



City of Emeryville

CALIFORNIA

PROFESSIONAL SERVICES CONTRACT

THIS PROFESSIONAL SERVICES CONTRACT ("Contract") is effective as of _____ (the "Effective Date"), by and between **THE CITY OF EMERYVILLE**, a municipal corporation, ("City") and **MAZE & ASSOCIATES** ("Contractor"), individually referred to as a "Party" and collectively as the "Parties".

WITNESSETH THAT

WHEREAS, the City desires to engage Contractor for professional financial audit services; and

WHEREAS, the City finds that specialized knowledge, skills, and training are necessary to render the services necessary to do the work contemplated under this Contract; and

WHEREAS, the City has determined that the Contractor is qualified by training and experience to render such services; and

WHEREAS, the Contractor desires to provide such services; and,

WHEREAS, the public interest will be served by this Contract; and

NOW, THEREFORE, the Parties hereto do mutually agree as follows:

1. SCOPE OF SERVICES AND TERMINATION DATE

1.1 *Project Description*

A complete project description is set forth in the Scope of Work, attached hereto as **Exhibit A** and incorporated herein by this reference.

1.2 *Services*

The services to be completed under this Contract ("Services") are described in the Scope of Work set forth in **Exhibit A**. The Services shall be performed in accordance with terms, conditions, and specifications set forth herein. To the extent there is a conflict between the Scope of Work, and the terms, conditions, and specifications set forth herein, the terms, conditions, and specifications set forth herein shall govern.

1.3 *Schedule and Completion Date*

The Services to be provided by Contractor under this Contract shall commence on the Effective Date and terminate on **JUNE 30, 2023**. The Parties may, by mutual, written consent, extend the term of this Contract.

FOR CITY USE ONLY			
Contract No.		CIP No.	
Resolution No.		Project No.	

2. WORK CHANGES

2.1 *City Rights to Change*

The City reserves the right to order changes in the Services to be performed under this Contract by altering, adding to or deducting from the Scope of Work. All such changes shall be incorporated in amendments executed by the Contractor and the City. Such amendments shall specify the changes ordered and any necessary adjustment of compensation and completion time.

2.2 *Additional Work Changes*

Any work added to the Scope of Work by an amendment shall be executed under all the applicable conditions of this Contract. No claim for additional compensation or extension of time shall be recognized unless contained in an amendment duly executed on behalf of the City and the Contractor.

2.3 *City Manager Execution*

The City Manager has authority to execute without further action of the Emeryville City Council, any number of amendments so long as their total effect does not materially alter the terms of this Contract or increase the total amount to be paid under this Contract, as set forth in Section 3.2 below.

3. COMPENSATION AND METHOD OF PAYMENT

3.1 *Compensation for Services Performed*

City agrees to pay the Contractor for the Services performed and costs incurred by Contractor upon certification by the City that the Services were actually performed and costs actually incurred in accordance with the Contract. Compensation for Services performed and reimbursement for costs incurred shall be paid to the Contractor upon receipt and approval by the City of invoices setting forth in detail the Services performed and costs incurred. The City shall pay the Contractor within forty-five (45) days after approval of the invoice by City staff.

3.2 *Total Compensation Amount*

The total amount paid under this Contract as compensation for Services performed and reimbursement for costs incurred shall not, in any case, exceed **THREE HUNDRED TEN THOUSAND AND FOUR HUNDRED FORTY-THREE DOLLARS AND NO CENTS (\$310,443.00)**, except as outlined in Section 2.3 above. The compensation for Services performed shall be as set forth in **Exhibit A**. Reimbursement for costs incurred shall be limited as follows. Long distance telephone and telecommunications, facsimile transmission, normal postage and express mail charges, photocopying and microcomputer time shall be at cost. Supplies and outside services, transportation, lodging, meals and authorized subcontracts shall be at cost plus no more than a 10% administrative burden. Automobile mileage shall be no more than the current deductible rate set by the Internal Revenue Service.

4. COVENANTS OF CONTRACTOR

4.1 *Assignment of Contract*

The Contractor covenants and agrees not to assign or transfer any interest in, nor delegate any duties of this Contract, without the prior express written consent of the City. As to any approved subcontractors, the Contractor shall be solely responsible for reimbursing them and the City shall have no obligation to them.

4.2 *Responsibility of Contractor and Indemnification of City*

To the fullest extent permitted by law, Contractor shall indemnify, defend, and hold harmless City and City's members, officers, agents, employees and volunteers, from and against any and all claims, losses, liabilities of every kind, nature and description, damages, injury (including without limitation injury to or death of an employee of Contractor or subcontractors as well as any claim by any employee, agent, Contractor or independent contractor hired or employed by Contractor that such persons or individuals are entitled to any benefit otherwise provided to employees of the City, including coverage under the California Public Employee Retirement System), costs and expenses of any kind, whether actual, alleged or threatened, including, without limitation, incidental and consequential damages, court costs, reasonable attorneys' fees, litigation expenses, and fees of expert contractors or expert witnesses incurred in connection therewith and the costs of investigation, arising out of, pertaining to, or relating to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of Contractor, any subcontractor, anyone directly or indirectly employed by them or anyone that they control. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Contractor. This obligation to indemnify and defend the City, its members, officers, agents, employees and volunteers shall survive termination of this Contract.

If Contractor's obligation to defend, indemnify, and/or hold harmless arises out of Contractor'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, Contractor'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 Contractor, and, upon Contractor obtaining a final adjudication by a court of competent jurisdiction, Contractor's liability for such claim, including the cost to defend, shall not exceed the Contractor's proportionate percentage of fault.

4.3 *Independent Contractor*

The Contractor hereby covenants and declares that it is engaged in an independent business and agrees to perform the Services as an independent contractor and not as the agent or employee of the City. The Contractor agrees to be solely responsible for its own matters relating to the time and place the Services are performed; the instrumentalities, tools, supplies and/or materials necessary to complete the Services; hiring of contractors, agents or employees to complete the Services; and the payment of

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employees, including compliance with Social Security, withholding and all other regulations governing such matters. The Contractor agrees to be solely responsible for its own acts and those of its subordinates and employees during the term of this Contract.

