

## AGENDA

Independent Taxpayer Oversight Committee

March 18, 2021 – 4:00 pm

Join the meeting virtually at:

<https://us02web.zoom.us/j/89955963549>

+16699009128,,89955963549# US (San Jose)

---

Voting Members:	Joan Borucki, Chair Robert Holderness Beth Tincher
Ex-Officio Members:	Joyce Renison (Sacramento County Auditor-Controller designee) Terri Kletzman (Board Chair designee) Sabrina Drago - STA Executive Director
Staff:	Tim Jones, STA

---

1. Call to order.
2. Review and approve minutes from the February 18, 2021 meeting.
3. Steve White will respond to the committee's questions about the County's Hazel Avenue US 50 to Folsom Boulevard project.
4. Review proposals and select an audit firm to perform financial audit services for fiscal year ending June 30, 2021 with an option to extend up to two additional years.
5. Review budget-to-actual reports for Q2 FY 2021.
6. Develop a process to identify a replacement for voting member Beth Tincher.
7. Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) annual rate adjustment.
8. Executive Director summary of the March STA Board meeting and any current initiatives.
9. Comments from the public

## Agenda Item #2

# Meeting Minutes

**To:** ITOC Committee Members

**From:** Tim Jones, ITOC Staff

**Re:** February 18, 2021 ITOC Meeting Minutes

---

### Attendees:

Joan Borucki – Chair, Beth Tincher, Robert Holderness – voting members

Joyce Renison, Terri Kletzman, and Sabrina Drago – ex-officio members

Meeting called to order at 4:02 pm and adjourned at 4:51 pm

### Agenda Item #2

- Review and approve November 19, 2020 meeting minutes.
  - Deleted bullet point two under item #2
  - Added bullet point two to item #8 – create opportunities for the ITOC to get in front to the STA Governing Board

### Agenda Item #3

- Reviewed Capital Project Status Reports for Q2 FY 2021.
  - Questions arose regarding the scope of work for the County’s Hazel Avenue project US 50 to Folsom Boulevard. Staff will ask Steve White with Sacramento County to attend the March meeting to respond to questions the committee has about the project.
  - No other unanswered questions

### Agenda Item #4

- Reviewed the Capital Improvement Program (CIP) projects and projected cash-flows by agency and fiscal year for the remainder of the Measure A program.

### Agenda Item #5

- Sabrina Drago, STA Executive Director, provided an update on current initiatives. She is in the process of meeting one-on-one with each Board member. She is also identifying opportunities to expand public awareness of STA. The agency is still in the early phases of determining whether to pursue a new sales tax measure.

## **Agenda Item #6**

- Comments from the public
  - Michelle Smira, MMS Strategies, joined the meeting but made no comments.

## Financial Audit Services Outreach

<b>Firm</b>	<b>Principal</b>	<b>Date of Contact</b>	<b>Date of Response</b>	<b>Email address</b>
Richardson and Company	Ingrid Sheipline	2/8/21	3/1/21	<a href="mailto:isheipline@richardsoncpas.com">isheipline@richardsoncpas.com</a>
Brown Armstron CPAs	Ryan Nielsen	2/8/21	3/1/21	<a href="mailto:rnielsen@bacpas.com">rnielsen@bacpas.com</a>
Crowe	Jeff Jensen	2/8/21	3/1/21	<a href="mailto:jeff.jensen@crowehorwath.com">jeff.jensen@crowehorwath.com</a>
Pun Group	Ken Pun	2/8/21	No response	<a href="mailto:ken.pun@pungroup.com">ken.pun@pungroup.com</a>
James Marta CPAs	James Marta	2/8/21	No response	<a href="mailto:jmarta@jpmcpa.com">jmarta@jpmcpa.com</a>
Vasquez and Company	Roger Martinez	2/8/21	3/1/21	<a href="mailto:ram@vasquezcpa.com">ram@vasquezcpa.com</a>
Fechter and Company	C. Fechter	2/8/21	No response	<a href="mailto:cfechter@fechtercpa.com">cfechter@fechtercpa.com</a>

