

LAFCO

Santa Barbara Local Agency Formation Commission
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August 1, 2024 (Agenda)

Local Agency Formation Commission
105 East Anapamu Street
Santa Barbara CA 93101

Contract Approval with Davis Farr, LLP for Auditing Services

Dear Members of the Commission

RECOMMENDATION

It is recommended that the Commission approve the Professional Service Agreement with Davis Farr, LLP for Auditing services and Annual Comprehensive Financial Report for the fiscal year ending June 30, 2024 through 2029, for total amount to be paid for services rendered by Consultant under the Agreement not to exceed the sum of \$11,875 (FY2024), \$12,465 (FY 2025), \$13,090 (FY 2026), \$13,740 (FY 2027), \$13,740 (FY 2028), and \$13,740 (FY 2029).

DISCUSSION

The firm of Davis Farr, LLP was selected by the Commission on August 3, 2023 to enter into a contract for auditing services by the Commission on October 3, 2023. Additional direction was given to the Executive Officer to seek inclusion into the next Joint Multi-LAFCO Audit group RFP process.

Staff joined with neighboring LAFCOs (El Dorado, Fresno, Marin, and Santa Cruz) to distribute an RFP on January 24, 2024 and select LAFCO's next independent auditing firm. **Attachment A** provides a copy of the RFP.

A total of 36 auditing firms were selected to receive a copy of the RFP. The deadline to submit proposals was March 22, 2024. In total, LAFCO received four proposals prior to the deadline. This staff report provides an overview of two key components to consider: (1) summary of the top three firms' proposals, and (2) staff's recommendation on which firm is the most suitable for Santa Barbara LAFCO.

RANKING OF AUDTING FIRMS (BASED ON WEIGHTED CRITERIA)

A total of four firms submitted a proposal expressing interest in becoming LAFCO's new auditor. The four firms are listed in **Table A** below. In accordance with the RFP, all proposals were evaluated based on their responses to provisions of the RFP. The following criteria was used to evaluate responses to this proposal:

1. The firm's licensing, independence with respect to LAFCO and results of most recent peer review (mandatory requirements);
2. Qualifications and Related Experience of the audit team who will serve LAFCO (Partner, Manager and Senior Auditors);
3. Experience of the firm auditing California agencies;
4. Prior experience of the engagement team in implementation of GASB #34 and other GASB Pronouncements;
5. Reference of local government clients;
6. Thoroughness of approach to conducting the audit of LAFCO;
7. Demonstration of the understanding of the objectives and scope of the audit;
8. Commitment to timeliness in the conduct of the audit; and
9. Maximum fees to conduct the audit.

Most Suitable Auditing Firm

It is staff's position that the most important areas to analyze are the qualifications of the auditing firm and the proposed costs of services. LAFCO's goal is to ratify a contract with a firm that is qualified and cost effective. Based on the firms' responses, and in conjunction with the weighted criteria, LAFCO staff and other LAFCOs identified Davis Farr LLP as the most suitable auditing firm to serve as LAFCO's independent auditor. **Table A** shows the ranking of each firm. The five LAFCOs made this determination following an interview process with the top three candidates. A brief explanation of each firms' ranking is found on page 3.

Table A: Auditing Firm Rankings (In Order of Weighted Points)

LAFCOs	Davis Farr	Brown Armstrong	Chavan	Einer Advisory*
El Dorado	96	96	72	50
Fresno	85	88	87	63
Marin	88	81	80	57
Santa Barbara	87	80	88	48
Santa Cruz	100	99	91	85
Total Average	91	89	84	61

*Footnote: Due to the low score from all five LAFCOs, Einer Advisory Group was not invited to interview.

Ranked #1: Davis Farr LLP

Davis Farr LLP earned 91 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies throughout the state, including nine LAFCOs: Imperial, Los Angeles, Orange, Marin, Placer, Riverside, San Bernardino, San Diego, and most recently Santa Barbara since 2023 – the most LAFCO clients out of the three finalists. The firm identified Shannon Ayala as LAFCO’s primary point person and has a total of 52 employees. Davis Farr LLP has significant LAFCO experience and currently provides auditing services to Marin and Santa Barbara LAFCOs, which are located in the Coastal Region. If selected, Davis Farr LLP is offering their services at \$11,875 in Year One (FY 23-24) and not to exceed \$13,740 by years (FY 26-27 to FY 28-29). **Attachment B** provides a copy of their proposal.

Ranked #2: Brown Armstrong Accountancy Corporation

Brown Armstrong earned 89 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies around the state and two LAFCOs: Kern and Napa. Brown Armstrong also provides audit services to the County of Santa Barbara. The firm identified Lindsey Zimmerman as LAFCO’s primary point person and has a total of 62 employees. While Brown Armstrong has LAFCO experience, most of their focus is currently on special districts throughout California. If selected, Brown Armstrong is offering their services at \$13,000 in Year One (FY 23-24) and not to exceed \$14,000 by Year Six (FY 28-29). **Attachment C** provides a copy of their proposal.

Ranked #3: Chavan & Associates LLP

Chavan & Associates earned 84 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies around the state but mostly school districts. The firm identified Sheldon Chavan as LAFCO’s primary point person and has a total of six employees. Chavan & Associates currently has no experience with LAFCOs. If selected, Chavan is offering their services at \$10,500 in Year One (FY 23-24) and not to exceed \$12,000 by Year Six (FY 28-29). It is important to note that these prices are only valid if at least three LAFCOs hire Chavan & Associates LLP. The other two firms do not have this condition as part of their bids. **Attachment D** provides a copy of their proposal.

Staff believes it would benefit the Commission to consider hiring a highly qualified auditing firm to continue with the effective use of agency resources and to continue providing transparency in LAFCO’s operations. Based on the analysis conducted by staff and the four other LAFCOs, it is recommended that the Commission select Davis Farr LLP to be LAFCO’s auditing firm over the next six years by adopting the draft professional services agreement (refer to **Attachment E**).

Attachments

Attachment A – Joint Request for Proposals

Attachment B – Davis Farr, LLP Proposal

Attachment C – Brown Armstrong Proposal

Attachment D – Chavan & Associates LLP Proposal

Attachment E – Professional Service Agreement with Davis Farr, LLP

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Prater".

Mike Prater
Executive Officer



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

January 24, 2024

Subject: Reissue of Request for Proposal

Dear Sir or Madam:

The El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCo) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCo. The starting fiscal year will vary by LAFCo with the first one starting in with fiscal year ending June 30, 2023. All LAFCo are looking to go through FYE June 30, 2029. One LAFCo is only requesting services for every other year. An option to extend the contract for an additional one year will be considered for firms preparing a superior response.

LAFCos are state-mandated local governmental agencies charged with the responsibility of making difficult decisions on proposals for new cities, special districts, spheres of influence, and annexations. Each county in California is required to have a LAFCo.

If your firm is interested in being considered for this opportunity, please submit an electronic file, following the instructions described in the attached Request for Proposal (RFP), no later than **March 22, 2024 at 5pm**. If you have any questions regarding the RFP, please do not hesitate to contact me by email at jfried@marinlafco.org or by phone at (415) 578-2304.

Sincerely, Jason Fried

Executive Officer

Marin LAFCo

Attachment (1) – RFP

Attachment (2) – Price Chart

Attachment (3) – Sample Contract

Administrative Office
Jason Fried, Executive Officer
1401 Los Gatos Drive, Suite 220
San Rafael, California 94903
T: 415-448-5877 E: staff@marinlafco.org
www.marinlafco.org

Dennis Rodoni, Vice-Chair
County of Marin
Eric Lucan, Regular
County of Marin
Stephanie Moulton-Peters, Alternate
County of Marin

Barbara Coler, Chair
Town of Fairfax
Steve Burdo, Regular
Town of San Anselmo
Stephen Burke, Alternate
City of Mill Valley

Lew Kious, Regular
Almonte Valley Sanitary District
Craig Murray, Regular
Las Gallinas Valley Sanitary District
Cathryn Hilliard, Alternate
Southern Marin Fire Protection District

Larry Chu, Regular
Public Member
Roger Smith, Alternate
Public Member

ATTACHMENT A

**EL DORADO, FRESNO, MARIN, SANTA CRUZ, AND SANTA BARBARA
LOCAL AGENCY FORMATION COMMISSIONS
REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

I. INTRODUCTION

General Information

The El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions hereby known as “The LAFCos” are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCo. The starting fiscal year will vary by LAFCo with the first one starting in with fiscal year ending June 30, 2023. All LAFCos are looking to go through FYE June 30, 2029. One LAFCo only is requesting services for every other year. An option to extend the contract for an additional one year will be considered for firms preparing a superior response. Audit reports would be prepared each of the years – separate audits for each of The LAFCo’s. Links to copies of previous audits are available below in each LAFCo profile.

The LAFCos have agreed to participate in a joint RFP to realize cost savings on each annual audit and on the overall cost of preparation.

The audits are to 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 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

There is no expressed or implied obligation for LAFCo to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, an electronic file of the proposal must be received by Jason Fried, Executive Officer, Marin Local Agency Formation Commission, on or before **March 22, 2014 (5:00 p.m.)**. The LAFCos reserves the right to reject any or all proposals submitted.

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

LAFCo reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal is acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LAFCo and the firm selected. A contract between the firm selected and each LAFCo will be approved separately by each LAFCo.

It is anticipated the RFP committee will make a selection of a firm by April 30, 2024. Each LAFCo will need to approve its own contract with the firm they selected which should occur within a couple of months of this date based on when each Commission meets.

A multiple -year contract with a one-year extension option is contemplated. The one-year renewal option will be subject to review by each LAFCo and satisfactory negotiation of terms (including a price acceptable to that LAFCo and to the selected firm).

Creation of LAFCos

In 1963, the State Legislature created Local Agency Formation Commissions to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a LAFCo. LAFCos are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

LAFCo Profiles

El Dorado LAFCo

Is a 7 member Commission with 4 alternate members and has 2 FTE staff. It meets every other month with an approximate budget of \$620,000. It is part of the California Public Employees' Retirement System (CalPERS). El Dorado LAFCo is independent, but participates in the County benefits pool for health, dental, and vision insurance. LAFCo's payroll is processed by the County Auditor's office.

First Audit Year needed – FY23-24

Commission preference is to have the audit completed by the end of the calendar year for the prior fiscal year. The audit can be conducted remotely.

Most Recent Year Audit - <https://www.edlafco.us/audit-fy2021-22>

Contract – Use sample contract in Exhibit A attached to this RFP.

Fresno LAFCo

Fresno LAFCo is a 5-member commission with 3 alternate members and has 4 FTE staff. The Commission meets once per month and operates from a budget of \$665,000. As an independent body we offer retirement benefits through Mission Square which we offer an option 457b and Commission funded 401a but also hold an agreement with our County to provide Health benefits as well as tech related services. Our office space is about to enter the second year of a five year agreement and we currently contract out our payroll, human resources, insurance, and legal services.

First Audit Year needed – FY 23-24, with future audits done every other year

Audits have been completed within a 6-month period starting in December and completed in May before the Fiscal Year ends. While this is the preference of the Commission, there is flexibility on our end to adjust this should it allow for savings opportunities.

Most Recent Year Audit – <https://www.fresnolafco.org/files/b047d7542/Agenda+Packet+Aug+2022.pdf>
(pages 5-36 of the attached packet)

Marin LAFCo

Is a 7 member commission with 4 alternate members and has 3 FTE staff. It meets every other month with an approximate budget of \$630,000. It is part of the Marin County Employee's Retirement Association (MCERA). Marin LAFCo is mostly independent, only being part of the County benefits pool for such things as health and dental insurance which it pays its own bills for and signs up staff to be part of.

First Audit Year needed – FY 24-25

Books close in November/ December time frame. Normally ready to have audit done in December/ January time frame. Does not need to be an in person audit willing to have a remote audit being conducted.

Most Recent Year Audit - <https://www.marinlafco.org/annual-audit-report>

Santa Cruz

Santa Cruz LAFCo is a 7-member commission with 4 alternate members and has 2 FTE staff. It meets once a month with an approximate budget of \$669,000. It is part of the California Public Employees' Retirement System (CalPERS). Santa Cruz LAFCo is an independent body that contracts with the County as a vendor for various services, including but not limited to accounting and office space.

First Audit Year needed – FY23-24 (This will be the first independent audit they have done.)

Santa Cruz LAFCo's fiscal year runs July 1 to June 30 and financials are typically ready for an audit in the September/October time frame. An in-person audit is not necessary.

Santa Barbara LAFCo

Santa Barbara LAFCo is a 7-member commission with 4 alternates and has 2 FTE staff. The Commission contracts with County Counsel for legal services. LAFCo staff prepares draw warrants and journal entries for each expenditure and deposit. These are entered in the County's financial system (Workday). General Accounting services include the use of the County's centralized accounting system and the validation, processing, and recording of financial transactions submitted by LAFCo. LAFCo has access to the general ledger, revenue, expenditure, and budget status reports as needed. Services also include processing, recording, tracking and mailing expenditures. SBLAFCo operates under a single-program government fund with an annual budget of approximately \$572,000 and is a part its County retirement system (SBCERS).

First Audit Year needed – FY23-24

Normally ready to have an audit done in January/February time frame.

Most Recent Year Audit – FY 2020-2021

<https://www.sblafco.org/files/0550ab793/SBLAFCO+Final+Financials+2021.pdf>

Funding for LAFCos

In 2000, the State Legislature signed into a law the Cortese-Knox-Hertzberg Local Government Reorganization Act which provided more independence for LAFCos and changed the way LAFCos are funded. Previously, LAFCos were funded (staffing, facilities, etc.) through their respective counties. Beginning July 1, 2001, the law requires that LAFCos be independent of their respective counties and requires that LAFCos be independent of their respective counties and requires that LAFCO's beneficiaries, the county, cities and special districts, equally share in the funding of LAFCO's budgetary costs.

General for all LAFCos

Although the counties contribute half or one-third of the LAFCo funding, LAFCo is an independent agency and its budget is not subject to County approval or oversight. Because of available cost saving opportunities, each LAFCO has entered into various contractual arrangements with the appropriate county as well as private vendors to provide certain services for LAFCo, including: office facilities, insurance, banking/investment, purchasing, internal auditing and employee benefits. While some LAFCos may have independent bookkeeping and bill paying system by state government code Counties collect dues from member agencies. In addition some LAFCo have contracts they use for general services such as this. Please see each profile on if they have a general contract to be used.

II. SCOPE OF THE WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

The LAFCos desire its General Purpose Financial Statements (GPFS) to be prepared by Independent Auditors and be fully compliant for GASB #34 and any other applicable GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal years as shown in attached spread sheet.

The following is a summary of the scope of the audit of LAFCos for the previous fiscal years:

1. The audit firm will perform an audit of all funds of LAFCo. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The Audit will be in full compliance with GASB #34 and any other GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. The audit firm will render their auditors’ report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management’s Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the agency.
2. The audit firm shall issue a separate “management letter” that includes recommendations for improvements in internal control that are considered to be non-reportable conditions.

Each LAFCo staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. Each LAFCo staff will prepare the MD&A and transmittal letters based on a template supplied by the consultant. The format of supporting documents provided by LAFCo is at the discretion of each LAFCo. All other information and financial statements are the responsibility of the audit firm.

All working papers and reports are to be retained at the auditors’ expense for a minimum of three years. The audit firm will be responsible for making working papers available to each LAFCo or any other appropriate government agency.

III. TIMETABLE OF DELIVERABLE REPORTS

The audit firm shall be responsible for the preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Due date</u>
General Purpose Financial Statements (GPFS)	1 electronic copy	Based on agreement with each LAFCo

A draft copy of each financial statement should be delivered to the LAFCo Executive Officer for review approximately 21 days prior to the deadlines noted above. Deadlines for delivery of draft and final financials statements may vary for each LAFCo referenced in this request for proposal and would be specified in the contract between the firm selected and each LAFCo.

IV. TIMETABLE OF AUDIT WORK TO BE PERFORMED

Each LAFCo has indicated above when they expected that LAFCo’s books will be closed and ready for audit. The audit consultant should work out with each LAFCo upon closing out of the books a time to meet each LAFCo needs. At the discretion of each LAFCo, the appropriate staff from the audit firm may be requested to present audit report to the Commission during a public meeting.

V. PROPOSAL REQUIREMENTS

The following material is requested to be received by the proposal due date or the firm will not be considered:

1. **Title Page** - The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and firm's Federal Identification Number.
2. **Cover Letter** - The cover letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work in the required time frame and statements as to why the firm believes it is best qualified to perform the engagement. The cover letter should also make a statement that the firm's offer is a firm, irrevocable offer for at least 120 days. The cover letter should indicate whether the firm is independent with respect to LAFCo and that the firm is an Equal Opportunity Employer.
3. **Table of Contents**
4. **Proposer's Qualifications** - The audit firm should set forth the following:
 - A. **Qualifications and Related Experience of the Personnel Who Will Serve LAFCo** - Resumes of the Partner, Manager and Senior Auditor should be included. Resumes should include all relevant experience, education and CPA licenses and continuing education of the individuals over the past 3 years.
 - B. **Prior Experience Auditing Cities, Independent Special Districts and Other Local Governments** - Sufficient information should be provided regarding current local government audit clients, and date that the client has been served. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
 - C. **Assistance in Implementation of GASB #34 and Other GASB Pronouncements** - Set forth your understanding of this accounting pronouncement and provide information on clients that you have assisted to date in implementing GASB #34 and other GASB Pronouncements.
 - D. **References of Local Government Clients** - Provide a listing of at least five municipal clients for which the firm's serves.
 - E. **Capabilities in General Consulting and Compliance Auditing** - Provide any other information regarding general consulting and special audits provided by the firm.
5. **Approach, Scope and Timing of the Audit**
 - A. **Provide in sufficient detail the firm's approach to LAFCo's audit**, including procedures to be performed, tasks to be accomplished under GASB #34 and other GASB pronouncements, tasks required as a part of the A-133 single audit, extent to which statistical sampling is to be used in the engagement, type and extent of use of software in the audit engagement, analytical procedures that may be used, the approach to be taken to gain and document an understanding of LAFCo's internal control structure, the approach to be taken in drawing audit samples for purposes of compliance testing, the consideration of laws and regulations, assistance required from LAFCo staff and proposed segmentation of the audit. Segmentation of the audit should include breakdown of hours required to perform the audit by classification and in total for the

planning and interim, GASB #34 and other GASB pronouncements implementation, final audit procedures including CAFR and reports preparation.

- B. Provide sufficient information of your firm’s understanding of the Objectives and Scope of the Engagement** - Specifics should be provided of the auditing standards to be followed and reports to be issued by the audit firm.

6. Hourly Rates

Hourly Rates of the Firm’s Employees should be provided by the firm for services which may be requested outside the scope of the audits as shown below. The hourly rates should be inclusive:

<u>Classification</u>	<u>Hourly Rate</u>
Partner	\$
Manager	\$
Senior Accountant	\$
Staff Accountant	\$_____

7. Maximum Fee

The maximum fees for the audit of each LAFCo should be provided in the attached excel spread sheet. The fees should be inclusive of any out of pocket expenses incurred by the audit firm. All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, the reasons for the additional services together with the firm’s estimate of costs, and a statement that no work will be performed without advance approval by LAFCo. Any and all additional work as agreed to in advance by LAFCo shall be compensated at the same rate quoted in the schedule submitted in the proposal.

8. Other Information Required in Proposal

The Auditing Firm shall provide a copy of its most recent Peer Review together with the California Society of CPA’s acceptance of such peer review. The auditing firm shall make a positive statement that it has the required insurance policies in force in amounts of coverage for not less than \$1,000,000 per occurrence or accident for each of the following: Professional Liability (Errors & Omissions), Workers Compensation and Employer’s Liability, Comprehensive General Liability and Bodily Injury Insurance, and Automobile Liability (Owned and Non-Owned) and Property Damage Insurance. Prior to any commencement of audit services, the auditor will be required to provide certificates of insurance coverage to LAFCo. The auditing firm shall make a positive statement that it will not delegate or subcontract its responsibilities without prior written consent of LAFCo.