4.4 Insurance

Contractor shall not commence Services under this Contract until it has provided evidence satisfactory to the City that it has secured all insurance required under **Exhibit B**, attached hereto and incorporated herein by this reference. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under **Exhibit B**. Failure to provide and maintain all required insurance shall be grounds for the City to terminate this Contract for cause.

4.5 Records, Reports and Audits

4.5.1 Records

- A. Records shall be established and maintained by the Contractor in accordance with requirements prescribed by the City with respect to all matters covered by this Contract. Except as otherwise authorized, such records shall be maintained for a period of three years from the date that final payment is made under this Contract. Furthermore, records that are the subject of audit findings shall be retained for three years or until such audit findings have been resolved, whichever is later.
- B. All costs shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents pertaining in whole or in part to this Contract shall be clearly identified and readily accessible.

4.5.2 Reports and Information

Upon request, the Contractor shall furnish to the City any and all statements, records, reports, data and information related to matters covered by this Contract in the form requested by the City.

4.5.3 Audits and Inspections

At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all records with respect to all matters covered by this Contract. The Contractor will permit the City to audit, examine, and make excerpts or transcripts from such records, and to audit all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and or data relating to all matters covered by this Contract.

4.6 Conflicts of Interest

The Contractor covenants and declares that, other than this Contract, it has no holdings or interests within the City of Emeryville, nor business holdings, contracts or agreements with any official, employee or other representative of the City. For the duration of this Contract, in the event the Contractor or its principals, agents or employees acquire such a holding, interest, contract, or agreement within the City of Emeryville or with any official, employee or representative of the City in the future, the Contractor will immediately notify the City of such holding, interest, contract, or agreement in writing.

4.7 Confidentiality

The Contractor agrees that such reports, information, opinions or conclusions shall not be made available to or discussed with any individual or organization, including the news media, without prior written approval of the City. The Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City information whether deemed confidential or not.

4.8 Discrimination Prohibited

The Contractor covenants and agrees that in performing the Services required under this Contract, the Contractor shall not discriminate against any person on the basis of race, color, religion, sex, sexual orientation, gender identity, marital status, national origin or ancestry, age or disability, except as provided in section 12940 of the Government Code.

4.9 Licenses, Certifications and Permits

The Contractor covenants and declares that it has obtained all diplomas, certificates, licenses, permits or the like required of the Contractor by any and all national, state, regional, county, city or local boards, agencies, commissions, committees or other regulatory bodies in order to perform the Services contracted for under this Contract. All work performed by Contractor under this Contract shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily expected of competent professionals.

4.10 Key Personnel

All of the individuals listed in Exhibit A are necessary for the successful prosecution of the Services due to their unique expertise and depth and breadth of experience. There shall be no change in Contractor's Project Manager or members of the project team without the City's approval. Contractor recognizes that the composition of this team was instrumental in the City's decision to award the work to Contractor and that compelling reasons for substituting these individuals must be demonstrated for the City's consent to be granted. Any substitutes shall be persons of comparable or superior expertise and experience. Failure to comply with the provisions of this section shall constitute a material breach of Contractor's obligations under this Contract and shall be grounds for termination.

4.11 Authority to Contract

The Contractor covenants and declares that it has obtained all necessary approvals of its board of directors, stockholders, general partners, limited partners or similar authorities to simultaneously execute and bind Contractor to the terms of this Contract, if applicable.

4.12 Ownership of Work

All reports, designs, drawings, plans, specifications, schedules, work product and other materials prepared or in the process of being prepared for the Services to be performed by the Contractor ("Materials") shall be and are the property of the City and the City shall be entitled to full access and copies of all such Materials. Any such Materials remaining in the hands of the Contractor or subcontractor upon completion or termination of the work shall be delivered immediately to the City. The Contractor assumes all risk of loss, damage or destruction of or to such Materials. If any Materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor agrees to execute any additional documents that may be necessary to evidence such assignment.

4.13 City Labor Requirements

4.13.1 Compliance

At the Effective Date, compliance with the City's living wage ordinance is ☒ **required** / ☐ **not required** for this Contract. If this Contract provides for compensation to Contractor of \$25,000 or more within a single fiscal year for providing Services to the City, then Contractor shall comply with the requirements of the City's Living Wage Ordinance set forth in [Chapter 31 of Title 5 of the Emeryville Municipal Code](#), unless (i) Contractor is a governmental entity, (ii) this Contract is subject to a higher prevailing wage rate as defined in the California Labor Code, or (iii) this Contract is subject to federal or state laws or regulations that would preclude the application of the City's laws.

4.13.2 Applicability

Compliance with the Living Wage Ordinance, if applicable, shall be required during the term of the Contract for all employees of Contractor who perform at least twenty-five percent (25%) of the work arising from this Contract, unless said employees are otherwise exempt from the application of the Living Wage Ordinance pursuant to [Section 5-31.08 of the Emeryville Municipal Code](#). Contractor shall promptly provide to the City documents and information verifying compliance with the requirements of the Living Wage Ordinance within ten (10) working days following a written request for such documentation and information from the City.

4.13.3 Non-Compliance

Failure to comply with the Living Wage Ordinance provides that a person claiming a violation thereof may bring an action against Contractor for back pay, reinstatement and

compensatory damages, as well as a penalty up to three times the amount of damages for a willful violation, plus reasonable attorney's fees and costs. In addition, the City may terminate the Contract and pursue any other remedies available to the City, including debarment, for violations of the Living Wage Ordinance.

