Please refer to pages 17 to 20 of our proposal.

CONTACT NAME: Please refer to pages 17 to 20 of our proposal.

PHONE: Please refer to pages 17 to 20 of our proposal.

**AUDITING PERSONNEL PROVIDED\***

ACCOUNTING FUNCTION: Please refer to pages 10 to 16 of our proposal.

YEARS OF EXPERIENCE: Please refer to pages 10 to 16 of our proposal.

CERT/DEGREE: Please refer to pages 10 to 16 of our proposal.

LAST PUBLIC AUDIT: Please refer to pages 10 to 16 of our proposal.

**HOURLY RATES OF AUDITING PERSONNEL**

NAME / FUNCTION: Please refer to pages 32 to 33 of our proposal.

HOURLY / RATE: Please refer to pages 32 to 33 of our proposal.

**FEES AND BILLING SEQUENCE**

Audit Service	2023 Hours	2022-23	2023-24	2024-25	2026 Optional Year	2027 Optional Year
Financial Statements Audit (including ACFR preparation assistance)	322	\$ 29,720	\$ 30,675	\$ 31,450	\$ 31,450	\$ 31,450
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Compliance Examination on Schedule of Financial Assistance Report	53	4,860	5,115	5,110	5,110	5,110
Total not to exceed including out of pocket	504	46,535	47,910	49,195	49,195	49,195
<b>Optional Services:</b>						
City State Controller's Report	19	1,745	1,840	1,955	1,955	1,955
Estero Municipal Improvement District State Controller's Report	10	945	945	1,005	1,005	1,005
Street State Controller's Report	7	665	730	775	775	775
Total	540	\$49,890	\$51,425	\$52,930	\$52,930	\$52,930

Please state any qualifications you need to make regarding your proposal fee (e.g., out-of-pocket expenses, fee increases, extraordinary services, etc.).

None

**BILLING SEQUENCE**

We will submit our bill for services on a progress basis:

- Interim fieldwork (Progress Billing 1)
- Year-end fieldwork (Progress Billing 2)
- Report issuance (Final Billing)

**OTHER SERVICES OFFERED**

These services can be provided in addition to the services being requested at our standard hourly rates or negotiated fee.

- Compliance Audits
- Review and Compilation
- Investment Review
- Agreed-Upon Procedures
- Training Sessions
- I.T Auditing and Consulting

  
 \_\_\_\_\_  
 Signature

Ahmed Badawi, President  
 \_\_\_\_\_  
 Name, Title



# INSPIRED TO NAVIGATE OPPORTUNITY



## A. Title Page

February 6, 2023

**Proposal for Financial Auditing Services**

# **CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

**Submitted By:**

Eide Bailly LLP | 4040 Campbell Ave., Ste. 200 | Menlo Park, CA 94025

**Ahmad Gharaibeh, CPA | Partner**

650.223.6103 | [agharaibeh@eidebailly.com](mailto:agharaibeh@eidebailly.com)



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### EXPERIENCE

Our experienced professionals are committed to the industries we serve. We focus on training, and we like to think of ourselves as thought leaders.

### PEOPLE

We're a team of collaborators and innovators. Our culture is the heart of our firm, and we're always working together to do things differently and better.

### COMMUNICATION

Open, honest, frequent communication ensures that you're not in for any surprises. We'll stay in touch throughout the year so you feel understood, connected and confident.

### CORPORATE RESPONSIBILITY

We consider ourselves good corporate citizens—caring for our people, giving back to our communities, and taking care of our environment.



## C. Transmittal Letter

# WE WANT TO WORK WITH YOU


Thank you for giving Eide Bailly the opportunity to propose on financial auditing services for the City of Foster/Estero Municipal Improvement District (collectively, the City). We are confident the City will benefit from our experience and believe we are the best candidate for this engagement for the following reasons:

**Profile of the Firm:** Eide Bailly LLP is a national firm and a top 25 CPA firm in the nation. Our size enables us to be responsive to our clients' needs and unique entity challenges while also providing the necessary breadth and depth of services required in today's complex and ever-changing business environment.

**Ahmad Gharaibeh** will serve as Engagement Partner, leading the audit team and working collaboratively with the City, with assistance from Managers **Janice Yu** and **Joe Escobar**. We are excited about the benefits we offer:

- **Unmatched Client Service:** You will be served by professionals with extensive knowledge in the government industry. The City will have access to national resources, including 3,000 professionals with diverse skill sets and experiences across the firm.
- **Proactive Communication:** You can expect your Eide Bailly service team to keep you informed of changes affecting the City. We will build communication protocols into our service delivery to ensure timely communication resulting in prompt wrap up of work.
- **Partner Involvement:** You will experience partner and senior staff involvement not only during the audit engagement, but also throughout the year as issues, questions and opportunities arise.
- **Thought Leadership:** We are leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're business advisors who want to help guide the strategy and operations of your organization, and we'll make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

**Authorized Representative:** As a partner of Eide Bailly, **Ahmad Gharaibeh** is authorized to make representations for the firm, to perform the commitments contained herein and bind the firm in contract.

<b>Authorized Representative</b> 	<b>Ahmad Gharaibeh, CPA   Partner</b> 650.223.6103   <a href="mailto:agharaibeh@eidebailly.com">agharaibeh@eidebailly.com</a> 4040 Campbell Ave., Ste. 200, Menlo Park, CA 94025
---	--

**Extensive Government Industry Experience:** We have served the government industry for more than 70 years and work with more than 1,100 government clients throughout the nation. Through serving these clients, our professionals have gained focused expertise regarding government organizations and will provide you with insightful advice that aids in managing the finances of the City. We understand your specific challenges, needs and goals and have fine-tuned our process to create a more effective and efficient engagement.

Business is about more than numbers, and we are active in the industries we serve. We stay abreast of current issues impacting the government industry and grow our knowledge by attending workshops and trainings. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions tailored to your organization.

▶▶▶ **Understanding of Work:** Based on the issued Request for Proposal (RFP) and conversations with the City, we understand your needs to include an audit of financial statements of the City of Foster/Estero Municipal Improvement District for the fiscal years ending June 30, 2023-2025, performed in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards, the provisions of the Single Audit Act of 1996 (Uniform Guidance) and Governmental Accounting Standards Board (GASB) pronouncements, and any additional guidelines, as applicable.

We understand and will comply with the timing requirements and scope of services of your request. We will accomplish this by utilizing an open, collaborative process with you. Your proposed engagement team's experience allows us to address the reporting requirements in a timely fashion.

▶▶▶ **We Want to Work with You:** We've developed the following proposal with the City in mind, and we'll provide timely, personalized services for you. We will also get to know you and your staff and take the time to understand your specific challenges and opportunities. We deliver honest and insightful advice beyond what is normally experienced in the public accounting industry. Our tagline, **what inspires you, inspires us**, is more than copy to add to marketing materials. We gain energy from those we serve, which turns into a passionate interest in our clients' success.

The following pages highlight our firm's strengths and solutions we can provide for the City. We believe this demonstrates why Eide Bailly merits serious consideration. You will be a highly valued client, and we would be proud to work with the City and build a trusting relationship with your team. Please contact me if you would like to discuss any aspect of this proposal.

Sincerely,



**Ahmad Gharaibeh, CPA** | Partner  
650.223.6103 | [agharaibeh@eidebailly.com](mailto:agharaibeh@eidebailly.com)



## D. Technical Proposal

### Independence

Eide Bailly is independent of the City as defined by the generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards* and as defined by the rules of the American Institute of Certified Public Accountants (AICPA). No member of our firm has a direct or indirect interest in the City. Within the past five years, the firm has not had any relationships involving the City.

The other general standard for auditing requires the audit organization and the auditors be free from personal and external impairments to independence. As defined by these standards, Eide Bailly is independent in fact and in appearance, and no relationships, either personal or professional, exist that would cause our firm to not be impartial in dealing with the City.

Should Eide Bailly enter into any professional relationships deemed relevant during the course of this engagement, we will notify you in writing of such relationship.

### Business License

Eide Bailly and each of the professional staff assigned to the City are properly registered and licensed to practice in California. In addition, we will ensure we possess a City of Foster City business license upon award.

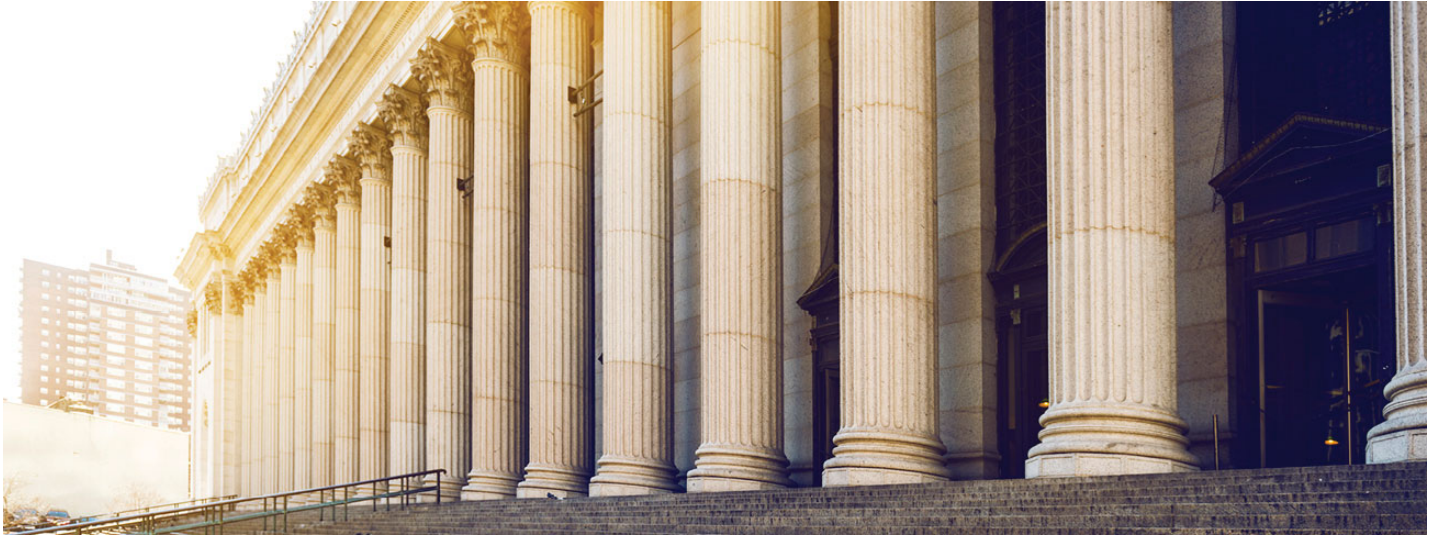
### Firm Registrations:

California Secretary of State Registration Number: 20 2020 121 001

California State Board of Accountancy Permit Number: 5973

A majority of states, including California, have adopted mobility legislation—a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license.

All assigned key professional staff have complied with government qualification standards, including government continuing education requirements.



## Firm Qualifications and Experience

# WHAT INSPIRES YOU, INSPIRES US

Your experience will be different than working with other CPA firms because we offer knowledge and skills backed by more than 100 years of service. Our professionals deliver industry and subject matter expertise resourcefully, ensuring we are providing guidance that directly reflects your needs. Our clients benefit from local, personal service and, at the same time, enjoy access to more than 3,000 professionals with diverse skill sets and experiences.

## Navigating a Path to Success Together

By embracing change and focusing on innovative ideas, we've grown along with our clients to become one of the top 25 accounting firms in the nation. Accounting is about numbers, but our business is about relationships.

We'll be there for you every step of the way. Talented, down-to-earth people work at our firm, and we're inspired to deliver outstanding expertise and care. We're driven to help you take on the now and the next with inspired ideas, solutions and results.

Our work with clients is more than an engagement. It's a relationship, built on values and trust—and results. When working with Eide Bailly, you will:

- Work with professionals who truly care about your business and will take the time to get to know you and your organization.
- Gain insight from our industry and service specialists to accomplish your objectives, address challenges and leverage new opportunities.
- Make better business decisions knowing you are guided by trusted advisors who care about your success.
- Appreciate our hands-on service style; we are always looking for new ways to solve your problems or help you embrace opportunities.

## AT A GLANCE



TOP 25 CPA FIRM



40+ OFFICES IN U.S. & INDIA



375+ PARTNERS



3,000+ STAFF MEMBERS



FOUNDED IN 1917



# WE UNDERSTAND GOVERNMENTS

Our firm’s Government Industry Group has 275 full-time professionals who share information, learn from others and stay up to date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the firm.

The government industry represents one of Eide Bailly’s largest niche areas — with more than 1,200 government clients firmwide. We provide audit services for a variety of cities, counties, colleges and universities, fire relief agencies, housing authorities, school districts, state agencies and tribal entities. Through serving these clients, our professionals have gained focused expertise in the government industry and will provide you with insightful advice.

These services include, but are not limited to, evaluating internal control structure, assessing control risk and performing tests of controls, as well as testing compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

## Government Industry Involvement

Eide Bailly prioritizes staying current with changes to the government industry. We help clients adapt to changes within the existing standards and implement any new standards. Our team members are engaged in the government industry and are well positioned in organizations associated with government entities. We are leaders in the Governmental Accounting Standards Advisory Council (GASAC), the American Institute of Certified Public Accountants’ (AICPA) Governmental Audit Quality Center (GAQC), AICPA State and Local Government Expert Panel, Private Companies Practice Section (PCPS) Technical Committee, local and national boards of the Association of Government Accountants (AGA), including the Financial Management Standards Board, and the review committee for the Government Finance Officers Association’s (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Due to our leadership positions, you will have access to information not available from other accounting firms.

We regularly attend Governmental Accounting Standards Board (GASB) meetings throughout the year and communicate the results of those meetings to our clients through newsletters, e-blasts and webinars. We are also involved with GASB’s financial reporting reexamination task force shaping the future of state and local government accounting and reporting and participate in the reexamination of the revenue and expense model and note disclosure projects with GASB.

## Single Audit Experience

Eide Bailly has experience providing single audits related to federal expenditures which ensure our clients remain compliant. Our single audits include an audit of both the financial statements and the federal awards. We also assist in the preparation of the data collection form and prepare the reporting package for submission to the federal audit clearinghouse.

Eide Bailly has a three-year average of auditing more than \$22.8 billion in federal expenditures, which provides us with extensive experience in single audits. Not only are we on the forefront of new regulations, but because of our vast experience with government entities, we are also familiar with a wide variety of federal programs.

At a Glance

## GOVERNMENT



70+

YEARS EXPERIENCE



1,200

INDUSTRY CLIENTS



275+

DEDICATED STAFF



\$22.8 BILLION ANNUAL

AVERAGE IN SINGLE AUDITS

As the City looks to expand its current federal programs, we can pull from our expansive database of federal programs that we have audited and provide consultation on what has worked effectively for other entities. This will help the City establish strong controls and processes over new federal programs rather than trying to rework controls and processes after the programs are established.

Our single audit experience includes the Department of Education, Department of Housing and Urban Development, Department of Agriculture, Department of Commerce, Department of Interior, Department of Transportation, Department of Justice, Department of Labor, Department of the Treasury, Department of Health and Human Services, Homeland Security, National Foundation on the Arts and the Humanities, Environmental Protection Agency, Department of Energy, Office of the National Drug Control Policy, Department of Defense and the Bureau of Land Management.

Paired with our many years of experience, we are qualified to effectively work with your organization to ensure federal requirements are met.

### Thought Leadership

A number of Eide Bailly partners are nationally-recognized state and local government thought leaders who present at dozens of national venues throughout the year. These venues include: GFOA; National Association of State Auditors, Comptrollers and Treasurers; California Society of CPAs; California Society of Municipal Finance Officers; Oregon Government Finance Officers Association; California State Association of County Retirement Systems; California Association of Public Retirement Systems; AGA National Professional Development Conference; National Association of Housing and Redevelopment Officials (NAHRO); Iowa Society of CPAs; Idaho Society of CPAs; Utah Society of CPAs; and Colorado GFOA.

We also provide training for state and local agencies, including the Controllers' offices of the State of Tennessee, Texas State Auditor, State of Montana, Commonwealth of Massachusetts and the State of Nevada.

Furthermore, **Eric Berman**, Partner, is the author for the entire Governmental Library for Commerce Clearinghouse Wolters Kluwer (CCH). This library serves as the interpretative reference on government Generally Accepted Accounting Principles (GAAP), government best practices and government audits for governments, auditors and educators nationwide. Eric will be an additional resource and is available to assist or consult as needed.

## G Certificate of Achievement for Excellence in Financial Reporting

**F** We recognize the importance of achieving the GFOA Certificate of Achievement for Excellence in Financial Reporting and work with our clients to achieve this certification. Below is a partial listing of our government audit clients that have been awarded and maintain this certification.

City of Alameda	City of Pleasanton
City of Boise City	City of Paramount
City of Buckeye	City of Rancho Cordova
City of Brea	City of Rancho Mirage
City of Camarillo	City of Rancho Palos Verdes
City of Campbell	City of Redlands
City of Chico	City of Roseville
City of Corinth	City of Sacramento
City of Concord	City of Salt Lake City
City of Dana Point	City of San Leandro
City of Davis	City of San Ramon
City of Durango	City of Santa Cruz
City of Fairfield	City of Sioux Falls
City of Fargo	City of Snyder
City of Glendale	City of South Lake Tahoe
City of Indian Wells	City of Suisun City
City of La Palma	City of Temecula
City of Laguna Beach	City of Temple City
City of Laguna Niguel	City of Walnut
City of Lake Tahoe	City of Walnut Creek
City of Maple Grove	City of White Bear Lake
City of Minot	City of Whittier
City of Louisville	City of Wichita
City of Palmdale	Town of Flower Mound

**Online Publications:** We publish articles related to hot issues within the government accounting arena.

**Webinars:** Our frequent webinars are dedicated to helping you and your organization navigate complex issues. Each webinar covers a different topic to help evaluate the steps necessary to achieve success and remain ahead of the curve.

**SIGN UP FOR NEWSLETTERS, E-BLASTS AND WEBINARS:**  
[www.eidebailly.com](http://www.eidebailly.com)

### Implementation of New Standards

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards.

Several of our professionals serve on committees that have direct input into writing new standards. This enables our involvement from the beginning and our ability to influence the final outcome. Our clients benefit from our strong understanding of the standards and how they may affect their organization. We will work with the City to create a plan to address new standards one to two years prior to implementation.

<i>Fiscal Years Beginning After</i>	<i>GASB Statement Number</i>	<i>Title</i>	<i>Fiscal Years Ending June 30</i>
6/15/2021	GASB 87	Leases	2022
12/15/2020	GASB 89	Accounting for Interest Cost Incurred before the End of a Construction Period	2022
12/15/2021	GASB 91	Conduit Debt Obligations	2023
6/15/2021	GASB 92	Omnibus 2020 (Some parts effective upon issuance)	2022
6/15/2021	GASB 93	Replacement of Interbank Offered Rates	2022
6/15/2022	GASB 94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
6/15/2022	GASB 96	Subscription-Based Information Technology Arrangements	2023
6/15/2021 <sup>(1)</sup>	GASB 97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	2022
12/15/2021 <sup>(2)</sup>	GASB 98	The Annual Comprehensive Financial Report	2022
6/15/2022 <sup>(3)</sup> , 6/15/2023	GASB 99	Omnibus 2022 (Some parts effective upon issuance)	2022 - 2024
6/15/2023	GASB 100	Accounting Changes and Error Corrections	2024
12/15/2023	GASB 101	Compensated Absences	2024
6/15/2021	2019-3	Leases	2022
6/15/2021, 12/15/2021	2020-1	Implementation Guide Update-2020	2022
6/15/2021, 6/15/2022, 6/15/2023	2021-1	Implementation Guide Update-2021	2022 - 2024

<sup>(1)</sup> Some elements were immediately implemented; others, if applicable for the fiscal years ending June 30, 2022.

<sup>(2)</sup> Governments where the pronouncement applied most likely early implemented.

<sup>(3)</sup> Some parts were implemented immediately, other parts applying to GASB-87, 94 and 96 elements to be applied for fiscal years beginning after June 15, 2022. Elements applying to derivatives and exchange financial guarantees for fiscal years beginning after June 15, 2023.



## Team Qualifications

# AN EXPERIENCED SERVICE TEAM

We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the government industry.

**Ahmad Gharaibeh** will lead the engagement team and serve as the Audit Engagement Partner. **Janice Yu** and **Joe Escobar** will serve as the Audit Managers. If awarded this engagement, these individuals will serve as your primary contacts. Additional professionals will support the project team as necessary.

## Senior and Staff Associates

All of our seniors have more than two years of experience in public accounting, with several who specialize in the government industry. We require Yellow Book compliance for all members of our assurance staff. This means no fewer than 24 hours of specific Government Education courses each two-years. Most members of our audit staff significantly exceed that amount.

Once an agreeable timeline has been determined, we will assign a few of our talented seniors and staff to your engagement.

## Staff Availability

Once engaged, we will meet with the City to discuss timing needs and structure our commitment of resources accordingly. We have reviewed our workload and are confident through the size of our firm and our resources—not only in California, but also across the firm—we have the capacity to serve the City now and in the future. Although we are committed to other projects, we are adept at managing workflow and projects and can be flexible in allocating staff time. We are confident we have the resources to meet your needs.

## Team Overview

We know the importance of a strong business relationship, so we keep staffing changes to a minimum year-to-year. Eide Bailly has a high retention rate, allowing us to provide stability. The following information will provide an overview of your service team:



## AHMAD GHARAIBEH, 'CPA "

Partner

"

**INSPIRATION:** I truly enjoy helping my clients. The government accounting industry continues to change and I enjoy assisting my clients understand the changes and how to implement them.

650.223.6103 | agharaibeh@eidebailly.com

"

"

"

Ahmad provides audit and accounting services to a variety of organizations focusing primarily on municipalities including cities, counties, transit agencies, water, sewer and sanitation districts, joint powers authorities, community colleges and other special districts. He has performed the financial and compliance audits of federal awards in accordance with OMB Circular requirements to entities receiving over \$300 million in federal funds. In addition to audits of government agencies, Ahmad provides audit and accounting services to commercial industry entities, including healthcare and manufacturing.

Ahmad provides annual training to firm staff through in-house continuing professional education to ensure consistency and knowledge are not just at the partner level, but also with the entire team providing services to our clients. He also provides annual audit and accounting updates for many of his government clients and industry groups.

### Client Work

Speaks at many of the municipal CalCPA local chapters including Monterey Bay/Santa Cruz, Alameda and the Peninsula local chapter of the California Society of Municipal Finance Officers (CSMFO).

With over 21 years of experience in auditing public agencies, he is the government department head and leads the government audit practice in the Bay Area and serves clients with revenues exceeding one billion dollars.

Single audit experience includes audits of programs from the Department of Transportation, Department of Education, Department of Defense, Department of Health and Human Services and a variety of other agencies.

Provides other services to his government clients which includes forensic auditing, internal audit services and consultation on various aspects of accounting for municipal agencies.



### Memberships

California Society of Certified Public Accountants

American Institute of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Master of Accountancy - East Tennessee State University

"

**JANICE YU, 'CPA "**

Manager

"

**INSPIRATION:** I like building relationships with the clients and having the opportunities to provide value to each client.

650.223.6164 | [jyu@eidebailly.com](mailto:jyu@eidebailly.com)

"

"

"

Janice provides accounting and audit services to local governments in the Bay Area. She focuses on the audit and accounting requirements for school districts, transportation agencies and special districts.

When you work with Janice, you can expect her to understand your organization, complete her work in a timely manner and keep clients informed with the project status. She is always looking for new learning opportunities to better serve her clients.

Outside of work, Janice enjoys traveling, spending time with her family and friends and exploring different restaurants.

**Client Work**

Prepares detailed internal control narratives and other auditing memorandums.

Assists in the major steps of the audit process, such as planning, execution and reporting.

Performs single audits and audits of financial statements for school districts, transportation agencies, special districts, nonprofits and commercial clients.



**Memberships**

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

**Designation/Licensures**

Certified Public Accountant

**Education**

Bachelor of Accountancy –  
University of California, Santa Barbara

Master of Accountancy – San Jose State University, San Jose

"

## JOE ESCOBAR, CPA

Manager

"

**INSPIRATION:** "Strive for continuous improvement instead of perfection."

650.223.6131 | jescobar@eidebailly.com

"

"

"

Since 2015, Joe has gained experience assisting clients with their assurance needs. He specializes in audits of governmental entities including cities, school districts, special districts, state agencies and stand-alone enterprise funds. Joe also has extensive experience in performing single audits and assisting clients to ensure they comply with Uniform Guidance requirements.

As a lead project manager, Joe helps our clients understand and navigate the complexities of GASB pronouncements. Joe will play an integral part in the preparation of the annual financial reports. With his gained knowledge and experience in the preparation of multiple educational agencies' financial statements, Joe strives to make the process as simple and easy as possible for his clients. You can expect thorough and comprehensive explanations about the importance of audit procedures and how to appropriately align your expectations. Joe always works to respond in an efficient and orderly fashion, including the delivery of a timely report.

Joe provides training to our audit associates through in-house conferences to ensure consistency to our clients. He also provides training on audit and accounting updates for many of his government clients and presents at continuing professional education events for government clients and industry groups.

### Client Work

Provides audit services to various municipalities, conducting single audits and audits of financial statements for cities, towns, transit agencies, utilities, special districts, nonprofits and commercial clients.

Focuses on audit and assurance services for various governments and governmental authorities including municipalities, transportation agencies, school districts and special districts.

Assists in the major steps of the audit process, such as planning, execution, review and reporting. Schedules and leads entrance and other conferences, as well as develops Client Participating Schedules.

Experienced in preparing detailed internal control narratives and other auditing memorandums.

Experienced in reporting audit findings and offering recommendations for the correction and improvement of operations.



### Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

### Designation/Licensures

Certified Public Accountant

### Education

Master of Accounting and Financial Management – Keller Graduate School of Management

Bachelor of Business

Administration – University of California, Riverside

### Community

Catalyze SV

## Staff Continuity

To help ensure a strong business relationship and to minimize disruptions, we keep staffing changes to a minimum. Eide Bailly experiences a higher retention rate, which translates to providing our clients with consistent service teams. We will strive for continuity of staff for your engagement. With this continuity comes quality as team members' knowledge of your organization grows from year to year.



Should the need arise to change any of the key engagement personnel, we will notify you in writing and provide the qualifications of the proposed replacement. Upon your approval, new engagement personnel will join your service team.

## Continuing Education

Because we are committed to the government industry, we provide our professionals with specific, ongoing training related to these industry issues. This investment ensures our people stay current on the unique challenges and opportunities within their industries so they are in the best position to help clients address these issues. We accomplish our regulatory and accounting standard training through attendance at various AICPA sessions.

