

**Meeting Date:** 6/10/2014

**Report Type:** Consent

**Report ID:** 2014-00326

**Title:** Approval of Professional Auditing Services Agreement (Reviewed 06/05/2014)

**Location:** Citywide

**Recommendation:** Pass a Motion 1) authorizing the City Manager or the City Manager's designee to execute a professional services agreement for auditing services with Vavrinek, Trine, Day and Co., LLP for one year with four one-year renewal options to conduct the City's required independent financial and compliance audits for the fiscal year ended June 30, 2014, in a total amount not to exceed \$1,189,378; and 2) authorizing the City Manager or the City Manager's designee to execute the agreement and renewal options specified above provided that sufficient funds are available in the adopted budget of the applicable fiscal year.

**Contact:** Dennis Kauffman, Operations Manager, (916) 808-5843; Leyne Milstein, Finance Director, (916) 808-8491, Department of Finance

**Presenter:** None

**Department:** Finance

**Division:** Accounting Division

**Dept ID:** 06001311

**Attachments:**

1-Description/Analysis

2-Agreement

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**City Attorney Review**

Approved as to Form

Steve Itagaki

6/4/2014 4:46:55 PM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 6/2/2014 2:18:29 PM

## Description/Analysis

**Issue:** On March 14, 2014, the Finance Administration Division, in accordance with City Code Chapter 3.64, issued Request for Proposals (RFP) No. P14061311001 for professional auditing services. On April 4, 2014, the City received three responses to the RFP. Proposals were evaluated based on technical qualifications, including expertise and experience, price, and mandatory RFP elements. After evaluation by a selection committee, which included staff members from the County of Sacramento and the Sacramento Housing and Redevelopment Agency in addition to City staff, staff concluded that the proposal submitted by Vavrinek, Trine, Day and Co., LLP was the most responsive.

Audit services were solicited for the following reporting entities, which include City and related agencies and programs:

- City of Sacramento - Comprehensive Annual Financial Report
- City of Sacramento - Single Audit
- Sacramento City Employees' Retirement System – Financial Statements
- Sacramento Convention and Visitors Bureau (SCVB) – Financial Statements
- Del Paso Road Community Facilities District – Special Purpose Financial Statements
- Child Development Program - Financial Statements with State Required Supplemental Information

**Policy Considerations:** This action is consistent with City Charter Section 117, which requires an annual independent audit of the City's financial records. Independent audits are also required by the Federal Single Audit Act, grant agreements, and bond covenants. The recommendations in this report are also in accordance with provisions of City Code Chapter 3.64 regarding contracts for professional services.

**Economic Impacts:** None

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** No environmental review is necessary because the recommendations in this report involve contracting for professional services and are not considered to be a project in accordance with Section 15378(b)(2) of the CEQA Guidelines.

**Sustainability:** Not applicable

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** It is in the best interest of the City to authorize the City Manager to execute a professional services agreement with Vavrinek, Trine, Day and Co., LLP, the firm whose proposal was the highest ranked and the most responsive.

**Financial Considerations:** In determining the recommended spending authority, staff adjusted the proposed amounts in consideration of future needs. The recommended not-to-exceed amount of \$1,189,378 includes a \$16,000 contingency in each year to allow for additional audit service requests including performance audits of Measure U.

Funding for these services will be provided by the Finance Department operating budget, except funding for the child development program audit will be provided by the 4<sup>th</sup> R Fund and funding for the SCVB audit will be provided by SCVB. Sufficient funding is available in the fiscal year 2013/14 budget for audit services. Services for future fiscal years are subject to funding availability in the adopted budget for the applicable fiscal year.

**Local Business Development (LBE):** Vavrinek, Trine, Day and Co., LLP is a local business enterprise.

City of  
**SACRAMENTO**  
Finance Department

May 2, 2014

Mr. David Showalter  
Vavrinek, Trine, Day & Co., LLP  
2151 River Plaza Drive, Suite 308  
Sacramento, CA 95833

**SUBJECT: Professional Audit Services (RFP: P14061311001)**

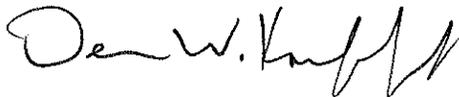
Congratulations on being awarded the above referenced consultant services agreement. To facilitate the award, please complete and sign the flagged pages of the agreement. Also, please note your State I.D. No. on page 3 of the Professional Services Agreement.

In addition, please return a certificate of insurance, with the City of Sacramento listed as additional insured on all types of insurance, including commercial general liability, professional liability, automobile liability and workers compensation. You may use the ACORD insurance form with the following correction: "Written notification of cancellation shall be no less than 30 days".

Please return all required documents listed above as soon as possible so we can secure this contract as expeditiously as possible. Work cannot begin until the agreement has been executed.

Should you have questions, please contact me at (916) 808-5843.

Sincerely,



Dennis Kauffman, CPA  
Operations Manager

PROJECT #: P14061311001  
PROJECT NAME: 2013-2014 Professional Audit Services  
DEPARTMENT: Finance  
DIVISION: Accounting

CITY OF SACRAMENTO

**PROFESSIONAL SERVICES AGREEMENT \***

**THIS AGREEMENT** is made at Sacramento, California, as of \_\_\_\_\_, by and between the **CITY OF SACRAMENTO**, a municipal corporation ("CITY"), and

Vavrinek, Trine, Day & Co., LLP  
2151 River Plaza Drive, Suite 308, Sacramento, CA 95833  
Phone (916) 570-1880 / Fax (916) 570-1875

("CONTRACTOR"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, CONTRACTOR shall provide to CITY the services described in Exhibit A. CONTRACTOR shall provide said services at the time, place, and in the manner specified in Exhibit A. CONTRACTOR shall not be compensated for services outside the scope of Exhibit A unless prior to the commencement of such services: (a) CONTRACTOR notifies CITY and CITY agrees that such services are outside the scope of Exhibit A; (b) CONTRACTOR estimates the additional compensation required for these additional services; and (c) CITY, after notice, approves in writing a Supplemental Agreement specifying the additional services and amount of compensation therefor. CITY shall have no obligations whatsoever under this Agreement and/or any Supplemental Agreement, unless and until this Agreement or any Supplemental Agreement is approved by the Sacramento City Manager or the City Manager's authorized designee, or by the Sacramento City Council, as required by the Sacramento City Code.
2. **Payment.** CITY shall pay CONTRACTOR for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B. The payments specified in Exhibit B shall be the only payments to be made to CONTRACTOR for the services rendered pursuant to this Agreement unless pursuant to Section 1, above, CITY approves additional compensation for additional services. CONTRACTOR shall submit all billings for said services to CITY in the manner specified in Exhibit B, or, if not specified in Exhibit B, according to the usual and customary procedures and practices that CONTRACTOR uses for billing clients similar to CITY.
3. **Facilities and Equipment.** Except as set forth in Exhibit C, CONTRACTOR shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement. CITY shall furnish to CONTRACTOR only the facilities and equipment listed in Exhibit C according to any terms and conditions set forth in Exhibit C.
4. **General Provisions.** The General Provisions set forth in Exhibit D, that include indemnity and insurance requirements, are part of this Agreement. In the event of any conflict between the General Provisions and any terms or conditions of any document prepared or provided by CONTRACTOR and made a part of

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\* This form to be used for all professional services, except professional services related to a construction project and professional services performed by architects, landscape architects, professional engineers, or professional land surveyors.

this Agreement, including without limitation any document relating to the scope of services or payment therefor, the General Provisions shall control over said terms or conditions.

5. **Non-Discrimination in Employee Benefits.** This Agreement is subject to the provisions of Sacramento City Code Chapter 3.54, Non-Discrimination in Employee Benefits by City Contractors. The requirements of Sacramento City Code Chapter 3.54 are summarized in Exhibit E. CONTRACTOR is required to sign the attached Declaration of Compliance (Equal Benefits Ordinance), to assure compliance with these requirements.
6. **Authority.** The person signing this Agreement for CONTRACTOR hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of CONTRACTOR and to bind CONTRACTOR to the performance of its obligations hereunder.
7. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated as if set forth fully herein.

Executed as of the day and year first above stated.

**CITY OF SACRAMENTO**  
A Municipal Corporation

By: \_\_\_\_\_

Print name: Leyne Milstein

Title: Director of Finance

For: John F. Shirey, City Manager

APPROVED TO AS FORM:

\_\_\_\_\_  
City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

Attachments

- Exhibit A - Scope of Service
- Exhibit B - Fee Schedule/Manner of Payment
- Exhibit C - Facilities/Equipment Provided
- Exhibit D - General Provisions
- Exhibit E - Non-Discrimination in Employee Benefits

**CONTRACTOR:**

VAVRINEK, TRINE, DAY & CO. LLP  
NAME OF FIRM

95-2648289  
Federal I.D. No.

1447175-9  
State I.D. No.

1011876  
City of Sacramento Business Op. Tax Cert. No.

TYPE OF BUSINESS ENTITY (*check one*):

- Individual/Sole Proprietor
- Partnership
- Corporation (*may require 2 signatures*)
- Limited Liability Company
- Other (*please specify: \_\_\_\_\_*)

  
Signature of Authorized Person

David Showalter, Partner  
Print Name and Title

\_\_\_\_\_  
Additional Signature (*if required*)

\_\_\_\_\_  
Print Name and Title

**DECLARATION OF COMPLIANCE  
Equal Benefits Ordinance**

Name of Contractor: Vavrinek, Trine, Day and Co., LLP

Address: 2151 River Plaza Drive, Suite 308, Sacramento, CA 95833

The above named Contractor ("Contractor") hereby declares and agrees as follows:

1. Contractor has read and understands the Requirements of the Non-Discrimination In Employee Benefits Code (the "Requirements") attached hereto as Exhibit E.
2. As a condition of receiving this Agreement, Contractor agrees to fully comply with the Requirements, as well as any additional requirements that may be specified in the City of Sacramento's Non-Discrimination In Employee Benefits Code codified at Chapter 3.54 of the Sacramento City Code (the "Ordinance").
3. Contractor understands, to the extent that such benefits are not preempted or prohibited by federal or state law, employee benefits covered by the Ordinance are any of the following:
  - a. Bereavement Leave
  - b. Disability, life, and other types of insurance
  - c. Family medical leave
  - d. Health benefits
  - e. Membership or membership discounts
  - f. Moving expenses
  - g. Pension and retirement benefits
  - h. Vacation
  - i. Travel benefits
  - j. Any other benefit offered to employees

Contractor agrees that if Contractor offers any of the above-listed employee benefits, Contractor will offer those benefits, without discrimination between employees with spouses and employees with domestic partners, and without discrimination between the spouses and domestic partners of such employees.

4. Contractor understands that Contractor will not be considered to be discriminating in the provision or application of employee benefits under the following conditions or circumstances:
  - a. If the actual cost of providing a benefit to a domestic partner or spouse exceeds the cost of providing the same benefit to a spouse or domestic partner of an employee, Contractor will not be required to provide the benefit, nor shall it be deemed discriminatory, if Contractor requires the employee to pay the monetary difference in order to provide the benefit to the domestic partner or to the spouse.
  - b. If Contractor is unable to provide a certain benefit, despite taking reasonable measures to do so, if Contractor provides the employee with a cash equivalent Contractor will not be deemed to be discriminating in the application of that benefit.
  - c. If Contractor provides employee benefits neither to employee's spouses nor to employee's

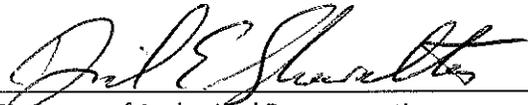
domestic partners.

- d. If Contractor provides employee benefits to employees on a basis unrelated to marital or domestic partner status.
  - e. If Contractor submits written evidence of making reasonable efforts to end discrimination in employee benefits by implementing policies that will be enacted before the first effective date after the first open enrollment process following the date this Agreement is executed by the City of Sacramento ("City"). Contractor understands that any delay in the implementation of such policies may not exceed one (1) year from the date this Agreement is executed by the City, and applies only to those employee benefits for which an open enrollment process is applicable.
  - f. Until administrative steps can be taken to incorporate nondiscrimination in employee benefits. The time allotted for these administrative steps will apply only to those employee benefits for which administrative steps are necessary and may not exceed three (3) months from the date this Agreement is executed by the City.
  - g. Until the expiration of a current collective bargaining agreement(s) if employee benefits are governed by such collective bargaining agreement(s).
  - h. Contractor takes all reasonable measures to end discrimination in employee benefits by either requesting that the union(s) involved agree to reopen the agreement(s) in order for Contractor to take whatever steps are necessary to end discrimination in employee benefits or by ending discrimination in employee benefits without reopening the collective bargaining agreement(s).
  - i. In the event Contractor cannot end discrimination in employee benefits despite taking all reasonable measures to do so, Contractor provides a cash equivalent to eligible employees for whom employee benefits are not available. Unless otherwise authorized in writing by the City Manager, Contractor understands this cash equivalent must begin at the time the union(s) refuse to allow the collective bargaining agreement(s) to be reopened or not longer than three (3) months after the date this Agreement is executed by the City.
5. Contractor understands that failure to comply with the provisions of Section 4(a) through 4(i), above, will subject Contractor to possible suspension and/or termination of this Agreement for cause; repayment of any or all of the Agreement amount disbursed by the City; debarment for future agreements until all penalties and restitution have been paid in full and/or for up to two (2) years; and/or the imposition of a penalty, payable to the City, in the sum of \$50.00 for each employee, for each calendar day during which the employee was discriminated against in violation of the provisions of the Ordinance.
6. Contractor understands and agrees to provide notice to each current employee and, within ten (10) days of hire, to each new employee, of their rights under the Ordinance. Contractor further agrees to maintain a copy of each such letter provided, in an appropriate file for inspection by authorized representatives of the City. Contractor also agrees to prominently display a poster informing each employee of these rights.
7. Contractor understands that Contractor has the right to request a waiver of, or exemption from, the provisions of the Ordinance by submitting a written request to the City's Procurement Services Division prior to Agreement award, which request shall identify the provision(s) of the Ordinance authorizing

such waiver or exemption and the factual basis for such waiver or exemption. The City shall determine in its sole discretion whether to approve any such request.

8. Contractor agrees to defend, indemnify and hold harmless, the City, its officers and employees, against any claims, actions, damages, costs (including reasonable attorney fees), or other liabilities of any kind arising from any violation of the Requirements or of the Ordinance by Contractor.

The undersigned declares under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that he or she is authorized to bind the Contractor to the provisions of this Declaration.

  
\_\_\_\_\_  
Signature of Authorized Representative

6-10-14  
Date

David Showalter  
Print Name

Partner  
Title

EXHIBIT A

PROFESSIONAL SERVICES AGREEMENT

SCOPE OF SERVICES

1. **Representatives.**

The CITY Representative for this Agreement is:

Dennis W. Kauffman, Jr., CPA / Operations Manager  
915 I Street, 5th Floor, Sacramento, CA 95814

Phone: (916) 808-5843 / Fax: (916) 808-5755 / E-mail: [dkauffman@cityofsacramento.org](mailto:dkauffman@cityofsacramento.org)

All CONTRACTOR questions pertaining to this Agreement shall be referred to the CITY Representative or the Representative's designee.

The CONTRACTOR Representative for this Agreement is:

David Showalter, Partner

2151 River Plaza Drive, Suite 308, Sacramento, CA 95833

Phone: (916) 570-1880 / Fax: (916) 570-1875 / E-mail: [dshowalter@vtdcpa.com](mailto:dshowalter@vtdcpa.com)

All CITY questions pertaining to this Agreement shall be referred to the CONTRACTOR Representative. All correspondence to CONTRACTOR shall be addressed to the address set forth on page one of this Agreement. Unless otherwise provided in this Agreement, all correspondence to the CITY shall be addressed to the CITY Representative.

2. **Professional Liability Insurance.** Professional Liability (Errors and Omissions) insurance is   ✓   is not            [check one] required for this Agreement. If required, such coverage must be continued for at least   3   year(s) following the completion of all Services and Additional Services under this Agreement. (See Exhibit D, Section 11, for complete insurance requirements.)

3. **Conflict of Interest Requirements.**

A. **Generally.** Under the California Political Reform Act, Government Code §§ 81000 et seq., designated employees of the CITY are required to comply with the CITY's Conflict of Interest Code. The term "designated employees" is a term of art and includes individuals who are working for contractors who are providing services or performing work for the CITY and who are considered to be "consultants" under the Political Reform Act. The term "consultant" generally includes individuals who make, or participate in making, governmental decisions or who serve in a staff capacity. Individuals who perform work that is solely clerical, ministerial, manual or secretarial are not "consultants."

The CITY's Conflict of Interest Code requires designated employees, including individuals who qualify as "consultants", to file the following statements of economic interests:

- (1) An "assuming office" statement of economic interests to be filed within 30 days after execution of the agreement between the City and the contractor;

- (2) Annual statements of economic interests while the agreement remains in effect, to be filed not later than April 30 of each year; and
- (3) A "leaving office" statement of economic interests to be filed within 30 days of completion of the contract.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act.

The CITY's Conflict of Interest Code also requires individuals who qualify as "consultants" under the Political Reform Act to comply with the conflict of interest provisions of the Political Reform Act, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests.

- B. **Conflict of Interest Statements.** The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the CITY's Conflict of Interest Code: \_\_\_ yes      no *[check one]*

If "yes" is checked above, CONTRACTOR shall cause the following to occur within 30 days after execution of this Agreement:

- (1) Identify the individuals who will provide services or perform work under this Agreement as "consultants";
- (2) Cause these individuals to file with the CITY Representative the "assuming office" statements of economic interests required by the CITY's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, CONTRACTOR shall cause these individuals to file with the CITY Representative annual statements of economic interests, and "leaving office" statements of economic interests, as required by the CITY's Conflict of Interest Code. The CITY may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

4. **Scope of Services.** The services provided shall be as set forth in Attachments 1 and 2 to Exhibit A, attached hereto, as it relates to the fiscal year ending June 30, 2014. Attachments 1 and 2 to Exhibit A are incorporated herein to the extent that the provisions do not conflict with any other provisions of this Agreement. The City may add services relating to subsequent fiscal years, upon its exercising the options to extend this Agreement in accordance with paragraph 5, below.
5. **Time of Performance.** The services described herein shall be provided within one year of the date of execution of this Agreement and in accordance with the schedule set forth in the scope of services. The City shall have four options to extend this Agreement for one year each, up to a total of five years including the initial term and all extensions.