4.13.4 Living Wage

Contractor shall notify each of its affected employees with regards to wages that are required to be paid pursuant to this Contract. "Living Wage" means no less than **\$16.69 PER HOUR** (which is [subject to increase annually on July 1st](#) to reflect the twelve-month average increase to the Consumer Price Index for all urban consumers in the San Francisco-Oakland-San Jose Metropolitan Statistical Area for the preceding year from May to April, not to exceed three percent (3%) in any one year) including wages and health benefits. If employer contributions for health benefits are not paid on an hourly basis, the employer must demonstrate to the City the hourly value of such benefits in order to receive credit for such payments to covered employees.

4.13.5 Minimum Wage and Paid Sick Leave

In addition to the Living Wage Ordinance, the Contractor may be required to comply with the [City's Minimum Wage, Paid Sick Leave, and Other Employment Standards Ordinance](#), as set forth in [Chapter 37 of Title 5 of the Emeryville Municipal Code](#), to the extent it is applicable.

4.14 *California Labor Requirements*

4.14.1 Prevailing Wage Requirements

Contractor 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, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall defend, indemnify and hold the City, 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 Contractor and all subcontractors 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.

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4.14.2 Registration

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 Contractor and all subcontractors performing such Services must be registered with the Department of Industrial Relations. Contractor shall maintain registration for the duration of the Contract and require the same of any subcontractors, 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.

4.14.3 Labor Compliance Oversight

This Contract may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Contractor’s sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor that affect Contractor’s performance of Services, including any delay, shall be Contractor’s sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Contractor caused delay and shall not be compensable by the City. Contractor shall defend, indemnify and hold the City, 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 Contractor or any subcontractor.

4.14.4 Workers’ Compensation

Pursuant to the requirements of section 1860 of the [California Labor Code](#), Contractor will be required to secure the payment of workers’ compensation to his employees in accordance with the provisions of section 3700 of the Labor Code. By signing this Contract, Contractor certifies the following:

“I am 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 I will comply with such provisions before commencing the performance of the work of this contract.”

4.14.5 Event of Default

Failure by Contractor to comply with any provision of this Section shall constitute a default of this Contract and shall be grounds for termination as provided in this Contract.

5. **TERMINATION**

- A. The City shall have the right to terminate this Contract for any reason whatsoever by providing written notice thereof at least five (5) calendar days in advance of the termination date.

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- B. All termination notice periods triggered pursuant to written notice shall begin to run from the date of the United States Postal Service postmark.
- C. Upon termination, City shall provide for payment to the Contractor for Services rendered and expenses incurred prior to the termination date.
- D. Upon receipt of a termination notice the Contractor shall: (1) promptly discontinue all Services affected, unless the notice directs otherwise; and (2) promptly deliver to the City all data, drawings, reports, summaries, and such other information and materials as may have been generated or used by the Contractor in performing this Contract, whether completed or in process, in the form specified by the City.
- E. Notwithstanding anything to the contrary, this Contract is subject to immediate termination in the event the City Council does not appropriate sufficient funds for this Contract.
- F. The rights and remedies of the City and the Contractor provided in this Section are in addition to any other rights and remedies provided under this Contract or at law or in equity.

6. NO PERSONAL LIABILITY

No member, official or employee of the City shall be personally liable to the Contractor or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Contractor or successor or on any obligation under the terms of this Contract.

7. ENTIRE AGREEMENT

This Contract constitutes the complete agreement between the Parties and supersedes any and all other agreements, either oral or in writing, between the Parties with respect to the subject matter of this Agreement. No other agreement, statement or promise relating to the subject matter of this Contract not contained in this Contract shall be valid or binding. This Contract may be modified or amended only by a written document signed by representatives of both Parties with appropriate authorization.

8. SUCCESSORS AND ASSIGNS

Subject to the provisions of this Contract regarding assignment, this Contract shall be binding on the heirs, executors, administrators, successors and assigns of the respective Parties.

9. APPLICABLE LAW AND ATTORNEY'S FEES; VENUE

If any action at law or in equity is brought to enforce or interpret the provisions of this Contract, the rules, regulations, statutes and laws of the State of California will control. The prevailing party shall be entitled to reasonable attorney's fees in addition to any

other relief to which said party may be entitled. The exclusive venue for any legal action taken pursuant to this Contract shall be the State of California Superior Court for the County of Alameda or the United States District Court for the Northern District of California.

10. SEVERABILITY

The caption or headnote on articles or sections of this Contract are intended for convenience and reference purposes only and in no way define, limit or describe the scope or intent thereof, or of this Contract nor in any way affect this Contract. Should any article(s) or section(s), or any part thereof, later be deemed unenforceable by a court of competent jurisdiction, the remainder of this Contract shall remain in full force and effect to the extent possible.

11. BUSINESS TAX CERTIFICATE

Prior to commencement of the Services to be provided hereunder, Contractor shall apply to the City of Emeryville Finance Department for a business tax certificate, pay the applicable business tax and maintain said business tax certificate during the term of this Contract, as provided in Article 1 of Chapter 1 of Title 3 of the Emeryville Municipal Code.

12. NOTICES

12.1 Communications Relating to Daily Activities

All communications relating to the day-to-day activities of the work and invoices shall be exchanged between **Brad Farmer** for the City and **Katherine Yuen** for the Contractor:

CITY	CONTRACTOR
Brad Farmer, Finance Director Phone No: 510-596-4352 E-Mail : bfarmer@emeryville.org	Katherine Yuen Phone No: 925-930-0902 E-Mail : katheriney@mazeassociates.com

12.2 Official Notices

All other notices, writings or correspondence as required by this Contract shall be directed to the City and the Contractor, respectively, as follows:

CITY	CONTRACTOR
Christine Daniel, City Manager 1333 Park Avenue Emeryville, California 94608 Phone No: 510-596-4371 E-Mail : cdaniel@emeryville.org <i>with a copy to:</i> Brad Farmer, Finance Director 1333 Park Avenue Emeryville, California 94608 Phone No: 510-596-4352 E-Mail : bfarmer@emeryville.org	Katherine Yuen, Vice President of Audit 3478 Buskirk Avenue, Ste. 215 Pleasant Hill, CA 94523 Phone No: 925-963-5725. E-Mail : katheriney@mazeassociates.com

13. COUNTERPARTS

This Contract may be signed in counterparts, each of which shall constitute an original. It is expressly agreed that each Party to this Contract shall be bound by its own telecopied, scanned, electronic or digital signature and shall accept the telecopied, scanned, electronic or digital signature of the other Party to this Contract.