9. Contract

Do you have any issues with using the sample contract attached at the end of the RFP? If so please indicate the issue with the contract.

VI. EVALUATION CRITERIA

Proposals will be evaluated based upon their response to provisions of this Request for Proposal. The following criteria will be used to evaluate responses to this proposal:

1. The firm’s licensing, independence with respect to LAFCo and results of most recent peer review (mandatory requirements)

2. Qualifications and Related Experience of the audit team who will serve LAFCo (Partner, Manager and Senior Auditors)
3. Experience of the firm auditing California agencies
4. Prior experience of the engagement team in implementation of GASB #34 and other GASB Pronouncements
5. Reference of local government clients
6. Thoroughness of approach to conducting the audit of LAFCo
7. Demonstration of the understanding of the objectives and scope of the audit
8. Commitment to timeliness in the conduct of the audit
9. Maximum fees to conduct the audit

Items 2 through 8 will represent 80% of the weight of the evaluation criteria. Item 9 will be assigned a 20% weighting in the overall evaluation.

This RFP does not commit any LAFCo to award a contract or to pay any costs incurred for any services. The LAFCos, at their sole discretion, reserves the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with any qualified source(s), or to cancel this RFP in part or in its entirety. The LAFCos may waive any irregularity in any proposal. All proposals will become the property of the LAFCos. If any proprietary information is contained in the proposal, it should be clearly identified.

VII. CONFIDENTIALITY

The California Public Records Act ("PRA") (Cal. Govt. Code Sections 7920.000 et seq.) mandates public access to government records. Therefore, unless information is exempt from disclosure by law, the content of any request for explanation, exception, or substitution, response to this RFP, protest, or any other written communication between the LAFCOs and proposer, shall be available to the public in accordance with the PRA.

If a proposer believes any communication contains trade secrets or other proprietary information that the proposer believes would cause substantial injury to the proposer's competitive position if disclosed, the proposer shall request that the LAFCOs withhold from disclosure the proprietary information by marking each page containing such proprietary information as confidential. Proposer may not designate its entire proposal as confidential nor designate its price proposal as confidential.

VIII. OTHER INFORMATION

Firms are encouraged to contact Jason Fried, Executive Officer, Marin LAFCo, with any questions relating to this RFP or for copies of the LAFCos' previous audits. Mr. Fried can be reached most easily by email at jfried@marinlafco.org. His telephone number is (415) 578-2304.

LAFCo	FY 23-24	FY24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
El Dorado						
Fresno						
Marin						
Mendocino						
Santa Barbara						
Santa Cruz						

PLEASE PROVIDE THE NOT TO EXCEED AMOUNT FOR EACH YEAR.
 Black Box means that LAFCo does not need an audit for that FY.

[INSERT DATE]

[INSERT NAME]

[INSERT ADDRESS]

[INSERT CITY, STATE ZIP]

Dear [INSERT NAME]:

Letter Agreement for [Insert Type of Services]

This letter shall be our Agreement (“Letter Agreement”) regarding the [INSERT TYPE OF SERVICES] described below (“Services”) to be provided by [INSERT NAME OF PERSON OR FIRM AND INDICATE IF IT IS A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY] (“Consultant”) as an independent contractor to the Marin Local Agency Formation Commission (the “Commission”) for the Commission’s [INSERT NAME OF PROJECT] (“Project”). Consultant is retained as independent contractor and is not an employee of the Commission. Commission and Consultant are sometimes referred to herein as “Party” or “Parties.”

The Services to be provided include the following: [INSERT DETAILED DESCRIPTION OF SERVICES - IF THE CONSULTANT HAS A SEPARATE SCOPE OF SERVICES DOCUMENT, MAKE SURE IT IS CONSISTENT WITH THE LANGUAGE IN THIS LETTER AGREEMENT, MARK IT AS EXHIBIT “A”, ATTACH IT AND REPLACE THIS PARAGRAPH WITH THE FOLLOWING: The Services to be provided are more particularly described in the Scope of Services attached hereto as Exhibit “A” and are incorporated herein by reference.] Services on the Project shall begin immediately and shall be completed by [INSERT DATE], unless extended by the Commission in writing.

Consultant shall perform all Services under this Letter Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California, and consistent with all applicable laws. Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including any required business license, and that such licenses and approvals shall be maintained throughout the term of this Letter Agreement.

Consultant has represented to the Commission that certain key personnel will perform and coordinate the Services under this Letter Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of equal competence upon written approval of the Commission. In the event that the Commission and Consultant cannot agree as to the substitution of key personnel, the Commission shall be entitled to terminate this Letter Agreement for cause. The key personnel for performance of this Letter Agreement are as follows: [INSERT NAMES]

Compensation shall be based on the actual amount of time spent in adequately performing the Services, and shall be billed at the hourly rate(s) of \$ [INSERT RATES FOR EACH TYPE OF EMPLOYEE TO BE USED, OR IF THE CONSULTANT HAS A RATE SHEET, MARK IT AS EXHIBIT “___” AND ATTACH IT, AND REPLACE THIS SENTENCE WITH THE FOLLOWING: Compensation shall be based on the actual amount of time spend in adequately performing the Services and shall be

«Vendor»

[Date]

Page 2 of 6

billed at the hourly rate(s) described in the Consultant's rate sheet, attached hereto as Exhibit "____" and incorporated herein by reference]. The total compensation shall not exceed \$[INSERT DOLLAR AMOUNT] without written approval of the [INSERT POSITION/TITLE OF DEPARTMENT HEAD, OR EXECUTIVE OFFICER]. Consultant's invoices shall include a detailed description of the Services performed. Invoices shall be submitted to the Commission on a monthly basis as performance of the Services progresses. The Commission shall review and pay the approved charges on such invoices in a timely manner.

Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. [INSERT "IF" OR "SINCE" AS APPLICABLE] the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and [INSERT "IF" OR "SINCE" AS APPLICABLE] the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Commission shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Letter Agreement upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Sections 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

[INSERT "IF" OR "SINCE" AS APPLICABLE] the Services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable

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[Date]

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registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the Commission. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

Consultant shall provide proof of: A. Commercial General Liability Insurance, of at least \$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage, at least as broad as Insurance Services Office Commercial General Liability most recent Occurrence Form CG 00 01; B. Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, of at least \$1,000,000 per occurrence for bodily injury and property damage, at least as broad as most recent Insurance Services Office Form Number CA 00 01 covering automobile liability, Code 1 (any auto); C. Workers' Compensation in compliance with applicable statutory requirements and Employer's Liability Coverage of at least \$1,000,000 per occurrence; and D. Consultants providing professional services shall provide Professional Liability (Errors and Omissions) Insurance of at least \$1,000,000. Insurance carriers shall be licensed to do business in California and maintain an agent for process within the state. Such insurance carrier shall have not less than an "A-VII" rating according to the latest Best Key Rating unless otherwise approved by the Commission. The Commission, its officials, officers, employees, agents, and authorized volunteers shall be named as Additional Insureds on Consultant's policies of Commercial General Liability and Automobile Liability insurance and such coverage provided to the Commission as an Additional Insured shall apply on a primary and non-contributory basis. Waiver of subrogation endorsements in favor of the Commission shall be provided on Consultant's policies of Commercial General Liability, Automobile Liability and Workers' Compensation/Employer's Liability insurance.

The Commission may terminate this Letter Agreement at any time with or without cause. If the Commission finds it necessary to terminate this Letter Agreement without cause before Project completion, Consultant shall be entitled to be paid in full for those Services adequately completed prior to the notification of termination. Consultant may terminate this Letter Agreement only upon 30 calendar days' written notice to the Commission only in the event of Commission's failure to perform in accordance with the terms of this Letter Agreement through no fault of Consultant.

To the fullest extent permitted by law, Consultant shall defend (with counsel of Commission's choosing), indemnify and hold the Commission, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors,

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[Date]

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consultants or agents in connection with the performance of the Consultant's services, the Project or this Letter Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Commission, its officials, officers, employees, agents, or volunteers.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements; all emissions limits and permitting requirements imposed by the California Air Resources Board (CARB) or other governmental agencies; and all water quality laws, rules and regulations of the Environmental Protection Agency, the State Water Resources Control Board and the Commission.

By executing this Letter Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Consultant shall maintain records of its compliance, including its verification of each employee, and shall make them available to the Commission or its representatives for inspection and copy at any time during normal business hours. The Commission shall not be responsible for any costs or expenses related to Consultant's compliance with the requirements. To the same extent and under the same conditions as Consultant, Consultant shall require all of its subcontractors, sub-subcontractors and consultants performing any work relating to the Project or this Letter Agreement to make the same verifications and comply with all requirements and restrictions provided herein. Consultant's failure to comply or any material misrepresentations or omissions relating thereto shall be grounds for terminating this Letter Agreement for cause.

By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services. Finally, Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment in violation of state or federal law. As provided for in the indemnity obligations of this Letter Agreement, Consultant shall indemnify Commission against any alleged violations of this paragraph, including, but not limited to, any fines or penalties imposed by any governmental agency.

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[Date]

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This Letter Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Letter Agreement, the action shall be brought in a state or federal court situated in Marin County, State of California. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 *et seq.* prior to filing any lawsuit against the Commission. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the Commission.

Consultant shall not assign, sublet, or transfer this Letter Agreement or any rights under or interest in this Letter Agreement without the written consent of the Commission, which may be withheld for any reason. This Letter Agreement may not be modified or altered except in writing signed by both parties. Except to the extent expressly provided for in the termination paragraph, there are no intended third party beneficiaries of any right or obligation of the Parties.

This is an integrated Letter Agreement representing the entire understanding of the parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding or representations with respect to matters covered hereunder. Since the Parties or their agents have participated fully in the preparation of this Letter Agreement, the language of this Letter Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Letter Agreement.

Consultant warrants that the individual who has signed this Letter Agreement has the legal power, right and authority to make this Letter Agreement and bind the Consultant hereto. If you agree with the terms of this Letter Agreement, please indicate by signing and dating where indicated below.

«Vendor»

[Date]

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MARIN LOCAL AGENCY FORMATION COMMISSION [INSERT CONSULTANT NAME]

Approved By:

Signature

Jason Fried
Executive Officer

Name

Date

Title

Attested By:

Date

Board Clerk



PROPOSAL FOR
PROFESSIONAL AUDITING
SERVICES

Prepared By:

Davis Farr LLP
1903 Wright Place | Suite 280
Carlsbad, CA 92008

California CPA License Number: 7712

Federal Identification Number: 47-3535842

Contact Person:

Shannon Ayala, CPA | Partner
Office: 760.536.5140 | Direct: 760.298.5872
Email: sayala@davisfarr.com



Local Agency Formation Commission

El Dorado
Fresno
Marin
Santa Barbara
Santa Cruz

March 22, 2024

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APPENDIX

Cost proposal

Resumes

Peer Review Documentation

March 22, 2024

Mr. Jason Fried
Executive Director, Marin LAFCo
1401 Los Gamos Drive, Suite 220
San Rafael, CA 94903

We are pleased to provide our proposal to perform audit services to the El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCOs) for the fiscal years ending June 30, 2024, through June 30, 2029, with the option to extend the contract for an additional on year.

Our approach to service emphasizes open and consistent communication, proactive problem-solving, and valuable support. We prioritize listening to your ideas and concerns, leveraging our financial and operational expertise to develop effective, creative solutions. We believe our firm, is the optimal choice for the district because of the following reasons, which are detailed further in our proposal:

- Our team assumes a leadership role when it comes to accounting and auditing issues faced by local governments. Our Partners actively participate in organizations such as the Government Accounting and Audit Committee of the CalCPA Society, CSMFO Professional Standards Committee, GFOA Special Review Committee, and regularly speak at conferences and training events, including the recent CSMFO Annual Conference.
- We currently provide audit services to several LAFCOs in California and possess a deep understanding of the challenges unique to California governments and special districts. This allows us to offer high-quality audits tailored the LAFCOs needs.
- We harness data mining software to detect irregularities in your accounting data, prioritizing areas where errors and potential fraud are more likely to occur.

We appreciate the opportunity to demonstrate our qualifications and are eager to establish a professional working relationship. Davis Farr LLP is independent of LAFCOs and is an Equal Opportunity Employer. Our proposal remains a firm and irrevocable offer for 120 days. I encourage you to contact me directly at (760) 298-5872.

Very truly yours,



Shannon Ayala, CPA
Partner

Section A – About Davis Farr LLP

Background Information – Davis Farr LLP is a regional accounting firm that provides comprehensive attest and advisory services to federal, state, and local governments through offices in California and Washington. Our Carlsbad office will be responsible for this engagement. Our personnel have collectively served governmental entities for over 30 years, with government audit personnel classified as noted in the table below.

License to Practice in California – Davis Farr LLP, as well as all key personnel are licensed as independent certified public accountants (CPAs) with the California State Board of Accountancy.

Independence – Davis Farr LLP is independent with respect to the LAFCo as defined by U.S. General Accounting Office’s *Government Auditing Standards* and Generally Accepted Auditing Standards. Neither Davis Farr LLP nor the key personnel have any potential or real conflicts of interest.

Insurance – Davis Farr LLP will meet the insurance requirements of each contract.

Quality Control – Our firm is committed to maintaining the highest standards of quality control. We are members of the American Institute of Certified Public Accountants (AICPA) and participate voluntarily in the AICPA Peer Review Program, with our most recent Peer Review report demonstrating our “Pass” in maintaining the highest level of quality control for our services, including government engagements. A “Pass” demonstrates the highest level of quality control in a Peer Review. We are also members of the AICPA’s Government Audit Quality Center. Our firm has had no disciplinary action taken or pending against us for the past three years by any state regulatory bodies or professional organizations.

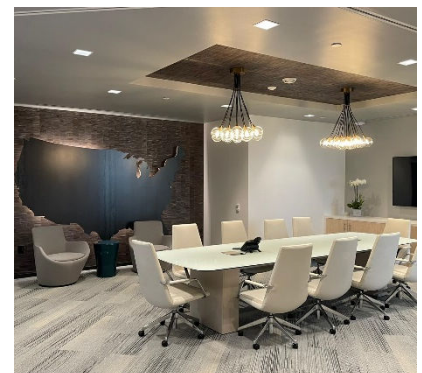
Training – We prioritize the ongoing education and training of every professional member of our firm. Each team member is required to complete 80 hours of training over two years, with at least 24 hours annually dedicated to specific government accounting and audit topics. Our extensive range of courses spans professional and technical subjects, including Fraud, Professional Ethics and Governmental Accounting and Auditing, ensuring all of our practitioners maintain their professional expertise.

Contract – Davis Farr LLP does not have any issues with the sample contract provided.

Exceptions to the Request for Proposal – Davis Farr LLP does not take any exception to the RFP.



Classification	Number of Employees
Partners	8
Managers	9
Supervisors	4
Seniors	15
Staff	12
Administrative	4
Total personnel	52



Professional Affiliations

Government Audit Quality Center – Davis Farr LLP is a member of the Government Audit Quality Center (GAQC). The GAQC promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

National Registry of CPE Sponsors – Davis Farr LLP is registered with the National Association of State Board of Accountancy (NASBA), offering clients continuing professional education (CPE) programs consistent with nationally recognized standards. Our annual GASB Update is a prime example of our dedication to providing CPE opportunities to our clients.

California Society of CPAs (CalCPA) – Many of the CPAs employed by our firm are also members of CalCPA, regularly participating in chapter meetings, education forums, and other events. Our firm’s high standards have been recognized by CalCPA, through their *“Women to Watch”* award in the Experienced Leader category, granted to one of our Partners.

American Institute of Certified Public Accountants (AICPA) – Our firm is also a member of the AICPA, which develops and promotes industry standards in audits, shares educational materials with its members, and enforces compliance with technical and ethical standards.

California Society of Municipal Finance Officers (CSMFO) – We are members of CSMFO, a statewide organization serving all California municipal finance professionals. The Partners of Davis Farr LLP regularly participate in CSMFO chapter meetings and conferences, presenting on a variety of accounting and auditing technical topics. We recently presented at the 2023 CSMFO annual conference.

Government Finance Officers Association (GFOA) – The GFOA strives toward enhancing and promoting the professional management of governmental financial resources for the public benefit. Davis Farr LLP’s Partners are members of the Special Review Committee for the Certificate of Achievement Program, which reviews Annual Comprehensive Financial Reports submitted to GFOA for the Excellence in Financial Reporting Award Program. We continue to advance our knowledge and share our expertise in these institutions, enabling us to deliver the highest-quality services to our clients.



Section B – Qualifications and Related Experience

With a strong track record in servicing governmental entities, Davis Farr LLP has established itself as a leading provider of specialized auditing services throughout Southern, currently, servicing approximately 60 municipal, state, and federal government entities. Our team brings a unique combination of expertise, technical skills and experience in local government accounting and auditing practices to our engagements, ensuring our clients receive the highest level of service possible. Services routinely provided to our clients include, but are not limited to:



Our government expertise includes Cities, Special Districts, and other Governmental entities. Among the government agencies that the professionals of Davis Farr LLP have served recently are the following:

- City of Avalon
- City of Carlsbad
- City of Commerce
- City of Coronado
- City of Costa Mesa
- City of Cypress
- City of Delano
- City of Encinitas
- City of Fontana
- City of Garden Grove
- City of Huntington Beach
- City of Indio
- City of Irvine
- City of Laguna Niguel
- City of Los Angeles
- City of Mission Viejo
- City of Newport Beach
- City of Poway
- City of Rancho Santa Margarita
- City of Santee
- City of South Gate
- City of Vista
- County Los Angeles
- County of Placer
- County of San Diego
- East Orange County Water District
- Hass Avocado Board
- Irvine Ranch Water District
- Imperial LAFCO
- Los Angeles LAFCO
- Orange County LAFCO
- Marin LAFCO
- Placer County LAFCO
- Riverside LAFCO
- San Bernardino LAFCO
- San Diego Association of Governments
- San Diego County Water Authority
- San Diego LAFCO
- Sweetwater Authority
- Tahoe Regional Planning Agency
- Tahoe Transportation District
- Vallecitos Water District

Section C – Client References

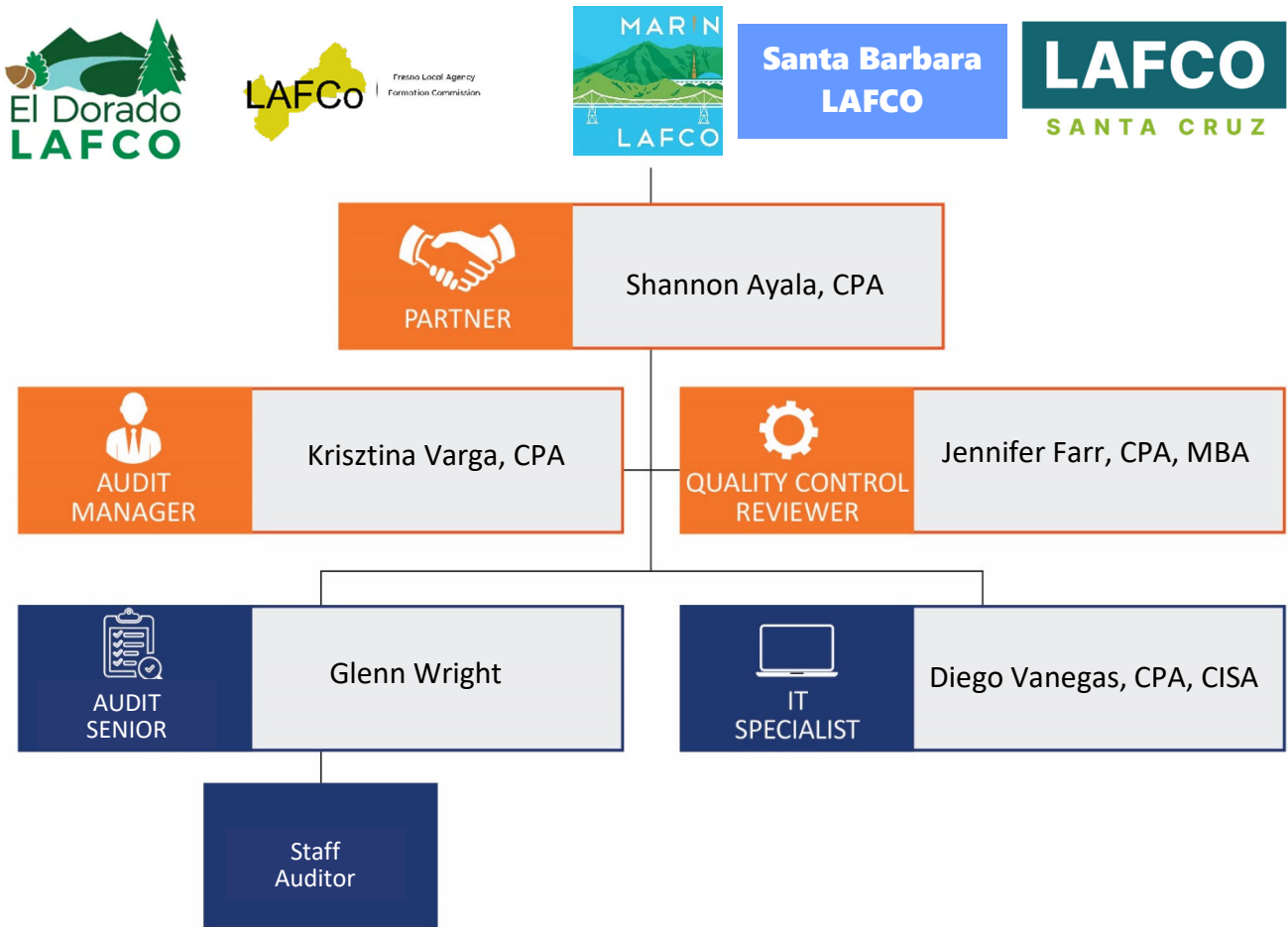
For your convenience, we have listed below references for audit work currently being performed by Davis Farr LLP personnel for several local governments throughout California. For each of the references, we currently serve as independent auditors and have served these clients for a number of years.