**EXHIBIT B**

**PROFESSIONAL SERVICES AGREEMENT  
FEE SCHEDULE/MANNER OF PAYMENT**

1. **CONTRACTOR's Compensation.** The total of all fees paid to the CONTRACTOR for the performance of all services set forth in Exhibit A, including normal revisions (hereafter the "Services"), and for all authorized Reimbursable Expenses, shall not exceed the total sum of \$ 207,965.
  
2. **Billable Rates.** CONTRACTOR shall be paid for the performance of Services during the initial term on an hourly rate, daily rate, flat fee, lump sum or other basis, as set forth in Attachment 1 to Exhibit B, attached hereto and incorporated herein. Attachment 2 to Exhibit B, attached hereto and incorporated herein, sets forth the hourly rate, daily rate, flat fee, lump sum or other basis, upon which the CONTRACTOR shall be paid for the performance of Services during the respective terms for which the City exercises its options pursuant to paragraph 5 of Exhibit A, if any.
  
3. **CONTRACTOR's Reimbursable Expenses.** Reimbursable Expenses shall be limited to actual expenditures of CONTRACTOR for expenses that are necessary for the proper completion of the Services and shall only be payable if specifically authorized in advance by CITY.
  
4. **Payments to CONTRACTOR.**
  - A. Payments to CONTRACTOR shall be made within a reasonable time after receipt of CONTRACTOR's invoice, said payments to be made in proportion to services performed or as otherwise specified in Attachment 1 to Exhibit B. CONTRACTOR may request payment on a monthly basis. CONTRACTOR shall be responsible for the cost of supplying all documentation necessary to verify the monthly billings to the satisfaction of CITY.
  
  - B. All invoices submitted by CONTRACTOR shall contain the following information:

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    - (1) Job Name
    - (2) Description of services billed under this invoice, and overall status of project
    - (3) Date of Invoice Issuance
    - (4) Sequential Invoice Number
    - (5) CITY's Purchase Order Number
    - (6) Total Contract Amount
    - (7) Amount of this Invoice (Itemize all Reimbursable Expenses)
    - (8) Total Billed to Date
    - (9) Total Remaining on Contract
    - (10) Updated project schedule. This shall identify those steps that shall be taken to bring the project back on schedule if it is behind schedule.
  
  - C. Items shall be separated into Services and Reimbursable Expenses. Billings that do not conform to the format outlined above shall be returned to CONTRACTOR for correction. CITY shall not be responsible for delays in payment to CONTRACTOR resulting from CONTRACTOR's failure to comply with the invoice format described below.

D. Requests for payment shall be sent to:

City of Sacramento Accounting Division  
915 I Street, 4th Floor, Sacramento, CA 95814  
Phone: (916) 808-1712 / Fax: (916) 808-5444  
Attn: Russell Robertson

5. **Additional Services.** Additional Services are those services related to the scope of services of CONTRACTOR set forth in Exhibit A but not anticipated at the time of execution of this Agreement. Additional Services shall be provided only when a Supplemental Agreement authorizing such Additional Services is approved by CITY in accordance with CITY's Supplemental Agreement procedures. CITY reserves the right to perform any Additional Services with its own staff or to retain other contractors to perform said Additional Services.
6. **Accounting Records of CONTRACTOR.** During performance of this Agreement and for a period of three (3) years after completing all Services and Additional Services hereunder, CONTRACTOR shall maintain all accounting and financial records related to this Agreement, including, but not limited to, records of CONTRACTOR's costs for all Services and Additional Services performed under this Agreement and records of CONTRACTOR's Reimbursable Expenses, in accordance with generally accepted accounting practices, and shall keep and make such records available for inspection and audit by representatives of the CITY upon reasonable written notice.
7. **Taxes.** CONTRACTOR shall pay, when and as due, any and all taxes incurred as a result of CONTRACTOR's compensation hereunder, including estimated taxes, and shall provide CITY with proof of such payment upon request. CONTRACTOR hereby agrees to indemnify CITY for any claims, losses, costs, fees, liabilities, damages or injuries suffered by CITY arising out of CONTRACTOR's breach of this Section 7.

EXHIBIT C

NONPROFESSIONAL SERVICES AGREEMENT

FACILITIES AND EQUIPMENT TO BE PROVIDED BY CITY

CITY shall [*check one*]

Not furnish any facilities or equipment for this Agreement; or

furnish the following facilities or equipment for the Agreement [*list, if applicable*]:

**Workspace, including desks or tables, and chairs**

**Access to telephones, photocopying machine, and fax machine**

**EXHIBIT D  
PROFESSIONAL SERVICES AGREEMENT**

**GENERAL PROVISIONS**

**1. Independent Contractor.**

- A. It is understood and agreed that CONTRACTOR (including CONTRACTOR's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither CONTRACTOR nor CONTRACTOR's assigned personnel shall be entitled to any benefits payable to employees of CITY. CITY is not required to make any deductions or withholdings from the compensation payable to CONTRACTOR under the provisions of this Agreement, and CONTRACTOR shall be issued a Form 1099 for its services hereunder. As an independent contractor, CONTRACTOR hereby agrees to indemnify and hold CITY harmless from any and all claims that may be made against CITY based upon any contention by any of CONTRACTOR's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any Services under this Agreement. (As used in this Exhibit D, the term "Services" shall include both Services and Additional Services as such terms are defined elsewhere in this Agreement.)
- B. It is further understood and agreed by the parties hereto that CONTRACTOR, in the performance of its obligations hereunder, is subject to the control and direction of CITY as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by CONTRACTOR for accomplishing such results. To the extent that CONTRACTOR obtains permission to, and does, use CITY facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the CONTRACTOR's sole discretion based on the CONTRACTOR's determination that such use will promote CONTRACTOR's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the CITY does not require that CONTRACTOR use CITY facilities, equipment or support services or work in CITY locations in the performance of this Agreement.
- C. If, in the performance of this Agreement, any third persons are employed by CONTRACTOR, such persons shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CONTRACTOR. It is further understood and agreed that CONTRACTOR shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of CONTRACTOR's assigned personnel and subcontractors.
- D. The provisions of this Section 1 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between CITY and CONTRACTOR. CONTRACTOR may represent, perform services for, or be employed by such additional persons or companies as CONTRACTOR sees fit provided that CONTRACTOR does not violate the provisions of Section 5, below.

- 2. Licenses; Permits, Etc.** CONTRACTOR represents and warrants that CONTRACTOR has all licenses, permits, City Business Operations Tax Certificate, qualifications, and approvals of whatsoever nature

that are legally required for CONTRACTOR to practice its profession or provide any services under the Agreement. CONTRACTOR represents and warrants that CONTRACTOR shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals that are legally required for CONTRACTOR to practice its profession or provide such Services. Without limiting the generality of the foregoing, if CONTRACTOR is an out-of-state corporation, CONTRACTOR warrants and represents that it possesses a valid certificate of qualification to transact business in the State of California issued by the California Secretary of State pursuant to Section 2105 of the California Corporations Code.

3. **Time.** CONTRACTOR shall devote such time and effort to the performance of Services pursuant to this Agreement as is necessary for the satisfactory and timely performance of CONTRACTOR's obligations under this Agreement. Neither party shall be considered in default of this Agreement, to the extent that party's performance is prevented or delayed by any cause, present or future, that is beyond the reasonable control of that party.
4. **CONTRACTOR Not Agent.** Except as CITY may specify in writing, CONTRACTOR and CONTRACTOR's personnel shall have no authority, express or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONTRACTOR and CONTRACTOR's personnel shall have no authority, express or implied, to bind CITY to any obligations whatsoever.
5. **Conflicts of Interest.** CONTRACTOR covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of CITY or that would in any way hinder CONTRACTOR's performance of Services under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of CITY. CONTRACTOR agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of CITY at all times during the performance of this Agreement. If CONTRACTOR is or employs a former officer or employee of the CITY, CONTRACTOR and any such employee(s) shall comply with the provisions of Sacramento City Code Section 2.16.090 pertaining to appearances before the City Council or any CITY department, board, commission or committee.
6. **Confidentiality of CITY Information.** During performance of this Agreement, CONTRACTOR may gain access to and use CITY information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the CITY. CONTRACTOR agrees to protect all City Information and treat it as strictly confidential, and further agrees that CONTRACTOR shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of CITY. In addition, CONTRACTOR shall comply with all CITY policies governing the use of the CITY network and technology systems, as set forth in applicable provisions of the City of Sacramento Administrative Policy Instructions # 30. A violation by CONTRACTOR of this Section 6 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.
7. **CONTRACTOR Information.**
  - A. CITY shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by CONTRACTOR pursuant to this Agreement,

except for CONTRACTOR'S audit documentation and working papers. CONTRACTOR'S audit documentation and working papers are the property of the CONTRACTOR and are confidential to the extent allowed by law. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostating, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. CONTRACTOR shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by CITY.

- B. CONTRACTOR shall fully defend, indemnify and hold harmless CITY, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by CONTRACTOR pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. CITY shall make reasonable efforts to notify CONTRACTOR not later than ten (10) days after CITY is served with any such claim, action, lawsuit or other proceeding, provided that CITY's failure to provide such notice within such time period shall not relieve CONTRACTOR of its obligations hereunder, which shall survive any termination or expiration of this Agreement.
  - C. All proprietary and other information received from CONTRACTOR by CITY, whether received in connection with CONTRACTOR's proposal to CITY or in connection with any Services performed by CONTRACTOR, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to CITY, CITY shall give notice to CONTRACTOR of any request for the disclosure of such information. The CONTRACTOR shall then have five (5) days from the date it receives such notice to enter into an agreement with the CITY, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorney fees) incurred by CITY in any legal action to compel the disclosure of such information under the California Public Records Act. The CONTRACTOR shall have sole responsibility for defense of the actual "trade secret" designation of such information.
  - D. The parties understand and agree that any failure by CONTRACTOR to respond to the notice provided by CITY and/or to enter into an agreement with CITY, in accordance with the provisions of subsection C, above, shall constitute a complete waiver by CONTRACTOR of any rights regarding the information designated "trade secret" by CONTRACTOR, and such information shall be disclosed by CITY pursuant to applicable procedures required by the Public Records Act.
8. **Standard of Performance.** CONTRACTOR shall perform all Services required pursuant to this Agreement in the manner and according to the standards currently observed by a competent practitioner of CONTRACTOR's profession in California. All products of whatsoever nature that CONTRACTOR delivers to CITY pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in CONTRACTOR's profession, and shall be provided in accordance with any schedule of performance specified in Exhibit A. CONTRACTOR shall assign only competent personnel to perform Services pursuant to this Agreement. CONTRACTOR shall notify CITY in writing of any changes in CONTRACTOR's staff assigned to perform the

Services required under this Agreement, prior to any such performance. In the event that CITY, at any time during the term of this Agreement, desires the removal of any person assigned by CONTRACTOR to perform Services pursuant to this Agreement, because CITY, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, CONTRACTOR shall remove such person immediately upon receiving notice from CITY of the desire of CITY for the removal of such person.

**9. Term; Suspension; Termination.**

- A. This Agreement shall become effective on the date that it is approved by both parties, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.
- B. CITY shall have the right at any time to temporarily suspend CONTRACTOR's performance hereunder, in whole or in part, by giving a written notice of suspension to CONTRACTOR. If CITY gives such notice of suspension, CONTRACTOR shall immediately suspend its activities under this Agreement, as specified in such notice.
- C. CITY shall have the right to terminate this Agreement at any time by giving a written notice of termination to CONTRACTOR. If CITY gives such notice of termination, CONTRACTOR shall immediately cease rendering Services pursuant to this Agreement. If CITY terminates this Agreement:
  - (1) CONTRACTOR shall, not later than five days after such notice of termination, deliver to CITY copies of all information prepared pursuant to this Agreement.
  - (2) CITY shall pay CONTRACTOR the reasonable value of Services rendered by CONTRACTOR prior to termination; provided, however, CITY shall not in any manner be liable for lost profits that might have been made by CONTRACTOR had the Agreement not been terminated or had CONTRACTOR completed the Services required by this Agreement. In this regard, CONTRACTOR shall furnish to CITY such financial information as in the judgment of the CITY is necessary for CITY to determine the reasonable value of the Services rendered by CONTRACTOR. The foregoing is cumulative and does not affect any right or remedy that CITY may have in law or equity.

**10. Indemnity.**

- A. Indemnity: CONTRACTOR shall defend, hold harmless and indemnify CITY, its officers and employees, and each and every one of them, from and against any and all actions, damages, costs, liabilities, claims, demands, losses, judgments, penalties, costs and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by CITY's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), including but not limited to Liabilities arising from personal injury or death, damage to personal, real or intellectual property or the environment, contractual or other economic damages, or regulatory penalties, arising out of or in any way connected with performance of or failure to perform this Agreement by CONTRACTOR, any sub-consultant, subcontractor or agent, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, whether or not

(i) such Liabilities are caused in part by a party indemnified hereunder or (ii) such Liabilities are litigated, settled or reduced to judgment; provided that the foregoing indemnity does not apply to Liabilities to the extent arising from the sole negligence or willful misconduct of CITY, its agents, servants, or independent contractors who are directly responsible to CITY, except when such agents, servants, or independent contractors are under the direct supervision and control of CONTRACTOR.

B. Insurance Policies; Intellectual Property Claims: The existence or acceptance by CITY of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of CITY's rights under this Section 10, nor shall the limits of such insurance limit the liability of CONTRACTOR hereunder. This Section 10 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 7.B., above. The provisions of this Section 10 shall survive any expiration or termination of this Agreement.

**11. Insurance Requirements.** During the entire term of this Agreement, CONTRACTOR shall maintain the insurance coverage described in this Section 11.

Full compensation for all premiums that CONTRACTOR is required to pay for the insurance coverage described herein shall be included in the compensation specified for the Services provided by CONTRACTOR under this Agreement. No additional compensation will be provided for CONTRACTOR's insurance premiums.

It is understood and agreed by the CONTRACTOR that its liability to the CITY shall not in any way be limited to or affected by the amount of insurance coverage required or carried by the CONTRACTOR in connection with this Agreement.

A. Minimum Scope & Limits of Insurance Coverage

(1) Commercial General Liability Insurance, providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.

(2) Automobile Liability Insurance providing coverage at least as broad as ISO Form CA 00 01 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide coverage for owned, non-owned and/or hired autos as appropriate to the operations of the CONTRACTOR.

No automobile liability insurance shall be required if CONTRACTOR completes the following certification:

"I certify that a motor vehicle will not be used in the performance of any work or services under this agreement." \_\_\_\_\_ (CONTRACTOR initials)

(3) Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limits of not less than one million dollars (\$1,000,000). The Worker's

Compensation policy shall include a waiver of subrogation for contracts involving construction or maintenance, or if required by the CITY by selecting the option below:

\_\_\_\_\_ Workers' Compensation waiver of subrogation in favor of the City is required for all work performed by the CONTRACTOR.

No Workers' Compensation insurance shall be required if CONTRACTOR completes the following certification:

"I certify that my business has no employees, and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation insurance." \_\_\_\_\_ (CONTRACTOR initials)

- (4) Professional Liability Insurance providing coverage on a claims made basis for errors, omissions or malpractice with limits of not less than one million (\$1,000,000) dollars if required by the CITY under Exhibit A, Section 2.

B. Additional Insured Coverage

- (1) Commercial General Liability Insurance: The CITY, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out of activities performed by or on behalf of CONTRACTOR, products and completed operations of CONTRACTOR, and premises owned, leased or used by CONTRACTOR. The general liability additional insured endorsement must be signed by an authorized representative of the insurance carrier for contracts involving construction or maintenance, or if required by the CITY by selecting the option below:

√ Additional insured endorsement must be signed by an authorized representative of the insurance carrier.

If the policy includes a blanket additional insured endorsement or contractual additional insured coverage, the above signature requirement may be fulfilled by submitting that document with a signed declaration page referencing the blanket endorsement or policy form.

- (2) Automobile Liability Insurance: The CITY, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects auto liability.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

- (1) Except for professional liability, CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, its officials, employees and volunteers. Any insurance or self-insurance maintained by CITY, its officials, employees or volunteers shall be in excess of CONTRACTOR's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to CITY, its officials, employees or volunteers.

- (3) Coverage shall state that CONTRACTOR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (4) CITY will be provided with thirty (30) days written notice of cancellation or material change in the policy language or terms.

D. Acceptability of Insurance

Insurance shall be placed with insurers with a Bests' rating of not less than A:V. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section 11 must be declared to and approved by the CITY Risk Management Division in writing prior to execution of this Agreement.

E. Verification of Coverage

- (1) CONTRACTOR shall furnish CITY with certificates and required endorsements evidencing the insurance required. The certificates and endorsements shall be forwarded to the CITY representative named in Exhibit A. Copies of policies shall be delivered to the CITY on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.
- (2) The CITY may withdraw its offer of contract or cancel this Agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this Agreement. The CITY may withhold payments to CONTRACTOR and/or cancel the Agreement if the insurance is canceled or CONTRACTOR otherwise ceases to be insured as required herein.

F. Subcontractors

CONTRACTOR shall require and verify that all sub-consultants and subcontractors maintain insurance coverage that meets the minimum scope and limits of insurance coverage specified in subsection A, above.

**12. Equal Employment Opportunity.** During the performance of this Agreement, CONTRACTOR, for itself, its assignees and successors in interest, agrees as follows:

- A. Compliance With Regulations: CONTRACTOR shall comply with the Executive Order 11246 entitled "Equal Opportunity in Federal Employment", as amended by Executive Order 11375 and 12086, and as supplemented in Department of Labor regulations (41 CFR Chapter 60), hereinafter collectively referred to as the "Regulations".
- B. Nondiscrimination: CONTRACTOR, with regards to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation in selection and retention of subcontractors, including procurement of materials and leases of equipment. CONTRACTOR shall not participate either directly or

indirectly in discrimination prohibited by the Regulations.