Firmwide, our continuing professional education (CPE) program requires all professional staff obtain education that exceeds the requirements of the AICPA and where applicable, *Government Auditing Standards*. The firm places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients. We continually provide yearly CPE credits for our staff at a rate higher than the industry average. In addition, we regularly share information among the audit teams in different offices to ensure we are providing clients with the latest thinking and best possible solutions.

Our government professionals obtain CPE through the following means:

- Government-specific seminars sponsored by the AICPA and GAQC.
- Seminars sponsored by the GFOA.
- Involvement with local chapters of the GFOA (we teach and attend GFOA conferences, regularly).
- Eide Bailly seminars specific to government issues taught by our experienced managers and partners.

By expanding our knowledge of issues important to government organizations, we can provide more in-depth, knowledgeable solutions to our clients. Additional communication, webinars and training are provided throughout the year on a variety of topics important to state and local governments.

## External Quality Control Review

Our membership with the AICPA requires a third-party peer review of our audit and accounting practice every three years. The quality review included several similar government engagements and received a rating of 'Pass'.



### Report on the Firm's System of Quality Control

January 20, 2021

To the Partners of Eide Bailly LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020. 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](http://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; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a 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.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2020, 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*. Eide Bailly LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Cherry Bekaert LLP





### Similar Engagements with Other Entities

## PROUD TO SERVE CALIFORNIA GOVERNMENTS

As a top 25 CPA firm, we've built our business on relationships and believe our clients to be the best critics of our service.

The clients below have similarities to your organization, and we encourage you to contact them to learn about their Eide Bailly experiences.

### Similar Clients

<b>City of Santa Cruz</b> 2013-Present	<b>Contact</b>	<b>Nicholas Gong</b> , Accountant II 831.420.5058   <a href="mailto:ngong@cityofsantacruz.com">ngong@cityofsantacruz.com</a>
	<b>Scope of Work</b>	Annual Comprehensive Financial Report (GFOA), Single Audit, Audit of the Santa Cruz Public Library JPA, Transportation Development Act, GANN Limit Agreed-Upon Procedures
	<b>Total Hours</b>	800
	<b>Partner</b>	Ahmad Gharaibeh
<b>Town of Hillsborough</b> 2013-Present	<b>Contact</b>	<b>Richard Santiago</b> , Assistant Finance Director 650.375.7406   <a href="mailto:rsantiago@hillsborough.net">rsantiago@hillsborough.net</a>
	<b>Scope of Work</b>	Annual Comprehensive Financial Report (GFOA), GANN Limit Agreed-Upon Procedures
	<b>Total Hours</b>	400
	<b>Partner</b>	Ahmad Gharaibeh
<b>City of Livermore</b> 2020-Present	<b>Contact</b>	<b>Bhavna Chaudhary</b> , Finance Manager 925.960.4353   <a href="mailto:bchaudhary@cityoflivermore.net">bchaudhary@cityoflivermore.net</a>
	<b>Scope of Work</b>	Annual Comprehensive Financial Report (GFOA), Livermore-Pleasanton Fire District, Measure B, Measure BB, Measure F, Single Audit, State Controller's Reports, and Street Report
	<b>Total Hours</b>	1,000
	<b>Partner</b>	Ahmad Gharaibeh

## Experience Preparing ACFR

We have served local governments in California for over 70 years. A summary of California government clients served is provided below; clients for whom Eide Bailly prepared the Annual Comprehensive Financial Report (ACFR) are noted with an asterisk.

CITIES				
City of Alameda*	City of Whittier*	City of Los Altos	City of Rohnert Park	City of South Lake Tahoe
City of Brawley*	City of Glendale*	City of Monte Sereno	City of Roseville*	City of Suisun City*
City of Brentwood*	City of Gonzales *	City of Napa*	City of Sacramento*	City of Temecula*
City of Campbell*	City of Grand Terrace*	City of Oceanside	City of San Jacinto*	City of Temple City
City of Chico*	City of Greenfield	City of Palmdale	City of San Leandro *	City of Walnut *
City of Concord*	City of Huntington Park	City of Paramount	City of San Ramon*	City of Walnut Creek*
City of Dana Point*	City of Indian Wells	City of Pleasanton	City of Santa Clara*	
City of Davis*	City of Laguna Beach*	City of Rancho Cordova	City of Santa Clarita*	
City of Fairfield*	City of Laguna Niguel*	City of Rancho Mirage	City of Santa Cruz*	
City of Folsom*	City of Lemon Grove*	City of Rancho Palos Verdes	City of Saratoga	
TRANSPORTATION				
San Mateo County Transit District*	Orange County Transportation Authority*	Imperial County Transportation Commission		
Santa Clara Valley Transportation*	Sacramento Area Council of Governments*	Transportation Authority of Marin*		
CalTrain*	North County Transit District*	San Francisco County Transportation *		
Golden Gate Bridge District*	Riverside Transportation Commission*	Alameda County Transportation Commission*		
Monterey Salinas Transit*	Sunline Transit District*	John Wayne Airport*		
High Desert Connector JPA	Victor Valley Transit District	Sacramento International Airport*		
SR 91 Express Lanes	San Joaquin Regional Rail Commission*	Ventura County Transportation Commission*		
Omnitrans*	Solano County Transportation Authority*	Capital Southeast Connector JPA*		
SEWER, SANITATION & FLOOD AGENCIES				
Bayshore Sanitary District	Fairfield-Suisun Sanitary District	Knights Landing Community Services District		
Central Contra Costa Sanitary District	Sacramento Area Sewer District	Sacramento Regional County Sanitation District		
Central Marin Sanitation Agency	West Bay Sanitary District	Alameda County Waste Management Authority		
Cupertino Sanitary District	Orange County Waste & Recycling	Vallejo Sanitation and Flood Control District		
Delta Diablo Sanitation District	Oro Loma Sanitary District	Madison Community Services District		
East Bay Discharge Authority	West Valley Sanitation District	Riverside County Waste Management		
Union Sanitary District	Ross Valley Sanitation District			
COUNTY GOVERNMENTS		WATER AGENCIES		
County of Placer*	County of Orange*	Helix Water District*	Sacramento County Water Agency*	
County of Riverside*	County of Shasta*	Santa Clara Water District *	Sacramento Groundwater Authority*	
County of Sacramento *	County of Solano*	Reclamation District #2035*	Elsinore Valley Municipal Water District*	
County of San Diego*	County of Sonoma*	Santa Margarita Water District *	Montara Water and Sanitary District	
County of San Joaquin*	County of Ventura*	Yolo-Davis Clean Water JPA*	Suisun-Solano Water Authority	
County of San Bernardino*	County of Yolo*	Yucaipa Valley Water District*	Beaumont Cherry Valley Water District	

\*Included ACFR preparation



## Audit Approach

# AUDIT METHODOLOGY

At Eide Bailly, we promise you a better overall experience. While we recognize multiple firms are capable of accomplishing the objectives of an audit, Eide Bailly appreciates that every situation and every organization is different, and we tailor our approach based on the needs of each client.

Eide Bailly values its business relationships and demonstrates this through our partner and manager involvement. Our senior level professionals are involved with our clients and accessible throughout the year. They do not delegate all tasks to staff, but rather stay involved on-site during fieldwork and stay connected throughout the year. This approach delivers the greatest benefit to our clients because we are able to stay abreast of changes in and updates to our client's operating environment and collaborate to achieve optimal results.

Our clients experience a communication approach that stands apart in both style and frequency. Because we recognize effective communication is critical throughout the entire audit process, our service and communication approach begins with planning and continues throughout the year. Additionally, we take a collaborative communication approach with our clients and include them in the process as our peers. Our clients offer a wealth of knowledge and information about their organization, and communicating with them as a business peer ultimately produces the best outcome.

Prior to beginning the engagement, we will discuss with management:

- The engagement timeline.
- The audit approach and process.
- Additional considerations that may affect scope, schedules and workpapers to be prepared by your personnel.

Upon appointment as your auditor, we will discuss the audit schedules and work with you to ensure the timeline meets your needs and makes the most effective use of your staff members' time.



## 1. SEGMENTS OF THE ENGAGEMENT

# AUDIT WORK PLAN



Our audit approach is designed for collaboration and optimal results. It consists of five major components: Planning, Interim Work, Fieldwork, Reporting and Ongoing Communication. If awarded, we will discuss with management our proposed schedule, but we also have the flexibility to make any changes to meet reporting deadlines. The objectives of each component are described in the following pages:

### PLANNING



- Discuss and finalize the engagement timeline, audit approach and process.
- Discuss risks and concerns of the management and accounting staff, including the City Council, if requested.
- Evaluate the nature of the operating environment (e.g., changes in volume, degree of system and reporting centralization, sensitivity of processed data, impact on critical business processes, potential financial impacts, planning conversions and economic and regulatory environment).
- Review interim financial information and reports to identify significant risks and changes.
- Review significant estimate areas and consider underlying assumptions.
- Gain an understanding of the City, its reporting units and their environments.
- Document internal control systems, including IT, and related changes from prior periods.
- Consider fraud, risk of noncompliance, illegal acts, abuse, etc.
- Assess audit risk and identify of potential audit issues.
- Assess materiality and testing scopes, to the extent possible, and present an audit plan.
- Prepare and communicate audit request lists and work papers.
- Develop expectations regarding timing and audit progress.
- Gain understanding of single audit programs and perform an analysis of potential major federal programs.

### INTERIM WORK: SINGLE AUDIT



#### Phase I: Risk Assessment and Planning

This phase encompasses the planning and risk assessment of your federal programs. The planning phase sets the tone as well as sets the stage for an efficient and effective single audit. We will work closely with management to properly identify federal programs and clusters to determine the major programs to be tested. The steps include:

- Determine grant awards and funding increments.
- Determine the Type A and Type B thresholds.
- Perform a review of the past two single audits and document the program risk to determine risk, for any programs above the threshold (Type A).
- Make final determination of major programs to be tested.
- Review applicable Uniform Guidance *Compliance Supplement* for any unusual items and determine direct and material compliance areas for each major program.

**Phase II: Major Program Testing**

After making the major program determination, we will test the major programs through the following steps:

- Obtain audit steps from the *Compliance Supplement*.
- Obtain the process and controls related to the direct and material compliance areas identified during planning. The controls for each area need to address the five components of Committee of Sponsoring Organizations of the Treadway Commission (COSO) as required by Uniform Guidance.
- Select samples for control and compliance testing.
- Perform control testing for effectiveness and compliance testing of selected transactions.
- Report material weaknesses or material noncompliance to management.
- Hold periodic status meetings and discuss potential findings with management while our auditors are in the field.

**Phase III: Assessment and Reporting**

The above steps are based on the preliminary Schedule of Expenditures of Federal Awards (SEFA). Once the SEFA has been finalized, we will determine if any additional major programs are to be tested. We will:

- Perform major program testing steps for any newly identified programs.
- Review prior findings, if any, and determine if findings were cleared by management and do not need to be reported during the current year.
- Prepare the Schedule of Findings and Questioned Costs.
- Hold an exit conference with management and key grant personnel and provide a draft report of the single audit and any Yellow Book findings required to be reported. Findings are reviewed by the Manager and Engagement Partner prior to the exit conference.

**INTERIM WORK: FINANCIAL STATEMENT**



- Communicate with management to determine internal controls, perform walk-throughs and to discuss any potential audit issues.
- Determine audit procedures by area, based on results of planning and risk assessment.
- Determine confirmation needs.
- Prepare listing of audit information requested from the City.
- Review minutes, resolutions and ordinances.
- Perform tests of legal compliance.
- Provide weekly updates to City staff.
- Hold exit conference with management.

**FINAL FIELDWORK**



- Audit areas based on risk assessment.
- Obtain and prepare schedules and analyses supporting the financial information.
- Discuss findings with management, if any.
- Discuss proposed journal entries with management, if any.
- Finalize single audit testing.
- Provide weekly updates to City staff.
- Hold exit conference with management.

## REPORTING



- Review of financial statements by the Engagement Partner.
- Review of financial statements by the Technical Review Partner to obtain a second opinion on the completeness and adequacy of financial statement disclosures and audit procedures.
- Complete management letters and review with management.
- Prepare other communications to management and the Board.
- Assist with preparation of the Data Collection Form and the reporting package for submission to the Federal Audit Clearinghouse.
- Present to the City Council at its regularly scheduled meeting, if requested.

## ONGOING COMMUNICATION



- Obtain interim financial statements throughout the year for review.
- Analyze significant changes and identify areas to further tailor our audit plans and keep us up to date with continuing changes.
- Compare interim results to year-end results for the past few years to identify potential issues in the financial reporting process.
- Participate periodically at City Council meetings, and any other meetings, upon request.

We take a “no surprises” engagement approach. We work closely with management and accounting personnel throughout the audit process, hold weekly meetings to review open items and discuss potential accounting or compliance issues and provide periodic written or oral reports on the status of the audit to representatives of the City. At the end of fieldwork, we will hold an exit conference with management to discuss any potential findings and come to a conclusion. We strive not to have additional findings subsequent to the exit conference.

### Using Information Technology (IT) Auditors

Under auditing standards for any financial audit, we are required to obtain a sufficient understanding of the accounting system and technology environment. It is our philosophy to not only meet but to also exceed this requirement through the involvement of our dedicated technology specialists as deemed appropriate.

Our IT methodology is based on AICPA guidelines, the internal controls framework prescribed by COSO, and the best practices for technology controls as defined by the Control Objectives for Information and Related Technology (COBIT) developed by the Information Systems Audit and Controls Association (ISACA). When auditing the technology environment, we evaluate the general technology controls and specific application controls in effect. This requires our IT auditors to consider how the accounting systems, infrastructure, processes and people work individually and together to ensure financial records are being appropriately processed and reported. As such, we must work with IT staff to assess how the relevant systems and technology environment are administered and supported, and with accounting staff to evaluate how financial data is processed and system controls are maintained to enforce segregation of duties.

Our seasoned professionals have years of relevant technology experience, many of whom carry a myriad of certifications, including:

- Certified Information Systems Auditor (CISA)
- Certified in Risk and Information Systems Control (CRISC)
- Certified Information System Security Professional (CISSP)
- Certified Information System Manager (CISM)
- Certified Financial Systems Auditor (CFSA)
- Certified Ethical Hacker (CEH)
- Certified Public Accountant (CPA)
- Certified Common Security Framework Practitioner (CCSFP)
- GIAC Security Essentials Certification (GSEC)
- Certified Internal Auditor (CIA)
- Certified Government Audit Professional (CGAP)
- Certified Risk Management Assurance (CRMA)
- Certified Information Technology Professional (CITP)
- Certified Penetration Testing Engineer (CPTe)



Eide Bailly has extensive experience integrating a variety of IT services into our audit engagements across organizations in the public, private and nonprofit sectors. These experiences include auditing IT operations, security and software development, as well as conducting both internal and external network vulnerability tests. In addition, we have former federal and local law enforcement computer forensic specialists that utilize the latest tools to analyze and investigate digital media for a wide range of purposes.

Our experience with audits of various entities requires adherence to various standards surrounding internal controls including the COSO Framework, generally accepted government auditing standards (GAGAS) and Federal Information System Controls Audit Manual (FISCAM). We work with our clients to help them understand the updated COSO framework. We have conducted training on COSO and risk assessments nationwide, and we know we will add value and improve the effectiveness of the risk management, control and governance processes.

### Audit Schedule

We understand your requested timeline and are committed to meeting your deadlines.

Eide Bailly commits to you that if your team is prepared for the audit when our team is in the field, we will meet your deadlines. We will work closely with your team through the planning stages to clearly define expectations and the items required from your team in order to facilitate an efficient audit to enable us to meet your deadline. The following table identifies the structure of our audit for City reports and the timing of each section:

#### Engagement Timeline

Activity	Timing
Planning	April
Interim Single Audit Fieldwork	May
Fieldwork	September
Exit Conference	October
Reporting	December
<b>Ongoing Communication</b>	<b>Throughout the Year</b>

We will meet your deadlines. By engaging in thorough audit planning and communications with management, we begin each engagement with a strong understanding of the various deadlines for each of the financial and single audits and the steps involved along the way to meet these deadlines. An audit project plan will be developed between our team and the City and then followed closely, and we will work with the City’s management team to customize our auditing services and specific timelines to your needs. We believe in clear, up-front and open communication with no surprises.

### Internal Control Structure

A significant aspect of the planning process involves understanding each reporting unit’s internal control environment, including IT controls and, where relevant, testing of internal controls. The following is a summary of our process regarding internal controls over financial reporting and compliance:

#### Internal Controls over Financial Reporting

Our approach will start with any documentation related to internal controls already developed. We review that documentation to obtain an overview of the internal control system and then conduct interviews with your staff to complete the documentation of our understanding related to internal controls and significant changes each year.

After conducting the interviews, we will evaluate the internal control system design and expected operating effectiveness for significant areas depending on the reporting unit. By completing control testing in these areas, we expect to reduce substantive testing to conduct an efficient audit. Our approach will be focused on key process controls or overall system controls, rather than detailed control processes. We will also focus on key IT related controls in areas such as revenue, payroll and claims, for more efficiency from an audit perspective relative to the control process.

Our risk-based approach incorporates control testing and substantive tests of balances, where appropriate. In certain areas that are not as significant, we will conduct the audit using a primarily substantive approach. Our experience is that substantively auditing a balance rather than completing an extensive control test is often more efficient and effective.

### Internal Controls over Compliance

Our approach for internal controls over compliance associated with federal programs is similar to the approach regarding internal controls over financial reporting related to accumulation, documentation and evaluation of the control environment.

Test of controls over compliance are required for major federal programs. Our approach identifies key controls applicable to direct and material compliance requirements for testing, as well as incorporating results from tests of internal controls over financial reporting and IT.

The approach to understand your internal controls includes:

- Interview City personnel.
- Review organizational charts, accounting and procedure manuals and programs.
- Complete internal control questionnaires.
- Write up system narratives.
- Evaluate items selected for testing.
- Review controls over financial information systems.

The timely completion of this work allows us to perform our work efficiently and promptly communicate any potential recommendations.

## SMOOTH TRANSITION

We understand the transition from one professional services firm to another can cause some inconvenience to City management and staff. We realize the decision to change service providers is not one to be taken lightly. Our goal is to make the transition as smooth as possible. We'll manage the transition to minimize time demands on your employees and ensure a timely first year audit in accordance with professional standards.

### Planning

Spend more time in the planning stages of the audit to understand accounting and operational processes.

### Prepared by Client List (PBC)

Provide an extensive and detailed PBC list of schedules, documents and confirmations, starting with items already prepared.

### Prior Workpapers

Review prior workpapers to understand schedules and other documentation. We will modify our requests to match what you have seen in the past.

### Issue Resolution

Identify issues during the planning stage and resolve before starting the audit.

### First-Year Investment

Manage the first-year audit to minimize time demands and ensure a timely audit. We know the first-year hours will be 10-15% higher and believe these hours are an investment in a multi-year engagement.

### More Time in the Field

Partners and managers spend more time in the field, so issues are resolved in the field and not at the end of the audit.

### No Surprises

Have an 'open door' / no 'gotchas' policy.

### Communication

Continue ongoing communications during the audit process and through the year.

In addition, our engagement approach is based on:

- Observations we believe will help achieve objectives. We are pleased to respond to inquiries about financial or other business matters.
- The assistance to be provided by your personnel, including preparation of schedules and analyses of accounts, will be discussed with the finance department. Timely completion of this work will assist us in performing our work efficiently.

### Meeting Deadlines and Shortening Time in the Field

We commit we can, **and will**, meet your deadlines and shorten the amount of time needed in the field. Our experience with other government audits has enabled us to fine tune our audit process, translating to a smooth and more efficient audit while meeting your deadlines and keeping our fees at a reasonable rate.

### Multi-Year Approach

We attempt to retain the majority of the audit team in order to develop a historical perspective of the operating and control environment of the City. This allows us a deeper understanding of the risks surrounding the City and the ability to perform a thorough audit without a learning curve. Our preliminary review results in a planned calendar of audit events, timing and expectations based on the budgets and related materials, organizational charts, manuals and programs, and financial and other management information systems.

We also have the resources to change your engagement team while retaining the organizational insight we gain over the years, if you think you would benefit from auditor rotation. Eide Bailly’s government professionals have extensive experience in the industry and an important advantage from the firm’s focus on continuing education. These individuals are well positioned in organizations associated with government entities, such as the AICPA and GAQC, the primary purpose of which is to promote the importance of quality government audits, and have held leadership roles in the GFOA.

We will be available throughout the year as a valuable resource to answer questions, have discussions and confirm the appropriate accounting treatment for unique or infrequent transactions.

## 2. LEVEL OF STAFFING AND NUMBER OF HOURS

Below is our proposed level of staffing and estimated hours for each segment of the audit.

	Partner	Manager	Senior	Staff	Other	Total
Planning	10	10	5	5	--	30
Single Audit/Interim	10	65	65	20	--	160
Fieldwork	10	70	70	65	--	215
Exit Conference	5	5	0	0	--	10
Final Report	5	10	0	0	10	25
<b>Total</b>	<b>40</b>	<b>160</b>	<b>140</b>	<b>90</b>	<b>10</b>	<b>440</b>

### 3. STATISTICAL SAMPLING

Sampling may be performed for tests of controls, compliance testing and substantive tests of certain accounts and transactions. During our basic financial statement audit, we will also select various transactions for testing based on materiality assessed at the appropriate level. These transactions may include such items as capital asset additions, expenditures, subsequent disbursements and subsequent receipts. We will be pleased to discuss specific sample sizes and selection methods when they are determined, either during planning or fieldwork.

We will select the appropriate sample size to support our conclusions in compliance with laws and regulations. We will use confirmations in areas deemed necessary such as cash and investments, and receivables.

### 4. USE OF SOFTWARE

Eide Bailly staff utilizes progressive and effective software to streamline processes and make them as efficient as possible. These technologies include:

#### My Eide Bailly (Web-Based Client Site)

My Eide Bailly is an online client site giving clients the ability to transfer files securely and connect digitally with Eide Bailly. Email is not a secure way to exchange documents, but My Eide Bailly can handle large file uploads in a safe, secure manner.



In addition, My Eide Bailly offers clients visibility into their projects, control over who can access and see files related to those projects (including third parties), and an easy way to browse invoices, articles and upcoming webinars and other events.

My Eide Bailly makes it easy to share and stay connected with Eide Bailly, creating efficiencies for both our clients and our staff during engagements. Additional features will be added as we build our digital strategy to empower our clients to work with us digitally, if they choose.

#### Suralink

Years of dedicated service have helped us develop the skills, abilities and tools necessary to exceptionally serve our clients. To aid in this process, we've researched ways to enhance our use of software to better streamline the audit process and deliver state of the art technology solutions to our clients. The firm has deployed Suralink to our assurance practice and it has been implemented for assurance work beginning for the year ending December 31, 2022.

Suralink is an interactive Provided by Client (PBC) software solution aimed at improving the client experience for document exchange. This addition to our suite of tools has the potential to save a substantial amount of time managing PBC documents, creating increased efficiencies during your engagement.

#### Data Extraction Software

Eide Bailly designs our approach to incorporate the use of TeamMate Analytics to maximize efficiency while conducting a very effective audit. Through TeamMate, we can extract information from related databases and create databases that check for duplicate payments, summarize payments, extract journal entries from specific accounts, develop expectations for analytical procedures and recalculate system calculations, among a host of other procedures developed by our audit team.



### CCH ProSystem fx Engagement by Wolters Kluwer

This software is used to perform the audit, retains the electronic workpapers and supporting documentation, performs project tracking and facilitates quality engagement review.

### Adapting to Change

Many of our clients are wondering about working on their audits remotely. Eide Bailly performs all engagements in a paperless environment. As a technology-driven firm, we've seen no issues in performing audit procedures off-site from our clients. We've taken advantage of technology, such as using Microsoft Teams, which allows us to communicate with our clients face to face, while sharing screens, to make the process as seamless as possible. We're utilizing Zoom to host webinars and town hall meetings to educate and assist our clients on rapidly changing circumstances and how to successfully navigate those changes. As a result, we have no concerns completing this audit remotely should the need arise. We'll discuss with management which approach, remote vs. on-site, works best for you.

## 5. ANALYTICAL PROCEDURES

Analytical procedures will be applied throughout general planning to improve our understanding of your operations and to identify audit areas for increased attention. These will assist in planning the nature, timing and extent of other procedures, and will be applied to all balance sheet, revenue/receipt and expense/expenditure areas. Procedures include the comparison of current year to prior year and budget amounts. Areas that show results different from those anticipated or planned will be further investigated to determine the validity of the variance.

**During Year-end Fieldwork:** Analytical procedures are used to test whether errors affecting account balances or classes of transactions have occurred by comparing the recorded amount with an independently developed expectation of that amount. The expectation is developed in such a way that a significant difference between the expectation and the recorded amount is indicative of a financial statement misstatement, unless we can obtain and corroborate explanations for the difference. Analytical procedures are a natural extension of our understanding of your business because the key factors that influence your business may be expected to affect the financial data.

**During Reporting:** Our last step is to perform a final analytical review at the financial statement level to ensure we comprehensively understand the financial statements during the audit engagement and to determine whether the financial statements are appropriately presented and contain appropriate disclosures. Such final analytical procedures highlight and explain significant changes from the previous year and ensure such changes are consistent with the knowledge of your business and our audit evidence. These procedures typically consider trends based on several previous years, instead of comparison only with the prior period.



## E. Proposal Data Sheet

### Exhibit A

#### RFP PROPOSAL DATA SHEET

FIRM NAME: **Eide Bailly LLP**

CONTACT PERSON: **Ahmad Gharaibeh**

CONTACT INFORMATION: **650.223.6103 | [agharaibeh@eidebailly.com](mailto:agharaibeh@eidebailly.com)**

QUALIFICATIONS STATEMENT: **We have served the government industry for more than 70 years and work with more than 1,100 government clients throughout the nation. Through serving these clients, our professionals have gained focused expertise regarding government organizations and will provide you with insightful advice that aids in managing the finances of the City. We understand your specific challenges, needs and goals, and have fine-tuned our process to create a more effective and efficient engagement.**

#### GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM

CLIENT NAME: **City of Santa Cruz**  
MOST RECENT AUDIT: **June 30, 2022**  
CONTACT NAME: **Nicholas Gong**  
PHONE: **831.420.5050**

CLIENT NAME: **City of Livermore**  
MOST RECENT AUDIT: **June 30, 2022**  
CONTACT NAME: **David Doyle**  
PHONE: **925.960.4352**

CLIENT NAME: **Town of Hillsborough**  
MOST RECENT AUDIT: **June 30, 2022**  
CONTACT NAME: **Richard Santiago**  
PHONE: **650.375.7406**

#### AUDITING PERSONNEL PROVIDED\*

NAME: **Ahmad Gharaibeh**  
ACCOUNTING FUNCTION: **Engagement Partner**  
YEARS OF EXPERIENCE: **20+**  
CERT/DEGREE: **Certified Public Accountant (Master of Accountancy, Bachelor of Accountancy - East Tennessee State University)**  
LAST PUBLIC AUDIT: **2022**

NAME: **Janice Yu**  
ACCOUNTING FUNCTION: **Manager**  
YEARS OF EXPERIENCE:  
CERT/DEGREE: **Certified Public Accountant (Bachelor of Accountancy Master of Accountancy)**  
LAST PUBLIC AUDIT: **2022**

NAME: **Joe Escobar**  
ACCOUNTING FUNCTION: **Manager**  
YEARS OF EXPERIENCE:  
CERT/DEGREE: **Certified Public Accountant (Master of Accounting and Financial Management, Bachelor of Business Administration)**  
LAST PUBLIC AUDIT: **2022**

\*Please remember to include resumes with your RFP response.