CLIENT 1	<p>Imperial LAFCO 1122 W/ State St. Suite, A El Centro, CA</p> <p>Julie Carter, Accounting Manager 760.353.4115 juliec@iclafco.com</p>	<p><i>Financial Statement Audit of the LAFCO</i></p>	<p>95 Hours</p>
CLIENT 2	<p>Placer County LAFCO 110 Maple Street Auburn, CA</p> <p>Michelle McIntyre, Executive Officer 530.889.4014 mmcintyre@placer.ca.gov</p>	<p><i>Financial Statement Audit of the LAFCO</i></p>	<p>90 Hours</p>
CLIENT 3	<p>San Diego County Water Authority 4677 Overland Avenue San Diego, CA</p> <p>Chris Woidzik, Controller 858.522.6679 cwoidzik@sdcwa.org</p>	<p><i>Financial Statement Audit of the Authority and Quantification Settlement Agreement</i></p>	<p>325 Hours</p>
CLIENT 4	<p>Coachella Valley Assoc of Governments 74-199 El Paseo, Ste 100 Palm Desert, CA</p> <p>Claude Kilgore, Director of Finance 760.346.1127 ckilgore@cvag.org</p>	<p><i>Financial Statement Audit JPA Financial Statement Audits Single Audit</i></p>	<p>400 Hours</p>
CLIENT 5	<p>North County Dispatch JPA 16936 El Fuego Rancho Santa Fe, CA</p> <p>Christopher Herren, Administrator 858.756.3006 cherren@ncdjpa.org</p>	<p><i>Financial Statement Audit of the JPA and Single Audit</i></p>	<p>120 Hours</p>

Section D – Proposed Staffing

The success of any audit depends on the availability of personnel with the required managerial and technical skills. The engagement team at Davis Farr LLP has years of collective experience serving as a team of professionals on numerous financial audit examinations of local government entities. Our team will be composed of key personnel, including the Partner, Manager, and Senior Auditor, who will not be removed or replaced without the prior consent of the LAFCOs.

At Davis Farr LLP, we recognize that efficient administrative management and supervision of the audits is a vital factor in attaining the desired results for our clients. To ensure that the auditing process runs smoothly and produces accurate results for the LAFCOs, we have developed a solid organizational structure for providing independent auditing services, as follows:



Section E – Audit Approach

At Davis Farr, we are committed to conducting our engagements in the most efficient manner possible, and our audit approach is tailored to be sensitive to the priorities and requirements of our clients. Some unique features of our approach include:

- We prioritize minimizing disruption to LAFCo staff and completing the audit in a timely manner. To this end, we schedule our audit segments and requested documentation around the schedules of our clients.
- When possible, we strive to make use of existing accounting support materials already prepared by LAFCo staff. This avoids unnecessary duplication of effort and undue requests for supporting schedules. Typically, we request support for balance sheet items, the year-end trial balances and cash and long-term debt confirmations.
- Our expertise and focus is in governmental auditing, and our auditors possess the skills and know-how to address issues that are specific to local governments.
- We believe the key to effective internal control recommendations lies in understanding the unique circumstances and needs of each client we serve. For this reason, we take great care to acquire a comprehensive understanding of the specific circumstances at the LAFCo, so we can formulate practical and tailored recommendations that best meet your needs.
- We also understand that accounting issues can arise at any time of the year, and that addressing these concerns is critical to the success of your organization. That's why we make it our priority to be a constant resource for our clients throughout the year, providing accounting advice, researching technical questions, assisting with tax-related issues and helping with other challenges as they occur.

Audit Software - We utilize the highly versatile CaseWare audit software when generating electronic copies of audit workpapers. We understand the need for flexibility and are able to accept audit documentation in both hard copy and electronic format. CaseWare provides the ability to import trial balances from Excel or text documents, allowing us to begin analyzing figures almost immediately. CaseWare audit software offers numerous benefits, including:

- We create our own lead sheets and analytical review schedules through the software. This limits the amount of time finance staff spends creating audit schedules. The automated process also generates analytical review reports by account number. This makes it easier to examine significant fluctuations between fiscal years.
- We can link the financial statement schedules directly to the CaseWare trial balances. As a result, we can provide the LAFCo with financial statements soon after receiving the trial balance from the LAFCo. Journal entries are simple to post to the financial statement schedules, minimizing the risk of data entry errors.
- We can provide customized reports that outline the grouping of the financial statement schedules. These reports show each account grouped to a specific financial statement line item and journal entries posted during the audit.

Data Mining Software – At Davis Farr, we pride ourselves on leveraging technology to improve accuracy and efficiency of our audit procedures. Our dedicated team of trained personnel uses specialized data mining software, IDEA, to identify and investigate inconsistencies and irregularities within your accounting system. The software works by analyzing source data pinpoint potential anomalies, including, but not limited to, cross-referencing vendor and employee addresses, detecting duplicate or voided checks, reviewing journal entry posting for unauthorized individuals, and identifying accounting transactions recorded on the weekend. The IDEA software goes a step further by highlighting specific transactions for the auditors to review, thus enhancing the identification of potential fraud or errors.

Internal Control Evaluation – We have developed an effective methodology for evaluating internal controls that ensures we gain an understanding of your organization's procedures. Our approach includes observation and inquiry, which allows us to thoroughly explore the accounting cycles. When assessing internal controls, we invest significant time with the personnel overseeing the accounting process to better understand the procedures in place.

Following this preliminary assessment, we identify key controls in your processes and design customized tests to evaluate the effectiveness of your existing procedures. In the initial year of the audit, we will focus on the following accounting cycles:

- Billing and cash receipting
- Capital assets
- Purchase and disbursements
- Payroll
- Investment and cash controls
- Information systems

In future years, we will continue to review the accounting cycles mentioned earlier, while refining our approach to other related processes, such as credit card transactions, petty cash, inventory controls, offsite cash receipting, employee reimbursements, contract compliance, and so forth. Our goal is to continually refine our audit approach to achieve optimal efficiency, increase the scope of our assessments and hone our ability to identify and address potential issues.

Audit Stage	Procedures Performed
<i>Planning and Inquiry</i>	<p>During the planning phase of the audit, we plan to perform the following procedures:</p> <ul style="list-style-type: none"> ✓ Meet with finance personnel to gain an understanding of significant transactions during the year. ✓ Communicate with the Commission to ensure compliance with relevant laws and regulations and address any concerns they may have regarding the finances of the LAFCo. ✓ Perform internal control evaluations as outlined above. ✓ Determine materiality levels to guide our selection of audit transactions. ✓ Perform a risk assessment to develop the audit plan for the year. ✓ Review minutes of the Commission meetings to gain an understanding of financial actions taken by the LAFCo throughout the year. ✓ Examine new contracts, bond documents, and agreements. ✓ Evaluate compliance with investments in accordance with the LAFCo’s investment policy and CA Government Code. ✓ Test purchase orders and contract management. ✓ Test a sample of cash disbursements to determine adherence to policies and internal controls. ✓ Perform a review of the LAFCo’s information systems and controls. ✓ Conduct compliance testing of federal grants, where applicable. ✓ Review the prior audited financial statements and offer feedback to LAFCo staff regarding best practices in financial reporting. ✓ Provide a GASB Update and templates for implementing new accounting standards
<i>Year-End Testing</i>	<p>After the books are closed and ready for audit, we will perform our year-end procedures which include the following:</p> <ul style="list-style-type: none"> ✓ Confirming 100% of all cash and investment balances and test market values provided by your investment custodians. ✓ Testing for proper cutoffs of accounts receivable and grants receivable. ✓ Testing the additions and deletions to capital assets and reviewing depreciation expense for reasonableness. ✓ Testing current liabilities and perform a search for unrecorded liabilities. ✓ Reviewing unearned revenue balances for proper cutoffs. ✓ Testing the balances of accrued payroll and employee related liabilities. ✓ Confirming long-term debt with independent parties, when applicable. ✓ Testing of actuarial valuations and calculations related to pension and OPEB obligations and disclosures under GASB 68 and 75, if applicable. ✓ Evaluating claims and judgments payable. ✓ Testing of restrictions and classifications of net position. ✓ Test the reasonableness of interest income, realized, and unrealized gains/losses on investments. ✓ Analytically and substantively test revenues and expenses reported in the financial statements.

Audit Stage	Procedures Performed
	<ul style="list-style-type: none"> ✓ We will incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc. <p>This list of tests, while not exhaustive, represents some of the critical procedures that we undertake during the audit process. During the final stage of the audit, we review our findings and necessary adjustments with your Finance staff. We will ensure you are fully informed of any adjustments or recommendations and that all your questions and concerns are addressed.</p>
<p>Completion of the Audit and Preparation of Financial Statements</p>	<p>Our goal is to deliver comprehensive, audited financial statements that conform to generally accepted accounting principles. Throughout the audit, we scrutinize all relevant information to ensure a reliable and accurate representation of LAFCo’s finances. The culmination of this audit information is then used to reach a conclusion on whether the financial statements taken as a whole conform with generally accepted accounting principles.</p> <ul style="list-style-type: none"> ✓ Reviewing significant events following the year-end closing process. ✓ Reviewing attorney letters for significant legal matters. ✓ Providing five levels of review on the LAFCo’s Financial Statements. ✓ Meeting with the Commission to present the audit results, if requested.

Section F – Implementation of New GASB Pronouncements

We are committed to helping our clients navigate the ever-changing world of accounting standards. We understand implementing new standards presents significant challenges, and we provide guidance and support to help our clients implement these changes efficiently and effectively. In the upcoming years, LAFCo will be required to implement several new accounting standards. Our services extend to consulting on these new standards to ensure your organization is well-prepared to meet the specified requirements.

Below are some of the significant new GASB pronouncements planned or proposed for local governments that may impact the LAFCo:

<p><i>GASB 100: Accounting Changes and Error Corrections</i></p>	<p>This statement provides guidance on accounting changes and accounting for different types of accounting changes and error corrections in the financial statements. This statement is effective for the fiscal year ending June 30, 2024.</p>
<p><i>GASB 101: Compensated Absences</i></p>	<p>This statement provides guidance on accounting changes and financial reporting related to compensated absences. This statement is effective for the fiscal year ending June 30, 2025.</p>

Section G – Scope of Work

Our understanding of the objectives and scope of the work to be performed for the LAFCo is as follows:

- Conducting an audit examination of the financial statements of the LAFCo for the fiscal year ending June 30, 2024, through June 30, 2029. The audit will be conducted in accordance with generally accepted auditing standards, the AICPA Audit and Accounting Guide, Audits of State and Local Government Units, and the Government Auditing Standards issued by the Comptroller General of the United States. We will ensure that the Basic Financial Statements are prepared in conformity with the most recent edition of the GAAFR, the GAAFR Update, and subsequent GASB pronouncements.
- When necessary, we will perform a compliance audit of federal expenditures in accordance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* in any year the LAFCo has federal expenditures of more than \$750,000.
- We will prepare a “management letter” to the Commission summarizing the audit results in accordance with the Codification of Auditing Standards Section AU-260, and including recommendations for improvements in internal control that are considered to be non-reportable conditions.
- We will prepare a letter to the Commission reporting any internal control issues that meet the threshold of a significant deficiency or material weakness, as defined by the Codification of Auditing Standards Section AU-265. We will immediately report any irregularities or illegal acts that come to our attention to management and/or those charged with governance.
- If requested, we will meet with the Commission to discuss the results of the audit.
- Finally, we consider our role as advisors to the LAFCo regarding generally accepted accounting principles to be an essential part of our services. Throughout the year, the management and other finance personnel of the LAFCo will have full access to us to our team to seek advice on various matters relating to the application of generally accepted accounting principles, financial statement preparation and content, debt issuances, upcoming accounting standards and any other issues that may arise.

Section H – Proposed Timing of the Audits

The following proposed timing is subject to each LAFCO’s specific requirements, however, here is a general timeline of the audits:



Section I – Proposed Fees and Segmentation of the Audit

Please see the appendix for cost information for each LAFCO.

The following is our estimate of the hours by professional classification required to perform the services previously outlined:

Classification	Hours	Percentage
<i>Partner</i>	<i>8</i>	<i>9%</i>
<i>Manager</i>	<i>8</i>	<i>13%</i>
<i>Audit Supervisor/Senior</i>	<i>50</i>	<i>43%</i>
<i>Staff Auditor</i>	<i>30</i>	<i>35%</i>
Total	96	100%

For additional work performed outside of the engagement, our rates are as follows:

<i>Partner</i>	<i>\$250</i>
<i>Manager</i>	<i>180</i>
<i>Supervisor/Senior</i>	<i>130</i>
<i>Staff</i>	<i>110</i>



APPENDIX

Davis Farr LLP

LAFCo	FY 23-24	FY24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
El Dorado*	\$11,875.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00
Fresno**	\$13,125.00		\$14,470.00		\$14,990.00	
Marin-***		\$10,400.00	\$10,920.00	\$11,450.00	\$11,450.00	\$11,450.00
Santa Barbara*	\$11,875.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00
Santa Cruz****	\$13,750.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00

*Based on 95 hours for the first year engagement with prior year audited financial statements completed.

**Bi-annual audit - based on 105 hours, as a bi-annual audit requires additional work on the balances for the preceding year.

***Based on previous knowledge of hours required to complete audit as Marin is a current client.

****First ever audit and as such, there is additional work that needs to be completed. Subsequent years based on recurring annual audits.

Note: Cost savings can be realized by each LAFCo based on preparedness and responsiveness of staff during audit.

PLEASE PROVIDE THE NOT TO EXCEED AMOUNT FOR EACH YEAR.

Black Box means that LAFCo does not need an audit for that FY.



Shannon Ayala, CPA

Partner

Ms. Ayala will serve as the Quality Control Reviewer on this audit. She will be involved in approving the audit plan, reviewing key audit workpapers, reviewing all reports and acting as a second technical resource. Ms. Ayala is a Certified Public Accountant with twenty years of audit experience, spending most of that time on audits for local governments in San Diego County. Ms. Ayala has performed financial statement audits of cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; Single Audits in accordance with Uniform Guidance, and compliance audits.

Employment History

- Davis Farr LLP – Since 2015
- National CPA Firm – 10 years
- Lennar Homes – 2 years

Education

- Bachelor of Science - Accounting (San Diego State University)

Licenses / Registrations

- California CPA Certificate No. 88126

Professional Affiliations & Awards

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Society of Municipal Finance Officers

AUDITS OF GOVERNMENTAL AGENCIES

- | | |
|--|--|
| ✓ City of Carlsbad | ✓ Rancho California Water District |
| ✓ City of Coronado | ✓ San Diego Local Agency Formation Commission |
| ✓ City of Del Mar | ✓ San Diego County Water Authority |
| ✓ City of Escondido | ✓ San Diego Association of Governments |
| ✓ City of Poway | ✓ Salton Sea Authority |
| ✓ City of San Marcos | ✓ San Dieguito River Park Joint Powers Authority |
| ✓ City of Santee | ✓ Sweetwater Authority |
| ✓ Imperial County Local Agency Formation | ✓ Vallecitos Water District |
| ✓ Leucadia Wastewater District | ✓ Rancho California Water District |



Jennifer Farr, CPA, MBA

Partner

Ms. Farr will serve as the Quality Control Reviewer on this audit. She will be involved in approving the audit plan, reviewing key audit workpapers, reviewing all reports and acting as a second technical resource. Ms. Farr is a Certified Public Accountant with over 20 years of experience in local government auditing. Ms. Farr is a frequent speaker on matters pertaining to technical issues and new GASB pronouncements. Ms. Farr is also responsible for training in the area of local governmental accounting and auditing.

Employment History

- Davis Farr LLP – Founding Partner
- Shareholder – National CPA Firm

Education

- Bachelor of Arts - Business Administration / Accounting (California State University, Fullerton)
- Bachelor of Arts - English (California State University, Fullerton)
- Master of Business Administration (California State University, Fullerton)

Licenses / Registrations

- California CPA Certificate No. 76292, October 1998

Professional Affiliations & Awards

- California Society of Certified Public Accountants
- Government Accounting & Auditing Committee
 - Current Chair of Committee
- California Society of Municipal Finance Officers
- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Financial Review Committee

AUDITS OF GOVERNMENTAL AGENCIES

- | | | |
|---------------------------|------------------------|-----------------------------------|
| ✓ City of Avalon | ✓ City of RSM | ✓ Inland Empire Utilities Agency |
| ✓ City of Carlsbad | ✓ City of Rosemead | ✓ Irvine Ranch Water District |
| ✓ City of Commerce | ✓ City of Santa Ana | ✓ Leucadia Wastewater District |
| ✓ City of Campbell | ✓ City of Santee | ✓ Mesa Water District |
| ✓ City of Coronado | ✓ City of South Gate | ✓ Moulton Niguel Water District |
| ✓ City of Costa Mesa | ✓ City of Villa Park | ✓ Orange County Water District |
| ✓ City of Encinitas | ✓ City of Walnut Creek | ✓ Placer County Water Agency |
| ✓ City of Fontana | ✓ City of West Covina | ✓ San Diego Assoc. of Governments |
| ✓ City of Fountain Valley | ✓ City of Whittier | ✓ Sweetwater Authority |
| ✓ City of Garden Grove | ✓ City of Woodland | ✓ Tahoe Transportation District |
| ✓ City of Indian Wells | ✓ City of Tustin | ✓ Tahoe Regional Planning Agency |
| ✓ City of Mission Viejo | ✓ Cucamonga Valley WD | ✓ West Basin Municipal Water |
| ✓ City of Palm Springs | ✓ Eastern Municipal WD | ✓ Yucaipa Valley Water District |



Diego Vanegas, CPA, CISA, CITP

Partner

Mr. Vanegas will serve as the IT Specialist on the engagement. Mr. Vanegas, CPA, CISA, CITP has over 16 years of progressive governmental accounting and audit experience, including extensive compliance audit experience for governmental and non-profit agencies. He has been involved in financial/compliance audits, internal control audits and assessments, operational/performance audits, and cost proposal analysis/price reviews for various governmental agencies. Mr. Vanegas has served in many capacities depending on the size and requirements of the engagements. He has participated in audits of federal agencies such as NSF, CMS, and CNCS, among others. Additionally, Mr. Vanegas has been involved in agreed-upon-procedures and audit engagements of state/local agencies. These engagements have often combined both financial and compliance aspects of the audit as well as Information Technology (IT). Furthermore, he has strong internal control audit experience through the performance of System and Organization Control examinations of the internal controls of service organizations, as well as knowledge of Government Auditing Standards, Office of Management and Budget (OMB) Circular A-87 and the Federal Acquisition Regulations (FAR).