### Financial Audit Services Proposer Analysis

Name of Firm	Date Received	Cost FY 2021	Cost FY 2022	Cost FY 2023	Total Cost	Met Proposal Requirements	Transportation Experience	Firm Partner	Email	Comments
Vasquez and Company	March 1, 2021	42,000	42,000	43,260	127,260	Yes	Moderate	Roger Martinez	<a href="mailto:ram@vasquezcpa.com">ram@vasquezcpa.com</a>	Vasquez and Company has never worked for STA. The firm has a moderate amount of transportation related audit experience - mostly in Southern California, including LA County MTA. The engagement team has extensive audit experience and are all tenured employees of Vasquez. I interviewed the audit team on March 9 to determine if the firm would be a good fit for STA's audit from a qualitative perspective. Although the firm has the least transportation-specific experience of the four proposers, it offers the best price and has a team of staff dedicated to performing a high-quality audit and delivering the finished product on time.
Richardson and Company	March 1, 2021	47,000	48,000	49,000	144,000	Yes	Extensive	Ingrid Shepline	<a href="mailto:isheipline@richardsoncpas.com">isheipline@richardsoncpas.com</a>	Richardson and Company has completed many audits for STA, most recently completing a three-year engagement for fiscal year ending June 2018. The firm's work has always been excellent. Richardson has extensive transportation audit experience, including numerous agencies in the region such SACOG, Placer County TPA, El Dorado County TC, Paratransit, and Amador County TC.
Brown Armstrong	March 1, 2021	49,240	49,240	49,240	147,720	Yes	Extensive	Ryan L. Nielsen	<a href="mailto:rnielsen@bacpas.com">rnielsen@bacpas.com</a>	Brown Armstrong has never worked for STA. The firm does have extensive transportation audit experience. It has worked for San Joaquin COG, the Fresno Transportation Authority, Napa Valley Transportation Authority, the San Luis Obispo COG. I didn't interview the firm since there are two qualified, lower cost proposers.
Crowe Horwath	March 1, 2021	51,000	51,000	53,000	155,000	Yes	Extensive	Jeff Jensen	<a href="mailto:jeff.jensen@crowehorwath.com">jeff.jensen@crowehorwath.com</a>	Crowe completed a three-year engagement with STA ending with fiscal year June 30, 2020. Per STA Ordinance, we cannot use this firm for the fiscal year 2021 audit, but could engage the firm subsequent to that. Crowe has extensive transportation audit experience and performed very well during its three-year engagement with the STA.

# Proposal for Financial Audit Services

## SACRAMENTO TRANSPORTATION AUTHORITY

Submitted by:

Roger A. Martinez  
Partner, Audit Practice Leader  
Tel: (213) 873-1703  
Fax: (213) 873-1777  
Email: ram@vasquezcpa.com

March 1, 2021

## Table of Contents

Cover Letter .....	1
Approach .....	4
Firm Information .....	16
5.3.1 Legal name of the firm:.....	16
5.3.2 Location(s) and telephone number(s):.....	16
5.2.3 Date firm established:.....	16
5.2.4 Type of organization and where incorporated, if applicable:.....	16
5.2.5 Firm Organization Chart:.....	16
5.2.6 Names and resumes of firm's officers, principals, and other key personnel applicable to this engagement:.....	17
5.2.7 Types of services normally provided by sub-consultants.....	25
5.2.8 A brief description of similar projects for which the Firm has provided services during the past 5 years.....	25
5.3.9 A list of from three to five former clients (include addresses and phone numbers and a brief description of work performed) for whom the Firm has performed services like those described in this RFP. ....	26
5.3.10 Current and future Firm and personnel commitments to other projects in sufficient detail to confirm the Firm's ability to commit to the STA. ....	27
5.3.11 Lists of contracts terminated (partially or completely) by clients for convenience or default within the past three years.....	27
5.3.12 A statement of the Firm's local experience in auditing a Government Finance Officers Association (GFOA) award winning CAFR and any assistance available to the STA in this endeavor.....	28
5.3.13 A statement of the Firm's current equal opportunity policy. ....	28
5.3.14 Additional pertinent information to aid the STA in assessing the Firm's qualifications and experience. ....	28
Cost Proposal .....	32

## Cover Letter

March 1, 2021

Timothy Jones  
Chief Financial Officer  
Sacramento Transportation Authority  
801 12<sup>th</sup> Street, Floor 5  
Sacramento, CA 95814-2947

### RE: Request for Proposal Independent Audit Services

Vasquez & Company LLP (Vasquez) appreciates the opportunity to respond to the Sacramento Transportation Authority's (STA) request for proposal to audit its annual financial statements and perform a compliance review of governmental entities receiving Measure A and Sacramento Abandoned Vehicle Service Authority (SAVSA) funding for the fiscal year ending June 30, 2021.