Please see **Team Qualifications** for full biographies for the members of the Engagement Team.

**HOURLY RATES OF AUDITING PERSONNEL**

**NAME / FUNCTION: Partner**

**HOURLY / RATE: \$350/hr.**

**NAME / FUNCTION: Senior Manager/Manager**

**HOURLY / RATE: \$265/hr.**

**NAME / FUNCTION: Senior Associate**

**HOURLY / RATE: \$165/hr.**

**NAME / FUNCTION: Associate**

**HOURLY / RATE: \$125/hr.**

**NAME / FUNCTION: Admin Staff**

**HOURLY / RATE: \$75/hr.**

CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT

FEES AND BILLING SEQUENCE

<u>Audit Services</u>	<u>ANTICIPATED HOURS EXPENDED</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
1. City / District Audit/ Management Letter and related reports	<u>191</u>	<u>\$40,550</u>	<u>\$43,591</u>	<u>\$46,860</u>	<u>\$50,375</u>	<u>\$54,153</u>
2. Measure A Compliance Report	<u>11</u>	<u>\$2,200</u>	<u>\$2,365</u>	<u>\$2,542</u>	<u>\$2,733</u>	<u>\$2,983</u>
3. Measure W Compliance Report	<u>11</u>	<u>\$2,200</u>	<u>\$2,365</u>	<u>\$2,542</u>	<u>\$2,733</u>	<u>\$2,983</u>
4. Appropriation Limit	<u>15</u>	<u>\$2,540</u>	<u>\$2,730</u>	<u>\$2,935</u>	<u>\$3,156</u>	<u>\$3,393</u>
5. Preparation of ACFR	<u>34</u>	<u>\$9,860</u>	<u>\$10,600</u>	<u>\$11,395</u>	<u>\$12,250</u>	<u>\$13,169</u>
6. Directed Study	<u>37</u>	<u>\$7,075</u>	<u>\$7,606</u>	<u>\$8,176</u>	<u>\$8,789</u>	<u>\$9,448</u>
7. Compliance examination Report	<u>16</u>	<u>\$3,125</u>	<u>\$3,360</u>	<u>\$3,612</u>	<u>\$3,882</u>	<u>\$3,882</u>
8. Single Audit	<u>125</u>	<u>\$23,950</u>	<u>\$25,746</u>	<u>\$27,678</u>	<u>\$29,753</u>	<u>\$31,984</u>
Total not to exceed including out of pocket	<u>440</u>	<u>\$91,500</u>	<u>\$98,363</u>	<u>\$105,740</u>	<u>\$113,671</u>	<u>\$122,196</u>
1. State Controller's Reports (City, District and Street)	<u>80</u>	<u>\$10,000</u>	<u>\$10,750</u>	<u>\$11,556</u>	<u>\$12,423</u>	<u>\$13,355</u>

Optional Services

Please state any qualifications you need to make regarding your proposal fee (e.g., out-of-pocket expenses, fee increases, extraordinary services, etc.).

**Single Audit Fees**

The proposed single audit fees are per program.

**Out-of-Pocket Fees**

In addition to the professional fees listed above, you will be billed for actual out-of-pocket expenses such as travel time, mileage, lodging and meals.

# ADDENDUM TO THE ORIGINAL RFP SUBMITTED

CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT

## FEES AND BILLING SEQUENCE

<u>Audit Services</u>	<u>ANTICIPATED HOURS EXPENDED</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
1. City / District Audit/ Management Letter and related reports	<u>191</u>	<u>\$40,550</u>	<u>\$43,591</u>	<u>\$46,860</u>	<u>\$50,375</u>	<u>\$54,153</u>
2. Measure A Compliance Report	<u>11</u>	<u>\$2,200</u>	<u>\$2,365</u>	<u>\$2,542</u>	<u>\$2,733</u>	<u>\$2,983</u>
3. Measure W Compliance Report	<u>11</u>	<u>\$2,200</u>	<u>\$2,365</u>	<u>\$2,542</u>	<u>\$2,733</u>	<u>\$2,983</u>
4. Appropriation Limit	<u>15</u>	<u>\$2,540</u>	<u>\$2,730</u>	<u>\$2,935</u>	<u>\$3,156</u>	<u>\$3,393</u>
5. Preparation of ACFR	<u>34</u>	<u>\$9,860</u>	<u>\$10,600</u>	<u>\$11,395</u>	<u>\$12,250</u>	<u>\$13,169</u>
6. Directed Study	<u>37</u>	<u>\$7,075</u>	<u>\$7,606</u>	<u>\$8,176</u>	<u>\$8,789</u>	<u>\$9,448</u>
7. Compliance examination Report	<u>16</u>	<u>\$3,125</u>	<u>\$3,360</u>	<u>\$3,612</u>	<u>\$3,882</u>	<u>\$3,882</u>
8. Single Audit	<u>125</u>	<u>\$23,950</u>	<u>\$25,746</u>	<u>\$27,678</u>	<u>\$29,753</u>	<u>\$31,984</u>
Total not to exceed including out of pocket	<u>440</u>	<u>\$91,500</u>	<u>\$98,363</u>	<u>\$105,740</u>	<u>\$113,671</u>	<u>\$122,196</u>
1. State Controller's Reports (City, District and Street)	<u>80</u>	<u>\$10,000</u>	<u>\$10,750</u>	<u>\$11,556</u>	<u>\$12,423</u>	<u>\$13,355</u>

### Optional Services

Please state any qualifications you need to make regarding your proposal fee (e.g., out-of-pocket expenses, fee increases, extraordinary services, etc.).

### **Single Audit Fees**

The proposed single audit fees are per program.

### **Out-of-Pocket Fees**

In addition to the professional fees listed above, you will be billed for actual out-of-pocket expenses such as travel time, mileage, lodging and meals.

### **Billing Policy Regarding Telephone Inquiries**

We know clients appreciate access to all their service team members. We embrace this opportunity for constant communication and will ensure our team members are available when you have questions and issues. This service is included in the scope of the engagement. If a particular issue surfaces that falls outside the scope of this engagement, we'll bring it to your attention and obtain approval before proceeding.

### **Future Year Pricing Guarantees**

Our fee increases for future years are consistent with inflationary increases in the industry. They are contingent upon no major changes to the City, and that significant accounting and auditing rule changes and procedures remain consistent with current requirements. Fees do not include additional time that could be incurred due to changes to the scope of the engagement.

### **BILLING SEQUENCE**

Invoices are presented as the work progresses, with an initial invoice at the completion of the interim fieldwork, a second invoice at the completion of fieldwork and a final invoice following issuance of the audit report.

### **OTHER SERVICES OFFERED**

1. Please see the **Additional Resources** section of our proposal.
2. \_\_\_\_\_
3. \_\_\_\_\_

### **Signature of Individual Submitting Proposal on Behalf of the Firm**



---

**Ahmad Gharaibeh, CPA** | Partner  
650.223.6103 | [agharaibeh@eidebailly.com](mailto:agharaibeh@eidebailly.com)



## Additional Resources

# LET US HELP YOU WITH MORE

We are leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We are business advisors who want to help guide the strategy and operations of your organization, and we will make sure you feel connected and understand the process. Our professionals work closely together so you receive valuable service from people who understand your needs and know your business.

When you work with us, you will have access to the knowledge and talents of more than 3,000 professionals across our firm. This includes specialized tax knowledge, a full spectrum of audit/assurance services and our many specialized services, such as:

### **Cybersecurity**

Our professionals have deep IT backgrounds, specializing in a broad range of security services and allowing us to tailor solutions to your needs. We work with every level of your organization—your boards and executives, technical IT admins and general users—to provide insight and guidance so you can be confident your data is protected.

### **IT Consulting**

Business planning and technology strategy go hand-in-hand, like having a good offense and defense. You cannot win the game without planning for both.

Whether you want a better way to power your decision making, a simpler way to run your organization or you just want to see a return on your technology, a solid strategy always comes first. Our business consultants will help you define your goals and business needs so your technology game plan keeps you winning.

### **Forensic Accounting**

We have seasoned professionals with years of relevant investigative experience. Our forensic accountants are experienced in assisting with internal, civil, criminal and insurance recovery investigations related to allegations of theft, fraud and accounting irregularities. The forensic methodologies and technology used by our team of specialists help get to the facts of these situations and are court proven. We understand the urgency of resolving these types of matters and deliver a quality work product in an efficient and timely manner.



### The Right Choice for the City

## **BUILDING A SUCCESSFUL RELATIONSHIP**

To us, work is not just work; we see it as a chance to help you solve problems, achieve goals and pursue passions. After thoughtfully reviewing your needs and taking the time to understand your business, we think we are the best fit for this opportunity.

We can connect you with the knowledge, resources and solutions that help bring confidence to your business decisions. We want to work with you!

If you have questions or would like additional information, do not hesitate to contact us. We want to make sure you have everything you need to make your decision.



**Ahmad Gharaibeh, CPA**

**Partner**

650.223.6103

[agharaibeh@eidebailly.com](mailto:agharaibeh@eidebailly.com)

### **We Want to Work with You**

We are driven to help clients take on the now and the next with inspired ideas, solutions and results. We look forward to working with you.



# CULTURE

## THE FOUNDATION OF SUCCESS



Caring for our external and internal clients with a passion to go the extra mile.

Respecting our peers and their individual contributions.

Conducting ourselves with the highest level of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success of the firm,  
not just individual or office success.

Stretching ourselves to be innovative and creative, while managing the related risks.

Recognizing the importance of maintaining a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ... and having fun!



**What inspires you, inspires us.**

[eidebailly.com](http://eidebailly.com)



February 6, 2023

Mr. Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404

Dear Mr. Hassan:

We are pleased to enclose one signed original and ten hard copies of our Technical Proposal to continue to provide Financial Auditing Services to the City of Foster City/Estero Municipal Improvement District for the three fiscal years commencing with fiscal year ending June 30, 2023, with the option to extend for two additional one-year terms, not to exceed a total of five fiscal years.

Yours very truly,

A handwritten signature in black ink that reads "Amy L. Meyer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Amy L. Meyer, CPA  
Audit Partner

ALM:sa  
enclosures

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# FINANCIAL AUDITING SERVICES PROPOSAL 02.06.23

PREPARED FOR



**Mr. Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404**

Amy L. Meyer, CPA  
3478 Buskirk Ave, Suite 215  
Pleasant Hill, CA 94523  
P (925) 930-0902  
F (925) 930-0135  
amym@mazeassociates.com

**M MAZE**  
& ASSOCIATES

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**CITY OF FOSTER CITY  
FINANCIAL AUDITING SERVICES PROPOSAL**

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FINANCIAL AUDITING SERVICES PROPOSAL**

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February 6, 2023

Mr. Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404

Dear Mr. Hassan:

We are pleased to present this proposal to continue to provide services to the City of Foster City/Estero Municipal Improvement District (City/District). We understand this proposal is for an independent audit of the City's/District's Basic Financial Statements, in conformity with generally accepted accounting principles, for three fiscal years commencing with fiscal year ending June 30, 2023, with the option to extend for two additional one-year terms, not to exceed a total of five fiscal years. We will also perform additional procedures and complete the other assurance services as specified in the City's Request for Proposals, within the time periods established by the City/District.

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

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancements. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal industry is our main business.** We know we have the necessary qualifications to perform your audit.
  - **Annually, we serve over 200 municipalities including cities, special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the greater San Francisco Bay Area.**
  - We currently have over forty City or Town clients ranging in size from small towns to large complex cities. We are proud to say that over forty of our clients publish award-winning Annual Comprehensive Financial Reports, the majority of which we have provided assistance in compiling reports.
  - **We conduct over three dozen Single Audits annually.**

- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **80 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74, 75, 84 and 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.

As with all our audits, we are committed to continue to provide timely, quality audit services to the City/District. We are committed to meeting the City's deadlines as outlined in the RFP. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Amy Meyer, Vice President ([amym@mazeassociates.com](mailto:amym@mazeassociates.com)), and Whitney Crockett, Vice President ([whitneyc@mazeassociates.com](mailto:whitneyc@mazeassociates.com)), are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, P(925) 930-0902, F(925) 930-0135. The proposal is a firm and irrevocable offer for 60 days.

We look forward to the opportunity to continue to provide audit services for the City of Foster City/ Estero Municipal Improvement District!

Yours very truly,



Amy L. Meyer, CPA  
Audit Partner/Shareholder



## GENERAL REQUIREMENTS

### ***Audit Team***

We are proposing to assign Amy Meyer, CPA, as Engagement Partner, Whitney Crockett, CPA, as Alternate Partner, and Ling Zhu, as Supervisor. We have selected this team based on their extensive municipal experience.

**We understand that engagement partners and other supervisory staff may be changed only with the express written permission of the City.**

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

Our audit approach discussed in the Audit Approach section below will meet the request for proposal requirements.

### ***Resumes of Staff Assigned to Your Audit***



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

City of Alameda	City of Mountain View
Alameda Power and Telecom	City of Oakley
City of Albany	City of Palo Alto
City of American Canyon	Redwood Empire Municipal Insurance Fund
Town of Atherton	City of Rancho Cordova
Association of California Water Agencies Joint Powers Insurance Authority	City of Richmond
City of Belmont	City of Rio Vista
City of Brentwood	City of Rocklin
California Joint Powers Risk Management Authority	City of Roseville
City of Concord	Town of San Anselmo
City of Daly City	City of San Carlos
	City of Modesto

## GENERAL REQUIREMENTS (Continued)

### **AMY MEYER, CPA (Continued)**

City of Dublin  
East Bay Regional Park District  
East Contra Costa Fire Protection District  
City of El Cerrito  
El Dorado County  
City of Elk Grove  
City of Hercules  
City of Lathrop  
Livermore Area Recreation and Park District  
City of Livermore  
Town of Los Gatos  
City of Manteca  
City of Martinez  
City of Milpitas

City of San Pablo  
City of San Rafael  
City of Santa Clara  
City of Saratoga  
South Placer Wastewater Authority  
City of South San Francisco  
City of Tracy  
City of Turlock  
City of Vallejo  
City of Waterford  
West Contra Costa Transportation Advisory  
Committee  
City of Woodland



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

#### **Cities/Counties:**

City of Alameda  
Town of Atherton  
City of Brisbane  
City of Concord  
City of Daly City  
City of Dublin  
City of East Palo Alto  
City of El Cerrito  
Town of Fairfax  
City of Hayward  
City of Lafayette  
City of Larkspur  
City of Los Banos  
City of Manteca  
City of Martinez  
City of Mountain View  
City of Pittsburg

El Dorado County  
City of Milpitas  
Town of Moraga  
City of Oakley  
City of Pacifica  
City of Petaluma  
City of Richmond  
City of Roseville  
City of Santa Clara  
City of San Pablo  
City of San Rafael  
City of Sausalito  
City of Vallejo  
City of Watsonville  
City of West Sacramento  
Town of Woodside  
City of Emeryville

## GENERAL REQUIREMENTS (Continued)

### WHITNEY CROCKETT, CPA (Continued)

#### Special Districts:

Alameda Municipal Power	San Mateo Pre-Hospital Emergency Services Group
Alameda County Transportation Commission	South San Joaquin Irrigation District
Central Basin Municipal Water District	Stopwaste
Contra Costa Water District	Sunol Smart Carpool Lane Joint Powers Authority
Contra Costa Mosquito and Vector Control District	TRAFFIX
Dublin San Ramon Services District	Transbay Joint Powers Authority
El Dorado Irrigation District	Tri-Dam Project / Tri-Dam Power Authority
East Bay Municipal Utility District	West Contra Costa Transportation Advisory Committee
Livermore Amador Valley Transit Authority	West Contra Costa Integrated Waste Management Authority
Livermore-Amador Valley Water Management Agency	Tri-Dam Project / Tri-Dam Power Authority
Marin/Sonoma Mosquito and Vector Control District	West Contra Costa Transportation Advisory Committee
Novato Fire Protection District	West Contra Costa Integrated Waste
Novato Sanitary District	
Peninsula Traffic Congestion Relief Alliance	



**Ling Zhu, Supervisor** – graduated from UC Davis, in June 2018, with a bachelor's degree in Managerial Economics. Ling has **received over 128 hours of continuing education** since joining our firm in September 2019. Ling's audit experience includes the following:

City of Alameda	City of Morgan Hill
Town of Atherton	City of Oakley
City of Belmont	City of Orinda
City of Brentwood	Town of Portola Valley
City of Brisbane	City of Redwood City
City of Burlingame	Town of San Anselmo
City of Concord	City of San Carlos
City of Daly City	City of San Leandro
City of Elk Grove	City of San Rafael
Town of Fairfax	City of Sausalito
City of Foster City	SCMAD
City of Hayward	City of Seaside
City of Los Altos	City of South San Francisco
City of Manteca	City of Sunnyvale SCVURPPP
City of Martinez	City of Turlock
City of Mill Valley	City of Walnut Creek
City of Milpitas	City of Watsonville

## GENERAL REQUIREMENTS (Continued)

### ***Continuity of Staffing***

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

We also schedule the entire year in advance to ensure we have the staff resources available and determine how many additional staff we may need to hire. We do not expect to hire personnel specific to the potential award of this contract.

### ***Staff Training***

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

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

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

## INDEPENDENCE

As independent auditors, **our most valuable asset is our independence.** Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the City of Foster City/Estero Municipal Improvement District as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the City/District or any of its Council/Board members or employees that would compromise our independence.

## INDEPENDENCE (Continued)

We will discuss in advance with the City/District any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the City/District and we believe any such relationship presents a conflict of interest, we will not enter into it.

## BUSINESS LICENSE

We will obtain a business license from the City of Foster City when we have been awarded the contract for annual auditing services.

## FIRM QUALIFICATIONS AND EXPERIENCE

### *Overview*

We are a professional services corporation located in Pleasant Hill, California. We presently have approximately fifty-five people including seven shareholders and the following staff that are fully dedicated to our audit services:

- Five Audit Partners
- Two Managers
- Six Supervisors
- Twelve Associates

Eighteen of our professional staff are California Certified Public Accountants, and additional staff members are in the process of completing their applications for licensure.

Twenty-five of our professional staff members comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting.

All staff assigned to this engagement are full-time staff of our firm. We anticipate assigning two partners, one supervisor, two audit associates and administrative support staff to this engagement. Please see Proposed Segments of the Engagement in the Audit Approach Section for details of assignment for each staff.

The location of the office from which work on this engagement will be performed is Pleasant Hill, California. This is our only office, which includes our municipal and not-for-profit audit services, accounting and tax services.

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

**We have focused on municipalities since 1986.** We are active in GFOA, CSMFO, CSDA and CMTA, and our Partners have been speakers at GFOA, CSMFO, CSDA and CMTA functions.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

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

### ***License To Practice In California***

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education.** Even though not required, all non-certified audit staff receive the same level of training. We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. This is twice the amount required by professional standards.**

### ***Reputation***

We believe quality and an emphasis on doing our job right is far more important than being cheaper than our competitors. Despite the economic pressures faced by municipalities and the need to save money, there are other, more serious concerns to be weighed. For instance, the perceived or actual audit failures in the municipal audit sector. The City of Bell news, especially the State Controller's Office Report on that City's audit firm, raised serious questions about municipal audit quality. Whether this is justified or not isn't really the issue. What is at issue is the perception of poor quality in municipal audits. We received a number of inquiries and requests for proposal from that firm's clients who desired a change in auditors. A former client of ours, which rotated to them several years ago, called us and asked if we would propose on the City's work. They said that the Council simply did not want to expend the energy to defend whether that firm was providing quality work.

These trends indicate that it would be unwise to reduce audit effort for any municipal audit. Our commitment to quality and preserving our firm's reputation remains our top priority and serves our clients best.

### ***Capacity and Resources***

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

**Over the years we have made substantial additional investments in our people and our systems.** We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of sixty hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least forty-eight of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.



## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **Today, we have a full-time staff of two people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.** Every person on our staff is now armed with a late model PC that communicates with all our other PCs, printers, servers, etc., via our own wireless network establish in each client's office at the start of each audit. Most of our work-papers are prepared on these PCs as we continue to move toward paperless audit and paperless files.

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

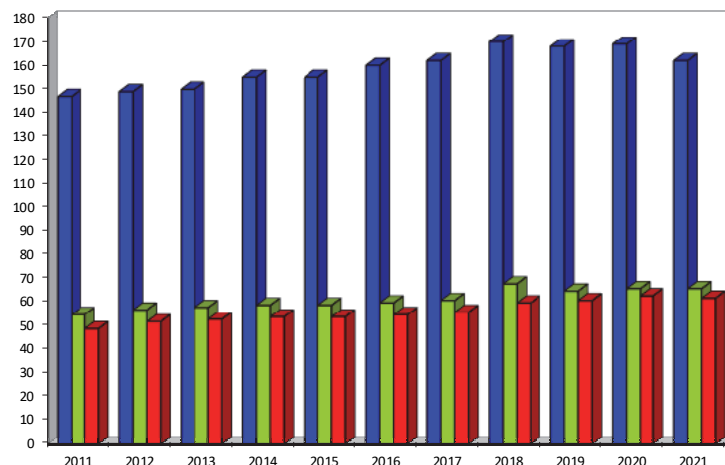
We are not relying on the capabilities or resources of any other firms in our proposal.

### **Audit Quality**

Never has audit quality been the focus of more attention than now. With names like Orange County, San Diego and Bell in the news, municipal audits can no longer be relegated to a consent item. Ensuring quality audits is a necessity. Our commitment to quality remains our top priority.

### **Experience**

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



## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

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

### **City and Town Clients**

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

#### CITY AND TOWN EXPERIENCE

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report Submission	GFOA Award	Single Audit
<b>Population &gt; 100,000</b>					
Concord	Audits of City financial statements, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019 - Present	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City financial statements and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
<b>Population &lt; 100,000</b>					
Alameda	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City financial statements, Successor Agency, Single Audit, Transportation Measures	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City financial statements	2018 - Present	✓ Yes	✓ Yes	*
Brentwood	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Brisbane	Audit of City financial statements, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City financial statements, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City financial statements, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes



## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Emeryville	Audit of City financial statements, Transportation Measures, Housing Compliance, Childcare Audit	2021 - Present	✓ Yes	✓ Yes	*
Fairfax	Audit of Basic Financial Statements	2009 - Present	*	*	*
Half Moon Bay	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City financial statements, Single Audit, Transportation Measure	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos Hills	Audit of City financial statements, Single Audit, Transportation Development Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City financial statements, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes
Martinez	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Morgan Hill	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Oakley	Audit of City financial statements, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City financial statements, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes
San Carlos	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

**City and Town Clients (Continued)**

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report Submission	GFOA Award	Single Audit
San Pablo	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City financial statements, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Sausalito	Audit of City financial statements, Transportation Development Act	2012 - Present	*	*	*
South San Francisco	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Watsonville	Audit of the City financial statements, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### **Significant Special District Audit Engagements**

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities.

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit/ Special Report
<b>FINANCING</b>			
City of Rancho Cordova Financing Authority	2009	X	
Concord Joint Powers Financing Authority	1992	X	
Governments of Livermore Financing Authority	1991	X	
Hayward Public Financing Authority	1996	X	
Manteca Financing Authority	1991	X	
Milpitas Public Financing Authority	1995	X	
Palo Alto Public Financing Corporation	1998	X	
Richmond Joint Powers Financing Authority	2005	X	
<b>HOUSING</b>			
Napa Valley Housing Authority	2000	X	X
Napa Housing Authority	2000	X	X
Richmond Housing Authority	2005	X	X
Suisun Housing Authority	2007	X	X
Vallejo Housing Authority	2004	X	X
<b>PUBLIC SAFETY</b>			
Belmont Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Menlo Park Fire Protection District	2009		X
Net Six Joint Powers Authority (Dispatch services)	1998	X	
Novato Fire Protection District	2013		
Rodeo-Hercules Fire Protection District	2009		X
Ross Valley Fire Department	2013		
Ross Valley Paramedic Authority	1991	X	
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
San Ramon Valley Fire Protection District	2000	X	X
South County Fire Authority	1998	X	X
South San Mateo Police Joint Powers Authority	2000	X	
Twin Cities Police Authority	1991	X	
<b>RECREATION AND OTHER</b>			
Association of Bay Area Governments	1997	X	X
Alameda County Mosquito Abatement District	2016		
Belvedere-Tiburon Library Agency	2018		
Contra Costa Mosquito and Vector Control District	2008		
East Bay Regional Park District	1987	X	X
Livermore Area Recreation and Park District	1989	X	X
Manteca Recreational Facilities Authority	1986	X	
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
San Mateo County Harbor District	2016		
West Contra Costa Integrated Waste Management Authority	2019		
<b>RISK MANAGEMENT</b>			
Association of California Water Agencies JPIA	2009		
Association of Bay Area Governments PLAN	1997		
Association of Bay Area Governments SHARP	1997		
California Joint Powers Risk Management Authority	1993		
Redwood Empire Municipal Insurance Fund	2013		
Small Cities Organized Risk Effort	2009		

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

**Significant Special District Audit Engagements (Continued)**

TRANSPORTATION			
Alameda Contra Costa County Transit Authority	2010	X	X
Alameda County Transportation Improvement Authority	2010	X	X
City/County Association of Governments	2005	X	X
Contra Costa Transportation Authority	2003	X	X
Eastern Contra Costa Transit Authority	2012	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Corridor Joint Powers Board	2010	X	X
Peninsula Traffic Congestion Relief Alliance	2001	X	X
Ralston/Holly /Harbor Grade Separation Projects	1998	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
San Mateo County Transit District	2010	X	X
San Mateo County Transportation Authority	2010	X	
Solano Transportation Authority	2004	X	X
Sonoma-Marin Area Rail Transit District (SMART)	2017	X	X
West Contra Costa Transportation Authority Commission	1995	X	
UTILITY			
Alameda Municipal Power	1990	X	
Bay Area Clean Water Agencies	2005		
Bethel Island Municipal Improvement District	2007		
Calaveras County Water District	2004		X
California Association of Sanitation Agencies (Non-profit)	2005		
Central Contra Costa Sanitary District	2013		
Coastside County Water District	1993	X	X
Contra Costa Water District	2002		X
Contra Costa Solid Waste Authority	1993	X	X
Diablo Water District	2014		
Dublin San Ramon Services District	1999	X	X
DSRSD/EBMUD Recycled Water Authority	2005		
East Bay Dischargers Authority	2015		
East Bay Municipal Utility District	2005	X	X
East Palo Alto Sanitary District	2013	X	
El Dorado Irrigation District	2007	X	X
Fairfield Suisun Sewer District	2000		
Freeport Regional Water Authority	2005		
Livermore-Amador Valley Water Management Agency	1987		X
Mid-Peninsula Water District	2006		
Novato Sanitary District	2013		X
Palo Alto Regional Water Quality Control Plant	1998	X	X
Placer County Water Authority	2005		X
Sacramento Suburban Water District	2020		
Santa Clara Valley Water District	2004		
Sausalito-Marin City Sanitary District	2011		
Silicon Valley Power	2012		
Skyline County Water District	1992		
Solano Irrigation District	2006		
South Bay System Authority	1998	X	
South Bay Transfer Station Authority	1997	X	
South San Joaquin Irrigation District	2004		
South Placer Wastewater Authority	2001	X	
Stanislaus Waste-to-Energy	2005		
Stinson Beach County Water District	2011	X	
Tri-Valley Wastewater Authority	1990		
Union Sanitary District	2000		
Upper Mokelumne River Watershed Authority	2005		
Vallejo Sanitation and Flood Control District	2016		
West Valley Sanitation District	2004		
Zone 7 Water Agency	2010	X	X

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention**. **Several clients who left have returned after seeing the difference between our firm and our competitors**, most recently Dublin-San Ramon Services District, Livermore-Amador Valley Water Management Authority, and Contra Costa Water District. **Others have gone through a full proposal process and retained us**, such as cities of Brentwood, Milpitas and Santa Clara.