Employment History

- Davis Farr LLP: Partner – January 1, 2018 – Present
- Davis Farr LLP: Manager – June 2015 – December 31, 2017
- Top 10 National CPA Firm – May 2005 - June 2015

Education

- Bachelor of Science in Business Administration, with an emphasis in Accounting (California State University - Los Angeles)
- Bachelor of Science in Computer Information Systems, with an emphasis in Business Systems (California State University - Los Angeles)

Licenses / Registrations

- CA CPA Certificate No. 113040
- Certified Information Systems Auditor
- Certified Information Technology Professional, No. 3298



Krisztina Varga, CPA

Manager

Ms. Varga will serve as the manager on this engagement. She will be responsible for managing the engagement, providing technical assistance, reviewing reports and supervising staff. Ms. Varga has five years of audit experience, spending the majority of that time on audits for non-profits, and local government. The types of audits Ms. Varga has been involved in include: financial audits of non-profits, cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; and Single Audits in accordance with OMB Circular A-133.

Employment History

- Davis Farr LLP – Since 2017
- Inveco USA – 2012-2017

Education

- Bachelor of Arts in Business Administration/Accounting (California State University, San Marcos)

Licenses / Registrations

- California CPA Certificate No. 145505

AUDITS OF SPECIAL DISTRICTS

- | | |
|------------------------------------|---|
| ✓ Community Colleges of Spokane | ✓ San Diego Association of Governments |
| ✓ Eastern Municipal Water District | ✓ San Diego County LAFCO |
| ✓ Encinitas Ranch Golf Authority | ✓ San Diego County Water Authority |
| ✓ Imperial County LAFCO | ✓ San Diego County of Emergency Services |
| ✓ Leucadia Wastewater District | ✓ San Diego Geographic Information Source |
| ✓ Rancho California Water District | ✓ San Dieguito River Park Valley JPA |
| ✓ Ramona Municipal Water District | |

AUDITS OF NON-PROFITS

- | | |
|-----------------------------|---|
| ✓ Family YMCA of the Desert | ✓ San Diego Children’s Discovery Museum |
|-----------------------------|---|

AUDITS OF LOCAL GOVERNMENTS

- | | |
|--------------------|-----------------------|
| ✓ City of Carlsbad | ✓ City of Vista |
| ✓ City of Poway | ✓ County of San Diego |
| ✓ City of Santee | |



Glenn Wright

Senior Auditor

Mr. Wright will serve as the in-charge on this engagement. He will be the main point of contact for the staff. He will be responsible for supervising the staff. Mr. Wright has eight years of audit experience in public accounting. Mr. Wright has spent time on audits for special districts and local government engagements. The types of audits Mr. Wright has been involved in include: financial audits of non-profits, cities and special districts, and Single Audits in accordance with Uniform Guidance. Before joining Davis Farr, Mr. Wright spent six years as an external auditor for Big 4 and other top 10 Audit firms.

Employment History

- Davis Farr LLP – 2023 - Present
- BDO USA LLP – 2022-2023
- Ernst & Young – 2021 – 2022
- CBIZ MHM, LLC – 2019 – 2021
- Considine & Considine 2016 - 2019

Education

- Bachelor of Science in Accountancy
(San Diego State University)
- Master of Science in Accountancy: Audit & Assurance
(San Diego State University)

AUDITS OF LOCAL GOVERNMENTS

- ✓ City of Vista
- ✓ City of Coronado
- ✓ City of Tustin

AUDITS OF SPECIAL DISTRICTS

- ✓ Rincon Del Diablo Water District
- ✓ Otay Water District
- ✓ Vista Irrigation District

AUDITS OF ASSOCIATIONS AND COMMISSIONS

- ✓ San Diego Association of Governments
- ✓ Coachella Valley Association of Governments
- ✓ Coachella Valley Conservation Commission
- ✓ Desert Community Energy



Report on the Firm's System of Quality Control

Davis Farr 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 Davis Farr LLP (the firm) in effect for the year ended May 31, 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. The summary also includes an explanation of how engagements identified as not performed or reported on 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and examination of a service organization (SOC 1 engagement).

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

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 909.948.9990 / 800.644.0696 / FAX 909.948.9633
 gyl@gylcpa.com
 www.gylcpa.com

CPAmerica
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ATTACHMENT B

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 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*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
August 8, 2022



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Local Agency Formation

COMMISSION

PREPARED FOR

*County of El Dorado
County of Fresno
County of Marin
County of Mendocino
County of Santa Barbara
County of Santa Cruz*

PROPOSAL FOR INDEPENDENT AUDITING SERVICES

PREPARED BY

Brown Armstrong

Accountancy Corporation

Lindsey Zimmerman, CPA/ Partner

4200 Truxtun Avenue, Suite 300

Bakersfield, California 93309

T: (661) 324-4971 | F: (661) 324-4997 | E: lzimmerman@ba.cpa

MARCH 22, 2024

FIN: 95-3109182 | LICENSE NO.: 1171



ATTACHMENT C

2. Cover Letter

March 22, 2024

Jason Fried
Executive Officer
County of Marin LAFCO
1401 Los Gamos Drive, Suite 220
San Rafael, California 94903

Dear Mr. Fried:

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial statement audits of the El Dorado, Fresno, Marin, Mendocino, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCOs) for the fiscal years ending June 30, 2023 through June 30, 2029 (depending on individual LAFCO request). We believe our proposal exceeds the requirements outlined in your request for proposal.

Brown Armstrong would like the opportunity to be your auditors. We believe one of the reasons we are the best candidate to meet your needs is because of our extensive experience serving government entities for almost 50 years and our client-oriented philosophy and hands-on approach. We believe this will allow us to offer you exceptional service.

We have thoroughly read your request for proposal (RFP) and understand its requests. We are committed to performance and the efficient completion of this audit on or before the various due dates specified in your RFP. At Brown Armstrong, we understand that your timeframes must be met. As one of our key strengths, we develop an approach by which specific deliverables are achieved within set timeframes. We will work with you to develop a timeline that meets your specific requirements, meeting dates, field work dates, status reporting dates, and final report dates.

As noted above, we have almost 50 years of experience auditing numerous governmental entities and during that time frame we have provided superior audit services to the public sector and developed a substantial accounting and audit practice that is amongst the largest in California. Over one-half of our practice is dedicated to the audits of some 100 municipal clients, these include: counties, cities, special districts, public employee retirement systems; joint power authorities, and transit authorities located from Humboldt County in the north to San Diego County in the south. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

i

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Our firm's partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA), California Transit Association, and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review ACFRs from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles. Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

Our approach, people, commitment to timelines, and dedication to financial reporting excellence makes Brown Armstrong the best-qualified firm to meet your needs.

Our firm, its shareholders and employees are independent of the LAFCOs as defined by auditing standards generally accepted in the United States of America, and the General Accounting Office's *Government Auditing Standards*.

Brown Armstrong is an equal opportunity employer. See the *Other Information Required in Proposal* section for our statement regarding our commitment to Equal Employment Opportunities.

I certify that the requirements of the project as described in the RFP have been reviewed and I have conducted all necessary due diligence to confirm material facts upon which this proposal is based.

I will be the engagement partner and primary liaison responsible for all services provided to the LAFCOs, and I am entitled to represent the firm, empowered to submit this bid, and authorized to negotiate and sign a contract with the LAFCOs. I can be contacted at 4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309 Tel (661) 324-4971, Fax (661) 324-4997, or by email at lzimmerman@ba.cpa.

I, the undersigned, certify that I am duly authorized to represent the above-named firm and am empowered to submit this bid. In addition, I certify that I am authorized to contract with the LAFCO on behalf of the above-named firm. Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for one hundred twenty (120) days.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Lindsey Zimmerman, CPA
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

Title of person signing on behalf of the corporation: Partner

Local Agency Formation Commission

El Dorado | Fresno | Marin | Santa Barbara | Santa Cruz

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4. Proposer’s Qualifications

A. Qualifications and Related Experience of the Personnel Who Will Serve each LAFCO

Lindsey Zimmerman, CPA will be the Engagement Partner and primary liaison responsible for all services to each LAFCO and she is authorized to contractually bind the firm.

The members of the audit team assigned to your engagement are:

LAFCO TEAM



Lindsey Zimmerman, CPA

Engagement Partner

- **10+ years** governmental auditing experience
- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the LAFCOs, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery



Eric H. Xin, CPA, MBA

Technical Review Partner

- **25+ years** governmental auditing experience
- Assists in performing the audit risk assessment and design audit procedures
- Assists in audit documentation review in significant areas
- Ensures conformance with GAAP and GFOA requirements
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports



Sarabeth Prior-Dalmas, CPA

Engagement Manager

- **8+ years** governmental auditing experience
- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the LAFCOs regarding audit planning, fieldwork, and reporting



Rishu Kalra, CPA

Engagement Senior

- **1+ years** governmental auditing experience
- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review



Yuchao Hu

Engagement Senior

- **5+ years** governmental auditing experience
- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

The LAFCOs require auditors who can quickly identify and understand the pertinent issues and promptly provide assistance whenever and wherever needed. This cannot be accomplished without a comprehensive knowledge of operations. Brown Armstrong has assembled a key group of professionals that possess a firm grasp of the subject matter, as well as the experience, confidence, and friendliness you deserve. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

TECHNICAL PROPOSAL

Resumes, continuing professional education and the respective CPA licenses of the proposed engagement team can be found on the following pages.

We want to provide the most stable, consistent staffing available during our partnership. Excessive personnel turnover can complicate engagements and decrease the efficiency of the audit due to "catch-up" time needed. Our mission to the LAFCO's maximum benefit from their working relationship with Brown Armstrong, we will continue to maintain the highest level of staff continuity throughout the course of the engagement. The engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. We understand that LAFCO staff retains the right to approve or reject replacements. We also understand that other audit personnel may be changed at our discretion, provided that replacements have substantially the same or better qualification or experience. If the LAFCOs wish to rotate staff members to enhance independence, we are willing to discuss those terms in the engagement.

Resumes



Lindsey Zimmerman

Engagement Partner, CPA

Background

Lindsey will be the Engagement Partner for the engagement. She is a partner who has more than 10 years of governmental auditing experience and 18 years of auditing experience. She has been with the firm since August of 2012, joining the firm after 6 years at KPMG Orange County and 4 years of additional accounting and auditing experience before working at KPMG. Her primary business focus is governmental entities audit and accounting. Her audit specialties include counties, cities, special districts, and retirement systems. She also enjoys presenting classes at SACA and CALAPRS.

Lindsey has always ensured that we have the highest level of audit and consulting services for all of her clients. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Contact

- ✉ lzimmerman@ba.cpa
- ☎ 661-324-4971
- 📍 Bakersfield, California
- 🌐 www.ba.cpa

Education

Azuza Pacific University
*Bachelors of Science Degree
 in Accounting*
 2006

Experience

Cities

Bakersfield
 Fresno
 Laguna Woods
 Morro Bay
 Tulare
 Visalia
 Paso Robles
 St. Helena

Counties

Kern
 Merced
 Napa
 Riverside
 San Diego - TTC
 Investment Pool
 Sana Barbara
 Santa Cruz

San Joaquin
 San Luis Obispo
 Tulare

Non-Profits

Buck Owens Crystal Palace
 Buck Owens Private Foundation
 Goodwill Industries of South Central California
 Inspiring Pathways
 Rotary Club of Bakersfield
 Rotary Club of Wasco

Retirements

Kern County Deferred Compensation Plans
 San Francisco Bay Area Rapid Transit – Deferred
 Compensation Plan
 San Francisco Bay Area Rapid Transit – Money Pension Plan
 San Joaquin County Employees’ Retirement Association
 San Luis Obispo County Pension Trust
 Southwest Contractors, Inc. Profit Sharing Plan

Special Districts

Buena Vista Water Storage District
 Kern Delta Water District
 Kern Fan Authority
 Kern County Housing Authority
 Kern Local Agency Formation Commission
 James Water Bank Authority
 Napa County Housing Authority
 Napa County Special Districts
 Napa Local Agency Formation Commission



Eric H. Xin

Technical Review Partner, CPA, MBA

Background

Eric Xin, a partner at Brown Armstrong's Bakersfield office, will be the Technical Review Partner for this engagement. He has over 25 years of experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, special districts, nonprofits and school districts.

Not only does he have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is a reviewer for the GFOA Certificate of Achievement Program and reviews the Governmental Accounting Standards Board (GASB) advisory committees' latest pronouncements.

Roles and Responsibilities

- Responsible for assisting the Engagement Partner in performing the audit risk assessment and design audit procedures
- Assists in audit documentation review in significant areas
- Reviews financial statements to ensure they are in conformance with GAAP and GFOA requirements
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports

Contact

✉ exin@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

Nankai University, China
Bachelors of Science Degree in Business
 1989

California State University, Bakersfield
Master's Degree in Business Administration
 1996

Experience

Cities

Bakersfield
 Delano
 Fresno
 Laguna Woods
 Tulare
 Visalia

Counties

Fresno
 Kern
 Kings
 Merced
 Riverside
 San Diego - TTC
 Tulare
 Santa Barbara

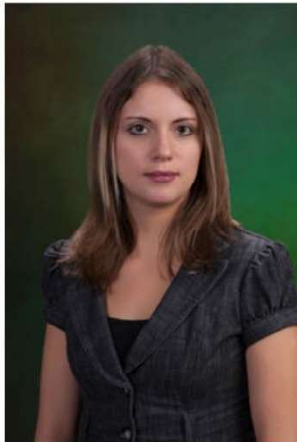
Non-Profits

Bakersfield D.A.R.E., Inc.
 Cal State University Bakersfield Foundation
 Community Action Partnership of San Luis Obispo
 Community Action Partnership of Madera County
 Christian Foundation of the West
 Ebony Counseling Center
 Economic Development Center – Fresno/Kings County
 Kern County Probation Officer's Association
 Missionary Church Western Region
 Pacific Health Education Center

Special Districts

Buena Vista Water Storage District
 California Valley Community Services District
 First 5 Kern County
 First 5 Kings County
 First 5 Santa Barbara County
 First 5 Stanislaus County
 First 5 Merced County
 First 5 Monterey County

First 5 San Joaquin
 Kern Local Agency Formation Commission
 Napa Local Agency Formation Commission
 Olcese Water District
 San Joaquin Area Flood Control Agency
 San Joaquin Valley Air Pollution Control District
 South San Joaquin Irrigation District



Sarabeth Prior-Dalmas

Engagement Manager, CPA

Contact

✉ sprior-dalmas@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

California State University, Bakersfield
Bachelor of Science Degree in Business Administration, Concentration in Accounting

Experience

Cities

Bakersfield
Morro Bay

Counties

Merced
Riverside
San Luis Obispo
Santa Barbara
Santa Cruz
Tulare

Non-Profits

Bakersfield ARC, Inc.
Bakersfield Homeless Center
First Assembly of God Church
National Test Pilot School

Transits

Kern Council of Governments
Tulare County Association of Governments
Stanislaus Council of Governments
Riverside Transit Agency
San Joaquin Council of Governments
San Joaquin Regional Transit District
Tulare County Regional Transit Agency

Special Districts

Bear Mountain Recreation and Park District
Buena Vista Water Storage District
Cawelo Water District
Goleta Water District
Kern Delta Water District
Kern Local Agency Formation Commission
Lamont Public Utility District
Mojave Air and Space Port
Mojave Public Utility District
North Kern Cemetery District
Port Huene Water Agency

Background

Sarabeth is the engagement manager of the project and located in our Bakersfield office. She has more than 8 years of governmental auditing experience at Brown Armstrong. Her primary business focus is governmental entities audit and accounting. Her audit specialties include special districts, transits, and non-profits.

Sarabeth will be highly involved in the field work and a face-to-face presence for Brown Armstrong. She and the supervisor accountant will be easily accessible to the LAFCOs at all times. Her ability to manage an audit has become invaluable for Brown Armstrong. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Roles and Responsibilities

- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the LAFCOs regarding audit planning, fieldwork, and reporting



Rishu Kalra

Engagement Senior, CPA

Background

Rishu is an audit senior with almost two (2) years of governmental auditing experience. She has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. He has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Contact

✉ rkalra@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

Panjab University, India
Master of Business Administration
Bachelor of Commerce

The Institute of Chartered Accountants of India
Chartered Accountant

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

Experience

Cities

Laguna Woods
Morro Bay
Paso Robles

Counties

Napa
Riverside
Santa Cruz
Tulare

First 5s

Merced
San Mateo
Ventura

Special Districts

Cawelo Water District
Golden Valley Municipal Water District
Kern Local Agency Formation Commission
Lebec County Water District
North Kern Cemetery District
Sonoma County Public Safety Consortium
South San Joaquin Irrigation District

Non-Profits

Christian Foundation of America
Community Action Partnership of San Luis Obispo
Goodwill Industries of South Central California
Greater Bakersfield Legal Association
Hoffmann Hospice of the Valley, Inc.
Kern County Hispanic Commission
Liberty Health Advantage
National Association of Regional Councils
N.E.E.D.S. Center
New Start Youth Facility
Victory Family Services

Transits

Kern Council of Governments
San Bernardino County Transportation Authority
San Luis Obispo Regional Transit Authority
Stanislaus Regional Transit Authority
Tulare County Association of Governments



Yuchao Hu

Engagement Senior

Background

Yuchao is an audit senior with over five (5) years of governmental auditing experience. He has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. He has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Contact

✉ yhu@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

Education

California State University, Bakersfield
Bachelor of Science Degree in Business Administration, Concentration in Accounting and Finance
2014

Experience

Cities

Bakersfield
Fresno
Huron
Laguna Woods
Paso Robles
Tulare

Counties

Merced
Napa
Riverside

Special Districts

Antelope Valley East Kern Water Agency
Buena Vista Water Storage District
California Valley Community Services District
First 5 Kern
Kern Delta Water District
Kern Water Bank Authority
Minter Field Airport District
Mojave Public Utility District
Visalia Public Cemetery District

Transits

Kern Council of Governments
Riverside Transit Agency
San Joaquin Regional Transit District
San Luis Obispo Council of Governments
Santa Barbara Metropolitan Transit District
Tulare County Association of Governments

Non-Profits

Alumni Association California Institute of Technology
Bakersfield ARC
Christian Foundation of America
Community Action Partnership of Kern
Community Action Partnership of San Luis Obispo
Desert Tortoise Preserve
Friends of Mercy Foundation

Global Family Care network, Inc.
James Penny House
Kern Local Area Formation Commission
Kern Medical Center Foundation
New Start Youth Facility
Pacific Health Education Center
Proteus, Inc.
United Way of the Inland Valleys

Continuing Professional Education

Lindsey Zimmerman, CPA

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
State Controller's Conference with County Auditors, 2023
Brown Armstrong - Governmental A&A Update, 2023
Accounting and Auditing Update - Day 2, 2023
Accounting and Auditing Update - Day 1, 2023
PCAOB Auditing Standards - Audit of Effectiveness of I/C over Fin Rep, 2022
SB 1343 & AB 1825 Prevention of Sexual Harassment & Bullying for Supervisors, 2022
Ethical Responsibilities for CPAs: Regulatory Review, 2022
Fraud Update - Ethics & Independence, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
2021/2022 Federal and California Tax Update - Part II, 2022
2021/2022 Federal and California Tax Update - Part I, 2022
The Head Start Program: COVID-19 Implications and Other Program Updates, 2022
Governmental and NP Accounting & Auditing, 2022
Real World Frauds Found in Governments, 2022
Governmental and Not-For-Profit Annual Update, 2022
Annual Conference of the State Association of County Auditors, 2022
2021 February GAAC Meeting, 2022
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021
2020/2021 Federal and California Tax Update - Part 2, 2021
2020/2021 Federal and California Tax Update - Part 1, 2021
Single Audits: A Case Study Approach, 2017