### Why Vasquez?

#### Transportation Expertise:

Vasquez has over 25 years of experience serving the financial and compliance audit needs for transportation agencies such as the Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, Plumas County Transportation Commission, San Joaquin Regional Transit District, and SunLine Transit Agency, among others.

#### Experienced Leaders:

The engagement will be led by partners with over 20 years of transportation experience.

- Roger Martinez, Vasquez Audit Practice Leader and former KPMG department of professional practice partner dealing with complex accounting, auditing, and risk management issues at a national level, will oversee our delivery of services to the STA.
- Cristy Canieda, Vasquez Partner formerly with PwC audit manager, will act as the engagement quality control reviewer for the STA engagement.
- Elisa Stilwell, Vasquez Northern California Government Practice Partner, formerly with KPMG senior manager will direct and supervise the auditors in performing the engagement, review the audit results, and provide technical expertise as appropriate.

#### National Resources:

- As part of the RSM US Alliance, we have access to the resources, tools, and expertise of RSM US LLP (the fifth largest accounting firm in the United States). RSM's transportation industry experience includes Riverside County Transportation Commission, Miami-Dade County Transit Agency, Palm Beach County Transit System, and Jacksonville Transit Authority.



### Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-the-audit surprises.

### Anticipating Your Needs:

- With extensive experience in performing financial and compliance audits of transportation agencies in California, our professionals will bring an unbiased, fresh perspective to the STA's audits.
- Our experience will allow us to assess your risk and compare existing policies and practices to those used by other efficient, reputable public agencies. We will focus on the critical areas to the STA.

### Communication with the STA and Claimants:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you meaningful status reports.
- We will take a proactive approach to develop effective solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available to you on a year-round basis.

### Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments such as new GASB pronouncements, applicable regulations, and TDA, FTA requirements.
- Specifics of Federal and State of California regulations pertaining to local government accounting, reporting, and compliance.

### Providing an Effective and Efficient Audit:

- Our risk-based approach, our high-caliber management team, and our experienced staff ensure that critical issues are not overlooked but instead are promptly identified, communicated to you, and resolved to the STA's satisfaction.

### Affirmations:

- Our proposal is a firm offer for at least ninety days from the date of submission.

Vasquez is committed to providing the STA with the highest level of customer service and trust that you will find Vasquez well qualified to provide the STA with professional auditing services. Should you have any questions or desire further assistance, please call me at the contact information below. I, Roger A. Martinez, Partner with Vasquez, am authorized to negotiate and bind the firm to contract.

VASQUEZ & COMPANY LLP



Roger A. Martinez, CPA | Audit Practice Leader

tel.: 213-873-1703

fax: 213-873-1777

email: [ram@vasquezcpa.com](mailto:ram@vasquezcpa.com)

## Approach

For audit engagement, we leverage a formal project management methodology to ensure that all tasks are planned effectively and ultimately completed on time. Any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan that will set forth the protocols for periodic status updates and escalations throughout the project. Throughout the audit, we will provide regular status reporting consistent with the communications plan.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the STA to ensure no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and on a timely basis.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