- C. Solicitations for Subcontractors, Including Procurement of Materials and Equipment: In all solicitations either by competitive bidding or negotiations made by CONTRACTOR for work to be performed under any subcontract, including all procurement of materials or equipment, each potential subcontractor or supplier shall be notified by CONTRACTOR of CONTRACTOR's obligation under this Agreement and the Regulations relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual orientation.
- D. Information and Reports: CONTRACTOR shall provide all information and reports required by the Regulations, or by any orders or instructions issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the CITY to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of CONTRACTOR is in the exclusive possession of another who fails or refuses to furnish this information, CONTRACTOR shall so certify to the CITY, and shall set forth what efforts it has made to obtain the information.
- E. Sanctions for Noncompliance: In the event of noncompliance by CONTRACTOR with the nondiscrimination provisions of this Agreement, the CITY shall impose such sanctions as it may determine to be appropriate including, but not limited to:
- (1) Withholding of payments to CONTRACTOR under this Agreement until CONTRACTOR complies;
  - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.
- F. Incorporation of Provisions: CONTRACTOR shall include the provisions of subsections A through E, above, in every subcontract, including procurement of materials and leases of equipment, unless exempted by the Regulations, or by any order or instructions issued pursuant thereto. CONTRACTOR shall take such action with respect to any subcontract or procurement as the CITY may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, CONTRACTOR may request CITY to enter such litigation to protect the interests of CITY.

13. **Entire Agreement.** This document, including all Exhibits, contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by CONTRACTOR, and by CITY, in accordance with applicable provisions of the Sacramento City Code.
14. **Severability.** If any portion of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.
15. **Waiver.** Neither CITY acceptance of, or payment for, any Service or Additional Service performed by CONTRACTOR, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or

condition precedent or any other right hereunder.

16. **Enforcement of Agreement.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court or Federal District Court located in Sacramento County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.
17. **Assignment Prohibited.** The expertise and experience of CONTRACTOR are material considerations for this Agreement. CITY has a strong interest in the qualifications and capability of the persons and entities that will fulfill the obligations imposed on CONTRACTOR under this Agreement. In recognition of this interest, CONTRACTOR shall not assign any right or obligation pursuant to this Agreement without the written consent of the CITY. Any attempted or purported assignment without CITY's written consent shall be void and of no effect.
18. **Binding Effect.** This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of the parties, subject to the provisions of Section 17, above.
19. **Use Tax Requirements.** During the performance of this Agreement, CONTRACTOR, for itself, its assignees and successors in interest, agrees as follows:
  - A. Use Tax Direct Payment Permit: For all leases and purchases of materials, equipment, supplies, or other tangible personal property used to perform the Agreement and shipped from outside California, the Contractor and any subcontractors leasing or purchasing such materials, equipment, supplies or other tangible personal property shall obtain a Use Tax Direct Payment Permit from the California State Board of Equalization ("SBE") in accordance with the applicable SBE criteria and requirements.
  - B. Sellers Permit: For any construction contract and any construction subcontract in the amount of \$5,000,000 or more, Contractor and the subcontractor(s) shall obtain sellers permits from the SBE and shall register the jobsite as the place of business for the purpose of allocating local sales and use tax to the City. Contractor and its subcontractors shall remit the self-accrued use tax to the SBE, and shall provide a copy of each remittance to the City.
  - C. The above provisions shall apply in all instances unless prohibited by the funding source for the Agreement.

## EXHIBIT E

### REQUIREMENTS OF THE NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

#### INTRODUCTION

The Sacramento Non-Discrimination In Employee Benefits Code (the "Ordinance"), codified as Sacramento City Code Chapter 3.54, prohibits City contractors from discriminating in the provision of employee benefits between employees with spouses and employees with domestic partners, and between the spouses and domestic partners of employees.

#### APPLICATION

The provisions of the Ordinance apply to any contract or agreement (as defined below), between a Contractor and the City of Sacramento, in an amount exceeding \$100,000.00. The Ordinance applies to that portion of a contractor's operations that occur: (i) within the City of Sacramento; (ii) on real property outside the City of Sacramento if the property is owned by the City or if the City has a right to occupy the property; or (iii) at any location where a significant amount of work related to a City contract is being performed.

The Ordinance does not apply: to subcontractors or subcontracts of any Contractor or contractors; to transactions entered into pursuant to cooperative purchasing agreements approved by the Sacramento City Council; to legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City; where the requirements of the ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of any such agency with respect to any such grant, subvention or agreement; to permits for excavation or street construction; or to agreements for the use of City right-of-way where a contracting utility has the power of eminent domain.

#### DEFINITIONS

As set forth in the Ordinance, the following definitions apply:

"Contract" means an agreement for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided, at the expense of the City or to be paid out of moneys deposited in the treasury or out of the trust money under the control or collected by the City. "Contract" also means a written agreement for the exclusive use ("exclusive use" means the right to use or occupy real property to the exclusion of others, other than the right reserved by the fee owner) or occupancy of real property for a term exceeding 29 days in any calendar year, whether by singular or cumulative instrument, (i) for the operation or use by others of real property owned or controlled by the City for the operation of a business, social, or other establishment or organization, including leases, concessions, franchises and easements, or (ii) for the City's use or occupancy of real property owned by others, including leases, concessions, franchises and easements.

"Contract" shall not include: a revocable at-will use or encroachment permit for the use of or encroachment on City property regardless of the ultimate duration of such permit; excavation, street construction or street use permits; agreements for the use of City right-of-way where a contracting utility has the power of eminent domain; or agreements governing the use of City property that constitute a public forum for activities that are primarily for the purpose of espousing or advocating causes or ideas and that are generally protected by the First Amendment to the United States Constitution or that are primarily recreational in nature.

“Contractor” means any person or persons, firm partnership or corporation, company, or combination thereof, that enters into a Contract with the City. “Contractor” does not include a public entity.

“Domestic Partner” means any person who has a currently registered domestic partnership with a governmental entity pursuant to state or local law authorizing the registration.

“Employee Benefits” means bereavement leave; disability, life, and other types of insurance; family medical leave; health benefits; membership or membership discounts; moving expenses; pension and retirement benefits; vacation; travel benefits; and any other benefit given to employees. “Employee benefits” shall not include benefits to the extent that the application of the requirements of this chapter to such benefits may be preempted by federal or state.

#### **CONTRACTOR’S OBLIGATION TO PROVIDE THE CITY WITH DOCUMENTATION AND INFORMATION**

Contractor shall provide the City with documentation and information verifying its compliance with the requirements of the Ordinance within ten (10) days of receipt of a request from the City. Contractors shall keep accurate payroll records, showing, for each City Contract, the employee’s name, address, Social Security number, work classification, straight time pay rate, overtime pay rate, overtime hours worked, status and exemptions, and benefits for each day and pay period that the employee works on the City Contract. Each request for payroll records shall be accompanied by an affidavit to be completed and returned by the Contractor, as stated, attesting that the information contained in the payroll records is true and correct, and that the Contractor has complied with the requirements of the Ordinance. A violation of the Ordinance or noncompliance with the requirements of the Ordinance shall constitute a breach of contract.

#### **EMPLOYER COMPLIANCE CERTIFICATE AND NOTICE REQUIREMENTS**

(a) All contractors seeking a Contract subject to the Ordinance shall submit a completed Declaration of Compliance Form, signed by an authorized representative, with each proposal, bid or application. The Declaration of Compliance shall be made a part of the executed contract, and will be made available for public inspection and copying during regular business hours.

(b) The Contractor shall give each existing employee working directing on a City contract, and (at the time of hire), each new employee, a copy of the notification provided as Attachment “A.”

(c) Contractor shall post, in a place visible to all employees, a copy of the notice provided as Attachment “B.”

## Attachment A



### YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE

On June 10, 2014 (date), your employer (the "Employer") entered into a contract with the City of Sacramento (the "City") for Audit Services (contract details), and as a condition of that contract, agreed to abide by the requirements of the City's Non-Discrimination In Employee Benefits Code (Sacramento City Code Section 3.54).

The Ordinance does not require the Employer to provide employee benefits. The Ordinance does require that if certain employee benefits are provided by the Employer, that those benefits be provided without discrimination between employees with spouses and employees with domestic partners, and without discrimination between the spouse or domestic partner of employees.

The Ordinance covers any employee working on the specific contract referenced above, but only for the period of time while those employees are actually working on this specific contract.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

(Employee Benefits does not include benefits that may be preempted by federal or state law.)

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, or in the application of these employee benefits, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of the Ordinance, and after having exhausted all remedies with your employer,

**You May . . .**

- Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento  
Procurement Services Division  
915 I Street, Second Floor  
Sacramento, CA 95814

- Bring an action in the appropriate division of the Superior Court of the State of California against the Employer and obtain the following remedies:
  - Reinstatement, injunctive relief, compensatory damages and punitive damages
  - Reasonable attorney's fees and costs

## Attachment B



### **YOUR RIGHTS UNDER THE CITY OF SACRAMENTO'S NON-DISCRIMINATION IN EMPLOYEE BENEFITS CODE**

If your employer provides employee benefits, they must be provided to those employees working on a City of Sacramento contract without discriminating between employees with spouses and employees with domestic partners.

The included employee benefits are:

- Bereavement leave
- Disability, life and other types of insurance
- Family medical leave
- Health benefits
- Membership or membership discounts
- Moving expenses
- Pension and retirement benefits
- Vacation
- Travel benefits
- Any other benefits given to employees

If you feel you have been discriminated against by your employer . . .

**You May . . .**

- Submit a written complaint to the City of Sacramento, Contract Services Unit, containing the details of the alleged violation. The address is:

City of Sacramento  
Procurement Services Division  
915 I Street, Second Floor  
Sacramento, CA 95814

- Bring an action in the appropriate division of the Superior Court of the State of California against the employer and obtain reinstatement, injunctive relief, compensatory damages, punitive damages and reasonable attorney's fees and costs.

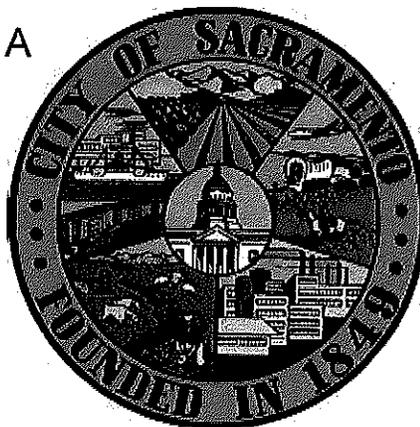
### **Discrimination and Retaliation Prohibited.**

If you feel you have been discriminated or retaliated against by your employer in the terms and conditions of your application for employment, or in your employment, because of your status as an applicant or as an employee protected by the Ordinance, or because you reported a violation of this Ordinance . . .

**You May Also . . .**

Submit a written complaint to the City of Sacramento, Contract Services Unit, at the same address, containing the details of the alleged violation.

ATTACHMENT 1 TO EXHIBIT A



## CITY OF SACRAMENTO, CALIFORNIA

Proposal to Provide  
Auditing Services for the  
Fiscal Years Ending June 30, 2014,  
2015, 2016, 2017, and 2018

Submitted by:

### VAVRINEK, TRINE, DAY & CO., LLP

2151 River Plaza Drive, Suite 308  
Sacramento, CA 95833  
(916) 570-1880 Fax: (916) 570-1875

Contact:

David E. Showalter, Partner  
[dshowalter@vtdcpa.com](mailto:dshowalter@vtdcpa.com)

April 4, 2014



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*



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April 4, 2014

City of Sacramento  
Finance Department  
915 I Street, 5<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Selection Committee:

We are pleased to respond to the Request for Proposal to provide audit services for the City of Sacramento. We have addressed each of the specifications, as included in your Request for Proposal. We feel that Vavrinek, Trine, Day & Co., LLP is the best selection for the City of Sacramento. This proposal demonstrates our capability and commitment to serve.

Vavrinek, Trine, Day & Co., LLP provides governmental auditing services to over 300 governmental agencies in California. We currently provide auditing services to numerous governments including cities, water agencies, special districts, redevelopment successor agencies, public financing authorities, and counties throughout California. We understand the requirements, as described in the Request for Proposal and understand that the City desires a timely audit conducted in a professional manner. We are committed to perform our audit within the City's strict timelines as specified in the request for proposal. Our governmental clients are provided with efficient and timely audits.

Vavrinek, Trine, Day & Co., LLP has devoted a substantial amount of time and resources developing our governmental audit practice. Our expertise in this industry has positioned us to be one of the leading firms in governmental auditing throughout California. This investment of time and resources includes:

- Providing in excess of 80 hours per year of governmental continuing professional education (CPE) to our staff working on governmental audits.
- Participating in national sessions lead by the AICPA, OMB, GAO, and OIG relating to all areas of governmental auditing.
- Investing a significant amount of time in developing our understanding of new audit requirements.
- Providing several training sessions to industry groups and clients regarding GASB pronouncements and single audit reporting requirements including GASB 68, *Accounting and Financial Reporting for Pensions*.
- We retain key staff; as a result, we are able to provide our clients with unmatched staffing consistency and well trained personnel.
- Researching new professional pronouncements so that we are at the leading edge in preparing our clients to respond to all new requirements.
- Devoting resources to a strict quality control program including a quality control department.

Vavrinek, Trine, Day & Co., LLP places within the top 100 public accounting firms in the United States. We employ over 200 professionals in our seven offices located in California. Our offices are located in Sacramento, Pleasanton, Palo Alto, Fresno, Rancho Cucamonga, Riverside, and Laguna Hills.

Vavrinek, Trine, Day & Co., LLP has a local presence to ensure our clients are served with the highest level of service. Our focus on client service and commitment to quality has made Vavrinek, Trine, Day & Co., LLP the firm of choice for local governments. Our staff in the Sacramento office will have the responsibility in servicing the City.

Quality service begins with professionals who anticipate issues, listen to your needs, and deliver what they promise. Our successful delivery of audit services to the City of Sacramento depends on the people chosen to execute our audit plan. The team we have organized has extensive experience working with local governments, cities, successor agencies, public utilities and understands its methods of operations.

We believe that this client service team will provide the most efficient and cost-effective service to the City of Sacramento and are committed to providing effective audits, quality management letters, and proactive advice to deal with issues facing the City of Sacramento.

Partner involvement is also a key to the audit's success. Your partner in charge of the engagement will spend time on-site during the audit and will meet with management and the City Council as necessary to ensure communication lines remain open, that any outstanding issues are resolved timely, and that all needs are met. Mr. David Showalter, CPA, will serve as your engagement partner for the audit.

We believe that our references will show that we are the best selection for the City. The choice of an audit firm should be primarily based upon several factors including but not limited to:

- Staff retention
- Proactively addressing industry changes at the Federal, State, and local levels
- Adherence to a strict quality control program

We experience a low percentage of employee turnover and we are confident that we will provide the City with consistent staff over the contract period. We are committed to the City and believe that our audit team is the best selection for the City.

Vavrinek, Trine, Day & Co, LLP is an Equal Opportunity Employer.

We hope that as you read through this proposal, you recognize the philosophy of our firm which is to provide each of our clients with exceptional service, experienced staff, and an audit approach that will fit your needs. Our dedication to quality, professional standards, and service are unmatched in the industry.

Thank you for providing us the opportunity to present our proposal. We understand this is a firm and irrevocable offer for 90 days in accordance with the terms of the RFP. We acknowledge that we received Addendum #1 to the RFP # P14061311001 dated April 1, 2014 posted on Planet Bids. Should you have any questions, please feel free to contact David Showalter, Partner, who is authorized to make representations on behalf of the firm at (916) 570-1880, email at [dshowalter@vtdcpa.com](mailto:dshowalter@vtdcpa.com), or the mailing address detailed on the cover page.

Very truly yours,



Vavrinek, Trine, Day & Co., LLP  
David E. Showalter  
Partner

City of Sacramento - Request for Proposals for Auditing Services

**ATTACHMENT 3**

**PROPOSAL SIGNATURE FORM**

**Name of Proposer:** Vavrinek, Trine, Day & Co., LLP

**Business Address:** 2151 River Plaza Drive, Suite 308, Sacramento, CA 95833  
(Street) (City) (State) (Zip)

**Telephone:** (916) 570-1880 **FAX:** (916) 570-1875

**Type of Business:**  Corporation;  
 Partnership;  
 Individual doing business under own name;  
 Individual doing business using a firm name;  
 Joint Venture (Attach Joint Venture Agreement)

**Federal Tax I.D. Number:** 95-2648289

**City of Sacramento Business Operations Tax Number:** 1011876

To the City of Sacramento:

The undersigned, as Proposer, certifies that the only persons or parties interested in this proposal as principals are those named herein as Proposer; that this proposal is made without collusion with any other person, firm, or corporation; that in submitting this proposal the Proposer has examined all terms, conditions, and requirements set forth in the Request for Proposals; that the Proposer proposes and agrees that if this proposal is accepted, the Proposer will execute and fully perform the contract for which proposals are called; that the Proposer will perform all the work and/or furnish all the materials specified in the contract, in the manner and time therein prescribed, and according to the requirements as therein set forth; and that the Proposer will take in full payment therefore, the prices set forth in the attached schedule.

David Showalter, Partner

(Typed or Printed Name and Title)



(Signature)

Address (if different than business address above) \_\_\_\_\_



## Section 1 – Independence and License

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### A. Independent Standards of the GAO Affirmation

Vavrinek, Trine, Day & Co., LLP is independent of the City of Sacramento and its component units as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's *Governmental Auditing Standards*.

The firm will not enter into any relationships that would impair our independence during the term of the contractor if awarded. VTD will not be using subcontractors to serve the City.

### B. Licensed Certified Public Accountant Affirmation

Vavrinek, Trine, Day & Co., LLP is licensed to practice public accounting in the State of California and has complied with all applicable California State Board of Accountancy requirements. In addition, all of the key professional staff that will be assigned to the audit are also licensed to practice in the State of California and have complied with all applicable State Board of Accountancy standards.

A copy of our most recent peer review has been included in Appendix A of the proposal. This quality control review included a review of specific government engagements.

### C. Prior Engagements with the City of Sacramento

VTD has not performed work for the City of Sacramento or its component units within the past five years.