Eric H. Xin, CPA, MBA

ACFE Expert Insights - Embedding Fraud Detection into Internal Audit, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
State Controller's Conference with County Auditors, 2023
Brown Armstrong - Governmental A&A Update, 2023
Accounting and Auditing Update - Day 2, 2023
Accounting and Auditing Update - Day 1, 2023
Breaking Down the New Auditor's Report for ERISA Engagements, 2022
Auditing ERISA Plan Investments, 2022
Planning an ERISA Plan Audit & Auditing the Statements of Net Assets Available for Benefits, 2022
Government & Nonprofit Update - Day 2, 2022
Government & Nonprofit Update, 2022
2022 State and Local Government Audit Planning Considerations, 2022
2022 Annual Required GAQC Webcast, 2022
Annual Conference of the State Association of County Auditors, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
2021/2022 Federal and California Tax Update - Part II, 2022
2021/2022 Federal and California Tax Update - Part I, 2022
The Head Start Program: COVID-19 Implications and Other Program Updates, 2021
Governmental and NP Accounting & Auditing, 2021
Real World Frauds Found in Governments, 2021
Governmental and Not-For-Profit Annual Update, 2021
Annual Conference of the State Association of County Auditors, 2021
2021 February GAAC Meeting, 2021
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021
GAAP - Update of Significant Accounting Topics, 2021
2020/2021 Federal and California Tax Update - Part 2, 2021
2020/2021 Federal and California Tax Update - Part 1, 2021

TECHNICAL PROPOSAL

Sarabeth Prior-Dalmas, CPA

2023/24 Federal and California Tax Update, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
Brown Armstrong - Governmental A&A Update, 2023

Rishu Kalra, CPA

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1
Brown Armstrong - Governmental A&A Update
Accounting and Auditing Update - Day 2
Accounting and Auditing Update - Day 1

Yuchao Hu

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
Accounting & Auditing Update, 2023
Government & Nonprofit Update, 2023
Government & Nonprofit Update, 2023
Accounting & Auditing Update, 2023
Government & Nonprofit Update - Day 2, 2022
Government & Nonprofit Update, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
Governmental and NP Accounting & Auditing, 2021
Real World Frauds Found in Governments, 2021
Governmental and Not-For-Profit Annual Update, 2021
Ethical Responsibilities for CPAs: Ethics Webcast, 2021
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021

Licenses



ZIMMERMAN, LINDSEY

LICENSE NUMBER: [106220](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: JUNE 30, 2024

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93309



XIN, ERIC H

LICENSE NUMBER: [76346](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: FEBRUARY 28, 2026

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93309



PRIOR-DALMAS, SARABETH

LICENSE NUMBER: [127484](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: OCTOBER 31, 2024

SECONDARY STATUS: N/A

CITY: TEHACHAPI STATE: CALIFORNIA COUNTY: KERN ZIP: 93581



KALRA, RISHU

LICENSE NUMBER: [154489](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: OCTOBER 31, 2025

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93311

B. Prior Experience Auditing Cities, Independent Special Districts, and Other Local Governments

Established in 1974, Brown Armstrong is one of the largest regional accounting firms serving California. We have built a full-service accounting and consulting firm serving clients from San Diego to Mendocino County. The dimension that Brown Armstrong is able to offer the LAFCOs is dedicated years in public accounting, which has enabled us to become a true advisor to your organization and an assistant to your financial success. Now, with sixty-two (62) highly skilled employees, Brown Armstrong continues its growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals in California.

The firm now employs 62 people as follows:

<i>Our Staff</i>		<i>Governmental Audit Staff</i>	
Partners	9	Partners	7
Managers	11	Managers	7
Seniors	7	Seniors	6
Staff	18	Staff	17
Support Staff	<u>17</u>	Support Staff	<u>3</u>
	<u>62</u>		<u>40</u>

We are not proposing as a joint venture or consortium.

Brown Armstrong is a full-service accounting firm. Our accountants have the expertise to provide audit, accounting, tax, and bookkeeping services. In addition to these services, the Firm’s accountants and consultants practice in the areas of risk assessment and Sarbanes-Oxley solutions, state and local tax, estate planning/wealth transfer, and information technology. We also perform peer reviews for other accounting firms. Our main Bakersfield office performs all listed services whereas our Stockton and Fresno offices perform mainly audit engagements.

Our governmental audit staff is made up of forty (40) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations.

All staff assigned to your engagement will be employed on a full-time basis from the Stockton and Bakersfield offices. Our firm has extensive experience in audits of local governments, having performed over 900 audits of public agencies over the past five (5) years. Several of these are local government agencies with a population of over 50,000 and over \$100 million in general governmental revenues. We have also performed Single Audits for most of these agencies.

Project Oversight Responsibilities

In the past seven years, all client deadlines have been met. We track projects using a Critical Dates List (CDL) similar to the one shown in Section 8, to ensure timely delivery and to keep open communication to meet client expectations. We encourage you to reach out to any of the references listed to confirm our dedication to timeliness and our clients’ deadlines.

Recent governmental clients serviced by Brown Armstrong are as follows:

* County of Fresno	2012 – Present	* City of Morro Bay	2021 – Present
** County of Merced	2012 – Present	* City of St. Helena	2020 – Present
* County of Riverside	2014 – Present	* City of Tulare	1999 – 2023
* County of Santa Barbara	2007 – 2019 --Present	* City of Turlock	2024 – Present
* County of Santa Cruz	2014 – Present		
* County of Tulare	2012 – Present		
* County of Napa	2016 – Present		

TECHNICAL PROPOSAL

Bear Mountain Recreation and Park District	2012-Present
Buena Vista Water Storage District	2015-Present
California Valley Community Services District	2020-Present
Cawelo Water District	2018-Present
County of Fresno Zoo Authority	2012-Present
*East Bay Regional Park District	2019-Present
*Goleta Water District	2015-Present
Golden Valley Municipal Water District	2021-Present
James Water Bank Authority	2020-Present
Kern Local Agency Formation Commission	2018-Present
Kern Tulare Water District	2015-Present
Kern Delta Water District	2012-Present
Lake Isabella Community Services District	2019-Present
Lamont Public Utility District	2016-Present
Lebec County Water District	2015-Present
Mojave Public Utility District	2013-Present
Napa County Vallejo Management Authority	2019-Present
Napa County Upper Valley Waste Management	2016-Present
Napa County Local Agency Formation Commission	2016-Present
Napa County In Home Supportive Services	2016-Present
Napa County Regional Park and Open Space District	2016-Present
Napa County Housing Authority	2016-Present
Napa County Sanitation District	2016-Present
Napa County Flood Control & Water Conservation District	2016-Present
North Kern Cemetery District	2016-Present
Olcese Water District	2018-Present
Port Hueneme Water Agency	2019-Present
Pixley Public Utility District	2012-Present
Santa Cruz County Library Financing Authority	2012-Present
Santa Cruz County Sanitation District	2014-Present
Santa Cruz County Library Facilities	2014-Present
South San Joaquin Irrigation District	2014-Present
Sonoma County Public Safety Consortium	2020-Present
West Side Mosquito Vector Control District	2019-Present
West Valley County Water District	2019-Present
Western Riverside County Regional Conservation Authority	2019-Present 2017-Present

Note that an * indicates a Government Finance Officers Association (GFOA) Certificate of Achievement in Financial Reporting winner.

Note that an ** indicates a CSMFO award winner.

C. Assistance in Implementation of GASB No. 34 and Other GASB Pronouncements

Brown Armstrong's philosophy is to take a proactive approach with new accounting pronouncements. We are involved in several organizations that helps us stay well informed of the most recent issues affecting the industry. We have assisted over one hundred municipal clients prepare for and implement GASB 34 since 2001. In support of this activity, four shareholders and one audit manager have been active participants of the GFOA's Award Review Committee for over ten years. Additionally, two of our partners serve on the State Committee of the Governmental Accounting and Auditing Committee (GAAC) and we also have partner participation in the California Society of Certified Public Accountants (CalCPA). In addition to the aforementioned, our firm has participation in the following:

- California Association of Public Retirement Systems (CALAPRS) – Presenters on GASB 72 implementation
- Members of the AICPA Governmental Audit Quality Center (GAQC) – This organization provides resources to promote high quality audits and our firm participates in the annual webcasts to stay informed on the most current issues.
- Participation in the State Association of County Auditors (SACA) – Our firm has been a presenter on several new pronouncements in recent years including fraud presentations.
- Participation in the State Association of County Retirement Systems (SACRS) – Participation in this organization allows us to remain current on all administrative, legal and accounting issues impacting 1937 Act retirements. Our firm has been a presenter on several new pronouncements in recent years.

In addition, we are proud that an alumnus of our firm, Jialan Su, is now a project manager at the GASB. Jialan has been a great resource for responding to technical accounting issues.

As a result of our participation in the above organizations, we have the latest in theory and practice regarding governmental auditing and accounting.

The proposed engagement team assisted several clients with early implementation of GASB Statement No. 34. More recently, Brown Armstrong developed a task force for implementation of GASB Statement No. 67 and No. 68 to assist clients with implementation. The task force comprised of several stakeholders including auditors, Plan sponsors, and actuaries. The proposed engagement team participated in the task force that involved communication with all stakeholders, developing a timeline, assisting with researching topics related to the new pension standards, and reviewing disclosures and calculations. Similar assistance has been provided to several of our clients with GASB Statement No. 75. Ms. Flores currently serves as the firm's Chair of the Audit Quality Committee (AQC). The AQC develops policies, ensures audit quality is maintained, and discusses new accounting pronouncements to proactively assist our clients with timely implementation.

In addition to our participation in numerous organizations, as mentioned above, our staff keeps current on professional standards. Brown Armstrong hosts annual two-day governmental accounting and auditing continuing education seminars on the most recent governmental accounting pronouncements for clients and staff to ensure our staff has the knowledge and is aware of the latest pronouncements and can serve as advisors to our clients when implementing new standards or an accounting matter arises.

D. References of Local Governments Clients

Our firm has extensive experience in audits of local governments, see Section 8 for a listing of governmental audits performed. The following are references of similar engagements and can be used as references.

County of Santa Barbara

Date:	2007 – 2019 & 2023 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Jenavieve Shiloh (805) 568-2134 jshiloh@countyofsb.org
Scope of Services:	ACFR Single Audit FNS 209 AUP GANN Limit Treasury Oversight Audit First 5 BSCC Audit Department of Insurance State Audits Agency Fund Audit

City of Morro Bay

Date:	2021 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Emily Conrad (805) 771-7202 econrad@morrobayca.gov
Scope of Services:	ACFR Single Audit Transit Funds Audit GANN Limit SCO Reports

City of St. Helena

Date:	2020 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Mandy Kellogg (707) 968-2649 mkellogg@cityofstheleena.org
Scope of Services:	ACFR Single Audit TDA Compliance SCO Reporting

Napa Local Agency Formation Commission

Date:	2016 --Present
GFOA Awarded	N/A
Partner:	L. Zimmerman
Principal Contact:	Brendon Freeman (707) 259-8645 bfreeman@napa.lafco.ca.gov
Scope of Services:	Financial Statements

Kern Local Agency Formation Commission

Date:	2018 – Present
GFOA Awarded:	N/A
Partner:	L. Zimmerman
Principal Contact:	Blair Knox (661) 716-1076 eo@kernlafco.org
Scope of Services:	Financial Statements

E. Capabilities in General Consulting and Compliance Auditing

Brown Armstrong is a full service accounting firm. We can provide advisory and other accounting services, including new accounting pronouncement implementation, non-profit tax issues, Federal compliance, and other areas, as long as these services will not impair our independence for audit.

The vast majority of our local entity governmental clients receive federal funds that require a single audit in accordance with the Super Circular issued by the Federal Register. Of the clients that we perform single audit procedures for, several of those have federal expenditures in excess of \$100 million including: the County of Fresno, County of Riverside, County of Santa Cruz, , and the County of Santa Barbara.

Our audit team also brings a wealth of experience in auditing joint power authorities, many of which are associated with current engagements of local entities. We also have vast experience in auditing non-profit entities. See a sampling listing of our experience as listed in Exhibit I of the proposal. Many of our local entity audits include public financing authorities as a component unit, which is audited in conjunction with the local entity audit, and all audit team members proposed for LAFCO have experience in dealing with those capital financing authorities.

In addition, the audit team assembled for the LAFCOs have worked on several different governmental entities, including Cities and Special Districts that have large enterprise fund operations, including both water and utility. The audit team also has experience in auditing public utilities including the Pixley Public Utility District, Mojave Public Utility District, and several different cities operating utility districts.

5. Approach, Scope, and Timing of Audit

A. Project Approach

The audit will be done in accordance with generally accepted auditing standards in the United States of America, and *Government Auditing Standards*, issued by the State Comptroller General of the United States.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly notify the LAFCOs' Executive Directors. We will not perform extended services unless mutually agreed upon by both parties.

In accordance with *Government Auditing Standards*, we will perform a compliance audit by selecting necessary procedures for testing to express an opinion regarding compliance with the provisions of any and all Federal, State, and County Statutes, Ordinances Administrative Code and rules and regulations.

Method of Providing the LAFCO with Important Accounting Changes

As the selected firm, we will keep the LAFCOs informed of new state and national developments affecting Government finance and reporting, standards and trends including changes in federal/state grant program accounting, new GASBs and reporting requirements.

Each year Brown Armstrong organizes four days of CPE seminars in Bakersfield (two, two-day sessions covering 32 hours of CPE) for its professional staff and clients' personnel. One of the two-day CPE seminars is in the middle of January. It covers accounting and auditing updates relating to for-profit businesses (FASB, PCAOB, and SAS). Another two-day CPE seminar covering primarily governmental accounting and auditing updates (GASB, Yellowbook, Single Audit) is typically in May. The course material covers emerging issues, current pronouncements, auditing standards, risk alerts, information systems, reporting issues, and other topics of interest which concern auditing and accounting with an emphasis on governmental issues. Course materials are prepared by professional lecturers, our partners, managers, and seniors based on their own experience, research, and learning. Last year's attendance included Brown Armstrong professionals and nearly 60 clients and their accounting staff. All staff assigned to governmental entities meets the CPE requirements in accordance with *Government Auditing Standards*.

Identification of Anticipated Potential Audit Problems

We currently do not anticipate any audit problems. However, with our history of working with numerous local entities, often the greatest challenge and area that causes the most audit problems for local agencies is the handling and implementation of new GASB standards.

In the event problems are identified during the course of our audit procedures, we will resolve the problem as follows:

- Discussion amongst audit team at the time of identified potential audit problem for consultation and consensus amongst the team.
- Consultation and discussion with appropriate LAFCO personnel when identified to ensure all facts are known and agreed upon with the audit team.
- Consultation and discussion with liaison(s).
- Resolution with appropriate LAFCO personnel.
- If applicable, a management letter will be submitted documenting the criteria, condition, cause and effect of the issue, along with our recommendation and management's response and corrective action plan.

TECHNICAL PROPOSAL

B. Work Plan

Below is the proposed timeline of the engagement. Once contracted we will create a critical dates list, similar to the one listed in Section 8, with an aggressive schedule for specific dates that management has agreed to that will ensure a smooth flow of the audit process and completion before the assigned deadlines. Please see the following page for a detailed description of each phase.

Timing	Phase	Staff	Hours
December – February	Planning and Scope of Work <ul style="list-style-type: none"> Contract Award Perform predecessor audit workpaper review Conduct kick-off meeting with Management to discuss schedules and approach Obtain understanding of the LAFCO and its environment Develop audit programs Establish critical dates list with management Provide information request to LAFCO Obtain confirmations from LAFCO for mailing or emailing 	Partner Manager Senior Staff	1 4 85 10
September/ October	Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Field Work <ul style="list-style-type: none"> Trial balance to be obtained from each LAFCO Document key accounting and compliance processes with management and/or county personnel Obtain support for testing of controls. We will provide sample selections at least one week prior Evaluate internal control testing results and findings, if any Fraud risk assessment and fraud interviews Evaluate key estimates and contingencies Perform substantive testing over accounts and balances including predictive tests and analytical procedures Hold exit meeting with Management to discuss any potential issues, findings. 	Partner Manager Senior Staff	3 10 16 24
October – December	Completion of the Audit and Financial Reporting <ul style="list-style-type: none"> Assist with drafting financial statement disclosures and supporting documentation Complete review of financial reporting package Detailed Quality Control review by technical partner Issuance of required audit reports by the deadline 	Partner Manager Senior Staff	4 4 4 6
To Be Decided by LAFCO	Exit Meeting With Board of Directors <ul style="list-style-type: none"> Explain overall audit approach Discuss findings and recommendations Report opinions on financial statements Address required communication topics 		
		Total Hours	94

TECHNICAL PROPOSAL

We will begin with an entrance conference (aka kick-off meeting) with LAFCO Management. During this time, we will begin the following procedures:

Planning

During this phase of the audit, we will:

- < Confer with management to coordinate our efforts with the LAFCO's efforts in terms of confirmations, schedules to be prepared, and critical dates with an aggressive schedule that will ensure a smooth flow of the audit process and completion before the deadline;
- < Perform predecessor audit workpaper review;
- < Prepare a preliminary assessment of the LAFCO's internal control structure including controls over federal and state financial assistance programs;
- < Obtain responses to our Information Technology Inquiry to perform review of the Electronic Data Processing (EDP) controls relating to the LAFCO's computer system;
- < Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing based on our expectations);
- < Confer with management regarding the results of our planning and availability of remote access to systems;
- < Submit questionnaires and requests for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, capital assets, and external reporting;
- < Obtain an understanding of general ledger and related reports available for audit; and
- < Obtain basic information from management relating to risk assessment, including fraud risks.

Internal Control Evaluation and Audit Risk Assessment

During this phase we will obtain an understanding of and evaluate key components of the LAFCO's internal control structure. This is the cornerstone of the engagement. Internal accounting control generally comprises the plan of organization and procedures and records that are concerned with the safeguarding of assets and reliability of financial records. We will begin by preparing memoranda to fully describe all financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results are subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- < Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- < Performing walk-throughs and tests of compliance with policies and procedures.
- < Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- < Interviewing key management personnel to verify or resolve complicated issues.
- < Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

Understanding Laws and Regulations of Audit Work

Our experience with various municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations.

Establishment of Audit Plan

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of LAFCO;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

Statistical Sampling

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

Review Area	Sample Size
Receipts and revenues	25-60
Disbursements and accounts payable	25-60
Payroll and related liabilities	25-60

Staff will perform internal control testing (subject to when the LAFCO's books close), with direct supervision by Ms. Prior-Dalmas. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use if allowed access your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing or excel extracts from your system. We will provide sample selections at least one week prior to scheduled fieldwork for LAFCO to pull supporting documentation.

Type and Extent of Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

Familiarity with Various Pension Documents

Our firm has developed a niche in governmental pensions which has allowed us to gain an understanding of actuarial terms and reports and have gained good knowledge of the unique pension accounting requirements.

Field Work

We can begin the final stages of the work remotely in September once the trial balances and financial statements are available to begin auditing.

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

At the end of our field work, we will discuss any proposed adjustments with management, and we will request a representation letter from management regarding the audit.

Completion of the Audits

At the completion of all of the above procedures, we will the assist with the preparation of the financial statements for GAAP compliance at our manager and partner level. We will then issue drafts of all required reports, and discuss these drafts with appropriate LAFCO personnel. Upon approval by LAFCO, we will issue our reports in final form and be available for a presentation to the Board of Directors. For the fiscal year's financial statements, the auditor shall issue for LAFCO:

1. An individual report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for each LAFCO.
2. Management letter including recommendations and improvements in internal control that are considered to be non-reportable conditions for each LAFCO.

TECHNICAL PROPOSAL

Exit Presentation

Our engagement team is experienced with Board presentations. We understand the importance of in person meetings, which are fundamental to effectively communicating the audit results. Ms. Zimmerman has been presenting to public Boards for over 10 years. The audit team understands the importance of disseminating financial information in a cohesive and easy to understand for the average individual.