### ***Public Financing Authorities and Mello-Roos Experience***

We have performed audits of public facilities financing authorities and Mello-Roos districts and designed financial statements that went beyond required disclosures to include Inception-to-Date information about capital projects. These disclosures can allow the reader to see and understand the entire scope and cost of capital projects, even though they may not remain on the authorities' books after completion.

We are familiar with public financing authorities and the accounting and auditing problems that can arise with their use. We have many clients that use financing authorities in issuing debt. We have considerable experience with the "blending" of financing authority funds with other funds.

### ***Assistive Resources***

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

### ***Client Training and Professional Development***

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

In 2016, we launched Maze Live – this is a full day of training which is free to our clients and qualifies for continuing education credit. Past classes included topics such as year two of GASB 68, GASB update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics.

### ***Professional Activities***

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

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

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

### ***Federal or State Desk or Field Reviews***

We have not been subject to any Federal/State Desk or Field Reviews of our audits during the past three years.

### ***Litigation***

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past five years, and there are no current and we are not aware of any potential lawsuits. In addition, we have not received any disciplinary action taken or pending action against us during the past three years with state regulatory bodies or professional organizations.

## EXTERNAL QUALITY CONTROL REVIEW

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

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. City/Town audit reports and Single Audit Act reports receive scrutiny. During the past five years every one of these reports has been accepted as submitted. Of course, all of our clients' Annual Comprehensive Financial Reports are also reviewed by GFOA for award consideration; every report submitted has won an award from GFOA.

**Peer Review Letter**



www.CoughlanNapaCPACo.com  
Company@CoughlanNapaCPACo.com

**Report on the Firm's System of Quality Control**

February 9, 2021

To Maze & Associates Accountancy Corporation 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 Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. 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](http://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.



**Peer Review Letter (Continued)**

**Required Selections and Considerations**

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

As a 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.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, 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*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

*Coughlan Napa CPA Company, Inc.*

Coughlan Napa CPA Company, Inc.



## SIMILAR ENGAGEMENTS WITH OTHER ENTITIES

**City of Daly City** – A client since 1992

Engagement Partner – Amy Meyer

Principal Contact – Tim Nevin, Director of Finance and Administrative Services, (650) 991-8040  
Cheresa Wang, Financial Services Manager, (650) 991-8143

Total Hours: (A)

Work Scope and Reports:

- Annual Comprehensive Financial Report (GFOA award winner)
- Memorandum on Internal Control and Required Communications
- Single Audit Act Report
- Proposition 111 Agreed Upon Procedures Report
- Measure A Compliance Report
- Measure W Compliance Report
- Transportation Development Act Audit
- Measure Q Agreed Upon Procedures Report
- San Mateo County Pre-hospital Emergency Medical Services Group JPA Financial Statements
- Peninsula Traffic Congestion Relief Alliance Financial Statements
- Annual Report of Financial Transactions for the City

**City of Brentwood** – A client since 2007

Engagement Partner – Amy Meyer

Principal Contact – Kerry Breen, Director of Finance & Information (925) 516-5460  
kbreen@brentwoodca.gov

Total Hours: (A)

Work Scope and Reports:

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

**City of Belmont** – A client since 1998

Engagement Partner – Amy Meyer

Principal Contact – Grace Castaneda, Finance Director (650) 595-7436  
gcastaneda@belmont.gov

Total Hours: (A)

Work Scope and Reports:

- Annual Comprehensive Financial Report (GFOA award winner)
- Memorandum on Internal Control and Required Communications
- Single Audit Act Report
- Measure A Compliance Report
- Measure W Compliance Report
- Measure I Financial Statements
- Proposition 111 Agreed Upon Procedures Report
- Transportation Development Act Audit Report
- Belmont-San Carlos Fire Department Financial Statements
- Annual Street Report
- Annual Report of Financial Transactions for the City

(A) Hours for each client is not a measure of audit effort, but we have listed the three clients in order of hours expended.

## EXPERIENCE IN PREPARING ACFR

As noted in the Firm Qualifications and Experience - City and Town Clients section above, we have extensive experience with Annual Comprehensive Financial Reports (ACFRs) and we prepare the reports for the majority of our audit clients.

Three cities for which we have prepared the ACFR for the year ended June 30, 2022 include the City of Daly City, City of Belmont and City of San Rafael.

## AUDIT APPROACH

### *Scope of Work*

We will complete the fiscal year ending June 30, 2023 Annual Comprehensive Financial Report. We will issue our Memorandum on Internal Controls, also known as a management letter, and the Required Communications, and we will complete the additional procedures and the other assurance services as specified in the City's Request for Proposals. We will inform the City immediately if we uncover any irregularities or illegal acts.

### *Audit Plan*

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

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

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

### *Specific Audit Strategy – Interim*

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

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

## AUDIT APPROACH (Continued)

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

### ***Laws, Regulations and Compliance***

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, etc. We identify applicable laws and regulations as part of our audit planning each year.

The California Government Code has many provisions and underlying regulations relating to investments and the investment policy, all of which are tested as part of our audit of cash and investments.

### ***Specific Audit Strategy – Analytical Procedures and Year End***

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. **Our year-end audit field-work actually starts in our office**, so that when we do arrive in your offices we are fully prepared and we minimize our impact on your operations.

In our offices, we cross-reference or reconcile your Audit Plan information, reports and schedules. The Engagement Partner **performs our detailed Analytical Procedures review of balances and emails our questions to you in advance of our arrival** in your offices. Our experience is that this Analytical Procedure review identifies any issues remaining after our interim work, as well as most potential audit adjustments.

This gives all of us time to address these items in person while the audit field-work is proceeding, instead of by telephone and e-mail afterward.

As part of the analytical procedures, when we start work in your offices, we will need you to complete your responses to the Analytical Review, but we will not need much of your time and we will not ask for more schedules or reports. Our Engagement Partner, Manager and Supervisor will meet with you on the first day of the year-end audit to discuss any remaining unanswered Analytical Review questions, review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the final financial statement drafts with you and your staff. The following week, a second partner not involved with the audit will perform a “quality assurance review” of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as the City approves them.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

### ***Local Expertise and Resources***

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is on site at least weekly checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

### ***System Controls, Transaction Cycle Processing Verification and Sample Sizes***

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

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

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

### ***Profiles, Access and Setup Controls***

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

### ***Data Extraction***

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our clients systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

### ***Assessing Risks – Interim Phase***

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

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

## AUDIT APPROACH (Continued)

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

### ***Fraud Considerations***

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

### ***Client Tailored Risk Assessment***

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

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

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



## AUDIT APPROACH (Continued)

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

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

**We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

### ***Client Participation in the Risk Assessment Process***

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Council/Board and Audit Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations.

### ***Assessing Risks – Final Phase***

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

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

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

### ***Communication and Coordination***

**We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.**

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

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

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

### ***Prompt Service and Delivery of Reports***

We have always focused on reducing financial statement turn-around time and we have never missed a deadline. We normally complete the review of the final draft of the financial statements on the last day of our field-work in our clients' offices or within two weeks thereafter.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports as part of our field-work dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely. **Many clients have been able to advance the date on which their reports are presented to the Audit Committee and Council/Board.**

### ***Internal Quality Assurance System***

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

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



### *Use of Electronic Resources*

As much as possible, we like to use electronic versions of documents. We find that this makes the audit not only efficient, but ecofriendly. We also set up SharePoint/OneDrive accounts in which files can be transferred regardless of their size.

### *Audit Schedule*

**We have timed our audit to complete all your reports so that they are ready to print by your deadlines.** Of course, our timetable may be adjusted to fit your needs. We will start our work as soon as you appoint us your auditors, with an entrance conference as soon as possible.

## AUDIT APPROACH (Continued)

### ***Proposed Segments of the Engagement***

Our proposed segmentation of the audit, including staff level and the number of hours to be assigned to each segment of the audit is included below. This proposed segmentation is based on our experience with the City and other similar entities.

Audit Activities	Budgeted Hours					
	Partners		Staff			Total
	Engagement	Review	Supervisor	Associates	Admin- istrative	
Planning and Budget/Confirms/Checklists	2.00		4.00			6.00
Fraud Assessment and Inquiries	1.00		3.00			4.00
Minutes-resolutions			4.00			4.00
Report and MD&A Review	6.00	3.00	8.00			17.00
Supervision/review	10.00		24.00			34.00
Conferences and Meetings	3.00		1.00			4.00
Management Letter and Required Communications	1.00		3.00		1.00	5.00
Accounting Issues Memo	0.50		2.00			2.50
Analytical Review	3.00					3.00
Internal Control Evaluation and Journal Entry Testing				12.00		12.00
Cash and Investments				24.00		24.00
Revenue/Receivables				24.00		24.00
Interfund Transactions and Balances				4.00		4.00
Notes/Loans Receivable				6.00		6.00
Capital Assets				16.00		16.00
Leases (City as lessor and lessee)				4.00		4.00
Other Assets				4.00		4.00
Disbursements/Accounts Payable				24.00		24.00
Payroll/Accrued Liabilities				20.00		20.00
Long-Term Debt and Debt Service				12.00		12.00
Pension and OPEB Plans				30.00		30.00
Subscription-Based Information Technology Arrangements (SBITAs)				12.00		12.00
Other Liabilities	1.00		1.00	4.00		6.00
Fund Balance and Net Position				4.00		4.00
Investment in Joint Venture and Membership in Insurance Pools				4.00		4.00
Commitments and Contingencies				3.00		3.00
Risk Management				3.00		3.00
Budget Testing				2.00		2.00
Subtotal - ACFR and Management Letter (City/District)	27.50	3.00	50.00	212.00	1.00	293.50
Other Items:						
Measure A Compliance Report	0.50	0.50	2.00	4.00	0.50	7.50
Measure W Compliance Report	0.50	0.50	2.00	4.00	0.50	7.50
Appropriation Limit	0.50	0.50	1.00	4.00	0.50	6.50
Preparation of ACFR	4.00		16.00	8.00	6.00	34.00
Directed Study (Agreed Upon Procedures)	2.00	0.50	4.00	32.50	1.00	40.00
Compliance examination report, if needed (schedule of financial assistance)	2.00	0.50	6.00	30.00	1.00	39.50
Single Audit (Per Program), if needed	3.00	0.50	8.00	32.00	1.00	44.50
Optional:						
State Controller's Reports	8.00		24.00	40.00	2.00	74.00
<b>GRAND TOTAL</b>	<b>48.00</b>	<b>6.00</b>	<b>113.00</b>	<b>366.50</b>	<b>13.50</b>	<b>547.00</b>

## PROPOSAL DATA SHEET

### ***Certification***

Amy Meyer and Whitney Crockett are authorized to submit this proposal and negotiate and sign a contract with the City/District. Our offer is firm and irrevocable for a period of 60 days from the date of this proposal.

### ***Total Cost of Audit***

Our Estimated All-Inclusive Maximum Prices for the services mentioned above for the year ended June 30, 2023, are detailed in the Proposal Data Sheet at the end of this section. Our Total Not-to-Exceed prices for the services are firm fixed fees.

### ***What Our Price Includes***

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

- 1) Year-round support and telephone consultation on pertinent issues affecting your City,
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
- 3) **Free full day of training** at our annual MazeLive event,
- 4) Active Partner involvement in your work **every year**,
- 5) Our typed Interim Audit Checklist,
- 6) Our typed Annual Closing Checklist,
- 7) Our typed interim Accounting Issues Memorandum,
- 8) Overviews and summaries of upcoming pronouncements and regulation affecting the audited financial statements, and
- 9) Direct upload of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

### ***Fees and Billings***

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

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

**CITY OF FOSTER CITY / ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

**RFP PROPOSAL DATA SHEET**

FIRM NAME: Maze & Associates Accountancy Corporation  
CONTACT PERSON: Amy L. Meyer, CPA  
CONTACT INFORMATION: 3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523  
[amym@mazeassociates.com](mailto:amym@mazeassociates.com)  
P (925) 930-0902  
F (925) 930-0135

**QUALIFICATIONS STATEMENT**

**GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM**

CLIENT NAME Please see pages 19 of our Technical Proposal  
MOST RECENT AUDIT June 30, 2022  
CONTACT NAME Please see pages 19 of our Technical Proposal  
PHONE Please see pages 19 of our Technical Proposal

**AUDITING PERSONNEL PROVIDED\***

ACCOUNTING FUNCTION Please see pages 3 of our Technical Proposal  
for resumes of key personnel  
YEARS OF EXPERIENCE See above  
CERT/DEGREE See above  
LAST PUBLIC AUDIT December 2022/January 2023

\*Please remember to include resumes with your RFP response.

**HOURLY RATES OF AUDITING PERSONNEL**

NAME / FUNCTION	Partners
HOURLY / RATE	\$325.00
NAME / FUNCTION	Supervisor
HOURLY / RATE	\$135.00
NAME / FUNCTION	Associates
HOURLY / RATE	\$95.00
NAME / FUNCTION	Administrative
HOURLY / RATE	\$80.00

**CITY OF FOSTER CITY / ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

**FEES AND BILLING SEQUENCE**

FOR THE AUDITS OF THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30:

	Anticipated Hours Expended	Totals				
		2022-23	2023-24 (a)	2024-25 (a)	Optional 2025-26 (a)	Optional 2026-27 (a)
1 City / District Audit / Management Letter and related reports	293.50	\$36,883	\$38,727	\$40,663	\$42,696	\$44,831
2 Measure A Compliance Report	7.50	1,016	1,067	1,120	1,176	1,235
3 Measure W Compliance Report	7.50	1,016	1,067	1,120	1,176	1,235
4 Appropriation Limit	6.50	881	925	971	1,020	1,071
5 Preparation of ACFR	34.00	4,700	4,935	5,182	5,441	5,713
6 Directed Study (Agreed Upon Procedures)	40.00	4,521	4,747	4,984	5,233	5,495
7 Compliance examination report, if needed (schedule of financial assistance)	39.50	4,553	4,781	5,020	5,271	5,535
8 Single Audit (Per Program), if needed (b) Out-of-pocket expenses (c)	44.50	5,338	5,605	5,885	6,179	6,488
		0	0	0	0	0
 Total not to exceed, including out of pocket	<u>473.00</u>	<u>\$58,908</u>	<u>\$61,854</u>	<u>\$64,945</u>	<u>\$68,192</u>	<u>\$71,603</u>
 <u>Optional Services</u>						
1 State Controller's Reports (City, District and Street)	<u>74.00</u>	<u>\$9,800</u>	<u>\$10,290</u>	<u>\$10,805</u>	<u>\$11,345</u>	<u>\$11,912</u>

**NOTES:**

- (a) Our policy is to attempt to keep our clients fees constant after inflation. The current CPI for San Francisco Bay Area Services Sector of the U.S. Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland Area is 4.4% Therefore, fees for years subsequent to 2023 will be adjusted by the actual CPI, up to a maximum of 5.0%.
- (b) Additional major programs will cost \$5,000 each in fiscal year 2023.
- (c) Out-of-pocket expenses are included in our standard hourly rate.

**BILLING SEQUENCE**

We will invoice on a monthly basis.

**OTHER SERVICES OFFERED**

- 1. Agreed-upon procedures reports
- 2. Compliance audits
- 3. Customized group or one-on-one training (governmental accounting or financial reporting)

Signature of Individual Submitting Proposal on Behalf of the Firm



Amy L. Meyer, Vice President - Audit

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**CITY OF FOSTER CITY/  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**

**PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

**For the Fiscal Years Ending June 30, 2023, 2024, and 2025  
(Optional Fiscal Years Ending June 30, 2026, and 2027)**

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**Submitted By:**

Moss, Levy & Hartzheim, LLP  
5800 Hannum Avenue, Suite E  
Culver City, California 90230  
Phone: (310) 670-2745  
Fax: (310) 670-1689  
Email: [mlhbh@mlhcpas.com](mailto:mlhbh@mlhcpas.com)  
Website: [www.mlhcpas.com](http://www.mlhcpas.com)

**Submitted On:**

February 3, 2023

**Contact Person:**

Craig A. Hartzheim, CPA: Partner  
Hadley Y. Hui, CPA: Partner  
Wilson Lam, CPA, CFE, CGFM: Partner  
Bin Zeng: Principal

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**TECHNICAL PROPOSAL**  
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**Attachments:**

- Attachment 1- Exhibit A (RFP Proposal Data Sheet)
- Attachment 2- Fees and Billing Sequences





# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA  
WILSON LAM, CPA

## COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DRIVE, SUITE 730  
BEVERLY HILLS, CA 90210  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

## GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVENUE, SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

Mr. Waqas Hassan  
Assistant Finance Director  
City of Foster City  
610 Foster City Blvd.  
Foster City, CA 94404

Dear Mr. Hassan,

We are pleased to respond to the Request for Proposal of the City of Foster City (City), and the Estero Municipal Improvement District (District) for independent professional auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

Moss, Levy & Hartzheim is an equal opportunity employer.

After sixty-seven (67) years in public accounting and forty-seven (47) years of performing local governmental and non-profit audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm is a regional full-service public accounting firm with offices in Beverly Hills, Culver City, and Santa Maria. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements. This why we strive to constantly improve the quality of our professional services. Our degree of dedication, coupled with our ability to inform clients of any new accounting and auditing issues, is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

**Our impeccable track record with our municipal clients awarded the GFOA Certificate of Achievement and completing our engagements on time is what makes Moss, Levy & Hartzheim, LLP the Best firm for this engagement.**

It is our understanding that we will perform an audit of the City's basic financial statements and its component unit, in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, with the objective of expressing an opinion on the fair presentation of the basic financial statements, which will be in full compliance with the Government Finance Officers Association's (GFOA) Blue Book. We will express an "in-relation-to" opinion on the government-wide financial statements and the fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements We will also perform, if applicable, a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and test compliance with the Single Audit Act as amended in 1996 and applicable laws and regulations, and provide an "in-relation-to" report on the schedule of federal financial assistance.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements of the City and the District, we understand that we will also be responsible for performing certain limited procedures involving the management's discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; if applicable; the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and all relevant Governmental Accounting Standards Board (GASB) Statements, in accordance with the RFP.

It is our understanding that we will be responsible for issuing the following reports: an independent auditor's report on the fair presentation of the City's basic financial statements, in conformity with accounting principles generally accepted in the United States of America; an independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City performed in accordance with *Government Auditing Standards*; an independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; a single audit report which includes a schedule of expenditures of federal awards, footnotes, findings and questioned costs including significant deficiencies and material weaknesses, if applicable; an agreed-upon procedures report in compliance with Proposition 111 Article XIII.B of the California State Constitution and Government Code 7900 on its appropriations limit (GANN limit calculation); and a Management Letter, including Statement on Auditing Standards No. 114 and No. 115.

Also, we will be performing the compliance audit under Measure A of San Mateo County for Local Transportation Purposes, compliance audit under Measure W of San Mateo County Congestion Relief Plan, and issue the applicable reports required.

We also understand that we may be requested to prepare and submit the City's Annual State Controller's Report, the District's Annual State Controller's Report, and the Street Annual State Controller's Report.

Our firm is open to performing additional work as long this does not impede our independence; this includes any agreed-upon procedures requested by the City's staff.

We will assist the City to submit the City's Annual Comprehensive Financial Report (ACFR), as requested, for consideration of recognition for Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

All noncompliance and significant deficiencies found during the audit will be communicated in writing. In the required reports on compliance and internal controls, we shall communicate any significant deficiencies and noncompliance issues found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the reports on internal controls. All irregularities and illegal acts or indications of illegal acts of which we become aware of during our audit will be immediately reported, in writing, to the City Manager, City Attorney, Assistant City Manager, and Finance Director.

We will ensure the City is implementing all the required Accounting Pronouncements, in accordance with the Governmental Accounting Standards. We will be accessible to the City to discuss any issues or assistance necessary.

Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time, pending no unforeseen circumstances which the City imposes on our work.

The percentage of the audit work we expect to accomplish in each month is shown below:

<u>May</u>	<u>September</u>	<u>Oct/Nov</u>	<u>Total</u>
35%	50%	15%	100%

This proposal for auditing services is an irrevocable offer until May 6, 2023.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

Craig A. Hartzheim, CPA - Partner  
Hadley Y. Hui, CPA - Partner  
Wilson Lam, CPA, CFE, CGFM - Partner  
Bin Zeng- Principal

5800 Hannum Ave. Ste. E  
Culver City, CA 90230  
(310) 670-2745  
Mlhbh@mlhcpas.com

Sincerely,



Craig A. Hartzheim, CPA  
Partner

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
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**INDEPENDENCE**

Moss, Levy & Hartzheim, LLP is independent of the City of Foster City, its component units, and the Estero Municipal Improvement District defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule making authority over the auditing profession.

The firm uses checklists and questionnaires to determine that staff members are independent of the client being audited. We also have each staff member sign a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

**BUSINESS LICENSE**

Our firm will obtain a business license once we are selected to perform this engagement.

**FIRM QUALIFICATIONS AND EXPERIENCE**

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. All certified public accountants engaged in the audit of the City are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and *Government Auditing Standards* to perform governmental audits.

Moss, Levy & Hartzheim, LLP is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Annual Comprehensive Financial Report (ACFR). Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs twenty-eight (28) professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of \$4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

**The audit work will be completed by staff from our Culver City office, located at 5800 Hannum Avenue, Suite E, Culver City, California 90230.**

The Culver City office is currently staffed by five (5) certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs additional managers, senior accountants, and staff accountants. All certified public accountants, managers, senior accountants, and staff accountants are part of the governmental and non-profit audit practice.

The City will have one partner, one manager, and one supervising accountant assigned to the audits on a full-time basis. In addition, one accountant will be assigned to the audit on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

Our firm currently provides the following services:

Audits & Attestation:

- Governmental (cities, special districts, single audits, and school districts)
- Non-Profit
- Commercial
- Compliance
- Transient Occupancy Tax

**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

Our firm currently provides the following services: (Continued)

Accounting Services:

- Reviews
- Compilations
- Bookkeeping
- Payroll Taxes

Management Advisory Services (Non-Audit Clients):

- Data Processing Services
- Business Consultation
- Pension and Profit-Sharing Plan Assistance
- Acquisition and Mergers

Income Tax Services:

- Preparation
- Planning
- Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Moss, Levy & Hartzheim, LLP has an extensive background in auditing governmental and non-profit entities with over forty years of experience in this specialized field. The firm currently performs over thirty (30) city audits, over seventy-five (75) special district audits, as well as the audit of the County Sanitation Districts of Los Angeles County (all 25 districts), and twenty-two (22) school district and related audits. We have also recently completed monitoring of one hundred contractors for the County of Los Angeles, for contract compliance and fiscal monitoring. Additionally, we are also on the master lists and have signed master contracts with the County of San Diego and the County of Los Angeles for Compliance and Financial Audits.

The firm’s recent local similar auditing experience includes the following:

**1. CSMFO and GFOA Award Programs**

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award Programs:

- |                      |   |
|----------------------|---|
| City of Bellflower   | City of Paso Robles                       |
| City of Brawley      | City of Santa Maria                       |
| City of Calabasas    | City of Scotts Valley                     |
| City of Campbell     | City of Susanville                        |
| City of Covina       | City of Tracy                             |
| City of Culver City  | City of Watsonville                       |
| City of El Centro    | City of Westlake Village                  |
| City of Eureka       | City of Winters                           |
| City of Fort Bragg   | City of Yuba City                         |
| City of Indio        | County Sanitation Districts of            |
| City of Laguna Hills | Los Angeles County                        |
| City of Lathrop      | Encina Wastewater Authority               |
| City of Lompoc       | Los Angeles County Flood Control District |
| City of Los Alamitos | Ross Valley Sanitary District             |

**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**2. Uniform Guidance**

We have performed compliance audits in accordance with Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards* (Uniform Guidance), for our Municipal clients who are required to have compliance audits (which is the majority of our municipal clients) and for all of our School District clients.

**3. Federal and State Grant Programs and the Single Audit**

Each of our municipal clients, the majority of our Special District clients, and all of our School District clients receive Federal and State Grants which require compliance audits, including American Recovery and Reinvestment Act Grants. Some of our most commonly audited programs are as follows:

Municipal Major Programs:

- ARPA Act (2021)
- Cares Act Programs
- Community Development Block Grant Funds (CDBG)
- Federal Emergency Management Act Funds (FEMA)
- Section 8 Housing Assistance Payments
- Transportation Enhancement Act (TEA)
- Airport Improvement Program (AIP)
- Economic Development Grants (EDA)
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Highway Planning and Construction

Other Major Programs:

- Senior Nutrition Programs
- Child Nutrition Programs
- Title I
- Title VI
- Migrant Education
- Vocational Education
- Special Education

**4. Non-profit Agencies**

We have audited numerous non-profit agencies and have also prepared their federal and state tax returns. Currently, our firm performs audit and/or tax preparation services for sixty non-profit agencies.

**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**5. State Controller's Report and Street Reports**

We have prepared State Controller's Reports, Transit, and Street Reports for numerous Cities, Special Districts, and Redevelopment Agencies. We feel this experience allows us to assist our clients in their preparation of the State Controller's Reports or prepare the reports as a separate engagement for our clients.

**6. Investment Compliance**

In addition to financial statement audits, we also review our clients' compliance with their investment policies and examine investment types, including, but not limited to, an evaluation of maturity dates (short-term or long-term), types and category, and collateral to ensure proper disclosure of risk in the basic financial statements.

**7. Bond Reporting**

The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator).