## Section 2 – Firm's Qualifications and Experience

### A. Firm's Qualifications

#### *Vavrinek, Trine, Day & Co., LLP – VTD*

VTD was established in 1948. Our firm offers a full range of services for several different lines of businesses throughout California. Proudly, our governmental practice is key to our firm's success. VTD has experienced a solid 64 years of growth and commitment to client service. Now with 33 partners and over 200 professional staff, VTD is one of California's top CPA firms.

VTD is ranked within the "top 100" CPA firms in the United States with a significant percentage of our practice devoted to the governmental audit and consulting practice. VTD is a leader in providing audit, consulting, and tax services to various industries including, but not limited to, large municipal and regional governments, financial institutions, manufacturing, and retail enterprises, and not-for-profit corporations. As governmental auditing is our primary practice, we do not use governmental clients to fill our down time. Our governmental audit and governmental consulting practices provide a year-round client base for VTD.



VTD is organized into industry practice groups. In today's regulatory environment it is necessary to specialize in specific industry practice areas so that our clients are provided with the highest quality service. In order to accomplish this we have structured our firm with the following industry practice groups:

- State and Local Government
- K-12 School Districts
- Higher Education
- Healthcare
- Not-for-Profit
- SEC/PCAOB
- Tax Compliance
- Manufacturing, Retail, and Distribution
- Financial Services

Our staff in the Sacramento office will have the responsibility in servicing the City of Sacramento.



## Section 2 – Firm's Qualifications and Experience

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### A. Firm's Qualifications, (Continued)

#### ***Professional Associations***

We are members of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CalCPA), and we have registered with the Public Companies Accounting Oversight Board (PCAOB). In addition, our firm is a member of the AICPA's Governmental Audit Quality Center. Several of the firm's partners serve on several Audit and Accounting subcommittees for CalCPA.

We are active members in the Governmental Finance Officers Association (GFOA) and attend training seminars provided by GFOA. Several of our partners serve on the GFOA CAFR Special Review Committee. We are also active members of the California Society of Municipal Finance Officers (CSMFO).

All staff that will be assigned to serve the City of Sacramento will be full-time VTD employees. We will not use sub-contractors for your audit. The proposal is neither a joint venture nor a consortium.

The ranges of activities performed by our firm and the Sacramento office include:

- *Governmental auditing and consulting* – VTD currently provides services to more than 300 governmental agencies throughout California, including but not limited to the City of Folsom, City of Davis, City of Pleasanton, City of Suisun City, City of Fairfield, City of Concord, City of Walnut Creek, County of Yolo, and the County of Sacramento.
- *Financial Institutions*
- *Manufacturing, Retail, and Distribution*
- *Tax Compliance*
- *Not-for-Profit*
- *Healthcare*

#### ***Quality Control***

Our firm has a program of quality control to ensure that our engagements meet the standards of the AICPA and Yellow Book, including qualifications, independence, due professional care, and quality control. **VTD has a full-time Quality Control Partner** delegated the responsibility of implementing and monitoring the firm's quality control policies and procedures. VTD also has a quality control committee that meets regularly to discuss emerging issues and new professional pronouncements, which are then communicated to our professional staff to ensure the firm has a working knowledge of professional standards.



## Section 2 – Firm's Qualifications and Experience

### A. Firm's Qualifications, (Continued)

We have undergone voluntary, independent, external quality reviews (peer reviews). We received our most recent peer review in 2012 for the 2011 year, at which time we received an unqualified opinion regarding our audit and accounting practice.

A copy of the report is included in Appendix A of this proposal. As part of our peer review, governmental engagements including Single Audits were reviewed.

We also undergo periodic inspections by the PCAOB.

We ensure that our professional staff obtains the required continuing professional education. As part of VTD's quality control program, all members of the firm, including our governmental sector team, must complete a minimum of 80 hours of continuing professional education every two years. Additionally, our professionals devoted to audits of governmental entities are required to obtain 24 hours directly related to government audits. We provide our staff in-house training, as well as provide access to external CPE conferences and updates. Additionally, our firm requires each professional staff to attend eight hours of Single Audit training and eight hours of fraud risk training.

### B. Sacramento Office Experience

Our Sacramento Office currently includes 15 audit and accounting professionals who spend 100% of their time on governmental accounting and auditing assignments. The Sacramento Office currently serves a total of 7 cities and 2 counties within Northern California.

This currently includes serving the following cities:

City of Chico	(Largest City in Butte County)
City of Concord	(Largest City in Contra Costa County)
City of Davis	(Largest City in Yolo County)
City of Fairfield	
City of Folsom	
City of South Lake Tahoe	(Largest City in El Dorado County)
City of Walnut Creek	

Our team understands the challenges with servicing large Cities and the unique challenges that come with larger cities. Larger cities tend to have more activities including their own police, fire, water utility, wastewater utility, solid waste operations, golf course operations. Larger cities also tend to have larger amounts of pollution remediation, OPEB, Pension Liabilities, pollution remediation, variable rate debt, conduit debt, derivatives, and other complex accounting transactions.



## Section 2 – Firm's Qualifications and Experience

### C. Firm's Experience - List of Municipal Clients Served by VTD

VTD has extensive experience in providing audits and other services to local governments. A summary of governmental clients that we have served include:

CITIES	COUNTY GOVERNMENTS	WATER AGENCIES
City of Arroyo Grande	County of Modoc	Eastern Municipal Water District
City of Brentwood	County of Orange	Elsinore Valley Municipal Water District
City of Chico	County of Riverside	Montara Water and Sanitary District
City of Concord	County of Sacramento	Monterey Regional Water Pollution Control Agency
City of Davis	County of San Bernardino	Municipal Water District of Orange County
City of Desert Hot Springs	County of Sonoma	Reclamation District #2035
City of Fairfield	County of Ventura	Sacramento County Water Agency
City of Folsom	County of Yolo	Sacramento Groundwater Authority
City of Foster City	County of Shasta	Santa Clara Water District
City of Glendale		Suisun-Solano Water Authority
City of Gonzales	<b>FIRST 5 COMMISSIONS</b>	Yolo-Davis Clean Water JPA
City of Grand Terrace	Contra Costa First 5 Commission	Yucaipa Valley Water District
City of Greenfield	First 5 Sacramento	
City of Huntington Park	Fresno First 5 Commission	<b>POWER AGENCIES</b>
City of Huntington Beach	Los Angeles First 5 Commission	Alameda Municipal Power
City of La Palma	Orange County Childrens & Families Commission	Glendale Water and Power
City of Laguna Niguel	Riverside First 5 Commission	Marin Energy Authority
City of Lake Forest	San Bernardino First 5 Commission	Silicon Valley Power
City of Los Altos	Sonoma First 5 Commission	
City of Manhattan Beach	Yolo First 5 Commission	<b>SEWER, SANITATION &amp; FLOOD AGENCIES</b>
City of Monte Sereno		Alameda County Waste Management Authority
City of Palmdale	<b>TRANSIT AGENCIES</b>	Bayshore Sanitary District
City of Paramount	Capital Southeast Connector JPA	Central Contra Costa Sanitary District
City of Placentia	High Desert Connector JPA	Central Marin Sanitation Agency
City of Pleasanton	Omnitrans	Cupertino Sanitary District
City of Rancho Mirage	Orange County Transportation Authority	Delta Diablo Sanitation District
City of Rohnert Park	Sacramento Area Council of Governments	East Bay Discharge Authority
City of San Jacinto	San Joaquin Regional Rail Commission	Fairfield-Suisun Sanitary District
City of San Leandro	Santa Clara Valley Transportation Authority	Knights Landing Community Services District
City of San Ramon	SR 91 Expresslanes	Madison Community Services District
City of Santa Clara	Ventura County Transportation Commission	Orange County Waste & Recycling
City of Saratoga	Solano County Transportation Authority	Oro Loma Sanitary District
City of South Gate		Riverside County Waste Management
City of South Lake Tahoe	<b>OTHER AGENCIES</b>	Ross Valley Sanitation District
City of Suisun City	Sacramento County Airport System	Sacramento Area Sewer District
City of Temecula	Sacramento Solid Waste Fund	Sacramento Regional County Sanitation District
City of Walnut Creek	Yolo County Habitat JPA	Union Sanitary District
	Yolo Solano Air Quality District	Vallejo Sanitation and Flood Control District
	East Bay Regional Park District	West Bay Sanitary District
		West Valley Sanitation District

### D. VTD does not have a record of substandard audit work

Vavrinek, Trine, Day & Co., LLP does not have a record of substandard audit work. There have been no disciplinary actions from regulatory agencies or professional organizations in the past three years.



## Section 2 – Firm's Qualifications and Experience

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### E. Our Experience

VTD's Government Practice Group has professionals that are fully devoted to audits similar to the City of Sacramento.

As we have noted VTD has significant experience auditing municipal and special purpose governments. The key components to our success include consistency of properly trained staff, assignment of staff with experience, timely communication in all aspects of the audit, planning, and understanding how to structure each audit to ensure efficiencies are achieved.

We understand the City of Sacramento desires an audit firm that provides consistency with staff. VTD's philosophy is to staff each of our audits with consistent staff in order to provide the most effective and efficient audit for our clients. This commitment will continue for the City of Sacramento's audit throughout the term of the audit contract.

**Each of the key auditors chosen to participate with the City of Sacramento audit has worked with similar cities. The City will not have to train our audit team.**

**VTD staff also attends State and national training sessions, such as the annual AICPA National Governmental Accounting and Auditing Update**, so that all of the key staff assigned to the City's audit understands both local as well as national trends and issues.

VTD also has partners who are members of the California Society of Certified Public Accountants State Governmental Audit and Accounting Committee and the California Society of Certified Public Accountants State Accounting Principles and Auditing Standards Committee.

#### ***Our commitment to client service***

**VTD will not add clients that cannot be properly served.** We have managed our growth to ensure that new clients receive experienced staff and quality audits and to ensure that existing clients do not experience a decline in service when new clients are added. To accomplish this, VTD will only propose on clients when key staff has been trained, possess on the job experience to act as the in-charge auditor, and when staffing levels allow for the addition of the new work. We are extremely confident that all of our references will note that their service level has not diminished over the life of the contract.



## Section 2 – Firm's Qualifications and Experience

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### E. Our Experience, (Continued)

#### ***Conducting Single Audits***

VTD performs more than 250 Single Audits annually within its governmental practice. This places us within the top 10 nationally.

Our Single Audits range from the minimum \$500,000 to over \$900 million in federal expenditures. VTD has invested a significant amount of time in developing our understanding of new audit requirements under the American Recovery Reinvestment Act (ARRA). We regularly present to industry groups on new auditing, reporting and compliance requirements, including the Institute of Internal Audits, State Association of County Auditors, and the County's Accounting and Reporting Managers conferences. As noted previously, each of our professional staff that conduct Single Audits are required to attend eight hours of continuing professional education specifically for Single Audit.

### F. Assisting local governmental units in obtaining the Government Finance Officers Association (GFOA) "Certificate of Achievement for Excellence in Financial Reporting."

Many our clients participate in the Government Finance Officers Association (GFOA) "Certificate of Achievement for Excellence in Financial Reporting" program. VTD has demonstrated that we can meet our client's expectations in regards to a quality product within GFOA requirements, and we have also proven that we can meet or exceed all timelines established by our clients.

### G. Commitment to Diversity

Vavrinek, Trine, Day & Co., LLP is an equal opportunity employer. Our staff represents a range of cultural and ethnic backgrounds that provide for a world-view. The diversity of our workforce helps to improve our employee satisfaction, productivity, and the retention of our staff. Our firm provides opportunities for advancement to all staff demonstrating the skill, ability, and desire to succeed and advance their professional career with us.



## Section 3 – Qualifications of Staff

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### A. Engagement Team

The engagement team for the proposed audit services will include:

- **David Showalter, CPA, Group Audit Partner** – Mr. Showalter will have the overall responsibility for the audit, and will lead the audit team to ensure that the City of Sacramento audit requirements are fulfilled.
- **Roger Alfaro, Technical Review Partner** – Mr. Alfaro will serve as quality assurance partner for the City's audit engagement. He will work with the team assisting in resolving technical issues and reviewing reports and deliverables for overall quality.
- **Kevin Pulliam, CPA, Concurring Review Partner** – Mr. Pulliam will serve as a concurring review partner and will consult on technical accounting matters related to the City's audit.
- **Jeanne Loken, CPA, IT Partner** – Ms. Loken will assist as a technical partner over information technology (IT) related audit areas.
- **Chad Rinde, CPA, Audit Manager** – Mr. Rinde will serve as the audit project manager for the City of Sacramento CAFR, Single Audit, and the Sacramento Employees' Retirement System and will be responsible for the day-to-day management and delivery of services. The audit project manager is responsible for planning the audit and assuring that the design of the audit plan executes the audit procedures we believe are necessary to accomplish the objectives of the audit. The audit project manager will work closely with the City to ensure issues are identified and addressed and that the delivery of services to the City is timely.
- **Herman Williams, CPA, Audit Manager** – Mr. Williams will serve as the audit project manager for the Sacramento Convention & Visitor's Bureau (the Bureau), and Child Development Program, Del Paso Road CFD and will assist with the Single Audit.
- **Karlee Ransom, CPA, Audit Supervisor** – Ms. Ransom will serve as the Supervisor on the City of Sacramento CAFR and Single Audit Projects.
- **Amanda Rinde, Audit Supervisor** – Ms. Rinde will serve as the audit supervisor on the Bureau, Child Development, and Del Paso CFD Projects.
- **Nick Rosas, Audit Senior** – Mr. Rosas will serve as the senior auditor assisting with the City of Sacramento audit projects and will assist the team on the execution of the audit plans.
- **Joanna McEvoy, Audit Senior** – Ms. McEvoy will also serve as the senior auditor assisting with the City of Sacramento audit projects and will assist the team on the execution of the audit plans.
- **Other Seniors and Audit Associates** – additional seniors and audit associates to be assigned.



## Section 3 – Partner, Supervisory and Staff Qualifications and Experience, (Continued)

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### B. Organizational Resumes

VTD has spent a large amount of time in selecting the team that we believe is best suited to provide timely, consistent and quality services to City which is described on the above pages. Please refer to Appendix B for detailed organizational resumes for each key team member listed above.

### C. Commitment to Consistent and Quality Staff

We understand the City of Sacramento desires an audit firm that provides consistency with staff. VTD's philosophy is to staff each of our audits with consistent staff in order to provide the most effective and efficient audit for our clients. Engagement personnel may be changed if those personnel leave the firm, are promoted or are assigned to a different office. Personnel may also be changed for other reasons only with prior permission of the City.

VTD staff has also attended national training sessions, such as the annual AICPA National Governmental Accounting and Auditing Update, so that all of the key staff assigned to the City's audit understands both local as well as national trends and issues.

### D. Ability to Staff the Engagement Locally

VTD has the **ability** and **intent** to staff the engagement locally out of our Sacramento Office. All key members including managers, supervisors, seniors, and staff members assigned to your engagement work 100% of their time out of the Sacramento office and spend 100% of their time working on the audits of governmental clients. In addition to the resources of the Sacramento Office, VTD has several other offices with partners and professional staff that are experienced auditors of large governmental agencies. These resources complement the resources that will be assigned to the City of Sacramento. Our regional staff will be available if necessary for technical consultation and to provide additional resources should they become necessary.

### E. Project Management

VTD provides auditing services to a variety of large complex governmental agencies throughout the State of California. The key to our success is to structuring our audit teams with a designated project audit manager and project audit partner to maintain ultimate responsibility for timely completion of the audits. During the planning phase of the audit, VTD will work with the City to complete a matrix in order to map out all of the significant dates for the provision of service including key contacts, fieldwork entrance and exit dates, deliverable dates, report review dates, final due dates, and board presentation dates. By preparing a comprehensive matrix for each report, all the information regarding the timing of the audits and various projects is documented in one central location and is agreed upon between the auditor and the City. The timeline will then only be modified through communication between VTD and the City.



## Section 4 – Specific Audit Approach

### A. Complete Work Plan/Project Description

#### *Overview of the Audits*

As required by the Request for Proposal our audit plan covers the engagements for:

- Audit of the City of Sacramento's Comprehensive Annual Financial Report
- Perform the City of Sacramento Single Audit (Assumed 5 Major Programs)
- Perform the Sacramento City Employees' Retirement System Audit
- Audit the Sacramento Convention and Visitors Bureau
- Audit of the Child Development Program
- Audit of the Del Paso Road CFD.

The audits will be conducted in accordance with generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA), *Governmental Auditing Standards* published by the Comptroller General of the United States, and the requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133.

#### *Proposed hourly segmentation of the engagement by staff*

	Pre-Audit Planning	Interim Audit	Final Audit	Total
Partner	5	41	57	103
Manager	15	124	170	309
Supervisor	24	192	263	479
Senior	27	214	293	534
Staff	24	193	266	483
Paraprofessional	1	9	12	22
<b>Total</b>	<b>96</b>	<b>773</b>	<b>1,061</b>	<b>1,930</b>

#### *Level of staff and number of hours assigned to each segment*

	Partner	Manager	Supervisor	Senior	Staff	Clerical	Total
1. City of Sacramento CAFR	50	200	275	275	275	5	1,080
2. Single Audit Report	15	30	50	80	80	5	260
3. Sacramento City Employee's Retirement System	12	25	60	75	40	3	215
4. Sacramento Convention and Visitors Bureau	8	20	40	40	40	2	150
5. Del Paso Road Community Facilities District	6	10	14	14	8	3	55
6. Child Development Program	12	24	40	50	40	4	170
<b>Totals</b>	<b>103</b>	<b>309</b>	<b>479</b>	<b>534</b>	<b>483</b>	<b>22</b>	<b>1,930</b>



## Section 4 – Specific Audit Approach, (Continued)

### A. Complete Work Plan/Project Description, (Continued)

#### *Audit Hours by Area*

	Pre-Audit Planning	Interim Audit	Final Audit	Total
1. City of Sacramento CAFR	54	432	594	1,080
2. Single Audit Report	13	104	143	260
3. Sacramento City Employee's Retirement System	11	86	118	215
4. Sacramento Convention and Visitors Bureau	8	60	82	150
5. Del Paso Road Community Facilities District	3	22	30	55
6. Child Development Program	9	68	93	170
Totals	98	772	1,060	1,930

### B. Our Proposed Audit Plan

Our engagement approach for the City of Sacramento audit has well-detailed goals by which the engagement partner can measure progress. Our audit plan includes frequent contact between the partner and the engagement team to assure that objectives are attained according to the audit schedules and that problems are communicated and dealt with on a timely basis. Our engagement approach benefits from our long accumulated experience during which our firm has identified key areas of financial and accounting concern in the audit process. More importantly, the approach provides for a complete reassessment of the management and control environment in each year's audit and thus is capable of responding to changes and will ensure that deadlines are met in issuing the annual financial statements.