6. Hourly Rates

Staff Classification	Hourly Rate
Partner	\$300
Manager	\$180
Senior	\$120
Staff	\$100

7. Maximum Fee

Listed below is a condensed schedule of the maximum fees for the 2024-2028 engagements. Please refer to Exhibit C for the required form.

LAFCO	23-24	24-25	25-26	26-27	27-28	28-29
El Dorado	\$ 13,000	\$ 13,000	\$ 13,500	\$ 13,500	\$ 14,000	\$ 14,000
Fresno	13,000	-	13,500	-	14,000	-
Marin	-	13,000	13,500	13,500	14,000	14,000
Mendocino	13,000	13,000	13,500	13,500	14,000	14,000
Santa Barbara	13,000	13,000	13,500	13,500	14,000	14,000
Santa Cruz	13,000	13,000	13,500	13,500	14,000	14,000
Maximum Price	\$ 65,000	\$ 65,000	\$ 81,000	\$ 67,500	\$ 84,000	\$ 70,000

We do not anticipate that additional services will be necessary to complete the audit. If it should become necessary for the Agency to request Brown Armstrong to render any additional services to either supplement the services requested in the Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between the LAFCOs and the Firm. Any such additional work agreed to between the LAFCO and the Firm shall be performed at the same rates set forth in listed above in Section 6.

8. Other Information Required in Proposal

Independence

Our firm, its shareholders and employees are independent of the LAFCOs as defined by auditing standards generally accepted in the United States of America, and the General Accounting Office's *Government Auditing Standards*.

We have had no professional relationships involving the LAFCOs for the past five (5) years. We do not have a conflict of interest relative to performing the proposed audit. In the event our firm is to enter into any professional relationships during the period of our agreement, we will provide the LAFCOs with written notice of this fact.

We understand that the services performed by us are in the capacity of independent contractors and not as an officer, agent, or employee of the LAFCOs.

License to Practice in California

Our firm, the engagement partner, and all assigned key professional staff are properly licensed to practice public accounting in the State of California and are in good standing with all licensing agencies.

External Quality Control Review Report Results

As part of our commitment to quality control, our firm is a member of the Center for Public Firms Auditors Section (Center) of the American Institute of Certified Public Accountants (AICPA). We have completed several External Quality Control reviews under the AICPA's guidance, all of which included one or more governmental audits. The following page contains a copy of our most recent report. As indicated in that report, our Firm received a peer review rating of a "pass," which is the highest rating available.

On the following pages are copies of our most recent peer review report and California Society of CPA's peer review acceptance letter.

Insurance

Brown Armstrong has the required insurance policies outlined in the Request for Proposal and will furnish them upon notification of award of contract. Brown Armstrong understands this is a condition of the award.

Subcontracting

Brown Armstrong has no intention of subcontracting any portion of the engagement.

9. Contract

External Quality Control Review Report



6025 SOUTH QUEBEC STREET, SUITE 260
CENTENNIAL, COLORADO 80111
303-792-3020 (o) | 303-792-5153 (f)
WWW.WCRCPA.COM

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 30, 2022

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and an audit of an employee benefit plan.

RANDY WATSON | JEREMY RYAN | TROY COON | KELLY WATSON | JOHNNIE DOWNING

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 Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021, 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*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

Peer Review Acceptance Letter



National Peer
Review Committee

November 22, 2022

Andrew Paulden
Brown Armstrong Paulden McCown Starbuck Thornburg & Keeter Accountancy Corporation
4200 Truxtun Ave Ste 300
Bakersfield, CA 93309-0668

Dear Andrew Paulden:

It is my pleasure to notify you that on November 16, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is April 30, 2025. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Wagner".

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Troy Coon, Thomas Young

Firm Number: 900010090180

Review Number: 589682

220 Leigh Farm Road, Durham, NC 27707-8110
T: +1.919.402.4502 F: +1.919.419.4713
aicpaglobal.com | cimaglobal.com | aicpa.org | cima.org

TECHNICAL PROPOSAL

Summary of Recent Governmental Experience

TRANSITS

Anaheim Transportation Network
Antelope Valley Transit Authority
Central Contra Costa Transit Authority
Eastern Contra Costa Transit Authority
Fresno County Transportation Authority
Gold Coast Transit District
Golden Empire Transit District
Kern Council of Governments
Kings County Area Public Transit Agency
Marin County Transit District
Napa Valley Transportation Authority
Peninsula Corridor Joint Powers Board
Riverside County Transportation Commission
Riverside Transit Agency
San Joaquin Council of Governments
San Joaquin Regional Transit District
San Luis Obispo Council of Governments
San Luis Obispo Regional Transit Agency
Santa Barbara Metropolitan Transit District
Santa Cruz Metropolitan Transit District
Solano County Transit
Stanislaus Council of Governments
Stanislaus Regional Transit Authority
Tulare County Association of Governments
Tulare County Regional Transit Agency

NON-PROFITS

Bakersfield ARC
California Association of County Treasurers
and Tax Collectors
California Association of Public Authorities
for IHSS
Civil Justice Association of California
Community Action Partnership of Kern
Community Action Partnership of San Luis Obispo
Community Action Partnership of Madera County
Kern County Bar Association
Missionary Church Western Regional
Tranquil Waters Guidance Center
Valley Consortium for Medical Education
Women's Center – High Desert

COUNTY RETIREMENTS

Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Merced	Stanislaus
Mendocino	Tulare
Sacramento	Ventura
San Bernardino	

SPECIAL DISTRICTS

Antelope Valley East Kern Water Agency
Bear Mountain Recreation and Park District
Buena Vista Water Storage District
California Valley Community Services District
Carpinteria Valley Water District
Cawelo Water District
East Bay Regional Park District
Eastern Kern Air Pollution Control District
Golden Valley Municipal Water District
Goleta Water District
Indian Wells Valley Groundwater Authority
James Water Bank Authority
Kern Local Agency Formation Commission
Kern Tulare Water District
Kern Water Bank Authority
Lake Isabella Community Services District
Lamont Public Utility District
Lebec County Water District
Mojave Public Utility District
Napa Local Agency Formation Commission
North Kern Cemetery District
North Coast Unified Air Quality Management District
Riverside County Habitat Conservation Agency
Pixley Public Utility District
Port Hueneme Water Agency
San Joaquin Area Flood Control Agency
San Joaquin Valley Air Pollution Control District
San Luis Obispo County Integrated Waste
Management Authority
Shafter Recreation and Park District
Sonoma County Public Safety Consortium
South San Joaquin Irrigation District
West Valley County Water District
Westside Mosquito and Vector Control District

HEALTHCARE

Liberty Health Advantage
Heritage Provider Network
Heritage California Medical Group
Heritage New York Medical Group
Southwest Health Care District
Riverside County Health System - Medical Center

OTHER RETIREMENTS

City of Fresno Employees' Retirement Systems
Los Angeles Fire and Police Pension System
Los Angeles City Employees' Retirement System
San Diego City Employees' Retirement System
San Francisco Bay Area Rapid Transit District
Money Purchase Plan and Deferred Compensation Plan
San Joaquin Regional Transit District Retirement Plans
San Luis Obispo County Employees' Pension Trust

CITIES

Bakersfield
Fresno
Huron
Laguna Woods
Morro Bay
Paso Robles
St. Helena
Tulare
Turlock

COUNTIES

Fresno
Kern
Merced
Riverside
San Joaquin
Santa Barbara
Santa Cruz
Stanislaus
Tulare
Napa

FIRST 5

Kern
Merced
Monterey
Napa
San Mateo
Sonoma
Stanislaus
Ventura

Sample Critical Dates List

LAFCOs

CRITICAL DATES LIST

<u>DUE DATE</u>	<u>ITEM</u>	<u>STATUS</u>
Friday August 30, 2024	AUDITORS to provide ___ LAFCO with information request list including confirmation templates	
Friday September 27, 2024	Trial balance and populations due from ___ LAFCo	
Monday September 30, 2024	All other items on Fieldwork Information Request Lists due from ___ LAFCo	
Friday October 4, 2024	Beginning of audit fieldwork at ___ LAFCo's office	
Friday October 4, 2024	Entrance Meeting with ___ LAFCo Management	
Friday October 4, 2024	___ LAFCo to provide the GASB 68/GASB 75 actuarial reports for AUDITOR review	
Friday September 27, 2024	AUDITOR to review the GASB 68/75 Schedules and approve JE's for the TB	
Monday September 30, 2024	AUDITOR to provide ___ LAFCo with first draft of financial statements for preparation of the MDA	
Monday October 28, 2024	___ LAFCo to prepare MDA	
Friday November 1, 2024	AUDITOR to provide ___ LAFCo with second draft of financial statements with MDA as well as any findings reports for review and comment	
Friday November 8, 2024	___ LAFCo to provide AUDITOR with suggested revisions to the financial statements and with responses to findings and recommendations (if any)	
Friday November 16, 2024	AUDITOR to provide final "packets" to ___ LAFCo management for Commissioner's meeting	
Friday November 16, 2024	___ LAFCo to provide AUDITOR with the Legal confirmation template for mailing	
Friday November 29, 2024	___ LAFCo assembles/delivers packet for Commissioners, including audit	
TBD	Management will present financial statements to the ___ LAFCo Commission, as requested (Reports to be in final form, separate packet for each Commissioners member)	

Equal Employment Opportunity Commitment

The Firm is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available people in every job. Therefore, the Company does not discriminate, and does not permit its employees to discriminate against other employees or applicants because of race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, marital status, national origin, citizenship, veteran status, ancestry, age (40 or over), physical or mental disability (an impairment that limits a major life activity), medical condition (cancer-related or genetic characteristic), or any other consideration made unlawful by applicable laws. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, promotion, transfer, compensation, benefits, discipline, layoff, recall and termination.

This policy not to discriminate in employment also includes, but is not limited to, the following:

- 1) The Firm will employ those applicants who possess the necessary skills, education, and experience for the position, without regard to race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 2) No employee will aid, abet, compel, coerce, or conspire to discharge or cause another employee to resign because of race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 3) The Firm will establish rates of pay and terms, conditions, or privileges of employment without regard to race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 4) The Firm will use, for job referral purposes, only those employment agencies that do not discriminate on the basis of race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.

The Firm seeks to comply with legal requirements to ensure equal employment opportunities for persons who are qualified individuals with a disability. In order to make known to the Firm the person's disability, any applicant or employee who requires accommodation in order to perform the essential functions of the job should contact the Human Resources Administrator and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. The Firm will then engage in a good faith interactive process with the employee or applicant to determine what, if any, effective accommodations can be made for the employee or applicant. The Firm will conduct an investigation to identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his or her job. The Firm will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship, the Firm will make the accommodation.

If an employee believes they have been subjected to any form of unlawful discrimination, they are to provide a written complaint to the Human Resources Administrator as soon as possible. If the complaint relates to the Human Resources Administrator, provide the complaint to the President of the Firm. An employee's complaint should be specific and should include the names of the individuals involved and the names of any witnesses. The Firm will immediately undertake an effective, thorough and objective investigation and attempt to resolve the situation.


If the Firm determines that unlawful discrimination has occurred, effective remedial action will be taken, commensurate with the severity of the offense. Appropriate action will also be taken to deter any future discrimination. The Firm will not retaliate against an applicant or employee for filing a complaint and will not willingly permit retaliation by management employees or co-workers.

It is the responsibility of all Officers, managers, seniors, supervisors, and employees to carry out to the fullest extent the purpose and intent of the Firm's policy regarding equal employment opportunity. All members of management are responsible for the implementation of this program as it relates to their individual departments.

Employment decisions shall, therefore, comply with all applicable state and federal laws prohibiting discrimination in employment.

**PROPOSAL FOR CONDUCTING
THE ANNUAL INDEPENDENT AUDIT
OF THE
LAFCO**

Submitted March 22, 2024



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037
Phone: (650) 346-1329
Fax: (408) 872-4159
E-mail: sheldon@cnallp.com
Contact: Sheldon Chavan, Partner

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ATTACHMENTS:
Peer Review Report



Chavan and Associates, llp
Certified Public Accountants

March 22, 2024

We are pleased to have this opportunity to submit our proposal to provide auditing services for the LAFCOs. Our understanding of the work outlined in the request for proposal is that we will audit the financial statements of the LAFCO for fiscal years ending June 30, 2024 through June 30, 2029.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; the U. S. Office of Management and Budget's (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 and relevant Governmental Accounting Standards Board (GASB) Statements. We will also apply the necessary procedures to prepare the reports as requested in the RFP and noted in our cost proposal.

As a result of our audit, we will express an opinion on the fair presentation of the basic financial statements, as listed in the RFP, in accordance with GAAP. We will also issue a report on internal controls over financial reporting and on compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

Throughout the contract period, we will provide consultation on accounting and compliance issues and attend meetings to discuss the audit and management comments. It is our commitment to the LAFCO that we will complete the work within the agreed time frame and that we have the resources, time and personnel to dedicate to this engagement for the entirety of the contact. We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons includes:

- We specialize in the audits of local governments and not for profit entities.
- Our partners/reviewers have 82 years of combined experience auditing local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the audit.
- Our staff and partners are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- The engagement partner will attend all conferences and meetings and will supervise the audit directly during each year and phase of the engagement.
- We offer flexible staffing and scheduling. We can send a full team onsite, work 100% remotely, or send a small team on site to minimize COVID-19 exposure. All of our team members are vaccinated and will follow your policies in regard to COVID-19.



Chavan and Associates, LLP
Certified Public Accountants

- To improve the efficiency of the audit process, we use online software, Engagement Organizer (EO), to provide a list of information and monitor the workflow during the audit. The link to EO is provided early during the planning process and includes items for both interim and year-end work, such that we can edit the list as needed moving forward. All documents can be uploaded here and notes, status updates and comments are done through EO. We also have a secure portal as an additional way to share information.

We have a full-time IT manager on staff that is available to assist throughout the audit. All of our partners and staff are familiar with software utilization and data extraction. We also focus on the management of user ID's, passwords, and password authentication tools. Finally, when performing test of controls, we look for controls that will prevent email scams, such as requests to change remittance advice for a vendor's invoice.

While most of our clients prefer digitally published reports in pdf format, we have invested in HP color printers, binding machines and binding supplies, to provide professional bound reports to clients whom still appreciate a printed report. Our team has been printing, binding and publishing ACFR's and similar reports for over forty years; beginning with Jeff Ira back in the 1980's.

Staffing for the audit will include one Engagement Partner, one Associate Partner, one Supervisor, one Professional Staff and one Administrative Staff. The Engagement Partner, one Senior and two Staff will be assigned to visit your offices, as feasible with regard to COVID-19 circumstances.

Sheldon Chavan and Paul Pham are the partners authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 120 days. We look forward to being of service to you.

Very truly yours,

Sheldon Chavan, C.P.A., Partner
Chavan & Associates, LLP

Section A

Firm Qualifications & Experience

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

Independence

C&A is independent of the LAFCO and all of its component units as defined by generally accepted auditing standards and the **U.S. General Accountability Office's Government Auditing Standards**. *In all matters relating to the audit work, the audit organization and individual auditors, whether government or public, should be free from personal and external impairments to independence, should be fiscally independent, and should maintain an independent attitude and appearance.*

C&A did not have any professional relationships involving the LAFCO, or any of its agencies and component units, for the past five (5) years that would cause a conflict of interest relative to the scope of services identified in the request for proposal.

License to Practice in the State of California

C&A and all key professionals are properly licensed to practice as certified public accountants in the State of California and do not have any record of substandard work or unsatisfactory performance pending with the State Board of Accountancy. C&A is registered with the California State Board of Accountancy and our stat number is PAR 7294.

Contractor Identification and Introduction

Company Name: Chavan & Associates, LLP (C&A)
Address: 15105 Concord Circle, Suite 130, Morgan Hill, CA 95037
Office: 408-217-8749
Fax: 408-872-4159
E-mail: Sheldon@cnallp.com
CA File Number: 202009218003
FEIN: 27-0630496
Authorized to Sign: Sheldon Chavan, Partner; Paul Pham, Partner

Our partners and reviewers have performed audits under Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 82 years; Sheldon for 25 years, Jeff Ira for 41 years, and Paul Pham for 16 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports (**ACFRs**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA and CSMFO**. Most recently, C&A prepared ACFRs for the City of El Cerrito, City of Oroville, City of Suisun, Town of Los Gatos, and City of Carmel-by-the Sea for the year ending June 30, 2023. Our goal at C&A is to provide premium audit services at a reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients.

*Single Audit
Experience*

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

After starting the firm with only 9 clients in 2009, we currently have approximately **200 government, nonprofit and grant engagements** covering about 109 clients, 43 of which were required to have a single audit under uniform guidance in the last audit season. Our firm's experience includes numerous audits under state and federal compliance audit guides, including the Minimum Audit Requirements and Reporting Guidelines for Cities as required by the State Controller's Office. **What makes us unique from other audit firms** is that we eliminate "on-the-job" training through intensive in-house training, audit planning, and by having partners in the field throughout the entire engagement (not just "spot-checking"). The daily interaction with our Engagement Partner has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, grant requirements, ACFR requirements, budgeting, and much more. Auditing is the main focus of our practice and we are available to start as early as February 1st, however **our calendar is flexible**.

C&A is also a member of the [AICPA's Government Audit Quality Center](#) which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

Firm Size, Staff Size, Location and Staffing

We also have **fourteen** professional, full-time staff in addition to our partners and two administrative staff that will be available to assist as needed throughout the engagement. Our engagement partners are directly involved with the audits. Our central office is located in Morgan Hill, CA. Staffing for the LAFCO's audit will include the following professionals (audit experience):

Sheldon Chavan, CPA, Managing Partner (25 years)

Jeff Ira, Independent Reviewer (41 Years)

Paul Pham, CPA, Associate Partner (16 years)

Niru Machiraju, Supervisor (6 years)

Andrew Quintero, Senior Auditor (5 years)

Matthew Ojeda, Senior Auditor (7 years)

One of the professional staff could change from year to year. The LAFCO will be notified of any staff changes prior to fieldwork. The Engagement Partner, manager, and supervisor will be the same during each year of the engagement.

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Nonprofit Tax
Local Education Agencies	33	30%	100%	0%	0%
Charter Schools	13	12%	100%	0%	100%
Non-profit Organizations	22	20%	91%	0%	68%
Cities and Towns	13	12%	85%	0%	0%
Special Districts	19	17%	84%	16%	0%
Privately Held	9	8%	67%	22%	0%

	GAAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit
Percent by Service Type	93%	75%	39%	19%	41%

Contract Terminations and Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, contract failures, outstanding claims, litigation, investigations, or other unsatisfactory performance issues against us or pending with the State Board of Accountancy or any other entity. In addition, we have not had any federal or state desk review or field reviews of our audits. C&A has no record of lost clients or contract failures.

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

Subcontractor

C&A will not be engaged with any subcontractors during this engagement.

Business Licenses

C&A will obtain and maintain a valid business license throughout the duration of the contract, as applicable.

Quality Control Review

We are enrolled in the AICPA quality control peer review program. Our peer review was performed in compliance with AICPA and GAO requirements and included a selection of government audit engagements. Our audits complied with auditing standards generally accepted in the United States of America and Generally Accepted Governmental Auditing Standards. There were no desk reviews or disciplinary action in the last 3 years.

Section B

Specific Audit Approach

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

The C&A audit approach begins with an entrance conference between Sheldon Chavan and management to gather information for risk assessment and audit planning. Upon the conclusion of the entrance conference, Sheldon will plan and schedule C&A's **three phase audit** approach and prepare a list of items to be provided for Phase I of the audit. Significant aspects of each phase are outlined below as augmented based on our review of the LAFCO's financial reports, RFP, Budget documents, and Council and Finance Commission agendas and minutes:

Three Phase Audit Approach

Phase I - Planning and Risk Assessment

This phase is designed to evaluate your operating and accounting procedures and will provide the basis for a significant portion of our letter to management. The results of our work during this phase will determine our audit approach for significant accounts and compliance. We plan to begin this phase by meeting with management and the Finance Commission to plan the audit and discuss any significant issues with the proposed audit plan and timeline.