**8. TOT, Refuse and Other Audits**

The firm has recently concluded auditing lease agreements between the County of Los Angeles and a lessee for a period of 15 years. The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator). The firm has also performed franchise audits of Comcast, AT&T, a local sports park, and others for Municipal clients who have requested them.

**9. School Districts**

Currently, our firm audits twenty-two (22) school districts and related schools throughout the State of California, including three Charter Schools. We have also performed audits of student bodies for nearly all of our school district clients.

**10. Special Districts**

Currently, our firm audits in excess of one hundred and seventeen special districts including sanitary districts, an open space district, the County Sanitation Districts of Los Angeles County (all 25 Districts), water districts, recreation districts, utility districts, cemetery districts, community services districts, fire districts, ambulance services districts, airport districts, and vector control districts.

**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm’s recent local similar auditing experience includes the following: (Continued)

**11. Joint Powers Authorities**

We have audited the following Joint Powers Authorities (JPAs):

- North Coast Emergency Medical Services
- Public Agency Self Insurance System
- County of San Diego – Emergency Services Organization
- Encina Wastewater Authority
- Exclusive Risk Management Authority of California
- San Diego Geographic Information System
- Santa Barbara County Special Education Local Plan Area Joint Powers Agency
- Santa Barbara Water Purveyors Joint Powers Agency
- Tracy Area Public Facilities Financing Authority
- Transportation Authority of Marin
- West Contra Costa Integrated Waste Management Authority

In addition to the joint powers authorities listed above, the vast majority of our governmental clients are members of joint powers authorities. As such, our firm has experience in reviewing JPA statements and disclosing the appropriate JPA information in the financial statements for each governmental client.

**Culver City Office - Current Municipal Audit Clients**

City of Alhambra	City of El Centro	City of Imperial	City of Taft
City of Arcadia	City of Eureka	City of La Mirada	City of Westlake Village
City of Artesia	City of Healdsburg	City of La Palma	City of Wheatland
City of Bellflower	City of Holtville	City of Lindsay	City of Willits
City of Duarte	City of Hughson	City of San Gabriel	

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

**EXTERNAL QUALITY CONTROL REVIEW**

Please see *Appendix C – Peer Quality Review Report* for a copy of our firm’s July 16, 2022, quality review report, which includes a review of governmental and non-profit engagements.



**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
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**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES**

List of most significant engagements performed in the last three (3) years:

**CITY OF EUREKA**

Audit of basic financial statements, and Single Audit Report, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2012 to Present  
Engagement Partner – Craig A. Hartzheim, CPA  
(600 Hours)  
Contact: Lane Millar (707) 441-4379  
531 K Street, Eureka, CA 95501

**CITY OF EL CENTRO**

Audit of basic financial statements, former Redevelopment Agency, and Single Audit Report, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2012 to Present  
Engagement Partner – Craig A. Hartzheim, CPA  
(600 Hours)  
Contact: Richard Romero (760) 337-4510  
1275 W. Main Street, El Centro, CA 92243

**CITY OF ARCADIA**

Audit of basic financial statements, former Redevelopment Agency, GASB 34, Single Audit  
Received GFOA Certificate of Achievement in Financial Reporting  
2016 to Present  
(400 Hours)  
Engagement Partner – Hadley Y. Hui, CPA  
Contact: Henry Chen (626) 574-5427  
240 West Huntington Drive Arcadia, CA 91007

**CITY OF DUARTE**

Audit of basic financial statements, GASB 34  
Prepared the City's State Controller Report  
CAFR prepared in accordance with GAAP  
2017 to Present  
Engagement Partner – Craig A. Hartzheim, CPA  
400 Hours  
Contact: Angela Chiaromonte (626) 386-6810  
1600 Huntington Drive, Duarte, CA 91010

**CITY OF WHEATLAND**

Audit of basic financial statements, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2018-Present  
(375 Hours)  
Engagement Partner – Craig A. Hartzheim, CPA  
Contact: April Ouellette (530) 633-2761  
111 C St., Wheatland, CA 95692

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
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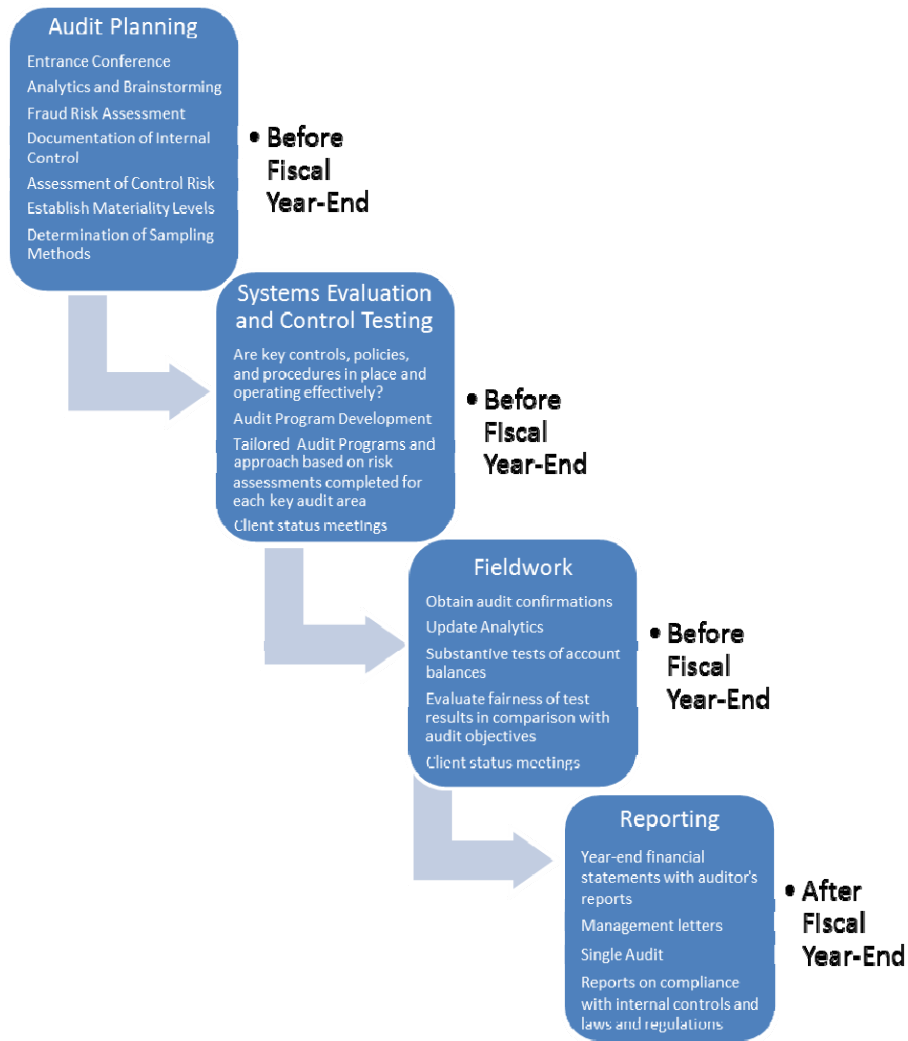
**EXPERIENCE IN PREPARING ANNUAL COMPREHENSIVE FINANCIAL REPORTS (ACFR)**

<u>City Name</u>	<u>Contact Name</u>	<u>Contact</u>
City of Eureka, CA	Lane Millar	lmillar@eurekaca.gov
City of Bellflower, CA	Tae Rhee	trhee@bellflower.org
City of Santa Maria, CA	Mary Harvey	harvey@cityofsantamaria.org

**Note: This is a small list from our clients who have received the GFOA Award.**

**AUDIT APPROACH**

**Overview of the MLH Audit Process**



During the first year of the engagement, we will utilize the prior year’s financial statements, the current year’s budget, and our knowledge of the City’s systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with *Government Auditing Standards*.

Please see *Appendix E – Segmentation and Budgeted Hours by Segment* for a schedule of the level of staff and number of hours to be assigned to each segment of the engagement.

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
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**AUDIT APPROACH (CONTINUED)**

The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all of the following requirements of AICPA: Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS No. 78; SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*; SAS No. 106, *Audit Evidence*; SAS No. 107, *Audit Risk and Materiality in Conducting an Audit*; SAS No. 108, *Planning and Supervision*; SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*; and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*.

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 40 - 60 disbursement items, including automatic and manual checks and bank debits
- II. Minimum of 25 – 40 payroll checks, including direct deposits for payroll testing, depending on the number of employees
- III. Minimum of 40 – 60 receipt items

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database business systems. This assistance has provided our firm with a thorough background in computer systems with respect to both the software applications aspect and also insight into auditing such systems. It is our policy to have a computer specialist as part of the audit team and to be used on an as-needed basis. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the City.

In addition, all of our staff is equipped with networked laptop computers. These computers are equipped with not only word processing and spreadsheet capabilities, but also various functional software, such as PPC Audit – e-Tools, Creative Solutions Accounting, Adobe Acrobat, random sampling software, Lacerte Tax Program, and Easy Accounting Software, which contain amortization programs and depreciation programs, and other applications as well.

We will perform expectation analytics and preliminary analytical review procedures using the prior fiscal year's audited statements and the current fiscal year's budget. In the preliminary stage, we will adopt ratio analysis procedures to compare the relationships between account balances and classes of transactions between prior periods and against budgets and industry statistics. This may include budgets, trial balances, and/or draft financial statements to help us identify the source of individual fluctuations. We will then adopt trend analysis to compare current data with prior periods, which is particularly useful for analyzing revenue and expenditures. Any unexpected trends or deviations will be discussed with relevant City staff to obtain explanations.

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
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**AUDIT APPROACH (CONTINUED)**

The chart below shows some of MLH’s preliminary audit procedures:

Documents	Strategy	Procedure
None	Go over timing and planning with Management	Set meeting
Letter	Discuss any matters with predecessor	Standard required communications
Internal control memos	Set location site visits	Visit sites and go through internal controls, such as the legal court, parks and recreation, fire, police, transit, etc.
Obtain budget and budget amendments	Ensure budgetary compliance	Analyze budget-to-actual variances. Look at capital projects, status of property tax assessments as part of the focus
Obtain grant documents, any service concession agreements	Ensure grant compliance	Analyze grants
Obtain policies and procedures	Evaluate effectiveness of policies, updates and relate to key compliance matters	Analyze policies and procedures
Obtain client internal control memos of client if they exist	Evaluate internal controls Short interviews of accounting and selected operating personnel for documentation of process	Analyze internal controls, including computer controls
Obtain prior year financials	Determine which items are important for testing	Set preliminary “materiality” limits
Obtain appropriate schedules	Ensure effective procedures	Testing of cash receipts, cash disbursements, and payroll transactions
Obtain Council minutes	Ensure knowledge of key government communication, Look for major agreements and key decisions	Analyze important events highlighted in Council meetings, test and inquire as necessary
Draft confirmations – third party letters for independent verification of cash, property taxes, attorney, etc. for client to sign and auditor to mail	Independent verification of selected balances	Client to prepare letters and auditor to send letters
Develop document request list for client to review and agree upon	To clarify client – auditor requests	Meet with client and agree upon document request list for audit
Preliminary trial balance	Ensure preliminary results make sense	Perform selected testing on balances such as receipts, disbursements, and payroll
Obtain updates on retirement plans	Discuss GASB 68 and any changes	Audit selected components of any new reports and changes for compliance
Request screen view access only for computer analysis	Minimize client interruptions and view transactions	Scan ledgers and accounts for accounting propriety
Consider site visitations on areas where there are significant cash, card, deposits and billing controls, internet site controls	Focus on controls where the risk assessment of material misstatement of cash, card and internet transactions could occur	Site visitations
Legal bills, key litigation	Look for commitments, contingencies and disclosure	Discuss with client, prepare attorney letters for confirmation and response
Obtain long-term debt	Analyze for disclosure and compliance	Obtain and prepare long term debt schedules
Commitments and Contingencies	Ensure auditing standards are applied for proper accrual and disclosure	Send legal letters, talk with client, review disclosures

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
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**AUDIT APPROACH (CONTINUED)**

As part of our audit procedures, we usually request a working trial balance in excel format (if possible) and access to view general ledger detail directly from the software system.

We will also review the following documents in order to determine compliance with applicable laws and regulations:

1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expense authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance commitments or assignments; and authorization for significant new employees hired.
2. New agreements and amendments to agreements including, but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
3. Administrative Code
4. Investment Policy

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

1. *AICPA Industry Audit Guide for State and Local Governmental Units*
2. *AICPA Audit Standards*
3. *National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication*
4. Laws of the State of California
5. Requirements of Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards (Uniform Guidance)*.
6. *GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs*
7. Our firm's own additional standards and procedures

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the City.

If convenient for the City's staff, the approximate target dates for the fiscal year 2023 audit would be as follows:

1. Written audit plan and list of schedules for fieldwork – No later than April 28<sup>th</sup>.
2. Entrance conference and interim fieldwork – Week of May 15<sup>th</sup>.
3. Progress conference with the City – July 24<sup>th</sup>
4. Entrance conference and year-end fieldwork – Week of September 11<sup>th</sup>
5. Exit conference – No later than September 22<sup>nd</sup>
6. Draft audit reports – No later than October 16<sup>th</sup>
7. Final audit reports – No later than November 6<sup>th</sup>
8. Single Audit Report – No later than January 31<sup>st</sup>
9. Presentation to the Board- Open

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
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**AUDIT APPROACH (CONTINUED)**

Our audit would begin when it is convenient for the City's staff. We estimate that in the third week of May, we will perform interim work. Each year, the partner or manager of the firm will contact the Finance Director. The purpose of this contact will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, and to address any of the City's personnel concerns about the impending audit.

We will schedule approximately one, up to two weeks of interim work for the first year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate City staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs. We will also meet with two members of the Finance Committee during our interim fieldwork, to discuss our audit procedures and to ascertain if there are any areas of concern of the Finance Committee members.

On August 28<sup>th</sup>, we will contact the Finance Manager to provide our detailed audit plan for the audit fieldwork. We will also discuss with the Finance Manager any matters that may impact our audit procedures or your financial reporting. Before the year-end fieldwork, we will discuss with the City any assistance the City may need with the year-end closing.

Our year-end fieldwork would begin on September 11<sup>th</sup>. The year-end audit work would begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes substantive tests on all balance sheet accounts. **Analytical procedures will be used to supplement the substantive tests, not supplant them.** We will perform analytical procedures during interim and year-end fieldwork on all balance sheet and revenue and expense/expenditure accounts.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the City's basic financial statements. Our fieldwork would also consist of procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*.

We will perform procedures such as:

- (a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms employed on the City's business; and other miscellaneous confirmations deemed necessary
- (b) Physical verifications and observations
- (c) Analysis and review of evidential material
- (d) Interviews and investigative efforts
- (e) Electronic data processing testing for computer and software reliability
- (f) Numerous other procedures

During the entire engagement, our audit team will be determining whether the audit is in compliance with *Uniform Guidance*, and if this is required through review of the City Council minutes, examination of the general ledger, and discussion with finance personnel. If a compliance audit is required, we would perform tests of: specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the GAO *Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*, and the GAO *Guidelines for Financial and Compliance Audits of Federally Assisted Programs*.

The year-end fieldwork should be completed no later than September 22<sup>nd</sup>.

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
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**AUDIT APPROACH (CONTINUED)**

The chart below shows some of MLH’s final audit procedures:

Document	Strategy	Procedure
None	Set Timing	Entrance conference
Policies and procedures	Review and start risk assessment	Set visitation of locations such as Courts, Parks and Rec, Transit, etc. Cash and other controls testing
Obtain updated general ledger	Ensure proper closing of books	Analyze records and update analytical procedures
Obtain internal control memos, if there are any changes- all key locations	Re-evaluate internal controls. Assess risk and dollar significance, brainstorm, look at IT controls	Update understanding of internal controls and document key changes
Obtain prior GFOA ACFR comments	Ensure improvement in financial reporting	Implement significant changes in financial reporting methods
Obtain and further agree upon audit schedules as agreed upon in the contract and RFP	To commence audit properly on final numbers	Apply auditing procedures
Obtain/prior year GASB 34 conversion entries /prepare GASB 34 Entries	Ensure that all GASB 34 conversion entries are proper	Work on current year GASB 34 presentations
Analyze capital asset ledgers	Review or updates from preliminary and analyze for impairment	Obtain capital asset documents and update for impairments
Contracts and agreements	Analyze credit agreements	Test schedules of credit agreements
Journal entries and post-closing	Look for proper accruals and revenue payments	Look at selected billings and revenue agreements
Risk Management	Determine coverage	Confirm balances and analyze for proper accruals as necessary
Cost allocations	Internal service allocation propriety	Discuss and analyze internal service cost allocations
Allocation agreements	Ensure agreement compliance	Analyze allocations as necessary from client calculations and documents
Obtain OPEB and PERS documents	Review for any needed updates, GASB 68	Read documents and necessary update
Bond agreements	Bond compliance	Test bond compliance and obtain bond ratings
Contributions	Compliance	Analyze significant contributions for compliance
Third party letters	Independent verification of accounts	Match to year-end books and records and reconcile to accounts
None	Ensure proper audit process	Hold timely status meetings with the client
Adjusting entries, and any possible management points	Obtain client agreement	Post as necessary with client
None	Compliance with contract and governance	Attend finance and board meetings
MD&A, prepare financials, reports and supplementary information	Ensure documents match, are consistent and appropriately completed	Read MD&A, prepare financials, reports and read supplementary information

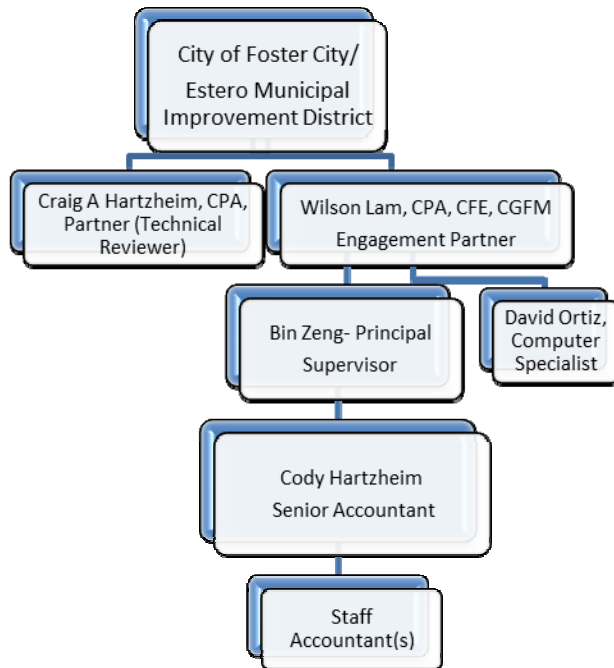
The *Governmental Accounting, Auditing and Financial Reporting* (GAAFR), issued by the Government Finance Officers Association (the “Blue Book”) and other GFOA publications are often used as additional tools when preparing and reviewing the financial statements of our governmental clients. The firm has and uses its extensive library of current AICPA, GFOA, and GASB publications and pronouncements.

We will issue all of our draft audit reports by October 16<sup>th</sup>. All our reports are prepared by in-house auditors (usually the partner or manager) who have worked on the City’s engagement, so they are familiar with the City and the way in which it operates. Our draft reports go through four reviews, including one by a senior auditor for calculations and footing, one by the technical partner, one by another senior or staff auditor for calculations and footing, and a final review by the engagement partner.

**AUDIT APPROACH (CONTINUED)**

As part of our audit engagements, we issue our clients management letters if we note certain observations or recommendations that we feel need to be disclosed. Our firm’s philosophy regarding the management letter is that the management letter is to help management improve its internal control and accounting procedures and not to criticize the management in charge. This is why we present our management letters to management in draft form for open discussion prior to issuance.

**PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE**



It is the firm’s policy to have our partners and managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Craig A. Hartzheim, CPA would be the technical (concurring) partner in charge of the audits of the City. He will be responsible for reviewing the City’s basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning ACFRs. Mr. Craig A. Hartzheim, CPA has 38 years of experience in the governmental auditing and accounting field and has been with the firm for 38 years.

Mr. Wilson Lam, CPA, CFE, CGFM will be the engagement partner assigned to the audit. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for a majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning ACFRs. This enables the partner to become acquainted with the City’s daily operations and key personnel.

Mr. Bin Zeng will be the Supervisor assigned to the audit. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

Mr. Cody Hartzheim will be the senior auditor assigned to the audits. As senior auditor, it will be his responsibility to oversee the staff accountants, do preliminary reviews of audit sections, and perform more difficult audit sections.



**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
TECHNICAL PROPOSAL**

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**PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE (CONTINUED)**

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the supervisory accountant and manager assigned to the audits at all times. All partners, managers, and staff members have worked on numerous governmental engagements together. Consistently working together will provide the City with a knowledgeable, proficient, and efficient audit team.

Please see *Appendix D – Resumes* for each individual’s qualifications and experience.

The firm conducts an annual firm-wide two-day training seminar to update all governmental auditors on new pronouncements and improved audit techniques. In addition to this firm sponsored seminar, each governmental auditor attends the annual governmental accounting conference and many other continuing education courses and is updated on current accounting/auditing issues through our journals and supplements, which we receive on a regular basis.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotion, or assignment to another office). At the written request of the City, any Moss, Levy & Hartzheim, LLP employee assigned to the audits can be removed and replaced by another qualified employee. The City retains the right to approve or reject replacements.

We do not anticipate any problems with the audit except for items listed in past management letters. In the event of a problem, the City Manager, City Attorney, Assistant City Manager, Administrative Service Director and Finance Manager will be immediately notified in writing of any fraud, other illegal acts, or indications of illegal acts found during the course of our audit work. All other discrepancies or weaknesses in the internal control system that we become aware of will be communicated to management through discussion, the management recommendation letter, and/or if it is a significant deficiency, as part of the single audit report, if necessary.

Our firm will comply will all terms and conditions set in the City’s RFP.

Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the City of Foster City, the Estero Municipal Improvement District and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,



Craig A. Hartzheim, CPA  
Partner

**Moss, Levy & Harzheim, LLP**

BOARD OF ACCOUNTANCY  
LICENSING DETAILS FOR: 6998

**NAME:** MOSS, LEVY, HARTZHEIM LLP  
**LICENSE TYPE:** CPA - PARTNERSHIPS  
**LICENSE STATUS:** CLEAR  
**ADDRESS**  
9465 WILSHIRE BLVD 3RD FL  
BEVERLY HILLS CA 90212  
LOS ANGELES COUNTY

**ISSUANCE DATE**

JULY 28, 2005

**EXPIRATION DATE**

JULY 31, 2023

**CURRENT DATE / TIME**

JANUARY 18, 2023  
11:9:21 AM

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS**

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**CITIES AND REDEVELOPMENT AGENCIES**

Alhambra, CA  
 Arcadia, CA  
 Arroyo Grande, CA  
 Artesia, CA  
 Atascadero, CA  
 Bellflower, CA  
 Buellton, CA  
 Brawley, CA  
 Calabasas, CA  
 Carmel-by-the-Sea, CA  
 Covina, CA  
 Culver City, CA  
 Dinuba, CA  
 Duarte, CA  
 El Centro, CA  
 Eureka, CA  
 Greenfield, CA  
 Grover Beach, CA  
 Healdsburg, CA  
 Holtville, CA  
 Hughson, CA  
 Imperial, CA  
 Indio, CA  
 La Cañada Flintridge, CA  
 La Habra Heights, CA  
 La Mirada, CA  
 La Palma, CA  
 Laguna Hills, CA  
 Lindsay, CA  
 Los Alamitos, CA  
 Morgan Hill, CA  
 Ojai, CA  
 Paso Robles, CA  
 San Gabriel, CA  
 Santa Maria, CA  
 Taft, CA  
 Watsonville, CA  
 Westlake Village, CA  
 Wheatland, CA  
 Willits, CA  
 Yuba City, CA

**OTHER SCHOOL ENTITIES**

Academia Semillas del Pueblo Charter School  
 Albert Einstein Academy  
 Antelope Valley Schools Transportation District  
 Bright Star Secondary Charter Academy  
 East Bay Regional Occupational Program  
 Garr Academy of Mathematics and Entrepreneurial Studies  
 Pacoima Charter School  
 Santa Ynez Valley Charter School  
 The Accelerated Schools  
 Southern California Regional Occupational Center  
 Stella Middle Charter Academy  
 Tri-Valley Regional Occupational Program

**SCHOOL DISTRICTS**

Acton-Agua Dulce Unified School District  
 Ballard School District  
 Bellflower Unified School District  
 Beverly Hills Unified School District  
 Blochman Union School District  
 Bradley Elementary School District  
 Buellton Union School District  
 Calaveras County Schools  
 Calexico Unified School District  
 Calipatria Unified School District  
 Carpinteria Unified School District  
 Casmalia School District  
 Castaic Union School District  
 Cayucos Elementary School District  
 Coast Unified School District  
 Cold Springs School District  
 College Elementary School District  
 Eastside School District  
 El Segundo Unified School District  
 Garvey School District  
 Goleta Union School District  
 Graves School District  
 Heber School District  
 Hughes-Elizabeth Lakes Union School District  
 Keppel Union School District  
 Lancaster School District  
 Magnolia Union School District  
 Manhattan Beach Unified School District  
 Mark Twain Union Elementary School District  
 Meadows Union School District  
 Mission School District  
 Monrovia Unified School District  
 Montecito Union School District  
 Mulberry School District  
 Novato Unified School District  
 Orcutt Union School District  
 Pacific Unified School District  
 Palmdale School District  
 Pleasant Valley Union School District  
 Rosemead School District  
 San Ardo Elementary School District  
 San Lucas School District  
 San Miguel Joint Union School District  
 Santa Maria Joint Union High School District  
 Santa Monica-Malibu Unified School District  
 Shandon Unified School District  
 Solvang Elementary School District  
 Temple City Unified School District  
 Torrance Unified School District  
 Vallecito Union School District  
 Westmoreland Elementary School District  
 Wilsona School District

**PUBLIC FINANCING AUTHORITIES**

The majority of our Municipalities issue debt and do so through an established Public Financing Authority.