14. NO THIRD-PARTY BENEFICIARIES

Except to the extent expressly provided for herein, there are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

15. NON-EXCLUSIVITY

City reserves right to employ other contractors in connection with the Services covered under this Contract.

16. ASSIGNMENT OR TRANSFER

Contractor shall not assign, hypothecate or transfer, either directly or by operation of law, this Contract or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

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17. WAIVER

The City's failure to enforce any provision of this Contract or the waiver in a particular instance shall not be construed as a general waiver of any future breach or default.

18. OTHER REQUIREMENTS

Compliance with terms and conditions set forth in **Exhibit C** is ☐ **required** / ☒ **not required** for this Contract. Contractor shall also fully and adequately comply with the provisions included in **Exhibit C** ("Other Requirements") when attached hereto and incorporated herein by reference ("Other Requirements"). With respect to any conflict between such Other Requirements and the terms of this Contract and/or the provisions of state law, **Exhibit C** shall control.

SIGNATURES ON FOLLOWING PAGE

City of Emeryville | Professional Services Contract
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19. SIGNATURE PAGE TO PROFESSIONAL SERVICES CONTRACT

IN WITNESS WHEREOF the City and the Contractor have executed this Contract,
which shall become effective as of the date first written above.

Approved As To Form:

DocuSigned by:

Andra Visveshwara

AD9DE6E0269E487...

City Attorney

Dated:

CITY OF EMERYVILLE

Christine S. Daniel, City Manager

Dated:

MAZE & ASSOCIATES

DocuSigned by:

Katherine Yuen

ED7A6F5D336E04B7...

3/25/2021

(Signature)

Katherine Yuen, Vice President of Audit

*Attach:
W-9 Form*

*Attach:
Business License Certificate*

<i>Attach: W-9 Form</i>	<i>Attach: Business License Certificate</i>
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January 29, 2021

City of Emeryville
Attn: Brad Farmer
Finance Director
1333 Park Avenue
Emeryville, CA 94608
bfarmer@emeryville.org

Dear Mr. Farmer:

We are pleased to enclose three hard copies and one electronic copy of our Technical Proposal and Cost Proposal to provide professional auditing services for the City of Emeryville for the fiscal years ending June 30, 2021, 2022, and 2023 with options for extensions for fiscal years ending June 30, 2024 and 2025.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Katherine Yuen', with a long, sweeping horizontal line extending to the right.

Katherine Yuen, CPA
Audit Partner

KY:saa

Enclosures



March 24, 2021

City of Emeryville
Attn: Brad Farmer
Finance Director
1333 Park Avenue
Emeryville, CA 94608

Dear Mr. Farmer:

This letter serves as clarifications of certain terms used in Maze & Associates' Professional Auditing Services Proposal, dated January 29, 2021, submitted to the City of Emeryville. The clarifications are as follows:

Terms Used in the Proposal	What Maze & Associates Meant
"We", "we"	Maze & Associates
"us"	Maze & Associates
"Our", "our"	Maze & Associates'
"ours"	Maze & Associates'

Maze & Associates hope that this letter has cleared the confusion. If not, please do not hesitate to contact Maze & Associates. Thank you!

A handwritten signature in black ink, appearing to read 'Katherine Yuen', with a stylized flourish at the end.

Katherine Yuen, CPA
Audit Partner

PROFESSIONAL AUDITING SERVICES PROPOSAL 1.29.21

PREPARED FOR



City of Emeryville
Attn: Brad Farmer
Finance Director
1333 Park Avenue
Emeryville, CA 94608

Katherine Yuen, CPA
3478 Buskirk Ave, Ste 215
Pleasant Hill, CA 94523
(925) 930-0902
katheriney@mazeassociates.com

M **MAZE**
& ASSOCIATES

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**CITY OF EMERYVILLE
PROFESSIONAL AUDIT PROPOSAL**

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PROFESSIONAL AUDIT PROPOSAL

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January 29, 2021

City of Emeryville
 Attn: Brad Farmer
 Finance Director
 1333 Park Avenue
 Emeryville, CA 94608
bfarmer@emeryville.org

Dear Mr. Farmer:

We appreciate this opportunity to submit our proposal to provide professional auditing services for the City of Emeryville. We understand we will audit the City's Basic Financial Statements and assist with the CAFR for the three fiscal years ending with the fiscal year ending June 30, 2021, with options for extensions for fiscal years ending June 30, 2024 and 2025. We will also perform additional procedures and complete the other assurance services as specified in the City's Request for Proposal, within the time periods established by the City.

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

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

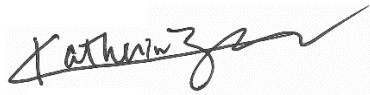
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- **When our partners communicate with Councils and Committees, their knowledge is based on detailed specifics**, not information which has been filtered through several layers of review.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **80 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of live training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 84 and GASB Statement 87.
- With our qualified information systems staff, **we have developed and employ a number of technologies to streamline our audit process, ensure open channels of communication and data transfer while ensuring security and confidentiality of client data**. These technologies include paperless audit workpapers, and a major upgrade of our "electronic transfer of data" technique eliminating manual financial statement inputs and maximizing easy to use financial rollup reports.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.
- We have one **local office** in Pleasant Hill, and employ approximately 60 people. This allows for smooth communication, and reduces delays other firms experience when having to deal with multiple offices for quality assurance and report generation and production.
- We do our best not to change staffing from year to year and from interim to final unless the City requests a change.
- **Our references** – indeed, any of our clients, will confirm we are your best choice.
- We have reviewed the proposed schedule in the request for bid and have already made arrangements to lock down those dates if we are selected as the new auditors.