At least six weeks prior to the beginning of this phase, we intend to provide the LAFCO with a link to Engagement Organizer ("EO") detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Having all items in EO uploaded prior to the beginning of the audit field work will allow us to complete the audit within the allotted time frame or earlier. We will also begin the testing of federal compliance for major programs during this phase, if applicable. The EO will include Phase I, II, and III items once uploaded and will be updated during the year. The LAFCO will be able to leave notes on each item, upload attachments and message our team through EO.

We plan the audit and obtain our **understanding of the internal control structure**, control environment, and accounting system through:

Internal Controls Documentation

- Inquiries of appropriate management and staff personnel.
- Inspection of the LAFCO's documents, records, budget and related materials, organizational charts, manuals and programs.
- Observation of the LAFCO's activities and operations to corroborate the results of inquiries.
- Testing of the controls to determine they are operating as planned.
- Performance of preliminary analytical review on interim financials. The analytical review entails comparing similar information for the same time frame from the prior year and also comparing current year-to-date information to the budget to determine areas that may need additional attention during Phase II.
- Review and evaluation of the LAFCO's financial and other management **information system controls** and procedures. Our staff has gained invaluable experience with systems such as HTE, Multiple Operation Management (MOM), Springbrook, Pentamotion, QuickBooks, Digital Schools, **SunGuard**, Escape, FUNDS, CECC, SACS, Financial 2000, SASi and many others. It is our goal to maximize the usage of your computer system during the audit.

This phase constitutes approximately 40% of all non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.

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LAFCO Proposal for Auditing Services

Phase II - Substantive Audit Procedures and Compliance

This phase is designed to complete our substantive and compliance audit procedures on the accounts of the LAFCO. The approach for Phase II will be based on the results of Phase I. Audit programs will be tailored for your LAFCO's needs. This work will begin after the closing of your books.

Sample size and selection is based on our assessment of risk and planned or actual deviations. A typical **sample size will be 25 to 60** items and be randomly selected. Our sampling methods vary depending

Sampling Methods

on the type of tests we perform. Sample selection for compliance work will be based on the respective compliance and audit guides, KC, our experience and judgment, and other various sources. We use Knowledge Coach (KC) audit programs by Commerce Clearing House (CCH) to assist in our risk determination and sampling selection. We also use **ProSystems fx Engagement** paperless audit, Microsoft Excel, and Microsoft Word on laptops to perform the audit. Generally, we prefer

information provided in electronic format, however we use production scanners in the office and portable scanners in the field for information that is unavailable in electronic format.

Analytical procedures during Phase II involve comparing current data to prior year and budget data, calculating dollar and percentage variances and investigating differences. We also analyze trends and relationships of the various financial statement components and ratios.

Analytical Procedures & Laws and Regulations

Laws and regulations subject to audit will be determined based on inquiry and familiarity we gain with the LAFCO and with state and federal compliance requirements. We also attend seminars and webinars related to state and federal regulations to keep abreast of new requirements.

Phase II will take approximately 40% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations, the status of new accounting principles and reporting requirements, and prepare for Phase III.

Phase III - Financial Statement Preparation and Review

This phase consists of preparing or assisting with the preparation of your financial statements, **as required in the RFP**, in conformity with accounting principles generally accepted in the United States of America. We will also prepare all other financial and compliance reports required of us as listed on the RFP. The required reports and management letter will be submitted to management as noted in the timeline in the RFP, unless otherwise agreed. We will also ensure that new GASB pronouncements identified in phase I and II have been appropriately accounted for and disclosed in the financial statements and that the impact of these statements is sufficiently presented in our audit reports. The most efficient way to ensure we meet the reporting deadlines is to have the audited trial balance and final adjustment completed by the last day of field work. This, in combination of the automation provided by **Prosystems Engagement** will reduce the lag time from the completion of field work and report issuance.

Our reporting process is automated through our audit software. Once we obtain the LAFCO's trial balance in electronic format, we can import that into our system, which will automatically code and update all financial statements and most note disclosures in the financial statements and notes. We can

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

also auto link tables, charts and other documents the LAFCO would like to generate. **All of this information can be shared through our online secure lockbox/filesshare website at www.cnallp.com** and through our **online engagement portal** which is linked to our list of items. All agreed upon adjustments will be linked in our audit software. This greatly reduces the report preparation time and involvement of LAFCO staff and creates more opportunity for review of information systems, internal controls and management recommendations. At the end of this phase we will provide a summary of audit adjustments and uncorrected misstatements (passed adjustments).

We anticipate that Phase III will comprise approximately 20% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the LAFCO will meet their close schedule and responsibilities as noted in the request for proposal.

Please note that we generally hold entrance conferences at the beginning of Phase I and II and exit conferences at the end of Phase I, II and III. However, we are available to meet with the LAFCO at any time.

Compliance and Program Specific Auditing

Included in all phases are specific procedures required to complete individual compliance items. Analytic and sampling procedures generally follow those described in the preceding phase, but are modified, when needed, to meet specific guidelines of the programs audited.

Recommendations for Improved Operations

We feel we have accumulated valuable knowledge in accounting and auditing which has allowed us to offer a wide range of specific recommendations to increase the efficiency and effectiveness of our audit clients. With our background, we can provide services that may be very beneficial to you presently and in the future. As our client, you can look to us for informed support **year-round in all areas of interest or concern**. In the course of our engagement with the LAFCO, we will provide prompt, knowledgeable answers to your questions regarding all aspects of accounting, finance, management, and operations. It is our policy to discuss discrepancies and recommendations with LAFCO staff directly involved and then with management, as necessary. If an item warrants inclusion in the report as a finding, we will obtain management's responses to each finding. All responses will be reviewed with management and relevant committees before they are presented to the LAFCO Commission.

Irregularities and Illegal Acts

We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the Audit Committee (or similar) and Attorney.

Control Risk Assessment

As part of our audit approach, we use KC forms, narratives, questionnaires and summary schedules to gain an understanding of the control environment and assess its overall effectiveness. This helps us identify the types of potential misstatements and factors that affect the risk of material misstatement and their impact on the audit plan.

Analytical Procedures

Analytical procedures are used at three points of time during our audit; planning, substantive testing, and final review of the completed financial statements. Analytical procedures are used to obtain

Section B - Specific Audit Approach

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knowledge of conditions and events, to indicate the presence of possible misstatements, to provide substantive evidence of balances and to assess the financial condition of the LAFCO.

As we obtain knowledge about the LAFCO, we will be able to direct our attention to areas requiring greater audit emphasis as well as provide substantive evidence in support of recorded account balances.

Identification of Potential Audit Problems

Each year we approach the audit objectively and use a risk-based approach to anticipate any potential audit problems. If anything were to come to our attention during the course of the audit, it would be reported to the proper management level depending on the nature of the problem and as noted in the RFP.

Resources Available for Standards Interpretations

In addition to the items published by GFOA, AICPA, FASB, and GASB, we use RIA checkpoint and Thompsons as our main online reference material. As our client, the LAFCO will have access to all our resources.

Client References and Similar Engagements

Entity Name	Bay Area Water Supply & Cons Agency	Sonoma Valley Fire District	Midpeninsula Regional Open Space
Contact Person	Deborah Grimes	Steve Akre	Rafaela Ocegüera
Title	Finance Manager	Fire Chief	Budget & Finance Manager
Address	155 Bovet Rd., Ste 650, San Mateo, CA 94402	630 2nd St W, Sonoma, CA 95476	5050 El Camino Real, Los Altos, CA 94022
Phone	650-349-3000	707-996-2102	650-625-6587
E-mail	DGrimes@bawasca.org	SteveA@sonomavalleyfire.org	rocegüera@openspace.org
Partner	Paul Pham	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	No	Yes
Type:	Special District	Special District	Special District
Scope of Work	Revenue Bond Audit GAGAS Audit SCO Min Audit Req Review SCO Report SAS 114 Report Management Letter Year Round Consultation	GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation	ACFR GO Bond Audit GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation

Summary of Staff Hours by Phase

Level of Staff	Phases		Total Hours
	I & II	III	
Engagement Partner	12	12	24
Associate Partner	2	2	4
Supervisor	32	16	48
Professional Staff	40	8	48
Administrative Staff	2	2	4
Totals	88	40	128

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

Summary Timeline

Segment	Estimated	Phase
Entrance Conference	TBD	I
Audit Planning C&A's Office	TBD	I
List of Items Required by Client and Audit Plan	TBD	I
Preparation and Mailing of Confirmation Letters to 3rd Parties	TBD	I/II
Year-end Field Work	TBD	I/II
Exit Conference	TBD	I/II
Progress List of Management Point and Recommendations	TBD	I/II
Final List of Management Point and Recommendations	TBD	I/II
Audit Adjustments	TBD	I/II
Draft Reports, Financials, Management Letters	TBD	III
Final Reports, Financials, Management Letters	TBD	III
Board, Committee & Public Presentations	As Needed	III

Special District Client List (Subset of 114 Clients)

Special Districts	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Bay Area Water Supply Conservation Agency		✓	✓	✓			
Castro Valley Sanitary District		✓	✓				
El Dorado Hills Community Services District	✓	✓	✓				
Lake Canyon Community Services District		✓	✓				
Midpeninsula Regional Open Space District		✓	✓	✓			
Mid-Peninsula Water District						✓	
North County Library Authority		✓	✓				
Purissima Hills Water District						✓	
Ross Valley Sanitary District	✓	✓	✓				
Sausalito-Marín City Sanitation District		✓	✓	✓			
Stege Sanitary District		✓	✓				
South San Francisco Conference Center		✓					
The Cities' Group		✓	✓				
Tres Pinos Water District		✓	✓				
Valley of the Moon Fire District		✓	✓	✓			
West Bay Sanitary District		✓	✓				
West Valley Sanitation District		✓	✓				
West Valley Clean Water Authority		✓	✓				
Westborough Water District						✓	

Section C

Scope of Services

Section C - Scope of Services

LAFCO Proposal for Auditing Services

Audit Scope

We understand, accept and have included in our work plan the following scope of services to prepare an Annual Comprehensive Financial Report (ACFR) that addresses the following tasks:

- A.** Independent Auditor's Reports for the LAFCO on the fair presentation of the financial statements in conformity with generally accepted accounting principles based upon audits of the Basic Financial Statements of the LAFCO.
- B.** The other supplementary information listed in the Table of Contents in the LAFCO's ACFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements, however, C&A is to provide a report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- C.** Management and Statements on Auditing Standards (SAS) 114 Letters, which include findings, statements, observations, opinions, comments, or recommendations, related to:
 - 1. Systems of internal control based upon C&As' understanding of the control structure and assessment of control risk.
 - 2. Compliance with applicable laws and regulations.
 - 3. Accounting systems, functions, procedures and processes, especially with regard to cost effectiveness.
- D.** Management and SAS 114 Letters.
- E.** To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), and in the General Accounting Office's (GAO) Government Auditing Standards.
- F.** All working papers and reports must be retained, at C&A's expense, for a minimum of five (5) years following completion of the audit, unless the firm is notified in writing by the LAFCO of the need to extend the retention period. C&A will be required to make working papers available, upon request, to the following parties or their designees:
 - 1. Parties designated by the federal or state governments or by the LAFCO as part of an audit quality review process.
 - 2. Auditors of entities of which the LAFCO of Capitola is a sub-recipient of grant funds.
 - 3. State of California, Office of the State Controller.

Section C - Scope of Services
LAFCO Proposal for Auditing Services

- G.** In addition, C&A shall respond to the inquiries of successor auditors and allow successor auditors to review working papers relating to matters of accounting significance.

Section D

Partner, Supervisory and Staff Resumes

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We are aware of the need for continuity of personnel on the engagement and promise that the Engagement Partner will be directly involved in the audit **during each year** of the contract. We believe that extensive partner involvement provides continuity that could not be achieved in any other way. All staff committed in this proposal will be available for the entire June 30, 2022 and 2023 audit and are available 12 months a year for questions, comments and implementation support. We understand that the Engagement Partners, managers and other supervisory staff and specialists may be changed only with the express prior written permission of the LAFCO. Other audit personnel may be changed at our discretion as long as the replacements have substantially the same or better qualifications or experience. The LAFCO retains the right to approve or reject replacements.

Sheldon Chavan, CPA

Managing Partner (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in **1998** and has been auditing local governments and nonprofit organizations ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA, CSMFO, GAQC and GFOA. **He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing ACFR's for award of the Certificate of Excellence in Financial Reporting.** Sheldon has prepared/reviewed ACFR's for the City of Berkeley, City of Sunnyvale, City of Pittsburg and many others over his career. Most recently, Sheldon prepared the ACFR of the City of Oroville, Town of Lost Gtos and the City of Albany for the fiscal years ended June 30, 2023 (partial listing).

ACFR
Preparation

Sheldon has managed governmental audits his entire career, which includes the technical review of all work papers, staffing, scheduling, reporting, state compliance, federal compliance, state controllers reports and much more. He is responsible for running the audit in the field and providing accounting and auditing technical support to other partners and staff, primarily in the areas of compliance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, and the provisions of the Federal Single Audit Act and the United States Office of Management and Title 2 CFR Part 200 (Uniform Guidance). Sheldon also ensures that each staff has met the continuing professional education requirements under these standards and teaches several in-house seminars a year. He also administers our firm's quality control system as required by GAAS and Yellow Book standards. Sheldon has been performing audits under the Single Audit Act his entire career. Understanding the complexities of the various federal programs is one of his specialties. Over the years, Sheldon has audited major programs such as ARPA, CARES Act, National School Lunch, Title II Education Technology, IDEA Special Education Local Assistance, Title I, Education Jobs Fund, Title IV Drug Free Schools, NCLB Title III, Title II Improving Teacher Quality, CDBG, Shelter Plus Care, Home Investment in Affordable Housing, HUD Section 8, Highway Planning and Construction, Medi-Cal, Low-income Low Energy Assistance, and many more.

Sheldon has extensive experience auditing government bond programs and can assist the LAFCO with bond covenant calculations, bond compliance, tax filings, bond arbitrage issues and any other general

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LAFCO Proposal for Auditing Services

reporting requirements. In addition, we currently have multiple clients for which we complete special bond performance audits each year. We also provide contractor prequalification services for some clients who use restricted bond funds for modernization and infrastructure improvements.

Sheldon's recent continuing professional education:

Description of Program/Training
Yellow Book: Revised Government Auditing Standards Government Auditing Standards - Yellow Book Frequent Government and NPO Frauds: Misuse of Assets Governmental and Nonprofit Annual Update: Federal Government Activities Single Audit Lighting Round Governmental Audit Quality Center Annual Update Webcast Program-Specific Audits' plus 'Audit Tools and Guidance' Applying Risk Assessment Standards: Understanding the Entity and Its Environment GASB Updates Governmental Accounting and Auditing Conference Webcast - 5121266C Not-for-Profit Organizations Conference Webcast - 5121343C Cases in NFP Acct. & Auditing: 'Financial Statement Requirements' plus 'Net Asset Classifications' Governmental Auditing: Course Two Performance Audits Governmental Auditing: Course Three Financial Audits, Attestation Engagements, and.. Governmental Accounting and Reporting Ethics: AA&C LLP - Accounting Firm Practice Development Committee State and Local Govt Planning Considerations Cases in NFP Acct. & Auditing: Contributions Field Work Documentation: Preparation, Maintenance, Types of Workpapers School District Update Including LCFF and LCAP Compliance School Districts Conference Understanding the Changes to Yellow Book Independence California Regulatory Review Course Fraud Audit Techniques Using Excel Applying the Uniform Guidance in Your Single Audits Testing Compliance' plus 'Reporting Requirements Fid Act Understanding impacts of GASB 84 Its Here! Fid Act Implementation Considerations Accounting and Auditing Conference Bernard Madoff Investment Securities' Auditor' The Detection and Prevention of Fraud in Financial Statements Governmental Auditing: Course One Fundamental Principles for Government Auditing

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LAFCO Proposal for Auditing Services

The following is a **partial list** of Sheldon’s clients over the years:

Cities and Towns	Special Districts/JPA's	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	2006 Washington St.
City of Berkeley	Central Marin Sanitation Agency	Belmont Redwood Shores	Bay Area Special Education JPA
City of Carmel-by-the-Sea	East Bay Dischargers Authority	Burlingame	Bay Area Water Users Association
City of Del Rey Oaks	Fairfield-Suisan Sanitation	Cabrillo Unified	Black Adoption Placement
City of Marina	Half Moon Bay Fire Protection	Campbell Union	Boys and Girls Clubs of Sonoma
City of Novato	Hayward Area Parks and Rec	Cloverdale Unified	Center for Empowering Refugees
City of Oroville	Highland Recreation District	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Los Trancos Water District	Hillsborough City	Collective Roots
City of Pittsburg	Mckinney Water District	La Honda Pescadero	Credo High School
City of Point Arena	Menlo Park Fire Protection	Lakeside	Diagnostics for the Real World
City of Salinas	Midpen Regional Open Space	Las Lomas Elementary	Hidaya Foundation
City of San Rafael	Pleasant Hill Parks and Rec	Lassen View Elementary	Livebooks
City of Saratoga	Point Montara Fire District	Los Altos Elementary	Mashery
City of Scotts Valley	Santa Clara Regional Open Space	Luther Burbank	Mission Charter
City of Sonoma	Saratoga Cemetery District	Manton Joint Union	Mission Language and Vocational
City of South San Francisco	South Bayside System Authority	Menlo Park City	Morgan Hill Charter Foundation
City of Suisun City	South San Francisco Conf. Ctr.	Millbrae Elementary	Morgan Hill Charter School
City of Sunnyvale	Sausalito-Marín City Sanitation	Mineral	Nob Hill Home Owners Assoc.
City of Tracy	Tahoe Regional Planning Agency	Mountain View Whisman	O'Conner Water
Town of Los Gatos	The Cities Group	Orchard	One Million Lights
Town of Windsor	Valley of the Moon Fire	Pacifica	Orange County Charter School
	West Bay Sanitary District	Plum Valley	Pathway to Choices
	West County Wastewater District	Portola Valley Elementary	Pyramid Alternatives
	Westborough Water District	Red Bluff	Redwood City Education Foundation
	Woodside Fire Protection District	Salinas Union High	San Jose Conservation Charter
		San Bruno Park	San Jose Conservation Corps
		San Carlos Elementary	Singularity University
		San Mateo County Office	Sociometrics
		San Mateo Union High	South Tahoe Area Transit Authority
		Scotts Valley Unified	Stone Bridge Charter School
		Sequoia Union High	Woodside Atherton Authority
		Sonoma Valley Unified	Work2future Foundation
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

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LAFCO Proposal for Auditing Services

Jeffrey J. Ira, CPA

Independent Reviewer, (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Jeffrey is a graduate of Humboldt State University with a B.S. in Business with a concentration in Accounting. He is a CPA licensed in California, a member of the AICPA, the California Society of CPAs, the GFOA and the CSMFO. Jeff joined our firm in 2017 and has been auditing local governments since 1981. Jeff is a member of the GFOA Special Review Committee, with responsibility for reviewing ACFRs for award of the Certificate of Excellence in Financial Reporting. **Jeff served as a Councilmember and the Mayor for Redwood City.** He has also served on various local governing boards and committees, which makes him acutely aware of both your financial and management needs. Jeff will be responsible for concurrent review of your audit, which is a quality control measure designed to ensure the audit is completed effectively and in compliance with governmental auditing standards, compliance requirements and uniform guidance requirements.