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS**

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**COUNTIES**

Los Angeles County, CA (Master List)  
San Diego County, CA (Master List)

**SANITATION DISTRICTS**

Carpinteria Sanitation District, CA  
Cayucos Sanitation District, CA  
County Sanitation Districts of Los Angeles County, CA  
- All 25 Districts  
Encina Wastewater Authority, CA  
Montecito Sanitation District, CA  
Orange County Sanitation District, CA - Internal Audits  
Ross Valley Sanitary District, CA  
Triunfo Sanitation District, CA

**UTILITY DISTRICTS**

Georgetown Divide Public Utility District

**WATER/IRRIGATION DISTRICTS**

Aldercroft Heights County Water District, CA  
Foothill Municipal Water District, CA  
Main San Gabriel Basin Watermaster, CA  
Marina Water District, CA  
North Marin Water District, CA  
Sweetwater Springs Water District, CA  
Valley County Water District, CA  
Valley of the Moon Water District, CA

**AMBULANCE SERVICES DISTRICT**

Cambria Community Healthcare District  
North Coast Emergency Medical Services

**CEMETERY DISTRICTS**

Arroyo Grande Cemetery District, CA  
Atascadero Cemetery District, CA  
Gridley-Biggs Cemetery District, CA  
San Miguel Cemetery District, CA  
Santa Maria Cemetery District, CA

**COMMUNITY SERVICES DISTRICTS**

Cambria Community Services District, CA  
Cuyama Community Services District, CA  
Groveland Community Services District, CA  
Heritage Ranch Community Services District, CA  
Los Alamos Community Services District, CA  
Nice Community Services District, CA  
Rancho Murieta Community Services District, CA  
Santa Ynez Community Services District, CA  
Vandenberg Village Community Services District, CA

**RECREATION AND PARK DISTRICTS**

Conejo Recreation and Park District, CA  
Isla Vista Recreation and Park District, CA  
Mountains Recreation and Conservation Authority, CA  
Rancho Simi Recreation and Park District, CA  
Hayward Recreation and Park District, CA

**BUILDING AUTHORITY**

County of San Diego Regional Building Authority, CA

**FIRE PROTECTION DISTRICTS**

Cayucos Fire Protection District, CA  
Lakeport Fire Protection District, CA  
Orcutt Fire Protection District, CA

**OTHER DISTRICTS**

Beach Cities Health District  
County of San Diego Emergency Services Organization  
County of San Diego First 5 Commission  
County of San Diego In-Home Supportive Services  
Public Authority  
County of San Diego Health and Human Services Agency  
Child Development Program Grant  
County of San Diego MIOCR Grant  
County of San Diego RLETC Grant  
County of Los Angeles Delta Sigma Theta, Head Start  
Program, Inc.  
County of San Diego DA Office of Auto Ins. Fraud  
Grant, Urban Auto Fraud Grant, WC Ins Fraud Grant  
Los Angeles County Flood Control District  
Marin/Sonoma Mosquito and Vector Control District  
Peninsula Health Care District  
San Diego Geographic Information Source  
Tracy Area Public Facilities Financing Agency  
West Contra Costa Integrated Waste Management  
Authority

**TRANSPORTATION DEVELOPMENT ACT**

Arroyo Grande, CA  
Brawley, CA  
Calexico, CA  
El Centro, CA  
Grover Beach, CA  
Holtville, CA  
Paso Robles, CA  
San Luis Obispo County and Cities Area Planning  
Council:  
Local Transportation Fund  
State Transit Assistance Fund  
South County Area Transit, CA  
South County/San Luis Obispo Transit, CA  
Transportation Agency for Monterey County, CA  
Transportation Authority of Marin  
Association of Monterey Bay Area Governments  
Santa Cruz Regional Transportation Commission

**TRANSIENT OCCUPANCY TAX AUDITS**

Represented the following municipalities and/or counties  
in the audit of the hotel "bed tax" records:

Arroyo Grande, CA	Pismo Beach, CA
Bellflower, CA	Santa Maria, CA
Bishop, CA	South Lake Tahoe, CA
Calexico, CA	Whittier, CA
Carmel, CA	Ojai, CA

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX C – PEER QUALITY REVIEW REPORT**

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Our Peer Review included reviews of governmental (including municipalities, school districts, special districts) and non-profit engagements. In the past five (5) years, our firm has not been required to submit under any Federal or State desk review or field review of our audits.



Patrick D. Spafford, CPA  
Todd C. Landry, CPA

Licensed by the California Board of Accountancy  
Member: American Institute of Certified Public Accountants

**Report on the Firm's System of Quality Control**

To Moss, Levy & Hartzheim, LLP  
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 Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2020. 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](http://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 a 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.

**Deficiency Identified in the Firm's System of Quality Control**

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing engagement performance requires a review of all engagements prior to issuance. Although this review took place, the Firm should consider a more thorough review of the files prior to completion and lockdown. This contributed to audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, not conforming to professional standards in all material respects in the areas of audit planning, risk assessment, and documentation of testing specific to major program compliance. A similar finding was noted on the Firm's previous peer review.

**Opinion**

In our opinion, except for the deficiency previously described the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2020, 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*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiency*.

July 26, 2022

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX D – RESUMES**

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**Craig A. Hartzheim, C.P.A. – (Technical Partner)**

- California licensed C.P.A. with 38 years of audit experience with governmental, non-profit, and commercial entities
- Engagement partner for governmental and non-profit audits (Culver City office) including 25 municipal audits, 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation Districts of Los Angeles County), and 12 school districts and related audits
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning Annual Comprehensive Financial Reports, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 School District Conference*
  - 2022, 2021, and 2020, GAAS Update*
  - Single Audits of Governmental Entities*
  - Preparing Governmental Financial Statements*
  - Yellow Book, Government Auditing Standards*
  - GAAS Guide*
  - Other Comprehensive Basis of Accounting (OCBOA) Statements*
  - Audit Standards update*
  - Fraud in Audits*
  - Auditing update*
- Bachelor of Science degree in Accounting from Marquette University, was conferred in 1982
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX D – RESUMES**

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**Hadley Y. Hui, C.P.A. – Partner**

- California licensed C.P.A. with 24 years of audit experience with governmental, non-profit, and commercial entities
- Partner in charge of 20 municipal audits, 26 special districts audits, 8 special audits for the County of San Diego, and 20 school districts and related audits
- Partner for the CSS and DPSS Monitoring Projects for Los Angeles County
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 School District Conference*
  - 2022, 2021, and 2020, GAAS Update*
  - Yellow Book, Governmental Auditing Standards*
  - Fraud in Audits*
  - GAAS Guide*
  - Risk-Based Auditing Part 1, Part 2*
  - Accounting and Auditing Update*
  - Guide to Auditing Control Course 1, Course 2*
- Extensive knowledge of database systems, networking, and various accounting software
- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles, was conferred in 1997
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX D – RESUMES**

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**Wilson Lam, CPA, CFE, CGFM – Partner**

- California licensed C.P.A. with 14 years of audit experience with governmental and commercial entities
- Manager for 13 municipal audits, 4 special district audits, and 9 school districts audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - GASB 34 Training Seminars*
  - Internal Control and Fraud in Governmental Engagements*
  - Government Auditing Standards – Yellow Book*
  - Advanced Fraud Techniques*
  - Risk-Based Auditing Part 1, Part 2*
  - 2019 Accounting and Auditing Update*
  - Guide to Auditing Control Course 1, Course 2*
- Bachelor of Arts in Accounting and Finance from California State University Fullerton, conferred in 2005

**Bin Zeng – Principal (Manager)**

- Manager with 14 years of audit experience with governmental and commercial entities
- Manager for 12 municipal audits and 14 special district audits
- Has met or exceed all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - 2022, 2021, and 2020, Accounting and Auditing Standards Update: Risk Assessment Standards*
  - 2022 Advanced Audit Standards Workshops: Understanding Risk Assessment*
  - 2022, 2021, and 2020, GAAS Update*
  - Auditors' Responsibilities for Detection of Fraud*
  - Internal Control and Fraud in Governmental Engagements*
  - Governmental Auditing Standards - Yellow Book*
  - Implementing SAS 112 & 114*
  - Advanced Fraud Techniques*
  - Grants Management*
- Bachelor of Arts Degree in Business Economics from the University of California – Los Angeles, conferred in 2007



**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX D – RESUMES**

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**Terry Robertson, C.P.A – Manager**

- Audit Manager for the City of Los Angeles
- Manager with 19 years of audit experience with governmental, non-profit, and commercial entities
- Manager for 12 municipal audits, 8 joint power authority audits, and 21 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - 2022, 2021, and 2020, GAAS Update*
  - GASB 34 Training Seminars*
  - Auditors' Responsibilities for Detection of Fraud*
  - Internal Control and Fraud in Governmental Engagements*
  - Government Auditing Standards – Yellow Book*
  - Implementing SAS 112 & 114*
  - Advanced Fraud Techniques*
  - Grants Management*
- Bachelor of Science degree in Accounting from University of Quinipiac, was conferred in 1998

**Cody Hartzheim – Senior Accountant**

- Senior Accountant with 8 years of audit experience with governmental, non-profit, and commercial entities
- Senior Accountant for 16 municipal audits and 6 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - Governmental Auditing Standards – Yellow Book*
  - 2022 Accounting and Auditing Standards Update: Risk Assessment Standards*
  - 2022, 2021, and 2020 Single Audit Compliance*
- Bachelor of Science in Accounting and Finance from Marquette University, conferred in 2014

**Xi Long – Staff Accountant**

- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 School District Conference*
  - 2022 Sing Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Arts in Business Economics with emphasis in Accounting from University of California, Los Angeles, was conferred in 2022

**Nicholas Fuchs – Staff Accountant**

- Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 Single Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Science in Business Administration with emphasis in Accounting from California State University – Dominguez Hills, was conferred in 2021

**Don Mojica – Staff Accountant**

- Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 School District Conference*
  - 2022 Single Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Arts in Economics with emphasis in Accounting from University of California, Riverside, was conferred in 2022

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX D – RESUMES**

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**Nickolas Hartzheim – Staff Accountant**

- Staff Accountant with 2 years of audit experience with governmental and special districts
- Staff Accountant for 6 municipal audits, non-profit, and 4 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

*2022, 2021, and 2020 Governmental Accounting Conference*  
*2022 and 2021 GAAS Update*  
*Auditors' Responsibilities for Detection of Fraud*  
*Government Auditing Standards (GAO) Updates and Changes*  
*Internal Control and Fraud in Governmental Engagements*  
*Government Auditing Standards – Yellow Book*  
*Implementing SAS 112 & 114*

- Bachelor of Science from San Jose University, was conferred in 2018

**David Ortiz – Computer Specialist**

- Auditor with 22 years of audit experience with governmental and commercial entities
- Computer specialist – with emphasis in fund accounting software
- Extensive knowledge of database systems, networking, and accounting software
- Bachelor of Science degree in Business Administration with an emphasis in Accounting from California Polytechnic State University San Luis Obispo, was conferred in 1995

**CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**APPENDIX E – SEGMENTATION AND BUDGETED HOURS BY SEGMENT**

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<b><u>AUDIT SEGMENTS</u></b>	<b><u>Estimated Hours</u></b>					<b><u>Total</u></b>
	<b><u>Clerical</u></b>	<b><u>Staff</u></b>	<b><u>Senior</u></b>	<b><u>Manager</u></b>	<b><u>Partner/ Technical Partner</u></b>	
Planning		4	8	12	6	30
Risk Assessment		2	8	6	6	22
Audit Conferences			3	6	6	15
Correspondence	8	8	4			20
Review/Documentation of Internal Controls (including Single Audit):						
Documentation of systems		12	10	8		30
Testing of systems		45	45	30		120
Compliance Testing (including Single Audit)		35	35	15	8	93
Year-End Balances Testing		65	65	45	10	185
Revenue and Expense/Expenditure Analysis (Analytical Procedures)		40	40	25	5	110
Preparation, Review, and Findings	5	15	35	45	30	130
<b>GRAND TOTAL</b>	<b>13</b>	<b>226</b>	<b>253</b>	<b>192</b>	<b>71</b>	<b>755</b>

Exhibit A

**RFP PROPOSAL DATA SHEET**

FIRM NAME: Moss, Levy & Hartzheim, LLP  
CONTACT PERSON: Craig A. Hartzheim, CPA  
CONTACT INFORMATION: Chartzheim@mlhpas.com, (310) 670-2745  
QUALIFICATIONS STATEMENT: Please see pages 1 through 25 of our submitted proposal.

GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM  
NAME / FUNCTION:

TECHNICAL PATNER: CRAIG A. HARTZHEIM, CPA  
PARTNER: WILSON LAM, CPA, CFE, CGFM  
SUPERVISOR (PRINCIPAL): BING ZENG  
SENIOR ACCOUNTANT: CODY HARTZHEIM  
STAFF ACCOUTANT: NICK HARTZHEIM  
NICHOLAS FUCHS  
XI LONG  
DON MOJICA

CLIENT NAME: CITY OF EUREKA  
MOST RECENT AUDIT: CITY OF EUREKA  
CONTACT NAME: LANE MILLAR  
PHONE: (707) 441-4379  
AUDITING PERSONNEL PROVIDED\*  
ACCOUNTING FUNCTION  
YEARS OF EXPERIENCE: MORE THAN EIGHT YEARS MINIMUM  
CERT/DEGREE: CPAS, CFE, CGFM- SEE APPENDIX D OF OUR PROPOSAL  
LAST PUBLIC AUDIT: CITY OF EUREKA

\*Please remember to include resumes with your RFP response. >>  
SEE APPENDIX D OF OUR PROPOSAL

HOURLY RATES OF AUDITING PERSONNEL:

**1. Auditor's Standard Billing Rates**

<b>Auditors Standard Hourly Billing Rates</b>					
<b>POSITION</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>Partner</b>	\$ 180	\$ 181	\$ 182	\$ 183	\$ 184
<b>Manager</b>	\$ 140	\$ 141	\$ 142	\$ 143	\$ 144
<b>Senior Accountant</b>	\$ 120	\$ 121	\$ 122	\$ 123	\$ 124
<b>Staff Accountant</b>	\$ 95	\$ 96	\$ 97	\$ 98	\$ 99
<b>Clerical</b>	\$ 65	\$ 66	\$ 67	\$ 68	\$ 69

**FEES AND BILLING SEQUENCE**

<u>Audit Services</u>	ANTICIPATED			
	<u>HOURS EXPENDED</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
1. City / District Audit/ Management Letter and related reports	<u>585</u>	\$ 44,490	\$ 44,490	\$ 44,490
2. Measure A Compliance Report	<u>10</u>	\$ 795	\$ 795	\$ 795
3. Measure W Compliance Report	<u>15</u>	\$ 1,195	\$ 1,195	\$ 1,195
4. Appropriation Limit	<u>5</u>	\$ 495	\$ 495	\$ 495
5. Preparation of ACFR (Included)	<u>35</u>	\$ -	\$ -	\$ -
6. Directed Study	<u>20</u>	\$ 1,475	\$ 1,475	\$ 1,475
7. Compliance examination Report	<u>20</u>	\$ 1,495	\$ 1,495	\$ 1,495
8. Single Audit*	<u>65</u>	\$ -	\$ -	\$ -
Total not to exceed including out of pocket	<u>755</u>	\$ 49,945	\$ 49,945	\$ 49,945

\*Single Audit was not priced for this engagement, if required please add \$3,500 for one major program to be tested.

1. State Controller's Reports (City, District and Street)	<u>55</u>	\$ 6,975	\$ 6,975	\$ 6,975
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**OTHER SERVICES OFFERED**

**Audits & Attestation:**

- Governmental (cities, special districts, single audits, and school districts)
- Non-Profit
- Commercial
- Compliance
- Transient Occupancy Tax

**Accounting Services:**

- Reviews
- Compilations
- Bookkeeping
- Payroll Taxes

**Management Advisory Services (Non-Audit Clients):**

- Data Processing Services
- Business Consultation
- Pension and Profit-Sharing Plan Assistance
- Acquisition and Mergers

OTHER SERVICES OFFERED (Continued)

Income Tax Services:

Preparation

Planning

Tax Audits and Negotiations with Internal Revenue Service and Other Taxing Authorities

Signature of Individual Submitting Proposal on Behalf of the Firm:

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 City of Foster City, the Estero Municipal Improvement District on behalf of the above-named firm.

Craig A. Hartzheim, CPA

Partner

February 3, 2023

---

Name

Title

Date



---

Signature

# ADDENDUM TO THE ORIGINAL RFP SUBMITTED

## FEEES AND BILLING SEQUENCE

<u>Audit Services</u>	ANTICIPATED <u>HOURS EXPENDED</u>	<u>(Optional Fiscal Years)</u>	
		<u>2025-26</u>	<u>2026-27</u>
1. City / District Audit/ Management Letter and related reports	<u>585</u>	\$ 45,825	\$ 45,825
2. Measure A Compliance Report	<u>10</u>	\$ 820	\$ 820
3. Measure W Compliance Report	<u>15</u>	\$ 1,230	\$ 1,230
4. Appropriation Limit	<u>5</u>	\$ 510	\$ 510
5. Preparation of ACFR (Included)	<u>35</u>	\$ -	\$ -
6. Directed Study	<u>20</u>	\$ 1,520	\$ 1,520
7. Compliance examination Report	<u>20</u>	\$ 1,540	\$ 1,540
8. Single Audit*	<u>65</u>	\$ -	\$ -
Total not to exceed including out of pocket	<u>755</u>	\$ 51,445	\$ 51,445
*Single Audit was not priced for this engagement, if required please add \$3,500 for one major program to be tested.			
1. State Controller's Reports (City, District and Street)	<u>55</u>	\$ 7,025	\$ 7,025



# CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT

**Kenneth H. Pun, CPA, CGMA**

Managing Partner  
2121 North California Blvd., Suite 290  
Walnut Creek, CA 94596  
(949) 777-8801 | [ken.pun@pungroup.cpa](mailto:ken.pun@pungroup.cpa)

**TECHNICAL PROPOSAL**

*Financial Auditing Services*

**February 6, 2023**



Beautiful view of the Leo J. Ryan Memorial Park  
Foster City, CA  
Image credit: shutterstock.com

  
**THE  
PUN GROUP**  
ACCOUNTANTS & ADVISORS



Kenneth H. Pun, CPA, CGMA  
Founder & Managing Partner

## WHY CHOOSE THE PUN GROUP LLP?

“ The Pun Group’s most valuable asset is our people, they and their deep experience drive our every interaction with clients. ”

- Big firm expertise, small firm values
- Personal attention meets technical expertise
- A unique firm culture
- Innovation embraced
- Achievable plans to move your organization forward

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. You will receive a superior level of service and a quality audit.

### Thank You!

Thank you for allowing us to submit our qualifications to provide you with Financial Auditing Services.

The Pun Group LLP  
Certified Public Accountants and Business Advisors

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## The Pun Group Wins 2023 “Best of Accounting” Award



The Pun Group LLP is proud to have won 2023's Best of Accounting® award from ClearlyRated for providing superior service to its clients.

Winners of such awards have proven to be industry leaders in service quality based entirely on ratings provided by their clients. On average, clients of 2023 Best of Accounting winners are 70% more likely to be satisfied than those who work with non-winning firms.

*"I am pleased to introduce the 2023 Best of Accounting winners alongside their validated service ratings on ClearlyRated.com,"* said ClearlyRated's CEO, Eric Gregg. *"These firms have demonstrated a remarkable commitment to delivering amazing experiences, despite another year of upheaval and macroeconomic uncertainty. Hats off to these service leaders - it's truly an honor to recognize and celebrate their achievements."*

The Pun Group LLP received satisfaction scores of 9 or 10 out of 10 from 94.1% of their clients, significantly higher than the industry's average of 50%.

Our firm excelled in five key areas: Responsiveness, Quality, Value, Needs Understanding, and Proactive Approach.

### About ClearlyRated

Rooted in satisfaction research for professional service firms, ClearlyRated utilizes a Net Promoter® Score survey program to help professional service firms measure their service experience, build an online reputation, and differentiate on service quality.



"Excellent customer service and staff and partners are expert in their fields."

*Lani H.*

*State and Local Government Client*



"The Firm has consistently exceeded our expectations as client."

*Clint O.*

*State and Local Government Client*



"We started using Pun Group when the pandemic first started two years ago so had a little apprehension about doing everything remotely with a new firm. But the audit went very well and was completed on time without problem."

*Kevin W.*

*State and Local Government Client*



"An excellent partner and amazing service."

*Jim T.*

*Private Sector Client*



February 6, 2023

City of Foster City  
Mr. Waqas Hassan, Assistant Finance Director  
610 Foster City Blvd.  
Foster City, CA 94404

**Re: RFP for Financial Auditing Services**

Dear Mr. Waqas Hassan:

Please allow us to introduce our Firm and share our qualifications and proposed services plan for the City of Foster City (the "City") according to your Request for Proposals for Financial Auditing Services for the fiscal years ending June 30, 2023, 2024, and 2025 with an option to extend for an additional two (2) fiscal years.

The Pun Group LLP (the "Firm") has the knowledge and experience necessary to become the City's next public accounting firm and the work plan to ensure a smooth process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We are offering our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the periods outlined by the City. No subcontractors will be utilized for this engagement.

**The Pun Group is the right choice for the City of Foster City because:**



**We Understand the Demographics and Your Needs.** The Pun Group is reputable for its governmental practice. We are the principal auditors for cities in California such as Bell, Fresno, Gardena, Gilroy, Hercules, Lakewood, Madera, Montebello, Monterey, Napa, National City, Palm Springs, Salinas, San Mateo, Santa Clarita, Stockton, Traci, and several others. Accordingly, the proposed engagement team has a deep understanding of the current issues that municipalities are facing, such as varying demographics, economic environments, and the constantly changing landscape of laws and regulations.



**Recognized Leader in the Governmental Industry.** We are a small national Firm with licenses in the States of California, Arizona, and Nevada and a proven leader in professional services to the government sector. All key engagement team professionals are licensed to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits. The partners and all employees proposed to perform the requested services do not have a record of substandard audit work nor have any outstanding claim of substandard practice or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations. In addition, we are members of the national AICPA Audit Quality Center.

We strongly believe that part of our success is credited to our professionals' participation in various industry-leading organizations. Such affiliations are critical to addressing emerging accounting and auditing issues within the industry environment.



**You'll Work with a Team that Embraces Innovation and Continuous Improvement.** Our Firm is committed to continuous improvement as it relates to service delivery. We embrace innovation and identify areas of technological enhancements in our audit and project management approaches. For example:

**Secure Data File Transfer System.** In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination, including the upload of large-size files. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. In addition, Suralink's dashboard allows you to visualize the process of document-request fulfillment.

**AI Auditor.** The Pun Group leverages the technology and research tools required to provide excellent services to its clients. With the usage of Artificial Intelligence (AI) technology, the Firm is capable of issuing all reports requested faster than other audit firms without exposing the City to unnecessary risks.

**Remote Auditing Capability.** Remote working arrangements have suddenly become the "new normal" in these trying times. Our Firm has deployed top-notch technology and fully transitioned to "remote auditing," offering our clients the quality services they deserve while being fully "remote" or operating in a "hybrid" schedule. "On-site" audits are still the Firm's preferred method, and we'll continue to offer and promote those as well.



**Knowledge is Shared with You.** As part of our pledge to keep you updated on new technical accounting and financial issues, we implemented our 2023 *Virtual* Government Accounting Conference, which qualifies for up to 15 hours of CPE – nearly double what other firms offer. These online sessions are free of charge and part of the service package provided to you. More details and dates can be found on the "*Client Training Webinars*" topic under this proposal.

**The Pun Group is proud of its inclusive values and is an avid promoter of equality and diversity.** In addition, the Firm is an equal-opportunity employer and complies with all federal and state hiring requirements. We're proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

This proposal is a firm and irrevocable offer valid for ninety (90) days following the closing date for the receipt of all proposals.

Finally, we would like to emphasize one additional point: **We want to earn your trust and your business!** We are confident that the energetic and experienced team we have assembled is the right one for the City.

Our commitment to serving the City of Foster City cannot be adequately conveyed in a letter, and I look forward to continuing the discussion with you. I'm assigned as your primary contact for contract negotiations and stand steadfast to serve as your engagement/lead partner. I'm also authorized to legally bind the Firm. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (949) 777-8801 or by email at [ken.pun@pungroup.cpa](mailto:ken.pun@pungroup.cpa).

Sincerely,

Kenneth H. Pun, CPA, CGMA | Managing Partner | The Pun Group LLP  
2121 North California Boulevard, Suite 290, Walnut Creek, CA 94596



## General Requirements

### Qualifications of the Firm and the Staff Assigned to the Engagement

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization’s focus on resource management is critical to success.

With nearly 100 government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched in our municipal experience. The firm also meets professional standards generally accepted in the United States of America and the standards applicable to financial audits contained in ‘*Government Auditing Standards*’ issued by the Comptroller General of the United States.

The engagement team was carefully selected to provide the City with all the services needed to complete the audit successfully. Your assigned Engagement and Technical Partners will be personally involved in the project, leading a team that has significant experience in *governmental auditing*. You can be confident that our broad experience and technical capabilities will allow us to provide technical support, interpret findings, and offer practical solutions to any issues that may arise.

### About Your Engagement Team

The personnel assigned to this engagement are fully qualified to perform an effective audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants, as well as holding significant roles within and outside of government agencies. Such qualities will bring to an entity like the City of Foster City the thought leadership, quality, and level of experience it requires.

Because of the “familiarity threat” under the professional audit and independence standards that may exist in long-term relationships with audit firms, the Firm is committed and has sufficient resources to rotate engagement partners, managers, and or supervisors assigned to the City’s audit with personnel with similar or higher qualifications and experience in order to overcome this threat.

If the Firm changes key personnel, we will provide the City with a written notification. **Engagement partners, managers, and specialists will only be changed with the express prior written permission from the City.** Audit personnel may be replaced only by those with similar or better qualifications and experience.



**Kenneth H. Pun, CPA, CGMA** | Engagement/Lead Partner

Kenneth Pun is the Managing Partner and an Assurance Partner at the Firm. With over twenty-one years of public accounting experience in the state and local government sector, he specializes in audits, management, and consulting for governmental organizations. Mr. Pun served as the Contract Deputy Finance Director for the City of San Marino in 2017. He has served as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. He is a Certified Public Accountant and a Chartered Global Management Accountant.

Mr. Pun will actively serve as the Engagement/Lead Partner overseeing the Engagement Team, developing the audit plan, reviewing fieldwork for quality, approving final reports, and communicating with the Finance Department. She will also be responsible for the timely delivery of all services for the City.



**Frances J. Kuo, CPA, CGMA | Technical/Concurring Partner**

Frances Kuo is a Partner at the Firm. She has extensive experience in providing audit and advisory services to local government agencies, including public pension plans, cities, counties, special districts, community colleges, and joint powers authorities, as well as not-for-profit organizations. Ms. Kuo brings a wealth of experience from her background in audits and advisory services in areas such as internal controls, policy development, and accounting system implementation. She is a Certified Public Accountant and a Chartered Global Management Accountant.

Ms. Kuo will act as the Technical/Concurring Partner and provide a second partner review of significant high-risk areas, audit reports, and resolution of significant accounting, auditing, and reporting matters.



**Andrew Roth, CPA | Compliance Partner**

Andrew Roth is a Partner within the Firm and will serve as the primary point of contact for your team. He holds an Advanced Certification in Single Audits through the AICPA. Andrew draws more than a decade of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. He is a Certified Public Accountant.

Mr. Roth will direct and supervise the audit team in its daily activities and tasks in order to deliver all services requested.