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

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

We look forward to the opportunity to provide audit services for the City of Emeryville!

Yours very truly,

A handwritten signature in black ink, appearing to read "Katherine Yuen", with a long, sweeping horizontal line extending to the right.

Katherine Yuen, CPA
Audit Partner

KY:saa

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LICENSE TO PRACTICE IN CALIFORNIA

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

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**, including the credits specifically required in the area of governmental audits.

Even though not required, all non-certified audit staff receives the same level of training.

INDEPENDENCE

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

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

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

FIRM QUALIFICATIONS AND EXPERIENCE

Overview

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

- Seven Shareholders, including five Audit Partners
- Two Directors
- Six Managers
- Nine Supervisors

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Thirty-six of our professional staff members comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

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

The location of the office from which work on this engagement will be performed is Pleasant Hill, California.

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

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

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

Reputation

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

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Capacity and Resources

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

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

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

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

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

Audit Quality

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)***Experience***

Seventy-five percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. **Our practice includes over forth city and town clients and more than fifty special districts, including over forty city and special district CAFR award winners—more award winners than any other Northern California accounting firm or international firm branch office.** Every one of the above CAFRs won awards from GFOA and/or CSMFO.

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

City and Town Clients

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	CAFR Submission	GFOA Award	Single Audit
Population > 100,000					
Concord	Audits of City CAFR, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Population < 100,000					
Alameda	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City CAFR, Successor Agency, Single Audit, Transportation Measure	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City CAFR	2018 - Present	✓ Yes	✓ Yes	*
Benicia	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Brentwood	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Brisbane	Audit of City CAFR, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City CAFR, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City CAFR, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City CAFR and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes
Fairfax	Audit of Basic Financial Statements	2009 - Present	*	*	*
Half Moon Bay	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Lathrop	Audit of City CAFR, Single Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City CAFR, Single Audit, Transportation Measure	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City CAFR, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	CAFR Submission	GFOA Award	Single Audit
Martinez	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Morgan Hill	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Oakley	Audit of City CAFR, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City CAFR, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pleasanton	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes
San Bruno	Audit of City CAFR, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Carlos	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes
San Pablo	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City CAFR, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
South San Francisco	Audit of City CAFR, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients (Continued)

Client Name	Scope of Work	Client Start Date	CAFR Submission	GFOA Award	Single Audit
Tracy	Audit of City CAFR, Successor Agency, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Visalia	Audit of City CAFR, Successor Agency, Single Audit, Transit Fund Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Watsonville	Audit of the City CAFR, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Significant Special District Audit Engagements

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

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Significant Special District Audit Engagements (Continued)

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

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

Public Financing Authorities and Mello-Roos Experience

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

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

Assistive Resources

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

Client Training and Professional Development

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

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

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

Professional Activities

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

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

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

Staff Training

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

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

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Qualifications and Continuity

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience. Changes to the engagement partner, manager, or supervisory staff will be made only after written permission from the City.

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

External Quality Control Review/Peer Review

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2018; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements, including three Special Districts. A copy of our most recent peer review opinion is located at the end of this section.

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

Federal or State Desk or Field Reviews

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

Litigation

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

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Peer Review Letter



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

January 31, 2018

To Maze & Associates Accountancy Corporation and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

As 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.

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Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Peer Review Letter (Continued)

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE

Audit Team

We are proposing to assign Katherine Yuen, CPA, as Engagement Partner, Vikki Rodriguez, CPA, as Alternate/Technical Review Partner, Whitney Crockett, CPA, as Manager, and Kay Khin as Supervisor. We have selected this team based on their extensive municipal audit experience.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience. We understand that the engagement partners, managers, and specialists may be changed only with the express prior written permission of the City.

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

Resumes of Staff Assigned to Your Audit



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

City of Alameda
Alameda Mayors' Conference
Alameda Power and Telecom
Alameda Reuse and Redevelopment Authority
Association of Bay Area Governments
Town of Atherton
Bay Area Air Quality Management District
City of Belmont

City of Milpitas
City of Monterey
Town of Moraga
City of Mountain View
City of Napa
City of Newark
Novato Fire Protection District
City of Oakley

PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE

Katherine Yuen (Continued)

City of Benicia	City of Oxnard
City of Brentwood	City of Pacifica Child Development Program
California Joint Powers Risk Management Authority	City of Palo Alto
City of Campbell	City of Petaluma
City of Concord	City of Pinole
Central Contra Costa County Solid Waste Authority	City of Pittsburg
City of Daly City	City of Pleasant Hill
City of Davis	City of Rancho Cordova
City of Dublin	City of Roseville
East Bay Recreation and Park District	Ross Valley Fire Protection Department
El Dorado Irrigation District	City of San Carlos
City of Emeryville	City of San Leandro
Town of Fairfax	City of San Mateo
City of Galt	City of San Rafael
City of Hayward	City of San Rafael Child Development Program
Kentfield Fire Protection District	City of San Ramon
City of Lafayette	San Ramon Valley Fire Protection Agency
Town of Larkspur	City of Sausalito
City of Lathrop	Small Cities Organized Risk Effort (SCORE)
Livermore Area Recreation and Park District	City of South Lake Tahoe
City of Los Altos	South Placer Wastewater Authority
City of Los Banos	City of South San Francisco
Town of Los Gatos	City of Tracy
City of Manteca	City of Turlock
City of Martinez	City of Walnut Creek
City of Millbrae	City of Woodland
City of Orinda	Town of Woodside

PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE



VIKKI C. RODRIGUEZ, CPA, Technical Review Partner – Vikki graduated from San Diego State University where she received her Bachelor of Science Degree in Accounting with a Minor in English, and received her Master’s in Taxation at Golden Gate University in 2006. She is a Certified Public Accountant in the State of California. She is a member of the American Institute of Certified Public Accountants. Vikki spent a year and a half working as an accountant at the City of Daly City and her college years working part time for both municipal government and nonprofit organizations prior to joining the firm in 1998. Vikki has accumulated over 360 hours of continuing education in the past three years as an instructor, participant and student. She has attended many of the annual

Nonprofit Organization Conferences held by the California CPA Foundation, as well as CSMFO conferences. Vikki has served as a member on several non-profit Boards and Audit Committees and is currently the Board President of the Center for Human Development. Her audit experience includes the following:

Cities

- | | |
|-------------------------|--------------------------|
| City of Alameda | City of Martinez |
| City of American Canyon | City of Milpitas |
| City of Belmont | City of Newark |
| City of Benicia | City of Palo Alto |
| City of Cupertino | City of Petaluma |
| City of Daly City | City of Pittsburg |
| City of El Cerrito | City of Pleasant Hill |
| City of Emeryville | City of Pleasanton |
| City of Half Moon Bay | City of Rio Vista |
| City of Larkspur | City of San Carlos |
| City of Livermore | City of San Pablo |
| City of Los Banos | City of San Rafael |
| Town of Los Altos Hills | City of Suisun City |
| Town of Los Gatos | City of San Mateo |
| City of Manteca | City of South Lake Tahoe |
| | City of Tracy |
| | City of Visalia |

PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE (Continued)



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

City of Alameda	El Dorado County
Town of Atherton	Alameda County Transportation Commission
City of Brisbane	City of Milpitas
Central Contra Costa Sanitary District	Town of Moraga
Charitable Federated Group	Transbay Joint Power Authority
City of Concord	Novato Sanitary District
Contra Costa Water District	City of Oakley
City of Daly City	City of Pacifica
City of Dublin	Peninsula Traffic Congestion Relief Alliance
Dublin San Ramon Services District	City of Petaluma
City of East Palo Alto	City of Richmond
City of El Cerrito	City of Roseville
Town of Fairfax	City of Santa Clara
City of Hayward	City of San Pablo
City of Lafayette	City of San Rafael
City of Larkspur	City of Sausalito
Livermore Amador Valley Transit Authority	South San Joaquin Irrigation District
City of Los Banos	Stopwaste
City of Manteca	TRAFFIX
Marin/Sonoma Mosquito and Vector Control District	Tri-Dam Project/Tri-Dam Power Authority
City of Martinez	City of Vallejo
City of Mountain View	City of Watsonville
City of Pittsburg	City of West Sacramento
Livermore-Amador Valley Water Management Agency	Town of Woodside

PARTNER, SUPERVISORY AND STAFF QUALIFICATION AND EXPERIENCE (Continued)



Kay Khin, Supervisor – graduated from San Francisco State University, in 2017, with a Bachelor of Science Degree in Business Administration concentrating in Accounting. Kay has received over **240 hours of continuing education** since joining our firm in August 2017. Her relevant municipal experience includes the following:

Association of Bay Area Governments (ABAG)
 City of Alameda
 Town of Atherton
 City of Belmont
 Town of Belvedere
 City of Brisbane
 City of Burlingame
 Central Contra Sanitary District
 Central California Irrigation District
 City of Daly City
 East Bay Municipal Utility District
 Town of Fairfax
 City of Foster City
 Kentfield Fire Protection District
 City of Livermore
 City of Los Altos
 Town of Los Altos Hills

City of Morgan Hill
 Novato Fire Protection District
 City of Pacifica
 City of Petaluma
 Town of Portola Valley
 Redwood Empire Municipal Insurance Fund (REMIF)
 City of Richmond
 City of San Bruno
 City of San Carlos
 City of San Leandro
 City of San Rafael
 City of Santa Clara
 Santa Clara County Central Fire Protection District
 City of Sausalito
 Sonoma County Agricultural Preservation and
 Open Space District
 City of South San Francisco
 City of Watsonville

Personnel Policies

We are an equal opportunity employer. Our staff includes both sexes, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority owned business enterprise.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Cities, Counties and Special Districts Audit, CAFR and Single Audit Experience

Our current Cities and Towns clients, workscope for those clients, and whether they prepare a CAFR or have a Single Audit can be found in the ***Firm Qualifications and Experience Section*** above. All of those clients prepare financial statements in the GASB 34 financial statement format. In that section, we have also included our historical Special District Audit Engagements and whether those audits involved a Single Audit.

Similar Engagements with Other Government Entities and References

Below are the three most significant engagements we performed in the last three years that are similar to the engagement described in the City's Request for Proposal. They also serve as our references. Please contact these references for further information, or if you wish call any of our clients for a reference!

Reference No. 1

Customer Name	City of Hayward
Contact Individual	Dustin Clausen, Finance Director
Telephone & Email Address	(510) 583-4000, Dustin.Claussen@hayward-ca.gov
Street Address	777 B Street
City, State, Zip Code	Hayward, CA 94541
Description of services provided including contract amount, when provided and project outcome	<i>A client from 1996 to 2007, rotated back to Maze & Associates in 2011</i> Comprehensive Annual Financial Report (GFOA Award Winner), Memorandum on Internal Control and Required Communications, Single Audit Act Report, Proposition 111 Agreed Upon Procedures Report, Measure B, BB and F Reports, Transportation Development Act Audit Report, Hayward Public Financing Authority Audit, Annual Reports of Financial Transactions
Size of Budget	General Fund \$185m, Successor Agency, \$3.8m