The key characteristics of our engagement approach are:

- *Knowledge of the City of Sacramento and similar entities.* We have extensive experience auditing governmental entities similar to the City. This experience enables us to perform a more efficient audit and identify key audit risks.
- *Cost-effectiveness.* Our experienced auditors low percentage of turnover reduce your cost
- *Timeliness.* We take deadlines, both yours and ours, seriously.
- *Partner-manager involvement.* Deciding on audit strategies requires seasoned judgment. Our partners and managers have been heavily and continuously involved in governmental audits. Furthermore, you will be able to consult with senior team members whenever needed throughout the year. We are available during the year for any additional consultation that may arise and specified in the request for proposal.



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Project Management – Overall Audits

As noted in the Team Identification section of our proposal, the audit team consists of three (3) partners, two (2) managers, two (2) supervisors, and two (1) seniors. Staff auditors will be assigned to various elements of the audit throughout the fieldwork stages. Our staff auditors work 100% on governmental audits. The management of the audits will be undertaken by these personnel who each have worked on similar audits.

Our audit plan for each of the fiscal years involves six (6) stages for each audit. These stages are:

- Stage 1, Planning
- Stage 2, Risk Assessment
- Stage 3, Preparation of the Overall Audit Plan
- Stage 4, Conducting the Interim Audit
- Stage 5, Conducting the Final Audit
- Stage 6, Reporting

These stages will be applied to the City's CAFR audit as well as the other Audits. The audit approach will be tailored to the risk of each individual entity and the scale will also be adjusted as necessary to ensure that each entity's financial statements are fairly stated.

#### Stage 1, Planning

VTD will meet with key staff to plan the audit services for the year. These meetings will discuss all audit issues and the proposed interim work plan. During this phase, we will accomplish:

- Identifying the key personnel and contacts in the Finance Department and other departments.
- Identify the City of Sacramento's significant classes of transactions and business processes.
- Obtain an understanding of audit risk areas.
- Developing an understanding of unusual transactions or events that have occurred during the fiscal year.
- Formalizing logistics.
- Finalizing the timeframes for interim fieldwork.



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 2, Risk Assessment

Based upon the information obtained in the planning meetings VTD will perform a risk assessment as required by Statements on Auditing Standards (SAS) to be used in the preparation of the overall audit plan. As part of this risk assessment we will perform the following:

1. Obtain an understanding of the entity and its environment and its risks and material compliance requirements. VTD will refer to the City of Sacramento's prior year Comprehensive Annual Financial Report, annual budget document, municipal code and other relevant documentation to assist with our understanding of the City of Sacramento's business environment and risks. VTD will also conduct inquiry with key individuals within the City of Sacramento who are responsible for executing the City of Sacramento's strategic plan.
2. Obtain an understanding of the entity's internal controls. VTD will refer to the City of Sacramento's organizational charts, budget, written policies and procedures, financial accounting systems to assist with our understanding of internal controls. VTD will also perform inquiry, observation, inspection, and walk-throughs of key internal controls to ensure these key controls are properly designed and implemented.
3. Preliminary analytical review, determination of preliminary materiality levels.
4. Analysis of know misstatements, if any.
5. Consideration of risk of material misstatement at the individual account balance, class of transactions and disclosure level.
6. Assessing the risks of material misstatement at both the financial statement and relevant assertion levels.
7. Assess the risk of material noncompliance with laws and regulations that have a direct and material effect on the financial statements.
8. Evaluation of the City's information technology and general information technology controls.



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 3, Preparation of the Overall Audit Plan

Once the planning and risk assessment process are complete an overall audit plan will be prepared. The plan will specify each audit task, staffing assignments, timelines, and due dates. The plan will also break down the work assignments between interim and final audit timelines. The audit plan will include the transaction cycles which have been selected for internal control testing and those for which only the detailed walk through will be performed.

Once the audit plan has been completed the prepared by client (PBC) requirements and the responsibilities of the auditor document will be prepared. The document listing will be detailed by specific task and will include the due dates and names of the persons responsible for each task.

We will also prepare:

The preliminary materiality guidelines, the audit programs, including consideration of:

- Identification of areas where special audit considerations are necessary.
- Design of further audit procedures to reduce risk if considered necessary.
- The development of expectations for analytical procedures, timelines, and assignment of all audit responsibilities.

Once these tasks have been completed we will meet with the City of Sacramento to ensure that all dates and requirements have been met and to schedule the interim and final work with the various departments and agencies of the City of Sacramento.

#### Stage 4, the Interim Audit

Our interim fieldwork dates will normally occur during the June timeframe. The specific weeks will be determined during the planning meeting and preparation of the audit plan process.

We will obtain an understanding of the City of Sacramento's internal control structure starting with:

1. Defining the City of Sacramento's objectives and strategies and related business risks.
2. Obtaining an understanding of the City of Sacramento's internal control environment (tone at the top):
  - Communication and enforcement of integrity and ethical values
  - Commitment to competence
  - Participation of those charged with governance
  - Management's philosophy and operation style



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 4, the Interim Audit (Continued)

- Organizational structure
  - Assignment of authority and responsibility
  - Human resource policies and practices
3. The City of Sacramento's risk assessment process.
  4. Internal control communication process.
  5. Internal control monitoring process.
  6. Any industry, regulatory or other factors.

This understanding will be accomplished through the use of:

1. Inquiry of management and others within the City of Sacramento.
2. Observation and inspection.
3. Review of external information from rating agencies and other external sources.

We will also obtain an understanding of the design and implementation of the financial reporting system to understand the follow of information for:

1. Each class of transactions that is significant to the financial statements.
2. The procedures within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, and reported in the financial statements.
3. The related accounting records, whether in electronic or manual supporting information, and specific accounts in the financial statements involved in initiating, authorizing, recording, processing and reporting transactions.
4. How the information systems captures events and conditions other than classes of transactions that are significant to the financial statements.
5. The financial reporting process used to prepare the City of Sacramento's financial statements, including significant accounting estimates and disclosures.

Our focus will also involve:

- Understanding and documenting the financial reporting process.
- Documenting information systems and related computerized data processing controls.



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 4, the Interim Audit (Continued)

- Identifying the flow of information and internal control involved in various key processes including, investment management, procurement, disbursements, payroll, treasury operations, debt/capital management, cash receipts, and utility billing. To accomplish these tasks we will use client accounting manuals, inquiry, observation, checklists, and internal control questionnaires. During the interim timeframe each of the significant internal control systems will be evaluated to obtain sufficient knowledge of the design and implementation of key controls and to determine if a test of controls will result in audit efficiencies or reduce the risk of material misstatement.
- Planning of the Single Audit (if a draft of the Schedule of Expenditures of Federal Awards is available) including conducting inquiries, reviewing documentation and determining major programs. In addition, in order to assist the City of Sacramento in achieving its Single Audit reporting timeline, we will begin conducting fieldwork for those federal programs identified as major as a result of our preliminary risk assessment.
- Providing the parameters required to commence analyzing financial fluctuations in the operating results of the City of Sacramento.
- Identifying laws and regulations that are applicable to the City of Sacramento. To accomplish these tasks we will use client documents, inquiry, observation, checklists, and internal control questionnaires.
- Formulating audit procedures and related audit programs that will be used during the final segment of the audit process.
- We will use statistical sampling to assist with our testing of the City of Sacramento's internal controls over financial reporting and compliance.
- **Sample sizes can range between 25 and 60, contingent upon the risk of material misstatement for a particular audit area or objective. All sample sizes will be determined based on the AICPA Sampling Guide.**
- Testing the effectiveness of internal controls will be accomplished for the significant internal controls systems for which we plan to place reliance to reduce the risk of material misstatement. To gain efficiencies our control testing will be structured so that it can be used for each of the audits we will perform, with exception to the single audits.
- Other areas to be completed at the interim audit include AU-C 240 fraud interviews and documentation.
- Discuss workable solutions for potential findings that have been identified and communicated to the City of Sacramento during the audit process.



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 5, the Final Audit

We will commence our final fieldwork as soon as City of Sacramento has sufficiently closed their accounting records. We expect final fieldwork to take place during October.

During this phase, we will perform substantive audit procedures on the year-end statement of net position and fund balances, revenue and expenditure/expense accounts. We will use a variety of audit procedures which may include outside confirmations, statistical sampling, and detailed testing of schedules, analytical review, inquiry, and observation. During this phase we will draft the financial statements.

#### Stage 6, the Reporting Phase

At the end of the audit process we will meet with key staff to cover the following:

- Discuss improvements for subsequent years audit plan,
- Meet with the Audit Committee or Council to present the results of the audit,
- Communicate with those charged with Governance.
- We will prepare Draft Audit Reports with management letter comments to management prior to the agreed upon issuance date.
- We will prepare Final Draft Audit Reports and management letter comments for presentation to the City prior to the agreed upon issuance date.

#### **Communication**

We do not believe in surprises. Although the reporting phase involves a recap of the process we will be in constant communication regarding the each aspect of the audit throughout the entire process. You will not have any surprises at the end of the audit.

#### **Management Letters**

The results of our understanding of internal control serve as a basis for our recommendations to management. We also consider any weaknesses noted during our substantive testing and other audit procedures. Upon completion of the audit, the findings and recommendations we consider to be of value to you are summarized and presented as management comments.

We will meet with management to discuss these comments prior to finalizing the letter to ensure that our management letter will contain no surprises. The purpose of our management comments is to direct your attention to:



## Section 4 – Specific Audit Approach, (Continued)

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### B. Our Proposed Audit Plan, (Continued)

#### Stage 6, the Reporting Phase (Continued)

- Significant deficiencies and material weaknesses (if any) identified during the course of the audit. AU-C 265 requires written communication to management and those charged with governance, of significant deficiencies or material weaknesses, identified during the audit.
- Other matters that we believe to be of potential benefit to the management of the City of Sacramento, such as recommendations for operational or administrative efficiency, or for improving existing internal controls.

In our view, management letters can serve the City of Sacramento on two distinct levels. The first is when we, the auditors, determine that there are material deficiencies in internal controls. These should be communicated at once to the highest level of management so that corrective action can be taken. The other level is the more routine operational improvement and control enhancement comments which are communicated to management on a timely basis such that appropriate action can be taken.

### C. Identification of Potential Audit Issues

We do not anticipate problems within the audit. However, if audit issues are encountered, our process would include meeting with the City's management to develop the appropriate response, and identify any special assistance that will be requested from the City.

We have however identified the following areas that we believe will present challenges to the City in the upcoming contract years where we believe that we can be of assistance.

- *GASB Standard Implementations* – GASB 65-71 will be required to be implemented during the Contract Term.
- *Single Audits* – New Single Audit Guidance was issued incorporating the 8 grant circulars in the title 2 of the CFR and will be effective for the City FYE June 30, 2016.

We have a proactive team approach to the implementation of new accounting and auditing requirements and work to begin the conversations regarding the changes and the potential impacts during the planning and interim phases of the audit. We also are available for technical guidance and assistance throughout the year as needed on complex accounting and auditing issues.

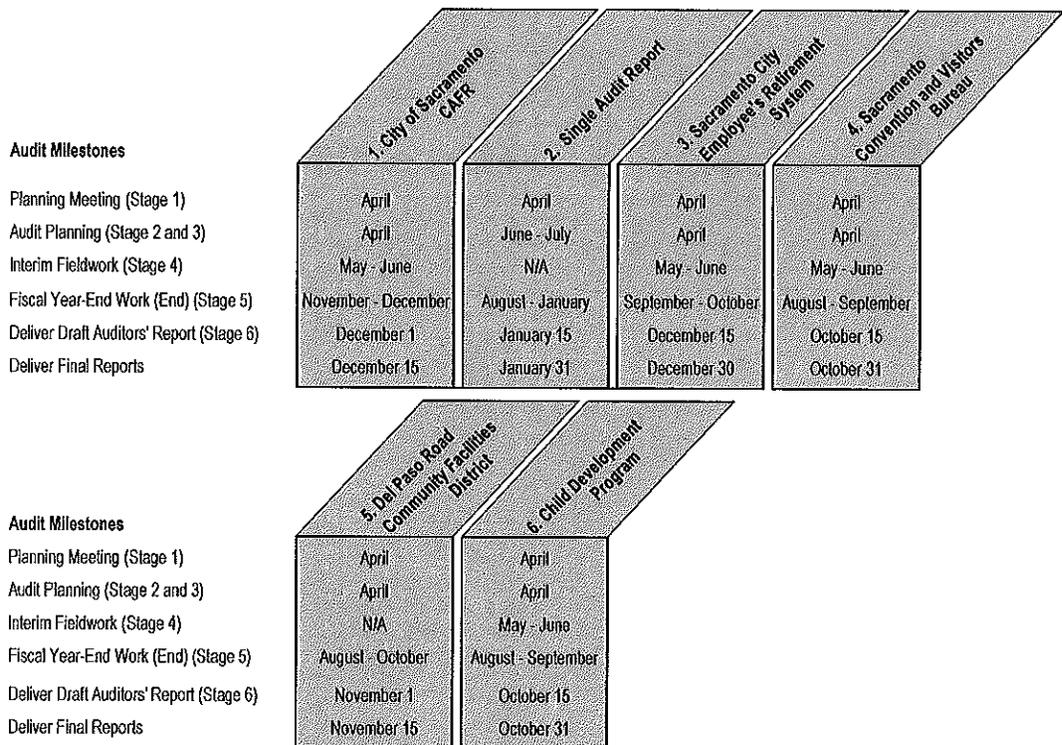


## Section 4 – Specific Audit Approach, (Continued)

### D. Use of Computer Assisted Auditing Techniques Software in the engagement

VTD will use IDEA audit software during the engagement to assist with data analysis, testing of populations and reports and for the selection of audit samples. We will also use CCH Knowledge Coach to assist with audit risk assessment.

### E. Engagement Timeline



We have proposed the engagement timeline above to meet your specifications in the RFP. The specific weeks for fieldwork would be mutually agreed upon by VTD and City of Sacramento. For the initial audit (FY2014), the interim may need to take place during the June – July timeframe depending on the timing of contact execution.



## Section 5 – Similar Engagements with Other Governmental Agencies

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### A. References

VTD has provided similar audit services for several other jurisdictions similar to that which is requested by the City of Sacramento. We have provided a listing of governmental entities with the various types of services performed for each.

The Required City Reference forms were used and are included in Appendix A of the proposal.



## Appendix A – References

City of Sacramento - Request for Proposals for Auditing Services

### ATTACHMENT 2

#### PROFESSIONAL EXTERNAL AUDIT SERVICES CLIENT REFERENCES

CLIENT NAME: County of Sacramento

CITY/COUNTY Sacramento STATE CA

POPULATION 1,450,121

ADDRESS 700 H Street, Sacramento, CA 95814

KEY USER CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Julie Valverde, Finance Director / valverdej@saccounty.net / (916) 874-7248

KEY TECHNICAL CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Ben Lamera, Assistant Auditor Controller / lamerab@saccounty.net / (916) 874-7450

PROJECT DATE: FY2013 PROJECT BUDGET: Approx \$550,000

NAME OF CONSULTANT PROJECT MANAGER: David Showalter

NAME(S) OF TEAM MEMBERS: Roger Alfaro, Kevin Pulliam, Chad Rinde, Heiman Williams

Karlee Ransom, Amanda Rinde, Nick Rosas, Joanna McEvoy

#### **PROJECT DETAILS**

DESCRIPTION OF PROJECT: CAFR Audit, Single Audit, Water Agency Fund Audit, Airport Fund Audit,

Solid Waste Fund Audit, First 5 Commission Audit, Tobacco Securitization/Corporation Audit, Regional Sanitation

Audit, Area Sewer Audit, Flood Control Audit, Connector JPA Audit, and Various other audits.

REMARKS: GFOA Award Recipient



## Appendix A – References

City of Sacramento - Request for Proposals for Auditing Services

### ATTACHMENT 2

#### PROFESSIONAL EXTERNAL AUDIT SERVICES CLIENT REFERENCES

CLIENT NAME: County of Yolo

CITY/COUNTY Yolo STATE CA

POPULATION 204,118

ADDRESS 625 Court Street, Room 102, Woodland, CA 95695

KEY USER CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Howard Newens, Auditor Controller / howard.newens@yolocounty.org / (530) 866-8217

KEY TECHNICAL CONTACT NAME / EMAIL / TELEPHONE NUMBER:

PROJECT DATE: FY2012 PROJECT BUDGET: Approx. \$200,000

NAME OF CONSULTANT PROJECT MANAGER: David Showalter

NAME(S) OF TEAM MEMBERS: Kevin Pullam, Herman Williams, Karlee Ransom, Amanda Rinde  
Nick Rosas, Joanna McEvoy

#### PROJECT DETAILS

DESCRIPTION OF PROJECT: CAFR Audit, Single Audit, Yolo Habitat JPA Audit, Yolo Emergency  
Communication Audit, Treasury Oversight, Various special district audits.