**John ("Jack") F. Georger, CPA, CIA, CGMA | Quality Control Reviewer**

Throughout his forty years of experience, Mr. Georger has spent many years in the "Big 4" and national firms. He worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB), the gold standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions and supports the engagement team with audit issues. He is a Certified Public Accountant, a Certified Internal Auditor, and a Chartered Global Management Accountant.

Mr. Georger is responsible for reviewing all reports issued by the Firm to ensure the utmost quality and compliance with professional standards and the final quality-control assessment within the engagement.



**Gary M. Caporicci, CPA, CGFM, CFF | GASB Implementation Specialist**

Gary Caporicci is an appointed member of the State Controller's Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught several courses for CalCPA and AICPA on GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As an assurance partner with over forty years of experience, Mr. Caporicci has performed financial, compliance audit, and consultation services to government clients, including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. He is a Certified Public Accountant, a Certified Government Financial Manager, and Certified in Financial Forensics.

Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards.





## **Sophia Kuo, CPA, M.B.A. | Engagement/Project Director**

Sophia Kuo is an Assurance Services Director in the Firm who holds an Advanced Certification in Single Audits through the AICPA. She possesses extensive auditing experience, including cities, counties, special districts, and not-for-profit entities. She will work closely with the engagement partners directing and supervising the audit team in its daily activities and tasks. She is a Certified Public Accountant and possesses a MAcc in Accounting and an M.B.A. in Business Administration.

Ms. Kuo will serve as the primary point of contact for your team and will work to ensure the services are conducted within the deadlines and will provide updates on our team's progress to the partners and you.

## **Continuing Education and Professional Development**

Because of our commitment to providing the highest quality of services to the City, we provide our professionals with technical training to ensure our people stay current on topics within the industry sectors and better equip themselves to serve our clients.

All professionals are required to obtain continuing education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and, where applicable, *Government Auditing Standards*. Our professionals participate in continuing education programs through the following means:

- Governmental Accounting and Auditing Conference sponsored by AICPA.
- Webinar sponsored by AICPA Government Audit Quality Center.
- Annual Conference sponsored by California Society Municipal Finance Officers.
- Governmental Accounting and Auditing Conference sponsored by CalCPA.
- The Pun Group in-house training on government-specific topics, including but not limited to: GASB updates, Government Auditing Standards Revision, Fraud in State and Local Governments, COSO Internal Control-Integrated Framework, Audit of State and Local Governments, Single Audit, and Mindbridge AI Auditors™.



*In 2022, our government professionals received an average of 52 hours of continuing professional education, compared with the 40 hours of accounting industry requirement.*

By expanding our knowledge through these seminars/conferences, we can provide the right solutions to our clients.

## **Staff Continuity**

The Pun Group LLP is committed to maintaining staff continuity throughout audit engagements, and we can assure you that the partners assigned to this audit will be involved throughout the entire contract term.

While we cannot guarantee that our staff-level members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. Also, we offer benefits, including retirement plans, medical plans, profit-sharing programs, and continuing education.

## **Quality-Control System**

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values. Our quality-control system has been crafted with excellence in mind. It not only meets AICPA standards but also matches our own elevated standards, which include following various professional development activities.

## **Engagement Team Resumes**

The City of Foster City deserves experienced professionals who work as a team. The Pun Group LLP will provide qualified professionals to perform the audit. No subcontractors will be utilized to perform the requested services. Resumes for key engagement team members are presented as follows:



**Kenneth H. Pun**

CPA, CGMA

Engagement/  
Lead Partner



**EMAIL**

ken.pun@pungroup.cpa



**WEBSITE**

www.pungroup.cpa

## Expertise:



CITIES



COUNTIES



TRANSPORTATION  
AGENCIES



ENTERPRISE  
OPERATIONS



HIGHER  
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
California

## EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group LLP, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the “*Top Accounting Firms*” in Orange County, according to the Orange County Business Journal. The Pun Group is also on the list of CalCPA's Top 150 firms.

Prior to founding The Pun Group, Ken served clients in a variety of industries, including small to very large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology, and manufacturing and distribution clients. His career in public accounting was spent primarily with Regional firms and National firms.

Leveraging more than 21 years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for the California Education Foundation. He has authored training materials in governmental accounting and auditing, such as Financial Reporting for State and Local Governments, 2018 Government Auditing Standards, and Single Audit Fundamentals for California Education Foundation. He is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits. He advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm's quality controls.

## EDUCATION

### University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

## LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA California Committee on Municipal Accounting
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, CSMFO Professional Standards Committee
- Speaker, CSMFO Conference (2014 and 2018)
- Instructor, CalCPA Education Foundation
- Technical Reviewer, CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits

## RELEVANT EXPERIENCE

- City of Stockton
- City of Palm Springs
- City of Lakewood
- City of Pomona
- City of Clovis
- City of San Bernardino
- City of Desert Hot Springs
- City of National City
- City of Redding
- City of Shafter

## CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Frances J. Kuo

CPA, CGMA

Technical/  
Concurring Partner



EMAIL

frances.kuo@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION  
AGENCIES



ENTERPRISE  
OPERATIONS



HIGHER  
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
California  
Arizona

EXPERIENCE

Frances Kuo is a Partner in The Pun Group, LLP's Assurance division. Frances has over sixteen (16) years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and employee benefit plans. Frances also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance, formerly known as OMB Circular A-133 standards.

Frances has performed audits and other attestation services for several municipalities throughout California, including cities, counties, successor agencies to former redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. She has assisted these clients in publishing their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

Frances is the in-house instructor who provides training, both theoretical and on-the-job training, to lower-level staff. She has developed training materials on the risk-based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audits.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

University of California, Riverside

B.A. Degree – Economics

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

RELEVANT EXPERIENCE

- City of Perris
- City of Desert Hot Springs
- City of Glendora
- City of Pomona
- City of Culver City
- City of Coachella
- City of Gardena
- City of Industry
- City of Lakewood
- City of Monterey

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

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- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



**Andrew Roth**  
CPA  
Compliance  
Partner



**EMAIL**  
andrew.roth@pungroup.cpa



**WEBSITE**  
www.pungroup.cpa

## Expertise:



CITIES



COUNTIES



TRANSPORTATION  
AGENCIES



ENTERPRISE  
OPERATIONS



HIGHER  
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
California  
Arizona

## EXPERIENCE

Andrew Roth is a Director within The Pun Group LLP. He has more than twelve (12) years of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. His client portfolio consists of moderate to large municipalities (cities and counties), municipal transportation districts, water districts, municipal electric utilities, and not-for-profit organizations whose missions involve building communities. His governmental agency clients have federal grant expenditures that range from \$100 million to \$750 million annually.

In various engagements, Andrew has been responsible for leading the service delivery where he has actively contributed and managed the planning process, implementation of the audit work plan, supervision of multiple audit teams, and provided yearly team updates on the changes in compliance testing requirements for the Single Audits, and preparation of all deliverables including the Annual Comprehensive Financial Reports, the Single Audit, Compliance Reports, Data Collection Forms, and City Council/Board presentations. He has also been a guest speaker on topics involving Federal grants, such as updates to Yellow Book Standards, Compliance Auditing, and Updates to the Uniform Guidance Procurement Requirements.

## EDUCATION

**San Diego State University**  
B.A. Degree – Accounting



## LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

## RELEVANT EXPERIENCE

- San Diego Metropolitan Transit System (providing services for the past ten years)
- North County Transit District
- Ventura County Transportation Commission
- City of San Bernardino
- City of Stockton
- Imperial County Local Transportation Authority
- San Diego Association of Governments
- City of Placerville
- City of Shafter
- Town of Danville

## CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



**John F. Georger, Jr.**  
CPA, CIA, CGMA  
Quality Control  
Reviewer



#### EMAIL

jack.georger@pungroup.cpa



#### WEBSITE

www.pungroup.cpa

## Expertise:



CITIES



COUNTIES



TRANSPORTATION  
AGENCIES



ENTERPRISE  
OPERATIONS



HIGHER  
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
California  
Arizona  
Nevada

## EXPERIENCE

Jack Georger is the Chief Quality Officer within The Pun Group LLP's Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing, and nonprofit sectors, Mr. Georger brings in-depth knowledge and practical expertise to each engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits, and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. Jack has authored training material in governmental accounting and auditing for the AICPA. He is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, the District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive). He is a Certified Internal Auditor (CIA).

## EDUCATION

### George Mason University Fairfax, Virginia

B.S. Degree – Accounting

## LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – Reviewer
- Member, Institute of Internal Auditors

## CONTINUING PROFESSIONAL EDUCATION

He has instructed over 300 hours of municipal accounting courses offered by the AICPA.

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



**Gary M. Caporicci**  
 CPA, CGFM, CFF  
 GASB  
 Implementation  
 Specialist



**EMAIL**

gary.caporicci@pungroup.cpa



**WEBSITE**

www.pungroup.cpa

**Expertise:**



CITIES



COUNTIES



TRANSPORTATION  
 AGENCIES



ENTERPRISE  
 OPERATIONS



HIGHER  
 EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
 California

**EXPERIENCE**

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. Also, he authors white papers for the California Committee on Municipal Accounting.

Before working with the Firm, Gary founded his accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Gary has held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

**EDUCATION**

**Armstrong University**

B.S. Degree – Accounting and Finance

**LEADERSHIP & AFFILIATIONS**

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author, and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

**CONTINUING PROFESSIONAL EDUCATION**

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation, and local universities, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.





Sophia Kuo

CPA, M.B.A.

Engagement/  
Project Director



**EMAIL**

sophia.kuo@pungroup.cpa



**WEBSITE**

www.pungroup.cpa

**Expertise:**



CITIES



COUNTIES



TRANSPORTATION  
AGENCIES



ENTERPRISE  
OPERATIONS



HIGHER  
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:  
California

**EXPERIENCE**

Sophia Kuo is a Director within The Pun Group, LLP's Assurance division. In her seven years of accounting and auditing experience, Sophia has worked with governmental agencies, not-for-profit entities, and private for-profit entities. She possesses governmental expertise that ranges from GASB audit/reporting, Internal Controls/COSO Framework, Single Audit, Corporate Financial Reporting, Data Analysis, and Taxation.

Ms. Kuo has performed audits and other attestation services for several governmental agencies throughout California. Her portfolio includes cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. Also, she has helped them publish their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

**EDUCATION**

**Fu Jen Catholic University**

B.A. Degree – International Trading and Finance, Emphasis in Finance

**Idaho State University**

Master of Accounting (MAcc)

Master of Business Administration (M.B.A.)



**LEADERSHIP & AFFILIATIONS**

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

**RELEVANT EXPERIENCE**

- City of Coachella
- City of Desert Hot Springs
- City of Laguna Niguel
- City of Monterey
- City of Perris
- City of Culver City
- City of Gardena
- City of Lakewood
- City of Monterey Park
- City of Pomona

**CONTINUING PROFESSIONAL EDUCATION**

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

## Independence

### Independence

The Pun Group LLP requires all employees to adhere to strict independence standards concerning the Firm's clients. These independence standards exceed, in many instances, the rules promulgated by the American Institute of Certified Public Accountants (AICPA).

The Pun Group LLP certifies that it is independent of the City of Foster City and the Estero Municipal Improvement District. The Firm meets independence requirements defined by the United States Government Accountability Office's (US GAO's) Government Auditing Standards and the American Institute of Certified Public Accountants (AICPA). Based on that, we have not identified an instance that constitutes a conflict of interest relative to performing the services requested by the City.

The Firm will give the City of Foster City written notice of any professional relationships entered into during the period of the engagement.

## Business License and Other Important Information

### Business License

If selected, the Firm will maintain a valid City of Foster City Business License while conducting any work under the contract.

### License to Practice in California

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits.

#### **Firm Registration:**

California State Board of Accountancy Number – PAR 7601  
Federal Identification Number – 46-4016990

### Insurance

If selected, the Firm will maintain the minimum insurance requirements during the entire execution of the agreement with the City of Foster City. Within ten days from the implementation of the contract, we will furnish the City of Foster City with satisfactory evidence of the insurance requirements and proof that each carrier is required to give at least 30 days prior written notice of the cancellation of any policy during the entire period of the agreement. The City of Foster City will be named as an additional named insured under the Firm's policies.

A sample of our current certificate of insurance is presented in the Appendices section of this proposal.



## Firm Qualifications and Experience

The Pun Group LLP, Certified Public Accountants, and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of fifty professionals providing auditing, accounting, and advisory services to our clients.

The Firm has become one of the “Top Accounting Firms” in Orange County according to the Orange County Business Journal and is also on the list of CalCPA Top 150 firms.

The combination of our hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical expertise and thorough understanding of current regulations and issues—along with the Firm’s commitment to hard work, integrity, and teamwork in every engagement—enable us to help our clients succeed.

Our Partners’ Group—which includes Kenneth Pun, Frances Kuo, Coley Delaney, Vanessa Burke, Andrew Roth, John Georger Jr., Gary Caporicci, and Jim Fritzsche — provides auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than two hundred years of combined experience in the industry, we have become a trusted business partner and are well-respected as leaders in the industry in one of the fastest-growing firms. With nearly 100 government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched in our municipal experience. The firm also meets professional standards generally accepted in the United States of America and the standards applicable to financial audits contained in ‘*Government Auditing Standards*’ issued by the Comptroller General of the United States.

The Firm’s headquarters are located in Orange County, California, with five branches in San Diego, Walnut Creek, Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

The *Walnut Creek* office located at 2121 North California Boulevard, Suite 290, Walnut Creek, CA 94596, will perform the requested services for the City. However, we may assign additional staff from our other offices to the engagement at no extra cost to the City. No subcontractors will be used in this engagement.

### Global Capabilities

The Pun Group LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

### OUR FIRM AT A GLANCE



50 full-time auditing, accounting, tax and advisory professionals



One of the fastest growing firms serving California, Nevada and Arizona



Client retention rate: 90 – 95%



6 offices across 3 states



### OUR AFFILIATIONS



## Full-Time Government Auditors

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build an excellent working relationship with their clients. The Pun Group LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and are highly beneficial to the City.

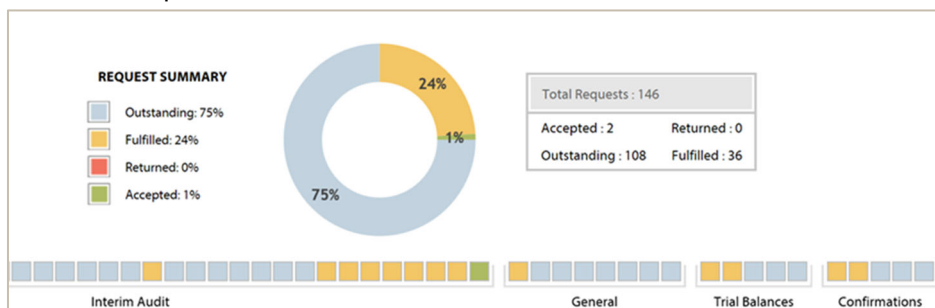
## Local Office's Information Technology (IT) Audit Capabilities

The Pun Group LLP continues our efforts to invest in our IT system to enhance our security further and promote audit efficiency.

**Top security for your data is the key to our success.** When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is continuously updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lock down files and system access from a single point, limiting the ability of remote sites to take data from our server.

**Access to systems from anywhere and anytime.** With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

**Secure Data File Transfer System.** In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called *Suralink*. *Suralink*'s dynamic request list is integrated with our secure file-hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. As a client, you no longer have to manually maintain a spreadsheet amongst several people, only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The *Suralink* dashboard, as shown below, allows you to visualize the process of document-request fulfillment.



### BIG FIRM EXPERTISE. SMALL FIRM VALUES.

Our professional backgrounds at major national firms showed us how to solve complicated business and accounting challenges, but the sense of personal connection was missing.

We launched The Pun Group because we believe every client deserves to work with experienced business advisors and CPAs who have the time – and take the time – to create an authentic connection. Every client is our top priority!



### A UNIQUE CULTURE.

"Personalization" is not just a buzzword – it's part of our firm's culture. We take a personal approach to everything we do. We collaborate with our clients, so they're always part of the process. We listen to our staff to make sure they have the right support and resources to do a great job. Getting to know others and discovering how we can serve them better is not just a sign of good business practices; it's a sign of good people.



### INNOVATION EMBRACED.

New ideas keep you ahead of the game. From leveraging the value of emerging technologies to further refining trusted processes, we adopt proven solutions to meet your needs.



### WHERE YOU GO, WE GO. WHERE YOU GROW, WE GROW.

Our success is defined by how you achieve yours. Partner with accomplished accounting and financial professionals who are laser-focused on taking your business to the next level.

## Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as difficult times. We are able to do that by offering a portfolio of accounting services that are as diverse as the jurisdictions and entities themselves. The Pun Group LLP has successfully provided professional auditing, accounting, financial reporting, and management advisory/consulting services to a broad spectrum of governmental entities.



### ASSURANCE

- Financial statements audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits



### ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation restructuring consultation



### OTHER SERVICES

- Assistance with the preparation and review of the Annual Comprehensive Financial Report
- Government property lease excise tax compliance review
- Sub-recipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director/Accountant services

## Cannabis Compliance Services

Many cities have authorized commercial cannabis to operate within their local jurisdiction. Compliance issues are common in California's newly regulated cannabis industry, which is no surprise given the complexity of the state's regulatory landscape.



The Pun Group LLP has developed a platform to guide government agencies and commercial enterprises through the new and challenging steps in this emerging market. We have partnered with *Simplifya*, which has developed a cloud-based government agency/licensee compliance solution. *Simplifya*, headquartered in Denver, Colorado, and at the forefront since legalization in Colorado, has been an industry leader in commercial cannabis compliance since 2016. This new software allows government agencies to monitor their licensees at every stage of the approval process, from initial licensing to renewal and continuing disclosure requirements. Your communities demand that these new cannabis businesses operate based on the ordinances that you have passed. We can help ensure businesses are working in compliance, and when they are not, your team receives an immediate notification.

The Pun Group LLP has proven itself as a leader in the assurance and advisory field in the government arena. With the addition of *Simplifya* to our service offering, we have strengthened our position as a leading firm to help with your compliance needs and in unconventional areas, as they emerge.

## Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

## Disciplinary Action

State regulatory bodies or professional organizations have taken no disciplinary action against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers, or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the City of Foster City.

# External Quality Control Review

## Peer Review

Being a member of the American Institute of Certified Public Accountants (AICPA), The Pun Group LLP is required to obtain an independent peer review of our audit and accounting practice every three (3) years. The peer reviewer assessed the Firm's quality-control policies, reviewed administrative records, interviewed professional personnel, and inspected the Firm's working papers and reports from a representative sample of accounting and auditing engagements, including governmental audits. The reviewer concluded that the Firm fully complied with the AICPA's stringent standards for quality control and issued a peer review rating of "Pass."

A copy of our most recent peer review is presented.



8 Denison Parkway East, Suite 407  
 Coming, NY 14830

P 607.962.6891  
 TF 800.546.7556  
 F 607.973.2174  
 W EFPRgroup.com

### Report on the Firm's System of Quality Control

February 14, 2022

To the Owners of  
 The Pun Group, LLP  
 And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of The Pun Group, LLP (the firm) in effect for the year ended December 31, 2020. 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](http://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 remedying 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*, compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a 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.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of The Pun Group, LLP in effect for the year ended December 31, 2020, 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*. The Pun Group, LLP has received a peer review rating of *pass*.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC  
 Coming, NY

## Similar Engagements With Other Entities

### Firm's Experience Providing Similar Services

The Pun Group LLP has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed under auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133), and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines.

A representative list of our current clients is as follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Adelanto	2021 – Present	Yes	Yes	Yes	700
City of Alameda	2019 – Present	Accounting and Consulting Services			150
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Baldwin Park	2022 – Present	Yes	Yes	Yes	700
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Corona	2021 – Present	Yes	Yes	Yes	640
Town of Corte Madera	2022 – Present	Yes	Yes	N/A	400
Town of Danville	1999 – Present	Yes	Yes	Yes	400
City of Douglas, AZ	2020 – Present	Yes	Yes	Yes	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	700
City of Fresno	2022 – Present	Yes	Yes	Yes	1,450
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Gilroy	2020 – Present	Yes	Yes	Yes	640
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Hercules	2020 – Present	Yes	Yes	Yes	450
City of Lakewood	2013 – Present	Yes	Yes	Yes	380



## City of Foster City

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Lomita	2020 – Present	Accounting and Consulting Services			150
City of Lodi	2018 – Present	Yes	Yes	Yes	760
City of Lynwood	2016 – Present	Yes	Yes	Yes	585
City of Madera	2019 – Present	Yes	Yes	Yes	470
City of Montebello	2022 – Present	Yes	Yes	Yes	600
City of Napa	2019 – Present	Yes	Yes	Yes	750
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Palm Springs	2020 – Present	Yes	Yes	Yes	1,000
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Placerville	2008 – Present	Yes	Yes	N/A	400
City of Redlands	2022 – Present	Yes	Yes	Yes	650
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of Rohnert Park	2020 – Present	Yes	Yes	Yes	700
City of Salinas	2022 – Present	Yes	Yes	Yes	800
City of San Mateo	2021 – Present	Yes	Yes	Yes	900
City of Santa Clarita	2022 – Present	Yes	Yes	Yes	1,200
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Shafter	2017 – Present	Yes	Yes	Yes	400
City of Stockton	2012 – Present	Yes	Yes	N/A	3,000
City of Tracy	2021 – Present	Yes	Yes	Yes	960
Town of Tiburon	2022 – Present	Yes	Yes	Yes	452
City of Visalia	2021 – Present	Yes	Yes	Yes	650
Imperial County Transportation Commission	2020 – Present	Yes	Yes	Yes	600
Nevada County Transportation Commission	2021 – Present	Compliance Services	N/A	N/A	450
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	400
Alameda County Water District	2018 – Present	Yes	Yes	N/A	550
Camrosa Water District	2020 – Present	Investment Pool			120
Carmel Area Wastewater District	2022 – Present	Yes	Yes	N/A	150
CAWD/PBSCD Wastewater Reclamation Project	2022 – Present	Yes	N/A	N/A	150

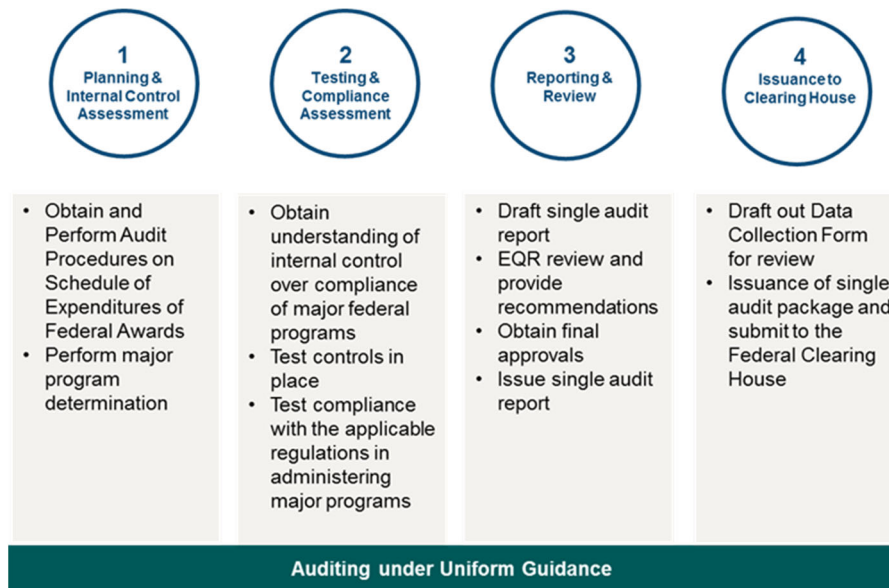
Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	400
Los Angeles County Law Library	2020 – Present	Yes	N/A	N/A	180
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	240
NALEO Educational Fund and NALEO	2020 – Present	Yes	N/A	N/A	300
Olivenhain Municipal Water District	2019 – Present	Yes	Yes	Yes	200
Padre Dam Municipal Water District	2020 – Present	Yes	Yes	Yes	250
Rancho Murieta Community Services District	2019 – Present	Accounting and Consulting Services			800
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
San Bernardino County Emergency Training Center	2020 – Present	Yes	N/A	N/A	50
San Bernardino County Preschool Services Department	2020 – Present	Yes	Yes	N/A	150
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
Santa Fe Irrigation District	2019 – Present	Yes	N/A	N/A	250
Sweetwater Authority	2022 – Present	Yes	Yes	Yes	270
South Bay Cities Council of Governments	2020 – Present	Yes	N/A	N/A	100
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100
Zone 7 Water Agency	2020 – Present	Yes	Yes	Yes	400

## Firm's Experience with Single Audit and Grants

The Pun Group LLP works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance. This Firm's specialization helps our audit team understand the procedures' nuances and execute the engagement accordingly. We also assist in preparing the data collection form and preparing the reporting package for submission to the federal audit clearinghouse.

The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated its commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. Also, we are a recipient of the *Single Audit Resource Center's Award for Excellence*. This award is based on the positive feedback result from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction.

We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet federal standards. Our audit programs are continually updated to reflect the revisions of OMB. Our Uniform Guidance risk-based approach focuses on areas of higher risk of non-compliance. Such an approach truly reflects the federal government's intent by concentrating on the following four steps:



- 1. Planning & Internal control assessment:** The engagement team will obtain an understanding of the City and its operating environment and its internal control over the Schedule of Expenditures of Federal Awards. The engagement team will perform the major program determination and communicate with the City's management before conducting major program testing.
- 2. Testing & compliance assessment:** The engagement team will obtain an understanding of internal control over compliance with the direct and material compliance requirements for each major program. The engagement will perform testing on internal controls over compliance to ensure the controls are in place working effectively and properly and that the City is in compliance with the applicable regulations in administering major programs.
- 3. Reporting & Review:** The engagement team will review and prepare the single audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. Any comments will be issued to the management or the Charge with Governance, depending on the magnitude of the issues. Upon obtaining the final approvals from management, the Single Audit report will be issued.
- 4. Issuance to Clearing House:** The engagement team will assist the City in drafting the data collection form and completing the final submission, including uploading the audit package to the Federal Clearing House.