Jeff has forty years of professional experience and has participated in a variety of auditing and consulting engagements with cities, school districts, and special districts including the following (partial listing):

Cities and Towns	Special Districts	School Districts/COE's
City of Berkeley	Bay Area Water Supply Conserv. Agency	Antelope Elementary
City of Cloverdale	Central Marin Sanitation Agency	Cabrillo Unified
City of Oroville	East Bay Dischargers Authority	Cotati Rohnert Park
City of Point Arena	Half Moon Bay Fire Protection	La Honda Pescadero
City of Saratoga	Los Trancos Water District	Lassen View Elementary
City of Sonoma	Menlo Park Fire Protection	Las Lomas Elementary
City of Tracy	Pleasant Hill Parks and Rec	Los Altos Elementary
Town of Los Gatos	Point Montara Fire Protection District	Luther Burbank
City of Pittsburg	Santa Clara Regional Open Space Auth	Redwood City Elementary
City of San Rafael	Saratoga Cemetery District	Menlo Park City
City of Concord	South Bayside Systems Authority	Millbrae Elementary
City of Salinas	South San Francisco Conf. Ctr.	Santa Cruz City
City of Sunnyvale	Tahoe Regional Planning Agency	Mountain View Whisman
City of San Carlos	The Cities Group	Orchard School District
City of South San Francisco	West Bay Sanitary District	Burlingame
City of Marina	West County Wastewater District	Jefferson Union High
City of San Bruno	Westborough Water District	Portola Valley Elementary
City of Campbell	Woodside Fire Protection District	Red Bluff
City of Novato	Highland Recreation	San Bruno Park
Town of Atherton	Coast side Water District	San Mateo County Office
City of Cupertino		Sequoia Union High
		Sonoma Valley Unified
		San Mateo Unified
		Ravenswood Elementary
		Windsor Unified
		Woodside Elementary

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LAFCO Proposal for Auditing Services

A summary of Jeff's recent professional education includes:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

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LAFCO Proposal for Auditing Services

Paul Pham, CPA

Associate Partner (AICPA, CalCPA)



Paul received his Bachelor of Science from Pacific University and hopes to pursue a Master of Accountancy in the near future. Paul has been working in public and private accounting since 2007 and has completed Fourteen governmental audit seasons. He has completed financial and compliance audits for the entities listed below since 2007. Besides the standard control documentation and substantive testing required for GAAS audits, Paul has performed audits and prepared reports under OMB Subpart F and the Single Audit Act for most of the entities listed below. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education (Title I, Special Education, Title II, Adult Ed) and much more.

Paul's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a partial list of Paul's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Charter Schools
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Berkeley	Central Marin Sanitation Agency	Burlingame	Black Adoption Placement
City of Carmel-by-the-Sea	Fairfield-Suisan Sanitation District	Cabrillo Unified	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Menlo Park Fire Protection	Cotati Rohnert Park	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Hillsborough City	Children of Grace
City of Pacific Grove	Santa Clara Regional Open Space	La Honda Pescadero	Collective Roots
City of Point Arena	Saratoga Cemetery District	Las Lomitas Elementary	Credo High School
City of Rocklin	South Bayside System Authority	Lassen View Elementary	Hidaya Foundation
City of Saratoga	South San Francisco Conf. Ctr.	Los Altos Elementary	Livebooks
City of Sonoma	Suasalito-Marin City Sanitation District	Luther Burbank	Mashery
City of Suisun City	Tahoe Regional Planning Agency	Manton Joint Union	Mission Charter
City of Tracy	The Cities Group	Millbrae Elementary	Mission Language and Vocational School
Town of Los Gatos	Valley of the Moon Fire	Mineral	NASA AMES Exchange
	West Bay Sanitary District	Mountain View Whisman	Orange County Charter School
	Westborough Water District	Orchard	Pathway to Choices
		Pacifica	Pyramid Alternatives
		Plum Valley	Redwood City Education Foundation
		Portola Valley Elementary	San Jose Conservation Charter
		Red Bluff	San Jose Conservation Corps
		San Bruno Park	Sociometrics
		San Carlos Elementary	South Tahoe Area Transit Authority
		San Lorenzo Valley Unified	Stone Bridge Charter School
		San Mateo County Office	Work2future Foundation
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

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LAFCO Proposal for Auditing Services

Niru Machiraju

Audit Supervisor

Niru received her Bachelor and Master of Science in Accounting from the University of Saint Thomas. Niru has been working in public accounting since 2017 and has completed six audit seasons. During the 2022 audit season, she completed the financial and compliance audits for the entities listed below and has additional experience in the manufacturing, distribution, and non-profit industries. Niru has audited over sixty local governments and nonprofits since 2017. Besides the standard control documentation and substantive testing required for GAAS audits, Niru has performed audits and prepared reports under GAGAS and Uniform Guidance. She has also audited Federal grants from various agencies, including HUD and the Department of Education (Title I, Special Education) and much more.

Niru's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Niru's clients over the past year:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Carmel-by-the-Sea	Chico Area Recreation and Park District	Burlingame	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Lake Canyon Community Services District	Cabrillo Unified	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Ross Valley Sanitary District	Hillsborough City	Crede High School
City of Point Arena	Santa Clara Regional Open Space	Las Lomas Elementary	Hidaya Foundation
City of Rocklin	South San Francisco Conf. Ctr.	Lassen View Elementary	Mission Charter
City of Saratoga	Steger Sanitary District	Los Altos Elementary	NASA AMES Exchange
City of Marina	Suasalito-Marin City Sanitation District	Luther Burbank	Pathway to Choices
City of Suisun City	The Cities Group	Millbrae Elementary	Peninsula Conflict Resolution Center
	Valley of the Moon Fire	Orchard	Redwood City Education Foundation
	West Bay Sanitary District	Pacifica	Stone Bridge Charter School
	Westborough Water District	Red Bluff	Work2future Foundation
		San Bruno Park	Stone Bridge Charter School
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Woodside Elementary	

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LAFCO Proposal for Auditing Services

Andrew Quintero

Senior Auditor

Andrew has successfully completed five seasons of governmental auditing. Andrew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and cities. He has been the Senior Auditor in-charge of clients such as the Town of Yountville, City of Suisun City, Fairfield-Suisun Sanitary District and many more. Besides the standard control documentation and substantive testing required for GAAS audits, Andrew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Andrew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Andrew's clients:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Oroville	Bay Area Water Supply Conservation Agency	Jefferson Union High School District	Peninsula Conflict Resolution Center
City of Pacific Grove	Castro Valley Sanitary District	John Swett Unified School District	Redwood City Education Foundation
City of Point Arena	El Dorado Hills Community Services District	Las Lomas School District	San Mateo County Exposition and Fair Association
City of Rocklin	Lake Canyon Community Services District	Lassen View Union Elementary School District	Sonoma Valley Hospital Foundation
City of Saratoga	Midpeninsula Regional Open Space District	Los Altos School District	The Moca Foundation
City of Suisun City	Purissima Hills Water District	Luther Burbank School District	The San Jose Library Foundation
Town of Yountville	Ross Valley Sanitary District	Menlo Park City School District	
	Santa Clara County Regional Open Space Auth	Millbrae School District	
	Sausalito-Marin City Sanitation District	Mountain View Whisman School District	
	Stege Sanitary District	Napa Valley Unified School District	
	Silicon Valley Clean Water	Orchard School District	
	South San Francisco Conference Center	Pacifica School District	
	The Cities' Group	Red Bluff Joint Union High School District	
	Valley of the Moon Fire District	Red Bluff Union Elementary School District	
	West Bay Sanitary District	Roseland Elementary School District	
	West Valley Sanitation District	San Bruno Park School District	
	Westborough Water District	San Carlos School District	
		San Lorenzo Valley Unified School District	
		San Mateo Foster City School District	
		San Rafael City Schools	
		Santa Rosa City Schools	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Matthew Ojeda

Senior Auditor

Matthew graduated from the San Jose State University, with a B.S. in Accounting. Starting in public accounting in 2014, he has successfully completed seven seasons of governmental auditing. Matthew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Matthew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Matthew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Matthew's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Del Rey Oaks	Castro Valley Sanitary District	Antelope Elementary	Boys and Girls Club of Central Sonoma County
City of Oroville	Central Marin Sanitation Agency	Burlingame	Boys and Girls Clubs of Sonoma Valley
City of Pacific Grove	Fairfield-Suisan Sanitation District	Cabrillo Unified	Credo High School
City of Point Arena	Midpen Regional Open Space Auth	Cotati Rohnert Park	Diagnostics for the Real World
City of Rocklin	Oro Loma Sanitary District	Golden Valley Unified	Mission Language and Vocational School
City of Saratoga	Santa Clara Regional Open Space Auth	Hillsborough City	Morgan Hill Charter Foundation
City of Suisun City	Saratoga Cemetery District	Las Lomitas Elementary	Morgan Hill Charter School
Town of Los Gatos	Sausalito-Marin City Sanitation District	Lassen View Elementary	Orange County Charter School
	Silicon Valley Clean Water	Los Altos Elementary	Organic Farming Research Foundation
	The Cities Group	Luther Burbank	Prohealth Homecare
	West Valley Sanitation District	Millbrae Elementary	Redwood City Education Foundation
		Mission Preparatory School	San Jose Conservation Charter
		Mountain View Whisman	San Jose Conservation Corps
		Napa Valley Unified	San Mateo County Exposition Fair Association
		Orchard	Sociometrics
		Pacifica	Work2future Foundation
		Palo Alto Unified	
		Portola Valley Elementary	
		Red Bluff	
		Roseland Charter	
		Roseland Elementary	
		San Bruno Park	
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		San Mateo Foster City	
		Santa Rosa City School	
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		South San Francisco Unified	
		Union School District	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Professional Education and Training

Our professionals complete 80 hours of continuing professional education every two years in auditing and accounting which includes at least 80 hours of governmental auditing and accounting training specific to local governments. We use a combination of in-house seminars, self-study and outside seminars sponsored by AICPA, GFOA, the California Education Foundation and other recognized groups.

All assigned staff meet the educational requirements for Governmental engagements as specified by the California Board of Accountancy, Federal General Accounting Office, Governmental Accounting Standards Board, and the AICPA as appropriate.

Attachments



REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 18, 2021

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements are identified as not having been 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.

200 E. Sandpointe Ave., Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.cpa

ATTACHMENT D

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants
Page 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Chavan & Associates, LLP has received a peer review rating of *pass*.

The Peer Group, LLP

Santa Ana, California


FEES SUMMARY

FOR THE ANNUAL INDEPENDENT AUDIT

OF THE

LAFCO

Submitted March 22, 2024



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037
Phone: (650) 346-1329
Fax: (408) 872-4159
E-mail: sheldon@cnallp.com
Contact: Sheldon Chavan, Partner

Fees Summary

LAFCO Proposal for Auditing Services

Date: March 22, 2024

Firm: Chavan & Associates, LLP (C&A)
 15105 Concord Circle, Suite 130
 Morgan Hill, CA 95037
 Phone: (650) 346-1329

Contact Person: Sheldon Chavan, Managing Partner
 Sheldon@cnallp.com
 650-346-1329

Price per Year by Service Level:

Services	Hours	2024	2025	2026	2027	2028	2029
El Dorado	128	\$ 13,500	\$ 13,500	\$ 13,500	\$ 14,000	\$ 14,500	\$ 15,000
Fresno	128	13,500	-	13,500	-	14,500	-
Marin	128	-	13,500	13,500	14,000	14,500	15,000
Mendocino	100	10,500	10,500	10,500	11,000	11,500	12,000
Santa Barbara	100	10,500	10,500	10,500	11,000	11,500	12,000
Santa Cruz	128	13,500	13,500	13,500	14,000	14,500	15,000
GASB implementation and guidance	N/A	Included	Included	Included	Included	Included	Included
Printing and binding	N/A	Included	Included	Included	Included	Included	Included
Present Reports to Council and Committees	N/A	Included	Included	Included	Included	Included	Included
Meals, Lodging and Transportation	N/A	Included	Included	Included	Included	Included	Included
Total All-Inclusive Maximum Price	712	\$ 61,500	\$ 61,500	\$ 75,000	\$ 64,000	\$ 81,000	\$ 69,000

Certification: I, the undersigned, certify I am duly authorized to represent C&A and I am empowered to submit this bid. In addition, I certify I am authorized to contract with the LAFCO on behalf of C&A.



Managing Partner

March 22, 2024

Signature

Title

Date

Sheldon Chavan

Name

Fees Summary

LAFCO Proposal for Auditing Services

Schedule of Professional Fees

Our professional fees are based on actual time devoted to an engagement, at hourly rates related to the experience levels of the individuals performing the work. The following is our standard fee schedule for our audit personnel and estimated hours per engagement.

	Hourly Rates	Hours						
		El Dorado	Freno	Marin	Mendocino	Santa Barbara	Santa Cruz	
Engagement Partner	\$ 250	24	24	24	20	20	24	
Associate Partner/Reviewer	200	4	4	4	4	4	4	
Supervisor	100	48	48	48	32	32	48	
Professional Staff	90	48	48	48	40	40	48	
Administrative Staff	85	4	4	4	4	4	4	
Total Hours		128	128	128	100	100	128	

Manner of Payment

Progress payments will be made on the basis of pro-rated audit work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our proposal.

Rates for Additional Professional Services

In the event that extraordinary circumstances require additional services beyond the agreed upon scope, C&A will provide, in writing and in advance, the reasons for the additional services along with our estimated costs and a statement that no work will be performed prior to City approval. **Rates for additional services would be the same as those identified under the quoted hourly rates above.**

**SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made and entered into as of August 1, 2024 by and between the Santa Barbara Local Agency Formation Commission, a public agency organized and operating under the laws of the State of California with its principal place of business at 105 E. Anapamu Street, Santa Barbara, CA 93101 (“Commission”), and Davis Farr LLP, a Limited Liability Partnership with its principal place of business at 5927 Priestly Drive Suite 201, Carlsbad, CA 92008 (hereinafter referred to as “Consultant”). Commission and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. Commission is a public agency of the State of California and is in need of professional services for the following project:

Auditing services and Annual Comprehensive Financial Report for the year ending June 30, 2024 through 2029 (hereinafter referred to as “the Project”).

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for Commission to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide the Commission with the services described in the Scope of Services attached hereto as Exhibit “A.”

2. Compensation.

a. Subject to paragraph 2(b) below, the Commission shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit “B.”

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of \$11,875 (FY2024), \$12,465 (FY 2025), \$13,090 (FY 2026), \$13,740 (FY 2027), \$13,740 (FY 2028), and \$13,740 (FY 2029). This amount is to cover all printing and related costs, and the Commission will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the Commission, and informal consultations with the other party indicate that a change is warranted, it shall be processed in the following manner: a letter outlining the changes shall be forwarded to the Commission by

Consultant with a statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the Commission and executed by both Parties before performance of such services, or the Commission will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by Commission.

5. Time of Performance.

Consultant shall perform its services in a prompt and timely manner and shall commence performance upon receipt of written notice from the Commission to proceed ("Notice to Proceed"). Consultant shall complete the services required hereunder within proposed timing outlined in Section H "Activity Schedule" as Exhibit C. The Notice to Proceed shall set forth the date of commencement of work.

6. Delays in Performance.

a. Neither Commission nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the Commission, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the Commission, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor

Consultant is retained as an independent contractor and is not an employee of Commission. No employee or agent of Consultant shall become an employee of Commission. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from Commission as herein provided.

11. Insurance. Consultant shall not commence work for the Commission until it has provided evidence satisfactory to the Commission it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the Commission.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

(iii) Commercial General Liability Insurance must include coverage for the following:

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted

- (7) Contractual Liability with respect to this Agreement
- (8) Property Damage
- (9) Independent Consultants Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give Commission, its officials, officers, employees, agents and Commission designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the Commission, and provided that such deductibles shall not apply to the Commission as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the Commission.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give Commission, its officials, officers, employees, agents and Commission designated volunteers additional insured status.

(iv) Subject to written approval by the Commission, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the Commission as an additional insured, but not a self-insured retention.

c. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the

period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the Commission and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

	<u>Combined Single Limit</u>
Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the Commission evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the Commission at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the Commission at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the Commission or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the Commission, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against Commission, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the Commission and shall not preclude the Commission from taking such other actions available to the Commission under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the Commission, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the Commission, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Commission has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Commission will be promptly reimbursed by Consultant or Commission will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Commission may cancel this Agreement.

(iii) The Commission may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the Commission nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the Commission that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the Commission as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Commission may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of Commission's choosing), indemnify and hold the Commission, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Commission, its officials, officers, employees, agents, or volunteers.

b. If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of

competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

b. If the services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the Commission. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Santa Barbara, State of California.

16 Termination or Abandonment

a. Commission has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, Commission shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. Commission shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by Commission and Consultant of the portion of such task completed but not paid prior to said termination. Commission shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to Commission only in the event of substantial failure by Commission to perform in accordance with the terms of this Agreement through no fault of Consultant.

17 Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the Commission.

18. Organization

Consultant shall assign Shannon Ayala, CPA as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the Commission.

19. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

20. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

COMMISSION:

Santa Barbara Local Agency Formation
Commission

Address 105 E. Anapamu Street

Santa Barbara, CA 93101

Attn: Mike Prater, Executive Officer

CONSULTANT:

Davis Farr, LLP

1903 Wright Place, Suite 280

Carlsbad, CA 92008

Attn: Shannon Ayala

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Commission and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of Commission and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the remaining provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each Party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of Commission. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either Party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. Commission's Right to Employ Other Consultants

Commission reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Commission shall have the right to rescind this Agreement without liability. For the term of this Agreement, no director, official, officer or employee of Commission, during the term of his or her service with Commission, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION
AND DAVIS FARR, LLP**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION AND DAVIS FARR, LLP

By: _____ By: Shannon Ayala
Name
Chair
Its: Partner
Printed Name: Shannon Ayala

ATTEST:

By: _____
Commission Clerk

APPROVED AS TO FORM:

LAFCO COUNSEL

By: Amber Holderness
Amber Holderness
LAFCO Counsel

RISK MANAGEMENT

By: Greg Milligan
Greg Milligan
RISK MANAGER

EXHIBIT A

Scope of Services

Consultant shall provide the following services:

1) Audit

- a. Consultant will perform an independent audit of all funds of LAFCO. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States.
- b. The Commission's Basic Financial Statements will be prepared and word-processed by the Consultant in full compliance with generally accepted accounting principles.
- c. The Consultant will render their auditors' report on the Basic Financial Statements that will include both Government-Wide Financial Statements and Fund Financial Statements.
- d. The Consultant will also apply limited audit procedures to Management's Discussion and Analysis ("MD&A"), consisting of the control environment, accounting systems and control procedures, and required supplementary information pertaining to the General Fund and each major fund of the Commission.

2) Management Letter

- a. The Consultant will issue a separate "management letter" that includes recommendations to the governing board for improvements in internal control that are considered to be nonreportable conditions.

LAFCO will provide the following services:

The LAFCO staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. LAFCO staff will prepare the MD&A and transmittal letters based on a template supplied by the Consultant. All other information and financial statements are the responsibility of the Consultant. All working papers and reports are to be retained at the Consultant's sole expense for a minimum of seven (7) years. Consultant will be responsible for making working papers available to LAFCO or any other appropriate government agency.

EXHIBIT B

Schedule of Charges/Payments

Consultant will invoice Commission on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform Commission regarding any out-of-scope work being performed by Consultant. This is a time-and-materials contract.

Fee Schedule for DAVIS FARR, LLP The following fee schedule shall apply for additional consulting services of the fiscal year ending on June 30, 2024, and June 30, 2025, and June 30, 2026, June 30, 2027, June 30, 2028, and June 30, 2029:

<i>Partner</i>	<i>\$250</i>
<i>Manager</i>	<i>180</i>
<i>Supervisor/Senior</i>	<i>130</i>
<i>Staff</i>	<i>110</i>

Consultant shall bill LAFCO only for the actual hours incurred in performing the services required under this Agreement, in accordance with the fee schedule set forth above, and subject to the provisions of Section 2 of this Agreement.

EXHIBIT C

Activity Schedule

Timetable of Audit Work and Deliverable Reports to be performed for the Fiscal Year ending on June 30, 2024 through June 30, 2029 for each fiscal year.

Consultant shall be responsible for performing the audit for the fiscal year ending on June 30, 2024 through June 30, 2029, in accordance with Exhibit "A" and preparation and word processing of the following financial statements:

Report Description	Number of Copies	Due Date of Each Audit Year
Basic Financial Statements	1 photo ready 1 hard copy (Final audit)	No later than October 30th of every year

A draft copy of the Basic Financial Statements should be delivered to the LAFCO Executive Officer for review approximately 10 days prior to the deadline noted above. The audit shall begin no earlier than December 1 of each year and be completed no later than October 30, following the fiscal year audited (e.g. begin no earlier than December 1st and completed in time to meet the deadline established by LAFCO for the audit of each fiscal year).