REMARKS: GFOA Award Recipient, Mandatory Auditor Rotation (Yolo County Policy)



## Appendix A – References

City of Sacramento - Request for Proposals for Auditing Services

### ATTACHMENT 2

#### PROFESSIONAL EXTERNAL AUDIT SERVICES CLIENT REFERENCES

CLIENT NAME: City of Concord

CITY/COUNTY Concord / Contra Costa County STATE CA

POPULATION 124,711

ADDRESS 1950 Parkside Drive, Concord, CA 95419

KEY USER CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Karan Reid, Director of Finance / (925) 671-3192

KEY TECHNICAL CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Suzanne McDonald, Interim Financial Operations Manager / suzanne.mcdonald@cityofconcord.org (925) 671-3136

PROJECT DATE: FY2013 PROJECT BUDGET: \_\_\_\_\_

NAME OF CONSULTANT PROJECT MANAGER: David Showalter

NAME(S) OF TEAM MEMBERS: Roger Alfaro, Herman Williams, Karlee Ransom, Nick Rosas  
Joanna McEvoy

**PROJECT DETAILS**

DESCRIPTION OF PROJECT: CAFR Audit, Single Audit, Mount Diablo Healthcare District Audit,

GANN AUP

REMARKS: GFOA Award Recipient



## Appendix A – References

City of Sacramento - Request for Proposals for Auditing Services

### ATTACHMENT 2

#### PROFESSIONAL EXTERNAL AUDIT SERVICES CLIENT REFERENCES

CLIENT NAME: City of Fairfield

CITY/COUNTY Fairfield / Solano STATE CA

POPULATION 107,684

ADDRESS 1000 Webster Street, Fairfield, CA 94533

KEY USER CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Arvinda Krishnan, Accounting Manager / akrishnan@fairfield.ca.gov / (707) 428-7496

KEY TECHNICAL CONTACT NAME / EMAIL / TELEPHONE NUMBER:

PROJECT DATE: FY2013 PROJECT BUDGET: Approx. \$90,000

NAME OF CONSULTANT PROJECT MANAGER: David Showalter

NAME(S) OF TEAM MEMBERS: Roger Alfaro, Chad Rinde, Herman Williams, Amanda Rinde  
Nick Rosas, Joanna McEvoy

#### PROJECT DETAILS

DESCRIPTION OF PROJECT: CAFR Audit, Single Audit, Transportation Development Act Audit,  
Golf Course AUP, Animal Control Audit, GANN Limit AUP

REMARKS: GFOA Award Recipient



## Appendix A – References

City of Sacramento - Request for Proposals for Auditing Services

### ATTACHMENT 2

#### PROFESSIONAL EXTERNAL AUDIT SERVICES CLIENT REFERENCES

CLIENT NAME: City of Folsom

CITY/COUNTY Folsom / Sacramento STATE CA

POPULATION 73,384

ADDRESS 50 Natoma Street, Folsom, CA 95630

KEY USER CONTACT NAME / EMAIL / TELEPHONE NUMBER:

Terri Hentley, Accounting Manager / (916) 35508301

KEY TECHNICAL CONTACT NAME / EMAIL / TELEPHONE NUMBER:

PROJECT DATE: FY2013 PROJECT BUDGET: Approx. \$60,000

NAME OF CONSULTANT PROJECT MANAGER: David Showalter

NAME(S) OF TEAM MEMBERS: Kevin Pulliam, Herman Williams, Karlee Ransom, Amanda Rinde,  
Joanna McEvoy

#### PROJECT DETAILS

DESCRIPTION OF PROJECT: CAFR Audit, Single Audit, GANN Limit AUP

REMARKS: GFOA Award Recipient



## Appendix B – Peer Report

Our most current Peer Review Report

### YANARI WATSON MCGAUGHEY P.C.

DALE M. YANARI (1947-2004) ♦ RANDY S. WATSON ♦ G. LANCE MCGAUGHEY  
FINANCIAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

May 25, 2012

To the Partners of  
Vavrinek, Trine, Day & Co., LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2011. 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP applicable to non-SEC issuers in effect for the year ended December 31, 2011, 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*. Vavrinek, Trine, Day & Co., LLP has received a peer review rating of *pass*.

*Yanari Watson McGaughey P.C.*  
Yanari Watson McGaughey P.C.

9250 EAST COSTILLA AVENUE, SUITE 450  
GREENWOOD VILLAGE, COLORADO 80112-3647  
(303) 792-3020  
FAX (303) 792-5153  
web site: [www.ywmcpa.com](http://www.ywmcpa.com)



## Appendix C – Organizational Resumes

### Organization Resumes

**Mr. David Showalter, CPA**  
**Audit Partner**



#### Experience

Mr. Showalter has been conducting audits of cities, transit agencies, and large regional and special purpose governmental entities for over 13 years. His experience includes cities, redevelopment agencies, housing authorities, counties, financing authorities, public utilities, and single audits.

Mr. Showalter has provided audit services for various municipalities conducting single audits and audits of comprehensive annual financial reports including:

<b>CITIES</b>	<b>COUNTY GOVERNMENTS</b>	<b>UTILITIES</b>
City of Glendale	County of Yolo	Orange County Waste and Recycling
City of Palmdale	County of San Bernardino	Sacramento Area Sewer District
City of Folsom	County of Sacramento	Sacramento County Solid Waste
City of Lake Forest	County of Riverside	Sacramento Regional County Sanitation District
City of Covina	County of Orange	Sacramento County Water Agency
City of Malibu		Alameda Municipal Power
City of Davis	<b>HEALTHCARE</b>	Glendale Water and Power
City of Riverside	Arrowhead Regional Medical Center	Elsinore Valley Municipal Water District
City of Walnut Creek	Ventura County Medical Center	Davis-Woodland Water Treatment JPA
City of Concord	Verdugo Hills Hospital	
City of Fairfield	Gateways Hospital and Mental Health Center	<b>FINANCING AUTHORITIES</b>
City of South Lake Tahoe	Riverside County Regional Medical Center	Sacramento County Public Financing Authority
City of La Palma	Modoc Medical Center	Sacramento Tobacco Securitization Authority/Corp
		Inland Empire Public Facilities Corporation
		Sacramento Sanitation Districts Financing Authority

Mr. Showalter has also provided training to our staff through in-house conferences to ensure consistency and knowledge throughout the entire team providing services to our clients. Mr. Showalter also provides audit and accounting updates for many of his governmental clients and industry groups.

Prior to VTD Mr. Showalter worked for a "Big 4 Accounting Firm" for approximately three years providing professional services to municipalities, not for profit organizations, higher education and other local governments. In addition, provided various attestation services to manufacturing, retail and service industries including Securities and Exchange Commission (SEC) reporting.

Mr. Showalter participates as a CAFR reviewer within the GFOA Certificate Program Special Review Committee and is a member of the California Society of Certified Public Accountants State Governmental Audit and Accounting Committee.



## Appendix C – Organizational Resumes

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### Organization Resumes (Continued)

#### **Mr. David Showalter, CPA Audit Partner (Continued)**

Mr. Showalter assisted many of his larger governmental clients navigate through the implementation of GASB 54, as well as the RDA dissolution.

#### Area of Specialization

Governmental Audits of Counties, Cities, Redevelopment Agencies, Public Utilities,  
Transportation Agencies, Special Districts  
Hospitals  
Non-profits  
OMB A-133 Single Audits

#### Professional Affiliations

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants  
California Society of Municipal Finance Officers  
Healthcare Financial Management Association  
Chartered Global Management Accountant  
Government Finance Officers Association Special Review Committee

#### Education

Bachelor of Science - Business Administration  
California State University, San Bernardino, California

#### Recent Training

- Audit Risk Assessment
- GASB 67
- Healthcare Audit and Accounting Updates
- GASB 68
- COSO
- OMB A-133 Updates
- AICPA National Update, Governmental Accounting and Auditing Conference
- Fraud in Local Governments
- Governmental Financial Reporting Standards and Practices
- Revised Yellow Book Standards
- Auditing Municipal Debt



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Mr. Roger Alfaro, CPA**  
**Partner**



#### Experience

Mr. Alfaro has been conducting audits of governmental entities for over 15 years. His experience includes counties, cities, redevelopment agencies, financing authorities, public utilities, transit authorities and the single audit. Mr. Alfaro has conducted single audits and the audits of basic financial statements for several local governments whose assets exceed \$1 billion. His single audit experience includes the major federal program audits of transit agencies, cities and counties including; HHS, HUD, DOJ, Federal Transit Formula/Capital grants, Highway Planning and Construction and airport improvement grants.

Mr. Alfaro has provided audit services for various governmental clients conducting single audits and audits of comprehensive annual financial reports including:

<b>CITIES</b>	<b>COUNTIES</b>	<b>UTILITIES/JPA/SPECIAL DISTRICTS</b>
City of Agoura Hills	County of Orange	Alameda County Transportation Improvement District
City of Burbank	County of Riverside	Alameda County Transportation District
City of Camarillo	County of Sacramento	Arrowhead Regional Medical Center
City of Glendale	County of San Bernardino	Chico Valley Independent Fire District
City of Gonzales	County of Sonoma	Glendale Water and Power
City of Laguna Niguel	County of Ventura	John Wayne Airport
City of Modesto		Orange County Transportation Authority
City of Paramount	<b>FIRST 5 COMMISSIONS</b>	Riverside County Waste Management
City of Rancho Mirage	First 5 Riverside	Sacramento International Airport
City of Rancho Palos Verdes	First 5 Contra Costa	San Bernardino Associated Governments
City of Temecula	First 5 Los Angeles	San Mateo County Transit District
City of Whittier	First 5 Orange County	Santa Clara Valley Transportation Authority
		Tri-City Mental Health
		Ventura County Air Pollution Control District
		Ventura County Transportation Commission
		Yucaipa Valley Water District

Prior to VTD, Mr. Alfaro worked for a "Big 4 Accounting Firm" specializing in governmental audits, consulting and attestation projects. In addition, he provided audit and attest services to government, not-for-profit entities and manufacturing industries.



## Appendix C – Organizational Resumes

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### Organization Resumes (Continued)

#### **Mr. Roger Alfaro, CPA Partner, (Continued)**

Mr. Alfaro has advised and assisted many clients with disclosure and financial reporting requirements pursuant to the GFOA certificate program. Many of Mr. Alfaro's clients served have reports prepared in compliance with the requirements of this program, including the County of Riverside, County of Orange, County of San Bernardino, County of Ventura, and Orange County Transportation Authority (OCTA).

#### Area of Specialization

Governmental Audits of Counties, Cities, Redevelopment Agencies/Successor Agencies, Public Utilities, Transportation Agencies, Special Districts, Non-profits

#### Professional Affiliations

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants  
GFOA Certificate Program Special Review Committee

#### Education

Bachelor of Science - Business Administration  
California State University, San Bernardino, California

#### Continuing Education

Various municipal accounting courses offered by the American Institute of Certified Public Accountants, California Society of CPAs and In-House Courses:

#### Recent Training

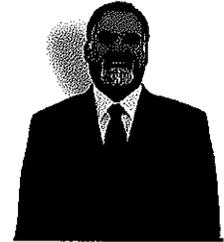
- Audit Risk Assessment
- GASB 67
- Healthcare Audit and Accounting Updates
- GASB 68
- COSO
- OMB A-133 Updates
- AICPA National Update, Governmental Accounting and Auditing Conference
- Fraud in Local Governments
- Governmental Financial Reporting Standards and Practices
- Revised Yellow Book Standards
- Auditing Municipal Debt



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Mr. Kevin T. Pulliam, CPA**  
**Technical and Concurring Review Partner**



#### Experience

Mr. Pulliam has over 23 years of experience with governmental accounting and auditing. Mr. Pulliam is the lead partner for the State and Local Government Practice Group within VTD. His experience includes cities, transit agencies, redevelopment agencies, housing authorities, counties, financing authorities, public utilities, and single audits.

Mr. Pulliam has provided audit services for various municipalities conducting single audits and audits of comprehensive annual financial reports including:

#### **CITIES**

City of Arroyo Grande  
City of Brentwood  
City of Del Mar  
City of Desert Hot Springs  
City of Dublin  
City of Glendale  
City of Greenfield  
City of Grand Terrace  
City of Huntington Park  
City of La Palma  
City of Lake Forest  
City of Lawndale  
City of Madera  
City of Malibu  
City of Manhattan Beach  
City of Oxnard  
City of Pacific Grove  
City of Palmdale  
City of Paramount

#### **CITIES**

City of Piedmont  
City of Placentia  
City of Rancho Palos Verdes  
City of San Jacinto  
City of San Ramon  
City of South El Monte  
City of South Gate  
City of Taft  
City of Yucaipa

#### **COUNTIES**

County of Modoc  
County of Orange  
County of Riverside  
County of San Bernardino  
County of Sacramento  
County of Sonoma  
County of Ventura  
County of Yolo

#### **OTHER AGENCIES**

Chino Valley Independent Fire District  
Inland Empire Public Facilities Corporation  
Palmdale Civic Authority  
Riverside County Regional Medical Center  
San Bernardino County Public Financing Authority  
South Bay Regional Communication Authority  
Tri-City Mental Health  
Ventura County Air Pollution Control District

#### **UTILITIES**

Glendale Water and Power  
Riverside County Waste Management  
Water Facilities Authority

#### **TRANSIT AGENCIES**

Orange County Transportation Authority  
San Bernardino Associated Governments  
Ventura County Transportation Commission

Mr. Pulliam also acts as the quality control partner or concurring review partner for many of the firm's largest governmental clients. Each of these reviews includes the reporting requirements to obtain the GFOA Certificate.

Mr. Pulliam participates as a CAFR reviewer within the GFOA Certificate Program Special Review Committee.



## Appendix C – Organizational Resumes

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### Organization Resumes (Continued)

**Mr. Kevin T. Pulliam, CPA**  
**Technical and Concurring Review Partner (Continued)**

Professional Affiliations

American Institute of Certified Public Accountants  
GFOA Certificate Program Special Review Committee

Education

Bachelor of Science in Economics, Accountancy  
California State Polytechnic University, San Luis Obispo, California

Area of Specialization

Governmental Audits of Cities, Wastewater and Water Agencies, Redevelopment Agencies, Financing Authorities, Public Utilities, Transit Authorities, Municipal Power Agencies, OMB A-133 Single Audits

Recent Training

- Audit Risk Assessment
- GASB 67
- GASB 68
- COSO
- OMB A-133 Updates
- AICPA National Update, Governmental Accounting and Auditing Conference
- Fraud in Local Governments
- Revised Yellow Book Standards
- Auditing Municipal Debt



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Ms. Jeanne Loken, CPA, CISA, CITP, CCBIA, MBA  
IT Partner**



#### Experience

Ms Loken has been with Vavrinek, Trine, Day & Co., LLP since 2001. Her experience includes developing audit objectives, project management, and evaluating internal controls.

Ms. Loken is a:

- Certified Public Accountant
- Certified Information Systems Auditor
- Certified Information Technology Professional

Ms Loken has assisted clients in identifying, documenting and testing key IT controls for both financial statement related audits and for compliance with the Sarbanes-Oxley Act. Experience includes assessing and managing IT risks, managing change in the IT environment, documenting and testing key controls related to access, security, availability, reliability and integrity issues, managing third party vendors, and evaluating compliance with regulatory requirements.

#### Affiliations

American Institute of Certified Public Accountants (AICPA)  
California Society of Certified Public Accountants (CSCPA)  
Information Systems Audit and Control Association (ISACA)

#### Education

Masters in Business Administration  
Keller Graduate School of Management, Irvine, CA  
*Graduated with Distinction*

Bachelor of Science Degree in Accounting  
DeVry Institute of Technology, Pomona, CA  
*Valedictorian*



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Mr. Chad Rinde, CPA**  
**Audit Manager**

#### Experience

Mr. Rinde has been conducting audits of governmental agencies for nearly six years. He has experience participating in audits as the manager "in-charge" and in an assisting role for a variety of governments ranging from large cities and counties to smaller entities comprised of single enterprise funds including the following:

<b>CITIES</b>	<b>COUNTY GOVERNMENTS</b>	<b>OTHER AGENCIES</b>
City of Chico	County of Modoc	Alameda Municipal Power
City of Fairfield	County of Placer	Capital Area Development Authority
City of Sacramento	County of Sacramento	Central Contra Costa Solid Waste Authority
City of Santa Rosa	County of Solano	Sacramento County Airport Fund
City of South Lake Tahoe	County of Sonoma	Sacramento County District Attorney Grants
City of Walnut Creek	County of Tuolumne	Sacramento County Treasury Oversight
City of Woodland		Sacramento Housing & Redevelopment Authority
		Sacramento Regional Solid Waste Authority
		Sonoma County Water Agency
		Tuolumne Public Power Agency
		Western Placer Waste Management Authority
		Yolo County Habitat JPA
<b>STATE AGENCIES</b>		<b>RETIREMENT SYSTEMS</b>
California Exposition & State Fair		California Public Employees Retirement System
California Prison Industry Authority		Merced County Employees Retirement Association
California Statewide Communities Development Authority		Sacramento City Employees Retirement System
California Statewide Financing Authority		Stanislaus County Employees Retirement Association
State Water Resources Development System		

Mr. Rinde participates as a CAFR reviewer within the GFOA Certificate Program Special Review Committee. Mr. Rinde has also presented regarding the accounting impacts of GASB 67 & 68 to local industry groups.

Mr. Rinde worked as the Senior Auditor on the California Employees' Retirement System and other 1937 Act Retirement systems for over 2 years. Mr. Rinde audited the CalPERS system during the pivotal transition to MyCalPERS. His experience will be utilized to assist the City in the planning and transition to the new pension standards in fiscal year 2015 and to perform the audit of the Sacramento City Employees' Retirement System.