Reference No. 2

Customer Name	City of Concord
Contact Individual	Suzanne McDonald, Financial Operations Manager
Telephone & Email Address	(925) 671-3136, Suzanne.McDonald@cityofconcord.org
Street Address	1950 Parkside Drive
City, State, Zip Code	Concord, CA 94519
Description of services provided including contract amount, when provided and project outcome	<i>A client from 1992 to 2012, rotated back to Maze & Associates in 2019</i> Comprehensive Annual Financial Report (GFOA Award Winner), Memorandum on Internal Control and Required Communications, Single Audit Act Report, Concord/Pleasant Hill Healthcare District Financial Statements, Joint Powers Financing Authority Financial Statements, Proposition 111 Agreed Upon Procedures Report, Annual Reports of Financial Transactions
Size of Budget	General Fund \$103m, Successor Agency, \$5.4m

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES (Continued)

Reference No. 3

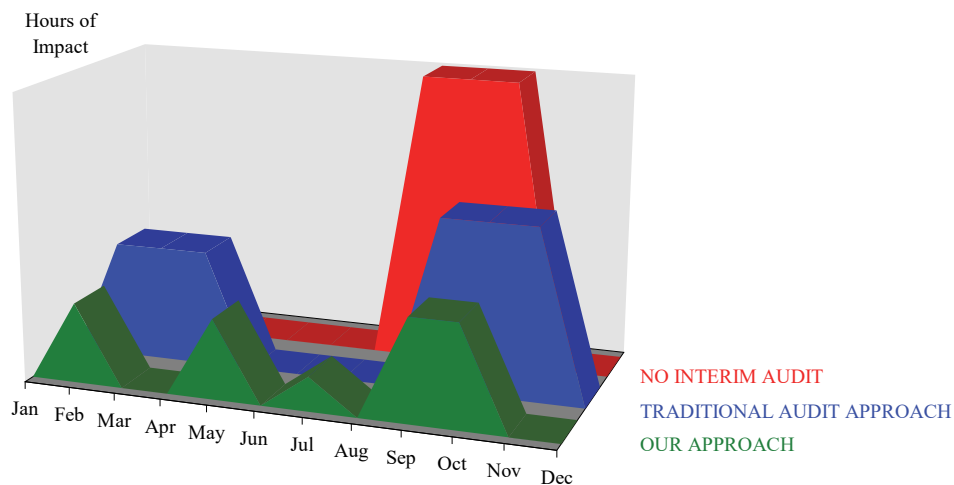
Customer Name	City of Brentwood
Contact Individual	Kerry Breen, Director of Finance & Information
Telephone & Email Address	(925) 516-5436, kbreen@brentwoodca.gov
Street Address	150 City Park Way
City, State, Zip Code	Brentwood, CA 94513
Description of services provided including contract amount, when provided and project outcome	<i>A client since 2007</i> Comprehensive Annual Financial Report (GFOA Award Winner), Memorandum on Internal Control and Required Communications, Proposition 111 Agreed Upon Procedures Report, Transportation Development Act Audit Report, Single Audit Act Report, Annual Report of Financial Transactions
Size of Budget	General Fund \$61m, Successor Agency, \$2.7m

SPECIFIC AUDIT APPROACH

Overview

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

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



SPECIFIC AUDIT APPROACH (Continued)

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

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

Specific Audit Strategy – Interim

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

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

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

Laws, Regulations and Compliance

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

SPECIFIC AUDIT APPROACH (Continued)

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

Specific Audit Strategy – Analytical Procedures and Year End

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner, Manager and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner, Manager and Supervisor, will review the City's financial statement drafts and provide feedbacks. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

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

Audit IT Systems, Security and Going Green

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support.

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

SPECIFIC AUDIT APPROACH (Continued)

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the City's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

Local Expertise and Resources

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

System Controls, Transaction Cycle Processing Verification and Sample Sizes

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

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

SPECIFIC AUDIT APPROACH (Continued)

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

Profiles, Access and Setup Controls

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

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

Data Extraction

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

SPECIFIC AUDIT APPROACH (Continued)

Assessing Risks – Interim Phase

We have consistently employed a risk-based concept from our firm's inception. Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

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

Fraud Considerations

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

Client Tailored Risk Assessment

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

SPECIFIC AUDIT APPROACH (Continued)

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

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

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

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

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

Client Participation in the Risk Assessment Process

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

We must also establish two-way communication with the Council and Finance Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Council meeting or meet with representatives of the Council.

SPECIFIC AUDIT APPROACH (Continued)

Assessing Risks – Final Phase

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

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

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

Communication and Coordination

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

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

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

SPECIFIC AUDIT APPROACH (Continued)

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

Timeline for Audit Work

We have timed our audit to complete all your reports so that they are ready to print by your deadlines. We will start our work as soon as you appoint us as your auditors, with an entrance conference once the contract is executed.

Internal Quality Assurance System

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

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

Identification of Anticipated Potential Audit Problems

We will provide the City with whatever support it needs with regard to gaining an understanding of new pronouncements affecting the financial statements and our audits. Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with City staff.

In the year of implementation, we proforma new disclosures and add on additional data requests to our interim and closing checklists. For complex rules, we prepare course materials and conduct training and education sessions during interim for finance and other affected City staff to ensure they understand the requirements. We include the new GASB provisions as well as any additional resources such as implementation guides, practical application examples and additional technical resources and contacts. After City staff has had a chance to think about the City's operations, we conduct a follow-up conference to determine the potential impact to the financial statements and audit. In unusual cases we will schedule additional field work before year end to ensure the new rules do not affect year end timing.

Although the majority of new GASB pronouncements do not affect our audit work scope, there are occasional instances in which the implementation of the provisions of a new GASB statement affect the scope of our audit, such as what happened with the implementation of GASB Statement No. 68 and GASB Statement No 75. We will discuss any future pronouncements that affect the scope of our audit with City staff prior to the year of implementation.

SPECIFIC AUDIT APPROACH (Continued)
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Estimate Timeline

We have timed our audit to complete all your reports so that they are ready to print by your deadlines.