Our Firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with *grantors*, such as:



- Corporation for National and Community Services
- Department of Agriculture
- Department of Education
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President

Following are a few examples of the types of federal programs our engagement team has experience auditing:

	CFDA
Child and Adult Care Food Program	10.558
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnership	14.239
Housing Vouchers Cluster	14.871
Title XVI Water Reclamation and Reuse Program	15.504
Equitable Sharing Program	16.922
WIAWIOA Adult Program	17.258
WIAWIOA Youth Activities	17.259
WIAWIOA Dislocated Worker Formula Grants	17.278
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Federal Transit - Capital Investments Grants	20.500
Federal Transit - Formula Grants	20.507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) State Programs	93.558
Community Service Block Grant	93.569
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714
National Urban Search and Rescue (US&R) Response System	97.025
Homeland Security Grant Program	97.067

## Firm's Experience Performing Compliance Audits and Agreed-upon Procedures (Measures)

Our Firm has performed several audits with requirements similar to the ones requested by the City. Some examples follow:

### Measure A

- City of Coachella
- City of Hemet
- City of Perris
- City of Stockton

### Measure B

- City of Hercules
- City of Stockton

### Measure BB

- City of Seal Beach

### Measure C

- City of Hercules

### Measure D

- City of Palm Springs
- Imperial County Local Transportation Authority

### Measure G

- City of Gardena

### Measure J

- City of Palm Springs

### Measure L

- City of Huntington Park

### Measure M

- City of Culver City
- City of Stockton

### Measure O

- City of Hercules

### Measure R

- City of Culver City
- City of Gardena
- City of Lynwood

### Measure T

- City of Madera

### Measure W

- City of Stockton

### Measure X

- City of Monterey

### Measure Z

- Southwestern Community College District

## Firm's Experience with State Controller's Reports

The Pun Group LLP has assisted numerous clients with the preparation of the required reports by the California State Controller's Office. Some of these experiences are as follows:

### Cities Financial Transactions Report:

- City of Arvin
- City of Bell
- City of Coachella
- City of Culver City
- City of Desert Hot Springs
- City of Hercules
- City of Placentia
- City of Laguna Niguel
- City of Lakewood
- City of Lynwood
- City of Monterey
- City of Morro Bay
- City of Napa
- City of National City
- City of Palm Springs
- City of Perris
- City of Rohnert Park
- City of South Gate
- City of Stockton

### Annual Street Report:

- City of Desert Hot Springs
- City of Laguna Niguel
- City of Napa
- City of Palm Springs
- City of Perris
- City of Stockton

### Special Districts Financial Transactions Report:

- Special District of West End Water Development Treatment and Conservation Joint Powers Authority
- Special District of West Valley Water District
- Special District of Coachella Financing Authority
- Special District of Coachella Sanitary District (Riverside)
- Special District of Coachella Water Authority
- Special District of Desert Hot Springs Public Financing Authority
- Special District of Desert Hot Springs Successor Agency
- Special District of Perris Public Utility Authority
- Special District of Perris Public Financing Authority
- Special District of Perris Joint Powers Authority
- Special District of Central Basin Municipal Water District
- Special District of Marina Coast Water District
- Special District of Menlo Park Fire Protection District
- Special District of San Bernardino County Fire Protection District

### Transit Operators Financial Transactions Report:

- City of Arvin
- City of Culver City

## **Firm's Expertise and Experience in Governmental Accounting Rules and Regulations, Including Implementation of new GASB Pronouncements**

Changing federal laws, statutes, ordinances, and compliance provisions have created unprecedented complexity in public accounting today. Our GASB Implementation Specialist, Mr. Gary Caporicci, has helped our clients implement new standards while adapting to changes within the existing standards. Our partners serve on committees that have input into how new standards are written. They actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments.

Also, our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, and Uniform Guidance (formerly known as OMB Circular A-133) and fund operations. They have held positions as professional certified public accountants and taken on significant roles within and outside government agencies. Such experience brings to our clients the thought leadership, quality, and level of expertise they require.

The Firm is well versed and experienced in assisting our clients with the implementation of the applicable GASB pronouncements every year, such as GASB 34, GASB 54, GASB 65, GASB 68, GASB 75, and GASB 84. Mr. Gary Caporicci, as a chair of the California Committee on Municipal Accounting "CCMA," wrote "white papers" on each of these pronouncements.

Throughout the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to upcoming statements that will become effective and work with the City to create a plan to address new standards before the implementation period. This step will allow the finance department staff the needed time to be prepared.

### ***Special Attention: GASB Pronouncements Effective for Reporting Year 2023***

#### ***GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

#### ***GASB Statement No. 96, Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

## Our Professional Experience with Pensions and Other Post-Employment Benefits

Members of our team have experience in providing professional services to the following employee retirement systems:

- California Public Employees' Retirement System (CALPERS)
- Culver City Other Postemployment Benefit Plan
- Nevada Public Employees Retirement Systems
- Sacramento County Employees' Retirement System
- San Francisco Community College District
- San Diego County Employees Retirement Association
- San Diego City Employees' Retirement System
- San Diego Transit Corporation Employee's Retirement Plan
- San Jose Employee Retirement System
- University of California Pension Plans

In addition, our team draws years of expertise reviewing budget documents as well as various pension and other post-employment benefits ("OPEB") plan documents, including but not limited to trust agreements, pension, and OPEB actuarial reports, GASB 68 and 75 reports, as well as GASB 75 reports prepared under *Alternative Measurement Methods*. A relevant list of plans includes:

- California Public Employees' Retirement System GASB 68 reports
- Public Agency Retirement System ("PARS") GASB 68 reports
- San Bernardino County Employees' Retirement Association ("SBCERA") GASB 68 reports
- PARS GASB 75 reports

## Experience in Preparing ACFR

The following are examples of some of the engagements with similar requirements as the City of Foster City’s proposal. Please feel free to contact these agencies to learn more about their experiences working with us.

Name of Public Agency	<b>City of Stockton</b>
Contact Info	Mr. Jay Kapoor (209) 937-5435   jay.kapoor@stocktonca.gov
Total Hours	3,000
Cost	\$330,000/year
Date of Services	2012 – Present
Project Manager	Kenneth H. Pun/Sophia Kuo
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report, GFOA Award, Single Audit, GANN Limit, Measure A, Measure W, Measure M, Entertainment Venues, Revenue and Expenditures related to Downtown Marina, Cannabis License Audits, Review of Major Revenues required by the Bankruptcy Agreement with Assured Guarantee.

Name of Public Agency	<b>City of Desert Hot Springs</b>
Contact Info	Mr. Geoffrey Buchheim, Finance Director (760) 329-6411   gbuchheim@cityofdhs.org
Total Hours	700
Contract Price	\$75,000/year
Date of Services	2013 – Present
Project Manager	Frances J. Kuo/Sophia Kuo
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Single Audit, GANN Limit, Desert Hot Springs Successor Agency, Desert Hot Springs Financing Authority, Desert Hot Springs Health and Wellness Foundation, New Market Tax Credit Audit (Desert Hot Springs Health and Wellness Foundation), Annual State Controller’s Reports, AUP/Transient Occupancy Tax, Utility User Tax, DHS Housing Audits.

Name of Public Agency	<b>City of Gardena</b>
Contact Info	Mr. Clint Osorio (310) 217-9503   cosorio@ci.gardena.ca.us
Total Hours	700
Cost	\$75,000
Date of Services	2007 – Present
Project Manager	Kenneth Pun/Frances Kuo/Sophia Kuo
Scope of Work/ Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Single Audit, GANN Limit, Municipal Bus Line Enterprise Fund, Family Child Care Program, AUP – Cash Receipt, AUP – Wire Transfer Process.

### GFOA Award Program

The Pun Group <sup>LLP</sup> realizes the importance of maintaining the Certificate for Excellence in Financial Reporting from the GFOA. Our professionals are exceptionally well qualified to assist governments in obtaining and maintaining their certificates.

The Firm’s commitment and involvement in the development of auditing and accounting standards can be shown in our active participation in the GFOA’s financial statements certificate programs. 100% of our current clients who submitted their Annual Comprehensive Financial Report to the GFOA received these awards.

Also, two of our senior partners, Mr. Gary Caporicci and Mr. John F. Georger, are members of the Government Finance Officers Association and participate in the GFOA Special Review Committee.

## Audit Approach

### Scope of Work, Audit Approach, and Methodology

The City of Foster City is requesting the Firm to perform Financial Auditing Services and issue opinions on the City's financial statements. The audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits are contained in the most current version of the Generally Accepted *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Comprehensive Financial Report** of the City of Foster City and Estero Municipal Improvement District. The audit will be conducted in accordance with Generally Accepted *Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements.

In addition, the Firm will assist in meeting the requirements for the Government Finance Officers Association (GFOA) "**Certificate of Achievement for Excellence in Financial Reporting**."

- ✓ If needed, prepare a **Single Audit Report** which will include the following:
  - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
  - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
  - Schedule of Expenditures of Federal Awards.
  - Notes to Schedule of Expenditures of Federal Awards.
  - Schedule of Findings and Questioned Costs.
  - Any other required schedules or reports.
  - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Issue a report regarding the City/District's internal control over financial reporting and tests of its compliance with certain provisions of laws, regulations, contracts, and grants in accordance with *Government Auditing Standards* or other communications that may be required by auditing standards.
- ✓ Test compliance with Proposition 111, Article XIII.B – Review of **Appropriation Limit Calculations (GANN)**.
- ✓ Perform the required tests of compliance under **Measure A of San Mateo County for Local Transportation Purposes** and issue the applicable report as required.
- ✓ Perform the required tests of compliance under **Measure W of the San Mateo County Congestion Relief Plan** and issue the applicable report as required.
- ✓ Perform a **Directed Study** of not to exceed 40 hours of Auditor Staff time. This Directed Study is performed at the request of the City's Audit Committee and/or City staff and is considered to be performed as "agreed-upon procedures."
- ✓ If applicable, prepare a **compliance examination report on the schedule of financial assistance** (e.g.) ARPA assistance.

**Reports to be Issued:** Upon completion of the audit, the following reports will be produced:

ACFR .....	1 unbound and 25 copies
Report to the Audit Committee/ Management Letter .....	15 copies
Measure A Compliance Report.....	15 copies
Measure W Compliance Report.....	15 copies
Compliance examination report on the schedule of financial assistance .....	15 copies
Single Audit or Compliance Audit - Federal Assistance .....	15 copies
Appropriation Limits .....	15 copies
Directed Study .....	15 copies

**Optional Services:**

- Prepare City Annual State Controller’s Report
- Prepare District Annual State Controller’s Report
- Prepare Street Annual State Controller’s Report

**Provided By Client (PBC) Lists:** They will be provided for both interim and final audits according to an agreed-upon timeline between the engagement team and the City in order to be reasonably prepared for a field audit. The engagement team will meet with the City’s management during the initial planning stage to discuss audit schedules and review the prior year’s audit findings (if any). We will deliver a list of all documents to be provided by the City’s staff. Once such materials are agreed upon by the engagement team and City’s finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

**Attendance at Meetings and Hearings:** The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Financial Reports, Single Audit report (if applicable), and other reports will be delivered to the City according to the agreed-upon schedule.

**Proposed Audit Adjustments:** All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

**Supplemental Reports, Audits, or Agreed-Upon Procedures:** Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added to a written agreement before commencing audit work. The Firm and the City of Foster City will discuss and approve the scope and associated costs of these tasks.

**Advice and Consultation:** Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

**GASB Implementation:** The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the City on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the City’s financial reporting and operations. *(Based on the scope, additional charges may apply.)*

**Report of all Irregularities and Illegal Acts:** The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware.

The engagement team will also make all communications to the City required by the audit standards under which the engagement is performed.

**Working Paper Retention and Access to Working Papers:** The Firm will retain, at its own expense, all working papers and reports for a minimum of seven (7) years unless the City of Foster City notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available, upon request, to the following parties or their designees:

- City/District
- Any government agencies

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.



## Methodology and Segmentation of Engagement

The Firm's audit approach consists of six phases: Engagement Acceptance and General Planning, Planning and Internal Control Evaluation, Fieldwork, Post Fieldwork, Report Preparation and Review, and Final Production.



### Benefits

- Client tailored approach emphasizing careful planning, open communication, proper assignment of responsibilities
- An efficient and effective audit, so disruption to office operations is kept to a minimum
- Offer beneficial observations and recommendation about policies and procedures for accounting and operating controls
- Opportunities to make operations more efficient and reduce costs
- Provide advisory services so recommendations can be implemented
- Meet objectives at no additional cost

- 1. Engagement Acceptance and General Planning:** The engagement partner and manager will meet with City's management to obtain an update on current City policies and procedures, help identify risk areas and new operations, and establish any specific requirements they may have. Our team will work on the identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement. *Proposed timeline: May 9, 2023.*
- 2. Planning and Internal Control Evaluation:** The engagement team, including the engagement partner, will assess accounting policies adopted by the City in order to obtain an understanding of its structure and its operating environment. Also, our team will review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal controls, perform preliminary analytical procedures, develop an initial risk assessment, evaluate Single Audit compliance, identify any audit issues, and prepare confirmation correspondence. The engagement team and City's Management will establish expectations, including responsibilities and assignments for the year-end fieldwork, and will hold a progress status meeting at the end of the interim phase. *Proposed timeline: May 15, 2023 – May 19, 2023.*
- 3. Fieldwork:** The engagement team, including the engagement partner, will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform data analysis using our AI tools, search for unrecorded liabilities, perform substantial analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The engagement team and City's Management will hold an exit conference at year-end. Periodic update meetings will be held to communicate audit progress to management. *Proposed Timeline: September 11, 2023 – September 23, 2023.*
- 4. Post Fieldwork:** During the phase, the engagement team, including the engagement partner, will review all documents and evaluate commitments and contingencies. The team will perform an assessment of the going concern and jointly plan for the next steps. *Proposed timeline: immediately after fieldwork completion.*
- 5. Report Preparation and Review:** The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be recorded in a letter to management. At the City's request, the engagement partner and manager will present the audit to City's Management and other governing bodies. *Proposed timeline: October 16, 2023, first draft for management review. October 23, 2023, second draft for management review and review of the first draft of Management Letter and other reports.*
- 6. Final Production:** The final phase of our approach entails obtaining the management representation letter and final financial statement report, which may include a final presentation to the City's Management and other governing bodies (if applicable). *Proposed timeline: November 6, 2023, final draft of Financial Statements, Management Letter, and other reports to the Audit Committee. November 16, 2023, Audit Committee to review drafts. December 4, 2023, printed Financial Statements, Management Letters, and other reports issued.*

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal circumstances within the City causes delays in the audit.

## Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group LLP understands that the City is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value derives from the in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize “employ” because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the City and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature from various government entities and cities to develop a practical plan for all major areas.

Estimated Total Hours\*:

	Partner(s)	Director	Supervisory Staff	Staff	Clerical	Total
Engagement Acceptance & General Planning	1	2	8	12	1	24
Planning & Internal Control Evaluation	2	3	12	18	1	36
Fieldwork	10	14	60	90	5	179
Post Fieldwork	6	10	40	60	3	119
Report Preparation & Review	10	14	60	90	5	179
Final Production	3	5	20	30	2	60
<b>Total*</b>	<b>32</b>	<b>48</b>	<b>200</b>	<b>300</b>	<b>15</b>	<b>595</b>

\*Does not include CPE hours related to Governmental Webinars and/or optional services.

## Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, random and statistical sampling is used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such a task in a way that we can reasonably expect it to be representative of the relevant sample and likely to provide the auditor with a reasonable basis for conclusions about the population.

## Enhancing Auditing Quality with Artificial Intelligence

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group deploys a comprehensive, risk-based approach, complemented by using MindBridge™'s Artificial Intelligence Platform, to conduct our audit. Through this tool, we can seamlessly analyze thousands and thousands of financial and operating data and records, **identifying and cataloging significant risks in mere seconds.**



The *AI Auditor* platform works by our side, augmenting our capacity to detect errors or fraud in the collected data not only by analyzing the entire set but by cross-correlating dozens of testing criteria against pre-established data points and presenting us with a view of every user, vendor, and transaction, by risk. All are happening within moments of ingesting analyzed data, which is something standard audit procedures simply cannot accomplish.

We utilize these tools to allow our audit team to increase efficiency in the audit process, enhance the existing quality of our work, provide directed testing in areas subject to the highest risk, and quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford’s analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient, and effective audits to improve overall service quality.

Our engagement team easily imports data in a secure environment from the City's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

## Type and Extent of Analytical Procedures to be used in the Engagement

Analytical procedures are one of many financial audit processes that help an auditor understand the client's operation and changes in the environment and identify potential risk areas to plan other audit procedures. Such procedures include a comparison of financial information on prior periods, budgets, forecasts, and industry benchmarks. We use trend and ratio analysis to identify any uncertain or unusual events. To perform these analyses, our Firm surveys cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt-to-capital, and general fund unassigned fund balance to total general fund expenditures, etc. Our engagement members have extensive experience in successfully implanting analytical procedures to the City's benefit.

Our analytical procedures process is performed during three stages of the audit: (a) at the start, (b) in the middle, and (c) at the end. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- **Risk assessment procedures** are used to assist the auditor in understanding the business better and in planning the nature, timing, and extent of audit procedures.
- **Substantive analytical procedures** are used to obtain evidential matters about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.
- **Final analytical procedures** are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner(s) and Manager(s) will perform a high-level analytical analysis of the financial information, comparing its data both quantitatively and qualitatively to ensure the amounts are fairly presented in all material respect in the financial statements.

## Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure

Audit risk assessment is established by an internal control review, combined with the engagement team's understanding of the City's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the City's processes and identify any control deficiencies. These diagnostic review procedures allow the engagement team to assess the City's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the engagement Partner and Manager, will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. That understanding establishes a frame of reference within which the auditor plans the procedures and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our engagement team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, payroll and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

The form and extent of this documentation are influenced by the size and complexity of the entity and the nature of its accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

## **Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work**

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be selected for the Single Audit until the year-end/fieldwork stage of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed following the California Government Code, which has many provisions and regulations covering investments.

## **Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance**

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

## **Audit Firm's Expectations of the Role and Participation of City's Staff in the Audit Process**

The engagement team will meet with the City's management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the City's staff. Once such materials are agreed upon by the engagement team and City's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Our goal is to cause the least amount of interruptions to the City's daily operations; therefore, to the extent possible, we will use information in the form available from the City's records.

We believe client/engagement team communication is vital to perform results satisfactorily. With that sentiment in mind, we will hold regular meetings with the City's management to determine the status of the audit as well as any items which will require special attention. **Open and frequent communication is critical.**

## **Objectives of Our Services**

Our primary objective for the proposed audit is to examine the City's financial statements and express our opinion on the fairness of the presentation, following generally accepted accounting principles. Other objectives that will benefit the City include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make City operations more efficient and reduce costs
- To perform the audit efficiently and effectively, keeping disruptions to office operations to a minimum
- To provide continuing advisory services so the City can implement recommendations
- To meet these objectives at no additional cost to the City

The Engagement Team will perform the audit abiding by the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work. In other words, our client-tailored approach emphasizes careful planning, open communication, and proper assignment of responsibilities.

The Firm will supply portable computers to the on-site staff members.

## Identification of Anticipated Potential Audit Problems

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

### Investments:

- Compliance with GASB 31 and GASB 34
- Authorization and approval process for City investments
- Controls to assure the City's compliance with investment limitations and types of specific investments
- Monitoring by the City of its investments

### Financial Reporting:

- Compliance with current reporting and disclosure requirements issued by GASB
- Compliance with the various GASBs in effect
- Perform valuations of OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date
- Compliance with Governmental Accounting Standards Board (GASB) Statements 74 and 75
- Compliance with infrastructure obligations and regulatory provisions

### Internal Control Structure:

- City's internal control functions and compliance with proper internal control philosophies
- Computer-system processes and controls and adequacy of the control environment

## Let's Get to Work!

### Benefits of Choosing The Pun Group LLP

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to continue offering the City of Foster City solutions and directions led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the engagement team members, the overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the City of Foster City while providing you with the excellent level of service that you expect and deserve.

### Thank You

Thank you for allowing us to submit our qualifications to provide you with Financial Auditing Services. Please direct inquiries to:

Kenneth H. Pun, CPA, CGMA  
Managing Partner  
Email: [ken.pun@pungroup.cpa](mailto:ken.pun@pungroup.cpa)  
Phone: (949) 777-8801 | Fax: (949) 777-8850

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The signature is written in a cursive, flowing style.

The Pun Group LLP  
Certified Public Accountants and Business Advisors

## Appendix A – Available Training

### Strengthen Your Accounting Knowledge: TPG Client Training Webinars

We pride ourselves in leading the governmental auditing profession nationwide and statewide. Members of our team have been assigned to the AICPA and State Government Accounting and Audit committees. Our membership with these two levels of government keeps us current, and such involvement helps our Firm with the constant changes in accounting and auditing standards, laws and regulations, and compliance provisions, which have created an unprecedented complexity in public accounting for state and local governments.

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. Since last year, by implementing “Webinars,” we’ve been expanding our horizons and offering our clients 15 hours of Continuing Professional Education (CPE). These sessions are **free of charge** and part of the service package provided to our clients.

CPE courses we offer:









# CITY OF FOSTER CITY/ ESTERO MUNICIPAL IMPROVEMENT DISTRICT

**Kenneth H. Pun, CPA, CGMA**

Managing Partner  
2121 North California Blvd., Suite 290  
Walnut Creek, CA 94596  
(949) 777-8801 | ken.pun@pungroup.cpa

(Proposal Data Sheet)

## **COST PROPOSAL**

*Financial Auditing Services*

**February 6, 2023**

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**RFP Proposal Data Sheet (Exhibit A)**

FIRM NAME: The Pun Group, LLP  
 CONTACT PERSON: Kenneth H. Pun, CPA, CGMA  
 CONTACT INFORMATION: Email: ken.pun@pungroup.cpa | Phone: (949) 777-8801

**QUALIFICATIONS STATEMENT**

We hereby offer our commitment to perform all of the required work, complete the audit, and issue the necessary auditor’s report within the time periods outlined by the City/District.

The Pun Group LLP and the personnel assigned to this engagement are fully qualified to perform an effective audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants, as well as holding significant roles within and outside of government agencies. Such qualities will bring to an entity like the City of Foster City the thought leadership, quality, and level of experience it requires.

**GOVERNMENTAL CLIENTS FOR PROPOSED ENGAGEMENT TEAM**

A sample list of the most recent audits similar to the scope of work required by the City/District’s RFP can be found on sections “*Similar Engagements with Other Entities*” pages 17-19, and “*Experience in Preparing ACFR*” page 26.

**AUDITING PERSONNEL PROVIDED\***

Accounting Function	Years of Experience	Cert/Degree	Last Public Audit
Kenneth H. Pun, CPA, CGMA Engagement/Lead Partner	21+	University of California, Riverside B.S. Degree – Business Administration, Emphasis in Accounting	Several ongoing audits, including City of Santa Clarita
Frances J. Kuo, CPA, CGMA Technical/Concurring Partner	16+	University of California, Riverside B.S. Degree – Business Administration, Emphasis in Accounting	Several ongoing audits, including City of Monterey
Andrew Roth, CPA Compliance Partner	12+	San Diego State University B.A. Degree – Accounting	Several ongoing audits, including City of Madera
John (“Jack”) F. Georger, CPA, CIA, CGMA Quality Control Reviewer	40+	George Mason University Fairfax, Virginia B.S. Degree – Accounting	Several ongoing audits, including Town of Danville
Gary M. Caporicci, CPA, CGFM, CFF GASB Implementation Specialist	40+	Armstrong University B.S. Degree – Accounting and Finance	Several ongoing audits, including City of Stockton
Sophia Kuo, CPA, M.B.A. Engagement/Project Director	7+	Fu Jen Catholic University B.A. Degree – International Trading and Finance, Emphasis in Finance	Several ongoing audits, including City of Stockton

Biographies and complete resumes of the engagement team can be found under section “*General Requirements*” pages 3-11 of this proposal.

**HOURLY RATES OF AUDITING PERSONNEL**

Hourly Rates of Auditing Personnel	
Kenneth H. Pun, CPA, CGMA   Engagement/Lead Partner	\$ 300
Frances J. Kuo, CPA, CGMA   Technical/Concurring Partner	\$ 300
Andrew Roth, CPA   Compliance Partner	\$ 300
John (“Jack”) F. Georger, CPA, CIA, CGMA   Quality Control Reviewer	\$ 300
Gary M. Caporicci, CPA, CGFM, CFF   GASB Implementation Specialist	\$ 300
Sophia Kuo, CPA, M.B.A.   Engagement/Project Director	\$ 250

## FEES AND BILLING SEQUENCE

Service	Anticipated Hours Expended	Optional Years				
		2022-23	2023-24	2024-25	2025-26	2026-27
City/District Audit/Management Letter and Related Reports	400	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
Measure A Compliance Report	10	1,250	1,288	1,326	1,366	1,407
Measure W Compliance Report	10	1,250	1,288	1,326	1,366	1,407
Appropriation Limit (GANN)	4	500	515	530	546	563
Preparation of ACFR	28	3,500	3,605	3,713	3,825	3,939
Directed Study	40	5,000	5,150	5,305	5,464	5,628
Compliance Examination Report	8	1,000	1,030	1,061	1,093	1,126
Single Audit and Related Reports (1 Major Program)	40	5,000	5,150	5,305	5,464	5,628
<b>Total Not-to-Exceed Including Out-of-Pocket</b>	<b>540</b>	<b>\$ 67,500</b>	<b>\$ 69,525</b>	<b>\$ 71,611</b>	<b>\$ 73,759</b>	<b>\$ 75,972</b>

Optional Services	Anticipated Hours Expended	2022-23	2023-24	2024-25	2025-26	2026-27
State Controller's (City, District and Street) Report	55	7,000	7,210	7,426	7,649	7,879
<b>Total Not-to-Exceed Including Out-of-Pocket</b>	<b>55</b>	<b>\$ 7,000</b>	<b>\$ 7,210</b>	<b>\$ 7,426</b>	<b>\$ 7,649</b>	<b>\$ 7,879</b>

- (1) Single Audit fees based on one (1) major program. The fee for auditing additional major programs will be \$5,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Foster City's Management before starting Single Audit work.
- (2) The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Foster City. The Firm will also absorb these costs.

## BILLING SEQUENCE

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the City of Foster City at the rates outlined in the Total All-Inclusive Maximum Price section in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

**OTHER SERVICES OFFERED**

A detailed list of Other Services Offered by the Firm can be found under section “*Firm Qualifications and Experience*” on page 15 of this proposal.

Hourly Billing Rates		
Partner(s)	\$	300
Director(s)	\$	250
Senior Manager(s)	\$	225
Manager(s)	\$	200
Supervisor(s)	\$	175
Senior Accountant(s)	\$	150
Staff Accountant(s)	\$	125
Clerical	\$	100

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added to a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

**CERTIFICATION**

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed at no additional cost to the City of Foster City.

**Name of Firm:** The Pun Group LLP – Certified Public Accountants and Business Advisors  
**Contact Name:** Kenneth H. Pun, CPA, CGMA  
**Contact Email Address:** ken.pun@pungroup.cpa

I, the undersigned, certify I am duly authorized to represent The Pun Group LLP and am empowered to submit this bid. In addition, I certify I am authorized to contract with the City of Foster City on behalf of the Firm.

February 6, 2023

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Kenneth H. Pun, CPA, CGMA | Managing Partner  
**The Pun Group LLP**

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Date



ORANGE COUNTY ■ SAN DIEGO ■ BAY AREA ■ LAS VEGAS ■ PHOENIX

[www.pungroup.cpa](http://www.pungroup.cpa)