## Appendix C – Organizational Resumes

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### Organization Resumes (Continued)

**Mr. Chad Rinde, CPA**  
**Audit Manager**

Area of Specialization

Governmental Audits of Counties, Cities, Retirement Systems, State Agencies, Transit Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

Professional Affiliations

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants (CalCPA)  
Government Finance Officers' Association CAFR Special Review Committee  
Co-Chair CalCPA Governmental Accounting & Auditing Committee – Sacramento Chapter

Education

Bachelor of Science in Business Administration, Accountancy  
California State University, Sacramento, California

Recent Training

- Audit Risk Assessment
- Single Audits/ OMB A-133
- GASB 67 & 68
- CalCPA Emerging Leaders Certificate Program
- GASB 53
- SAS 99, Fraud Training
- Yellow Book Standards
- CSMFO Annual Conference
- GASB 63 & 65 Implementation



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Mr. Herman Williams, CPA**  
**Audit Manager**

#### Experience

Mr. Williams has been conducting audits of governmental agencies for over seven years. His experience includes acting as the manager and “in-charge” for a variety of governments ranging from large cities and counties to smaller entities comprised of single enterprise funds and Special Districts including the following:

#### **CITIES**

City of Concord  
City of Davis  
City of Folsom  
City of Fairfield  
City of South Lake Tahoe  
City of Whittier

#### **UTILITIES**

Reclamation District #2035  
Sacramento Area Sewer District  
Sacramento County Regional Sanitation District  
Sacramento County Solid Waste  
Sacramento County Water Agency  
Woodland-Davis Clean Water JPA

#### **OTHER AGENCIES**

City of Concord Public Financing Authority  
City of Davis Public Financing Authority  
City of Folsom Public Financing Authority  
Mt. Diablo Health Care District  
Sacramento Area Council of Governments  
Sacramento County Airport Fund  
Sacramento County Public Financing Authority  
Sacramento County Sanitation Districts Financing Authority  
Sacramento Tobacco Securitization Authority/Corporation  
San Joaquin Regional Rail Commission  
Yolo Habitat JPA  
Yolo-Solano Air Quality Management District

#### **COUNTY GOVERNMENTS**

County of Sacramento  
County of Yolo

#### Area of Specialization

Governmental Audits of Cities, Counties, RDA Successor Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

#### Professional Affiliations

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants

#### Education

Bachelor of Science in Business Administration, Accountancy  
California State University Sacramento, California

#### Recent Training

- Audit Risk Assessment
- Other Post Employment Benefits
- GASB 54
- COSO
- OMB A-133 Updates
- SAS 99, Fraud Training
- AICPA National Update, Governmental Accounting and Auditing Conference
- Auditing Debt
- Revised Yellow Book Standards
- Redevelopment Agencies – AB 1X26 Implementation



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Ms. Karlee Ransom, CPA**  
**Audit Supervisor**

#### Experience

Ms. Ransom has been with Vavrinek, Trine, Day & Co., LLP for over four years. Her experience in audits includes serving governmental agencies including but not limited to counties, cities, redevelopment agencies, and special districts. Ms. Ransom's responsibilities include in-charge duties on numerous governmental agency audits and the single audits, including:

#### **CITIES**

City of Concord  
City of Fairfield  
City of Folsom  
City of Walnut Creek

#### **UTILITIES**

Elsinore Valley Municipal Water District  
Sacramento Area Flood Control Agency  
Sacramento Area Sewer District  
Sacramento County Regional Sanitation District  
Sacramento County Water Agency  
Woodland-Davis Clean Water JPA

#### **OTHER AGENCIES**

Sacramento Area Council of Governments  
Sacramento County Airport Fund  
Sacramento Regional Solid Waste Authority  
Sacramento Solid Waste Fund  
San Joaquin Regional Rail Commission

#### **COUNTIES**

County of Modoc  
County of Sacramento  
County of Yolo

#### Area of Specialization

Governmental Audits of Counties, Cities, RDA Successor Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

#### Professional Affiliations

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants

#### Education

Bachelor of Science in Business Administration, Accountancy  
California State University, Sacramento, California

#### Recent Training

- Audit Risk Assessment
- Single Audits
- GASB 65 - 71
- COSO
- OMB A-133 Updates
- SAS 99, Fraud Training
- Revised Yellow Book Standards
- GASB 53 - Derivatives



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Ms. Amanda Rinde**  
**Audit Supervisor**

Experience

Ms. Rinde has been with Vavrinek, Trine, Day & Co., LLP for over three years. Her experience in audits includes serving governmental agencies including but not limited to counties, cities, redevelopment agencies, and special districts. Ms. Rinde’s responsibilities include in-charge duties on numerous governmental agency audits and the single audits, including:

<b>CITIES</b>	<b>UTILITIES</b>	<b>OTHER AGENCIES</b>
City of Davis	Reclamation District #2035	Capital South East Connector JPA
City of Fairfield	Sacramento Area Flood Control Agency	County of Sacramento Public Financing Authority
City of Folsom	Sacramento County Water Agency	Sacramento Area Council of Governments
	Sacramento Solid Waste Fund	Sacramento County Airport Fund
<b>COUNTIES</b>	Woodland-Davis Clean Water JPA	Sacramento County Treasury Oversight
County of Modoc		Sacramento Tobacco Securitization Authority/Corporation
County of Sacramento		Yolo County Treasury Oversight
County of Yolo		Yolo Habitat JPA
		Yolo-Solano Air Quality Management District

Area of Specialization

Governmental Audits of Counties, Cities, RDA Successor Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

Professional Affiliations

California Society of Certified Public Accountants

Education

Bachelor of Science in Business Administration, Accountancy  
California State University, Sacramento, California

Recent Training

- Audit Risk Assessment
- Single Audits / OMB A-133
- GASB 54
- COSO
- Auditing Debt
- SAS 99, Fraud Training
- Revised Yellow Book Standards
- GASB 65 – 71 Update



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

#### Mr. Nick Rosas Audit Senior

##### Experience

Mr. Rosas has been with Vavrinek, Trine, Day & Co., LLP for over two years. His experience in audits includes serving governmental agencies including but not limited to cities, redevelopment agencies, counties, and special districts. Mr. Rosas' responsibilities include in-charge duties and assisting roles on numerous governmental agency audits and the single audits, including:

##### **CITIES**

City of Concord  
City of Davis  
City of Fairfield  
City of Folsom  
City of South Lake Tahoe  
City of Walnut Creek

##### **UTILITIES**

Reclamation District #2035  
Sacramento Area Flood Control Agency  
Sacramento Area Sewer District  
Sacramento Groundwater Authority  
Sacramento Regional County Sanitation District  
Woodland-Davis Clean Water JPA

##### **OTHER AGENCIES**

Sacramento Area Council of Governments  
Sacramento County District Attorney Grants  
Sacramento County Public Financing Authority  
Sacramento County Sanitation Districts Financing Authority  
Sacramento County Treasury Oversight  
Sacramento Tobacco Securitization Authority/Corporation

##### **COUNTY GOVERNMENTS**

County of Modoc  
County of Sacramento  
County of Yolo

##### Area of Specialization

Governmental Audits of Counties, Cities, RDA Successor Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

##### Professional Affiliations

California Society of Certified Public Accountants

##### Education

Bachelor of Science in Business Administration, Accountancy  
California State University, Sacramento, California

##### Recent Training

- Audit Risk Assessment
- Single Audits
- GASB 54
- COSO
- OMB A-133 Updates
- SAS 99, Fraud Training
- Revised Yellow Book Standards
- GASB 65 – 71 Update



## Appendix C – Organizational Resumes

### Organization Resumes (Continued)

**Ms. Joanna McEvoy**  
**Audit Senior**

#### Experience

Ms. McEvoy has been with Vavrinek, Trine, Day & Co., LLP for over two years. her experience in audits includes serving governmental agencies including but not limited to cities, redevelopment agencies, counties, and special districts. Ms. McEvoy's responsibilities include in-charge duties and assisting roles on numerous governmental agency audits and the single audits, including:

#### **CITIES**

City of Davis  
City of Fairfield  
City of Folsom  
City of South Lake Tahoe

#### **UTILITIES**

Elsinore Valley Municipal Water District  
Sacramento Area Sewer District  
Sacramento Regional Solid Waste Authority  
Sacramento Regional County Sanitation District

#### **OTHER AGENCIES**

Arrowhead Hospital Medical Center County of San Bernardino  
County of Yolo Treasury Oversight Committee  
Gateways Hospital & Mental Health Center  
Springlake Fire Protection District  
Yolo County Habitat Joint Powers Authority  
Yolo Emergency Communication Authority

#### **COUNTY GOVERNMENTS**

County of Sacramento  
County of Yolo  
County of Modoc

#### **TRANSIT**

City of Fairfield Transportation Authority  
Sacramento Area Council of Governments  
Sacramento County International Airport  
San Joaquin Regional Rail Commission  
Ventura County Transportation Commission

#### Area of Specialization

Governmental Audits of Counties, Cities, RDA Successor Agencies, Enterprise Funds, Special Districts, OMB A-133 Single Audits

#### Professional Affiliations

California Society of Certified Public Accountants

#### Education

Bachelor of Science in Business Administration, Accountancy  
California State University, Sacramento, California

#### Recent Training

- Audit Risk Assessment
- Single Audits
- GASB 54
- COSO
- OMB A-133 Updates
- SAS 99, Fraud Training
- Revised Yellow Book Standards
- GASB 65 – 71 Update



## Appendix D – LBE Participation Form

### LOCAL BUSINESS ENTERPRISE (LBE) PARTICIPATION PROGRAM

**NOTE: Proposers must provide responses to the following items. Failure to provide a response to each of the items in this section may be grounds for rejection of the proposal.**

#### **1. LBE FIVE PERCENT (5%) PARTICIPATION**

On April 3, 2012, the Sacramento City Council adopted a Local Business Enterprise (LBE) Preference Program to provide enhanced opportunities for the participation of local business enterprises (LBEs) in the City's contracting and procurement activities. On November 19, 2013, City Council increased the LBE preference and authorized City departments to require minimum LBE participation levels in individual contracts. Under City Code section 3.60.270, when the bid specifications for a City contract establish a minimum participation level for LBEs, no bidder on the contract shall be considered responsive unless its bid meets the minimum LBE participation level required by the bid specifications.

The City has established a minimum 5% participation level for LBEs on this contract. Pursuant to City Code Section 3.60.270, no bidder on this contract shall be considered responsive unless its bid meets or exceeds this minimum participation level.

Local Business Enterprise means a business enterprise, including but not limited to, a sole proprietorship, partnership, limited liability company, corporation, or other business entity that has a legitimate business presence in the city or unincorporated county of Sacramento. Evidence of legitimate business presence in the city or unincorporated county of Sacramento shall include:

1. Having a current City of Sacramento Business Operation Tax or County of Sacramento Business License; and
2. Having either of the following types of offices or workspace operating legally within the city or unincorporated county of Sacramento:
  - a. The principle business office or workspace; or
  - b. The regional, branch or satellite office with at least one full time employee located in the city or unincorporated county of Sacramento.

#### **A. LOCAL BUSINESS ENTERPRISE (LBE)**

Is the firm submitting the bid qualified as a local business enterprise? Check the appropriate box

**YES** - the firm submitting the bid is qualified as a local business enterprise.

**NO** - the firm submitting the bid is not qualified as a local business enterprise.

If the response to the above is YES, provide the City of Sacramento Business Operations Tax Certificate Number and/or County of Sacramento Business License Number:

1011876

If the response to the above is YES, provide a current copy of the City of Sacramento Business Operations Tax Certificate and/or County of Sacramento Business License.

If the response to the above is YES, provide business office or workspace

address\*: 2151 River Plaza Drive

Suite 308

Sacramento, CA 95833

\* Address must be a physical address for the basis of location, this excludes P.O. Box addresses.

MUST BE POSTED IN CONSPICUOUS PLACE



**CITY OF SACRAMENTO**  
**BUSINESS OPERATIONS TAX CERTIFICATE**

1011876

1011876

Business Name VARINEK, TRINE, DAY, & CO., LLP  
Business Address 2151 RIVER PLAZA DR STE 308  
Owner  
Type of Business ACCOUNTING SERVICES  
Tax Classification 402A

FROM TO  
Mo. Day Yr. Mo. Day Yr.  
07/01/2012 06/30/2013  
Expires

TOTAL  
PAID: \$930.00

VARINEK, TRINE, DAY, & CO., LLP  
KIM HENNESAY  
8270 ASPEN ST  
RANCHO CUCAMONGA, CA 91730-3271

**CITY OF SACRAMENTO**  
VOID  
SEP 19 2012  
VALIDATED  
**PAID**

THIS STUB MAY BE  
FOLDED/DETACHED  
BEFORE POSTING

This certificate is not to be construed as a business license or imply that the City of Sacramento has investigated, or approves or recommends, the holder of this certificate. Any representation to the contrary is fraudulent. (This certificate must be renewed within 30 days of expiration).

MUST BE POSTED IN CONSPICUOUS PLACE



**CITY OF SACRAMENTO**  
**BUSINESS OPERATIONS TAX CERTIFICATE**

1011876

1011876

Business Name	VARINEK, TRINE, DAY, & CO., LLP	FROM	TO
Business Address	2151 RIVER PLAZA DR STE 308	Mo. Day Yr.	Mo. Day Yr.
Owner		07/01/2013	06/30/2014
Type of Business	ACCOUNTING SERVICES		
Tax Classification	402A		Expires

**CITY OF SACRAMENTO**

TOTAL  
PAID: \$661.00

VARINEK, TRINE, DAY, & CO., LLP  
KIM HENNESAY  
8270 ASPEN ST  
RANCHO CUCAMONGA, CA 91730-3271

JUL 24 2013 VOID  
IF NOT  
PAID VALIDATED

THIS STUB MAY BE  
FOLDED/DETACHED  
BEFORE POSTING

This certificate is not to be construed as a business license or imply that the City of Sacramento has investigated, or approves or recommends, the holder of this certificate. Any representation to the contrary is fraudulent. (This certificate must be renewed within 30 days of expiration).



## Appendix E – Addendum #1

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April 1, 2014

**Requests for Proposals P14061311001 (Addendum # 1)  
Auditing Services**

**To all Potential Respondents:**

**Attached hereto are addenda items, which shall be incorporated into your submittal for the above noted project. These changes shall be considered as part of the original documents, as if they were originally provided therein, and as such shall be used as contractual documents. All other terms, conditions, and specifications of the request remain unchanged. Respondents must acknowledge receipt of this addendum within the cover letter of your RFP submittal.**

**Failure to acknowledge receipt of this addendum in your cover letter prior to the hour and date specified for receipt of proposals may result in rejection of your RFP submittal. If by virtue of this addendum you decide to change the RFP submittal already submitted, such change may be made by letter, provided such letter makes reference to the project name and this addendum, and is received prior to the opening hour and date specified.**

**For any questions related to this Addendum, contact the Project Manager, Dennis Kauffman at [DKauffman@cityofsacramento.org](mailto:DKauffman@cityofsacramento.org).**

**Sincerely,**

**Dennis Kauffman  
Project Manager**

**cc: Distribution List**

**Requests for Proposals P14061311001 (Addendum # 1)  
Auditing Services**

1. **Question:** Are your current auditors included or excluded from the current RFP?  
**Answer:** *The City's most recent audit firm has not been excluded from the current RFP.*

2. **Question:** How many auditors and how many weeks were the prior auditors on site, for interim and year-end field work?  
**Answer:** *During interim field work 3-4 auditors were on site for approximately 3 weeks. During year-end field work 4-5 auditors were on site approximately 6 weeks.*

3. **Question:** What were the prior year fees for all the services provided? Please provide amounts for all services provided? Please describe in detail the PY costs and hours associated with each audit component (i.e. CAFR, single audit, Visitors & Convention, etc.) in the RFP.

**Answers:**

Report	Fees	Hours
CAFR	\$147,457	1,610
Single Audit	\$23,833	475
SCERS	\$14,127	250
SCVB	\$16,934	215
Del Paso	\$2,522	30
Child Dev	\$20,562	150

4. **Question:** Please provide 6/30/13 "Report to Council". Website only has 2012 report.  
**Answer:** *The web site has been updated to include the 6/30/13 "Report to Council".*

5. **Question:** Please provide 6/30/13 "single Audit Report. Website only has 2012 report.  
**Answer:** *The web site has been updated to include the 6/30/13 "Single Audit Report".*

6. **Question:** Please provide 6/30/13 financial statements for the following:  
 a. Sacramento Convention and Visitors Bureau  
 b. Del Paso Road Community Facilities District  
 c. Child Development Program

**Answer:** *These three audit reports have been provided as Attachments 1, 2 and 3 to this addendum.*

7. **Question:** Are there any new audit services requested in this RFP that were not included in the prior year fees?  
**Answer:** *No*

8. **Question:** Please expand on how the City provides the auditor the information for preparation of the other reports.
- Answer:** *Accounting documents will generally be provided via read-only access to the City's document management system and PeopleSoft financial system. For reports other than the CAFR, the City will provide financial statements, footnotes, and other required documents in order for the auditor to prepare bound reports.*
9. **Question:** How many journal entries were proposed by the prior auditor and how many findings did they issue?
- Answer:** *During the 6/30/13 CAFR audit, the auditors issued no findings and proposed less than five journal entries.*
10. **Question:** Does the City have plans to refinance any of the City debt?
- Answer:** *The City refunded a conduit debt issue and a CFD bond issue in the current fiscal year.*
11. **Question:** Do you expect any retirement or replacement of key accounting employees?
- Answer:** *No, not in the current fiscal year.*
12. **Question:** Has any professional services vendor of the City been the subject of litigation with the City in the last 3 years?
- Answer:** **PENDING**
13. **Question:** During our review of the prior year CAFR we noted that the opinion was dated on January 22, 2014. The RFP states that "The signed audit report and management letter is to be delivered within two weeks of the end of fieldwork, and no later than December 15". Do you anticipate delays for the FY '14 audit?
- Answer:** *No*
14. **Question:** Has the City started planning for implementation of GASB 67 for the retirement system in FY 2014 and GASB 68 in FY 2015?
- Answer:** *Yes*
15. **Question:** Were there any significant deficiencies or material weaknesses related to the prior year audit?
- Answer:** *No*
16. **Question:** How many fiscal staff are involved in the City's CAFR audit? Has there been any recent turnover in the department of finance's office with those individuals who

prepare the CAFR or involved with the financial reporting process.

**Answer:** *The Accounting Division in the City's Finance Department prepare the CAFR, along with their other responsibilities including payroll, accounts payable, and general accounting. Fiscal staff in other divisions of the Finance Department, as well as staff throughout other City departments, are also involved in the CAFR audit. The only relevant turnover involved the former Accounting Division Manager being promoted to a new Operations Manager position, still within the City's Finance Department, and a new Accounting Division Manager hired in November 2013.*

17. **Question:** Are there any components of the City CAFR that are audited by outside auditors outside of this contract?

**Answer:** *No*

18. **Question:** Is any assistance related to the audit provided by the internal audits department?

**Answer:** *No*

19. **Question:** When is the City normally ready to conduct the interim fieldwork and final audit fieldwork?