Of course, our timetable may be adjusted to fit your needs. We will start our work as soon as you appoint us your auditors, with an entrance conference as soon as possible. Please see the proposed segmentation of the engagements on the schedule following this timeline. Our proposed timeline follows:

April: Present to the City Interim Closing Checklist – audit plan
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May - June:

Entrance conference and refine audit plan Complete interim audit tests Interim exit conference & present: Revised financial statement formats and disclosures Annual Closing Checklist – audit plan Accounting Issues Memorandum

September:

Final phase entrance conference, start of year-end field-work Discuss any potential findings

By October 15:

Exit conference & present: Report drafts Adjustments, passed adjustments and reclassification adjustments

Early December:

Issuance of CAFR and related reports

CITY OF EMERYVILLE
Proposed Engagement Segments and Budget

Attachment A (Revised)

REQUIRED SERVICES			
Service	2020/21	2021/22	2022/23
City Audit Report w/ Management Letter	\$64,565	\$66,825	\$69,164
Successor Agency Component Unit Report	\$9,245	\$9,569	\$9,904
AUP Applied to Appropriations Limit	\$738	\$763	\$790
Single Audit Report (1 Program)	\$5,935	\$6,143	\$6,358
Measure B Report	\$3,125	\$3,234	\$3,347
Measure BB Report	\$3,125	\$3,234	\$3,347
VRF Report	\$3,125	\$3,234	\$3,347
Child Development Center Report	\$6,050	\$6,262	\$6,481
Housing Successor Report	\$4,035	\$4,176	\$4,322
Total for Fiscal Year (not to exceed)	\$99,943	\$103,440	\$107,060



City of Emeryville

C A L I F O R N I A

EXHIBIT B

Contract Insurance Requirements

As used in this Exhibit B, Contractor refers to **MAZE & ASSOCIATES**.

1. MINIMUM REQUIREMENTS

Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work or Services required by the Contract hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage, as checked below:

1.1 *Minimum Scope of Insurance*

Coverage shall be at least as broad as the latest version of the following:

- ☒ **General Liability**
Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
- ☐ **Automobile Liability**
Insurance Services Office Business Auto Coverage form number CA 00 01, code 1 (any auto) or if Contractor owns no vehicles, this requirement may be met through a non-owned auto endorsement to the General Liability Policy.
- ☒ **Professional Liability / Errors and Omissions**
Written on a policy form specifically designed to protect against acts, errors or omissions of the Contractor wherein "Covered Professional Services" as designated in the policy must specifically include Services performed under this Contract.
- ☒ **Workers' Compensation and Employer's Liability**
Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Policies shall not contain exclusions contrary to this Contract.
- ☐ **Pollution Liability Insurance**
Pollution Liability insurance for claims arising from the discharge, dispersal release or escape or any irritant or contaminant into or upon land, any structure, the atmosphere, watercourse or body of water, including groundwater. This shall

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020

include on and off-site clean up and emergency response costs and claims arising from above ground and below ground storage tanks.

1.2 Minimum Limits of Insurance

Contractor shall maintain limits no less than:

☒ **General Liability**

☒ **All Contract Types**

\$1,000,000.00 per occurrence and **\$2,000,000.00** aggregate for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability.

OR

☐ **Construction Specific**

\$2,000,000.00 per occurrence and **\$4,000,000.00** aggregate for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability, and coverage for explosion, collapse and underground property damage hazards.

☐ **Automobile Liability**

\$2,000,000.00 per accident for bodily injury and property damage.

☒ **Professional Liability / Errors and Omissions**

\$2,000,000.00 per claim and aggregate.

☒ **Workers' Compensation and Employer's Liability**

Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of **\$1,000,000.00** each accident, policy limit bodily injury or disease, and each employee bodily injury or disease.

☐ **Pollution Liability Insurance**

\$2,000,000.00 per occurrence and **\$2,000,000.00** aggregate.

Except for the professional liability / errors and omissions policy, defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the Parties required to be named as additional insureds pursuant to this Contract.

2. INSURANCE ENDORSEMENTS

The insurance policies shall contain the following provisions, if checked, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the City to add the following provisions, if checked, to the insurance policies:

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020☒ **General Liability**

(1) Such policy shall provide the City, its officials, employees, agents and authorized volunteers additional insured status using ISO endorsements CG20 10 or CG20 37, or endorsements providing the exact same coverage, with respect to the work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it; and (4) the insurance coverage shall contain standard separation of insureds provisions.

☐ **Automobile Liability**

(1) Such policy shall provide the City, its officials, employees, agents and authorized volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

☒ **Professional Liability Coverage**

Any policy inception date, continuity date, or retroactive date must be before the effective date of this Contract and Contractor agrees to maintain continuous coverage through a period no less than three years after termination of the Contract.

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020☒ **Workers' Compensation and Employer's Liability Coverage**

The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents and authorized volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

☐ **Pollution Liability Coverage**

(1) Such policy shall give the City, its officials, employees, agents and authorized volunteers additional insured status with respect to claims arising from the discharge, dispersal release or escape or any irritant or contaminant into or upon land, any structure, the atmosphere, watercourse or body of water, including groundwater; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

ALL COVERAGES

Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, its officials, employees, agents and authorized volunteers.

3. NO SPECIAL LIMITATIONS

The required insurance shall not contain any special limitations on the scope of protection afforded to the City, its officials, employees, agents and authorized volunteers.

4. DEDUCTIBLES AND SELF-INSURANCE RETENTIONS

Any deductibles or self-insured retentions must be declared to and approved by the City. Contractor shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officials, employees, agents and authorized volunteers; or (2) the Contractor shall procure a bond or other financial guarantee acceptable to the City guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020

5. ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII, licensed to do business in California, and satisfactory to the City. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

6. VERIFICATION OF COVERAGE

Contractor shall furnish City with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the City. All certificates and endorsements must be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

7. SUBCONTRACTORS

All subcontractors shall meet the requirements of this Section before commencing any work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the City, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the City in writing.

8. REPORTING OF CLAIMS

Contractor shall report to the City, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the work performed under this Contract.