**Answer:** *See schedule in RFP.*

20. **Question:** When does the City normally provide the final closed trial balances to the outside auditor?

**Answer:** *During year-end field work. See schedule in RFP.*

21. **Question:** When is the draft CAFR historically available for the outside auditors?

**Answer:** *November. Components are provided earlier to the auditors.*

22. **Question:** When is the draft SEFA available for the outside auditors?

**Answer:** *The City provides a draft SEFA during interim field work for preliminary program testing and a final draft SEFA in October for year-end field work.*

23. **Question:** Does the City anticipate any changes or new federal programs which might change the number of federal programs in 2014 (compared to FY2013)?

**Answer:** *No*

24. **Question:** Does the City have any new or planned issuances of debt or other significant unusual transactions in 2014?

**Answer:** *The City refunded a conduit debt issue and a CFD bond issue in the current fiscal year. The City also entered into a new lease financing for smart parking*

*meters. The City is working toward issuing bonds as part of the downtown arena financing. For more information, refer to <http://portal.cityofsacramento.org/Arena>*

25. **Question:** Has the City contracted with an actuary or in process of contracting with an actuary to ensure that all information required to implement GASB No. 67 related to the Sacramento City Employees' Retirement System has been obtained related to FY2014?

**Answer:** Yes

26. **Question:** Aside from the Oracle Hyperion implementation, does the City anticipate the implementation of any new accounting or other IT systems that impact the City's financial reporting systems during the contract term?

**Answer:** No

27. **Question:** Can we include the full resumes and CPE verification of engagement team members within the attachment section following the Technical Proposal?

**Answer:** Yes

28. **Question:** Is the detail proposal limited to 20 numerical pages (i.e. 1-20), or 20 sequential pages?

**Answer:** 20 numerical pages

29. **Question:** Should Attachment 1 to be used as the first page of the proposal?

**Answer:** Yes

30. **Question:** Anything particular you are looking for in a firm?

**Answer:** *Experience auditing medium and large California cities; good technical knowledge; good communication; adequate staffing*

31. **Question:** Is it acceptable to perform your audit as a joint venture or subcontract relationship with another firm?

**Answer:** *Yes, however we will request a single point of contact if one audit will include staff from multiple firms. A joint venture or subcontract relationship might work best for one firm to focus on the CAFR and one or more other audits, while the other firm performs one or more of the smaller engagements.*

32. **Question:** How long has MGO been your auditors and are they included in the current RFP process?

**Answer:** *Twelve years. Yes.*

33. **Question:** What is the reason for the change in audit firms?

**Answer:** *As indicated in questions 1 and 32, the most recent audit firm has not been excluded from the RFP process. City procurement policy requires a request for proposal process for soliciting professional services.*

34. **Question:** How many adjusting journal entries did the City have for FY 2012/2013? Can you break out how many adjusting entries were initiated by the audit firm versus initiated by the City?

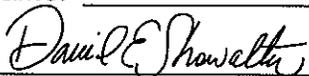
**Answer:** *Approximately 525 adjusting journal entries were recorded after period 12 was closed. As indicated in question 9, fewer than five journal entries were proposed by the auditors.*

35. All other terms, conditions and specifications of the proposal remain unchanged. If a proposal package is not being submitted, it is not necessary to return this addendum or acknowledge receipt of such.

36. Proposers submitting a proposal package must acknowledge receipt of this addendum prior to the hour and date specified in the Request for Proposal by one of the following methods:

- a. By signing and returning one (1) copy of this addendum with the proposal package if not previously submitted; or
- b. If the proposal package has been previously submitted, the addendum may be submitted by separate letter, which must include on the outside of the mailing envelope the proposal and addendum number and the proposal due date. This information must be clearly marked in CAPITAL LETTERS on the outside of the envelope. Failure of your acknowledgement to be received at the Department of Finance, 915 I Street, 5<sup>th</sup> Floor, Sacramento, CA, 95814, prior to the hour and date specified, may result in rejection of your proposal.
- c. If, by virtue of this addendum you decide to change a proposal that has already been submitted, such change may be made by letter, as specified in (b) above.

Proposer's Name: Vavrinek, Trine, Day & Co., LLP

Signature: 

Name & Title: David Showalter, Partner

Date: April 3, 2014

**END ADDENDUM #1**



ATTACHMENT 2 TO EXHIBIT A

June 10, 2014

To Honorable Mayor and City Council and Mr. Dennis Kauffman, Finance Operations Manager  
City of Sacramento, California

We are pleased to confirm our understanding of the services we are to provide the City of Sacramento, California (the City) for the year ended June 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the budgetary comparison information for the General Fund and each major special revenue fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedules of Funding Progress (Pension and OPEB)

We have also been engaged to report on supplementary information other than RSI that accompanies City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards
- 2) Combining individual fund financial statements and schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Statistical section of the Comprehensive Annual Financial Report
- 2) Introductory section of the Comprehensive Annual Financial Report

In connection with the audit of the City's financial statements, we will also audit the stand-alone reports for:

- 1) Sacramento City Employees' Retirement System
- 2) City of Sacramento Child Development Program
- 3) Del Paso Road Community Facilities District

In addition, we will prepare the financial statements for the Sacramento City Employees' Retirement System, City of Sacramento Child Development Program and Del Paso Road Community Facilities District; prepare a letter communicating with those charged with governance and a management letter, if needed.

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Council of the City of Sacramento. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

### **Management Responsibilities**

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of the Sacramento City Employees' Retirement System, City of Sacramento Child Development Program and Del Paso Road Community Facilities District financial statements and related notes and the City of Sacramento's schedule of expenditures of federal awards and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Vavrinek, Trine, Day & Co., LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the City's cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Vavrinek, Trine, Day & Co., LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June, 2014 and to issue our reports on the CAFR no later than December 15, 2014 and the Single audit report no later than January 31, 2015. David Showalter, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed the fees listed in our "Proposal to Provide Auditing Services for the Fiscal Years Ended June 30, 2014, 2015, 2016, 2017, and 2018" incorporated by reference. The fees are summarized for the respective audits contained in this engagement letter as follows for June 30, 2014:

City of Sacramento – Comprehensive Annual Financial Report	\$120,300
City of Sacramento – Single Audit (Up to 4 Major Programs. Additional Programs will be charged at a rate of \$5,000 per program)	22,475
Sacramento City Employees' Retirement System (SCERS) Financial Statements	23,540
Del Paso Road Community Facilities District	6,490
Child Development Program	18,800
Sacramento Convention and Visitors Bureau	16,360
Total	<u>\$207,965</u>

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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

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

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

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

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2011 peer review report accompanies this letter.

Vavrinek, Trine, Day & Co., LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the *California Business and Professions Code*. It is not anticipated that any of the nonlicensee owners will be performing audit services for the City.

City of Sacramento  
2014 Engagement Letter  
June 10, 2014  
Page 9 of 9

We appreciate the opportunity to be of service to the City of Sacramento and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



David E. Showalter, *Partner*  
Vavrinek, Trine, Day & Co., LLP

DES: scm

140240

Attachment

RESPONSE:

This letter correctly sets forth the understanding of the City of Sacramento, California.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# YANARI WATSON MCGAUGHEY P.C.

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DALE M. YANARI (1947-2004) ♦ RANDY S. WATSON ♦ G. LANCE MCGAUGHEY  
FINANCIAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS

## System Review Report

May 25, 2012

To the Partners of  
Vavrinek, Trine, Day & Co., LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2011. 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP applicable to non-SEC issuers in effect for the year ended December 31, 2011, 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*. Vavrinek, Trine, Day & Co., LLP has received a peer review rating of *pass*.

*Yanari Watson McGaughey P.C.*  
Yanari Watson McGaughey P.C.

9250 EAST COSTILLA AVENUE, SUITE 450  
GREENWOOD VILLAGE, COLORADO 80112-3647  
(303) 792-3020  
FAX (303) 792-5153  
web site: [www.ywmcpa.com](http://www.ywmcpa.com)

**Attachment 1 to Exhibit B**

**Billable Rates**

Progress Billings, payable within 30 days

July 1, 2014	\$ 37,433.70
August 1, 2014	37,433.70
October 1, 2014	37,433.70
November 1, 2014	37,433.70
December 15, 2014	<u>37,433.70</u>
Subtotal	<u>187,168.50</u>

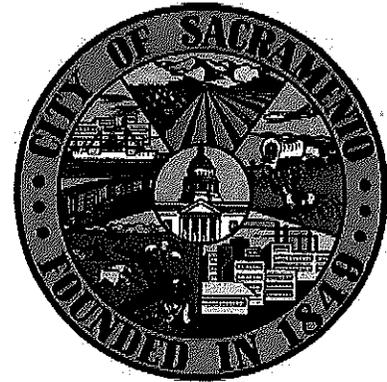
Upon delivery of the following:

CAFR and Report to City Council	12,030.00
Single Audit (4 major programs)	2,247.50
Sacramento City Employees' Retirement System (SCERS)	2,354.00
Sacramento Convention & Visitors Bureau	1,636.00
Del Paso Road CFD	649.00
Child Development Program	<u>1,880.00</u>
Subtotal	<u>20,796.50</u>
Total	<u><u>\$ 207,965.00</u></u>

**Quoted Hourly Rates**

Partners	\$205
Managers	\$150
Supervisory Staff	\$120
Other (Senior Staff)	\$90
Staff	\$80
Other (Administrative)	\$60

ATTACHMENT 2 TO EXHIBIT B



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# CITY OF SACRAMENTO, CALIFORNIA

Proposal to Provide  
Auditing Services for the  
Fiscal Years Ending June 30, 2014, 2015,  
2016, 2017, and 2018

## SEALED DOLLAR COST BID

Submitted by:

**VAVRINEK, TRINE, DAY & CO., LLP**

2151 River Plaza Drive, Suite 308  
Sacramento, CA 95833  
(916) 570-1880 Fax: (916) 570-1875

Contact:

David E. Showalter, Partner  
dshowalter@vtdcpa.com

April 4, 2014



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*



# SEALED DOLLAR COST BID

## AUDIT COST WORK PROPOSAL

Name of Firm: Vavrinek, Trine, Day & Co., LLP

Address: 2151 River Plaza Drive, Suite 308

City, State, Zip: Sacramento, CA 95833

Contact Name: David E. Showalter, Partner

Contact Telephone Number(s): (916) 570-1880

Contact E-mail Address: dshowalter@vtdcpa.com

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the City of Sacramento on behalf of the above named firm.

<u>Signature</u>	<u>Partner</u>	<u>04/04/2014</u>
	Title	Date

David E. Showalter  
Name (print)



# SEALED DOLLAR COST BID

We are firmly committed to providing the City of Sacramento with the superior level of professional services that the City expects from its independent auditors. We strive to provide exceptional staff, quality, and value at the lowest possible fees consistent with the expectations of the City. Our rates are competitive, even with our depth of experience and commitment to quality.

However, we do not want fees alone to be an obstacle in the City's selection of Vavrinek, Trine, Day & Co., LLP. We would be happy to discuss and negotiate such fee issues and responsibilities with you.

City of Sacramento - Request for Proposals for Auditing Services  
**ATTACHMENT 4 – SCHEDULES OF PROFESSIONAL FEES AND EXPENSES**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES  
FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS  
BY REPORTING ENTITY**

Reporting Entities	Page # of Supporting Schedule with hours & rates	Total Price
City of Sacramento – Comprehensive Annual Financial Report	3	\$ 120,300
City of Sacramento - Single Audit	4	\$ 27,475
Sacramento City Employees' Retirement System (SCERS) – Financial Statements	5	\$ 23,540
Sacramento Convention and Visitors Bureau – Financial Statements	6	\$ 16,360
Del Paso Road Community Facilities District – Special Purpose Financial Statements	7	\$ 6,490
Child Development Program – Financial Statements and State Required Supplemental Information	8	\$ 18,800
<b>Total</b>		<b>\$ 212,965</b>



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity:

City of Sacramento Comprehensive Annual Financial Statements

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	50	\$ 205	\$ 205	\$ 10,250
Managers	200	\$ 150	\$ 150	\$ 30,000
Supervisory Staff	275	\$ 120	\$ 120	\$ 33,000
Other (Senior Staff)	275	\$ 90	\$ 90	\$ 24,750
Staff	275	\$ 80	\$ 80	\$ 22,000
Other (Administrative)	5	\$ 60	\$ 60	\$ 300
<b>Subtotal</b>	1080			\$ 120,300
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 120,300
Total all-inclusive maximum price for 2014-15 audit				\$ 123,909
Total all-inclusive maximum price for 2015-16 audit				\$ 127,626
Total all-inclusive maximum price for 2016-17 audit				\$ 131,455
Total all-inclusive maximum price for 2017-18 audit				\$ 135,399



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity:

City of Sacramento Single Audit (Assuming 5 Major Programs)

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	15	\$ 205	\$ 205	\$ 3,075
Managers	30	\$ 150	\$ 150	\$ 4,500
Supervisory Staff	50	\$ 120	\$ 120	\$ 6,000
Other (Senior Staff)	80	\$ 90	\$ 90	\$ 7,200
Staff	80	\$ 80	\$ 80	\$ 6,400
Other (Administrative)	5	\$ 60	\$ 60	\$ 300
<b>Subtotal</b>	260			\$ 27,475
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 27,475
Total all-inclusive maximum price for 2014-15 audit				\$ 28,299
Total all-inclusive maximum price for 2015-16 audit				\$ 29,148
Total all-inclusive maximum price for 2016-17 audit				\$ 30,023
Total all-inclusive maximum price for 2017-18 audit				\$ 30,923



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity: Sacramento City Employees' Retirement System (SCERS)

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	12	\$ 205	\$ 205	\$ 2,460
Managers	25	\$ 150	\$ 150	\$ 3,750
Supervisory Staff	60	\$ 120	\$ 120	\$ 7,200
Other (Senior Staff)	75	\$ 90	\$ 90	\$ 6,750
Staff	40	\$ 80	\$ 80	\$ 3,200
Other (Administrative)	3	\$ 60	\$ 60	\$ 180
<b>Subtotal</b>	215			\$ 23,540
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 23,540
Total all-inclusive maximum price for 2014-15 audit				\$ 24,246
Total all-inclusive maximum price for 2015-16 audit				\$ 24,974
Total all-inclusive maximum price for 2016-17 audit				\$ 25,723
Total all-inclusive maximum price for 2017-18 audit				\$ 26,494



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity:

Sacramento Convention and Visitors Bureau

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	8	\$ 205	\$ 205	\$ 1,640
Managers	20	\$ 150	\$ 150	\$ 3,000
Supervisory Staff	40	\$ 120	\$ 120	\$ 4,800
Other (Senior Staff)	40	\$ 90	\$ 90	\$ 3,600
Staff	40	\$ 80	\$ 80	\$ 3,200
Other (Administrative)	2	\$ 60	\$ 60	\$ 120
<b>Subtotal</b>	150			\$ 16,360
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 16,360
Total all-inclusive maximum price for 2014-15 audit				\$ 16,851
Total all-inclusive maximum price for 2015-16 audit				\$ 17,356
Total all-inclusive maximum price for 2016-17 audit				\$ 17,877
Total all-inclusive maximum price for 2017-18 audit				\$ 18,413



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity:

Del Paso Road Community Facilities District

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	6	\$ 205	\$ 205	\$ 1,230
Managers	10	\$ 150	\$ 150	\$ 1,500
Supervisory Staff	14	\$ 120	\$ 120	\$ 1,680
Other (Senior Staff)	14	\$ 90	\$ 90	\$ 1,260
Staff	8	\$ 80	\$ 80	\$ 640
Other (Administrative)	3	\$ 60	\$ 60	\$ 180
<b>Subtotal</b>	55			\$ 6,490
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 6,490
Total all-inclusive maximum price for 2014-15 audit				\$ 6,685
Total all-inclusive maximum price for 2015-16 audit				\$ 6,885
Total all-inclusive maximum price for 2016-17 audit				\$ 7,092
Total all-inclusive maximum price for 2017-18 audit				\$ 7,305



# SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013-14 FINANCIAL STATEMENTS

Reporting Entity:

Child Development Program

Staffing	Projected Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	12	\$ 205	\$ 205	\$ 2,460
Managers	24	\$ 150	\$ 150	\$ 3,600
Supervisory Staff	40	\$ 120	\$ 120	\$ 4,800
Other (Senior Staff)	50	\$ 90	\$ 90	\$ 4,500
Staff	40	\$ 80	\$ 80	\$ 3,200
Other (Administrative)	4	\$ 60	\$ 60	\$ 240
<b>Subtotal</b>	170			\$ 18,800
<b>Out of Pocket Expenses</b>				
Meals and Lodging				\$ -
Transportation				\$ -
Other (specify)				\$ -
Total all-inclusive maximum price for 2013-14 audit				\$ 18,800
Total all-inclusive maximum price for 2014-15 audit				\$ 19,364
Total all-inclusive maximum price for 2015-16 audit				\$ 19,945
Total all-inclusive maximum price for 2016-17 audit				\$ 20,543
Total all-inclusive maximum price for 2017-18 audit				\$ 21,160



## SEALED DOLLAR COST BID

City of Sacramento - Request for Proposals for Auditing Services

### SCHEDULE OF MISCELLANEOUS CONSULTATION RATES FOR THE PERIOD OF PERFORMANCE OF THE 2013-14 FINANCIAL STATEMENT AUDIT

	Standard Hourly Rates	Quoted Hourly Rates
Partners	\$ 205	\$ 205
Managers	\$ 150	\$ 150
Supervisory Staff	\$ 120	\$ 120
Other (Senior Staff)	\$ 90	\$ 90
Staff	\$ 80	\$ 80
Other (Administrative)	\$ 60	\$ 60

#### Additional Major Federal Programs

Based on review of the available previous issued Single Audit Reports, we estimate that five major federal programs will require and audit in future fiscal years for the City of Sacramento. Additional Major Federal Programs will be charged at a rate of \$5,000 per major program.

#### Cost Inflation Factor

VTD has applied a cost inflation factor of 3% to subsequent year audits after the fiscal year 2013-2014 audit. This cost inflation factor will also apply to the Miscellaneous Consultation Rates.