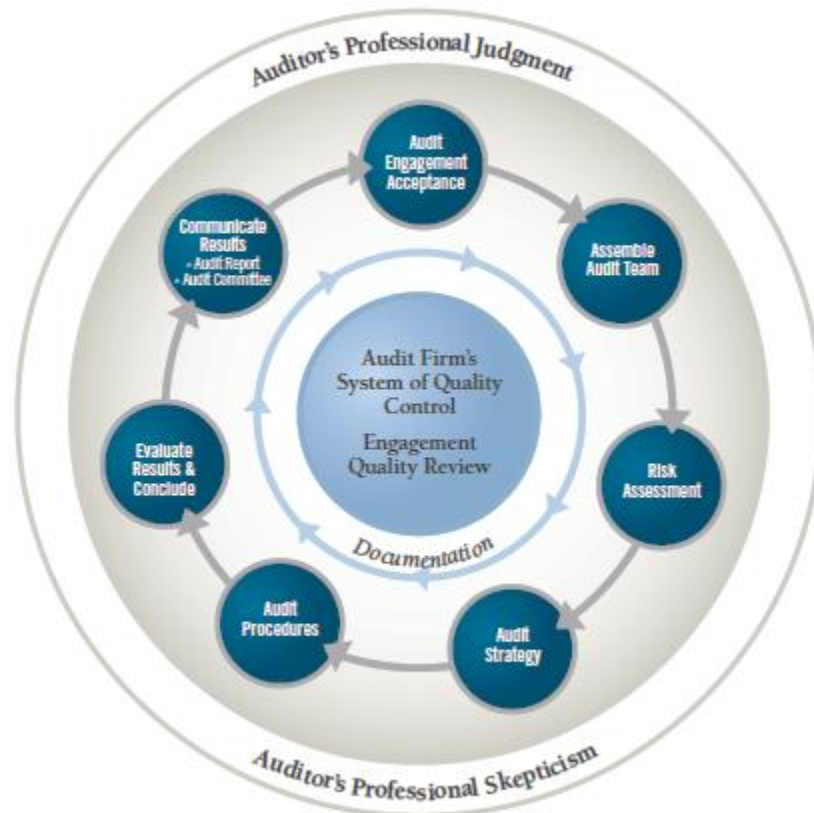
- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides us with a roadmap for understanding your business, current situation, needs, and expectations to ensure there will be no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate with consistent and open dialogue at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek to understand ways to ensure the services we are providing align with their needs. We believe it is important to strive for continuous improvement in the ways we interact with and deliver services to clients. In part, we do this by adhering to defined client service standards and seeking feedback on our clients' performance.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.



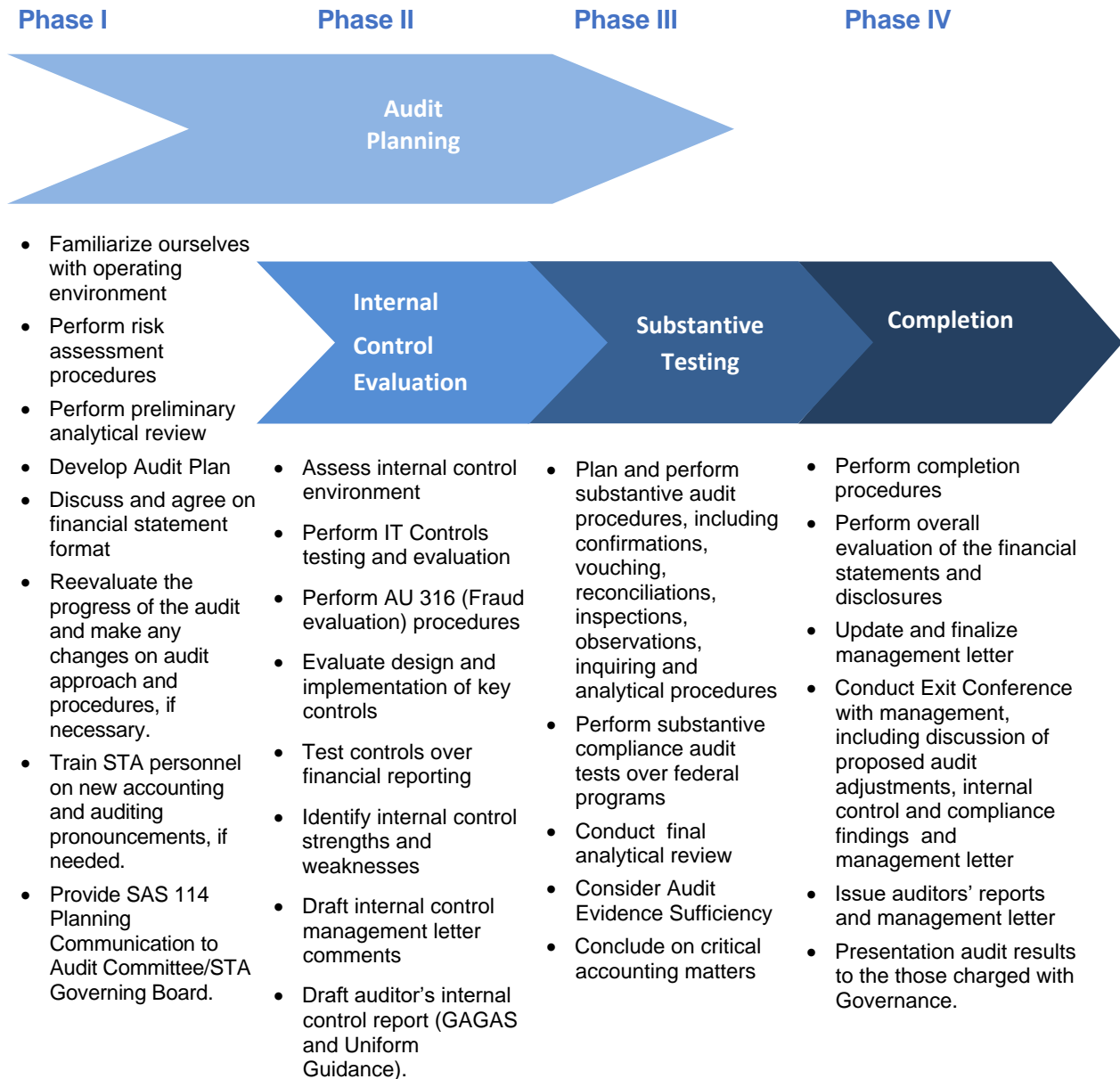
## Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the STA, its special revenue funds, and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. Understanding the STA and the environment will often involve consideration of such things as the regulatory environment, business objectives and strategies, and selection of and application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, prior audits, and other non-audit engagements performed for the STA.
- Inquiring of the audit committee, management, and others within the STA about risks of material misstatement.
- Obtaining an understanding of the STA's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of the STA's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparison of current relevant financial ratios to industry ratios or prior year ratios.

## Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the STA's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering factors such as cost/benefit considerations, the volume of transactions, and prior year results of control testing. If test results indicate that the STA's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.



## Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate the STA management personnel. The agenda would include, but need not be limited to, the following:
  - The application of generally accepted accounting principles
  - Concerns of the STA management
  - Report requirements, refinements, and deadlines
  - Initial audit approach and timing schedule
  - Assistance by the STA personnel
  - Establishment of principal contacts
  - Progress reporting process
  - Consideration of Fraud in a Financial Statement Audit
  - The auditors' responsibility for fraud prevention
  - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the STA implement new accounting, auditing, and compliance requirements. It is for that reason we intend to schedule training with the STA personnel involved in all phases of the audit for them to have a clear understanding of the latest technical changes for their respective areas as well as have a clear understanding of the audit requirements and timeline. The training will be provided live or in webcast format as desired.
- Expanding our understanding of the STA and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the STA, funding sources, and structure through our review of the following:
  - Applicable state legislation
  - Organizational charts
  - Minutes of the STA Governing Board and the Independent Taxpayer Oversight Committee meetings
  - Policies and procedures manuals, administrative codes, rules, and regulations
  - Description of the STA's financial and other information systems
  - Recent financial statements and key operating statistics
  - Reports of special audits by regulators or other auditors
  - Contracts and major commitments
  - Grant agreements
  - Significant operating agreements
  - Cost allocation plans
  - Possible effects on the STA of the actions of regulatory agencies
  - Fraud risk assessment processes
  - Utility rate ordinances
  - Bond ordinances and offering statements
  - IT Strategic Plan
- Through our background knowledge of the STA and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will be able to meet with STA management

to discuss areas that might have a significant impact on the timing and completion of the audits or that may be of special concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the STA will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption of the day-to-day routine.

Our planning process will include a specific review of computer activities performed by STA personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to: system development and maintenance controls, hardware controls, and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the STA's system, as well as direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they are indeed areas requiring extra attention. We will also focus on unusual fluctuations occurring within individual funds to identify accounts and areas which merit further investigation.
- Based on our understanding of the STA's operating environment, through our analytical review and other planning procedures, we will meet with the STA personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas that we know to be important to the STA management. Some of our preliminary audit concerns are elaborated as follows:
  - Compliance with applicable laws, regulations, and reporting requirements
  - Receipt of all revenue to which the STA is entitled
  - Purchase authorizations within budgetary limitations
  - Adequate safeguarding of the STA cash, investments, and inventory assets
- We will work directly with the appropriate the STA personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

### Interim audit testing

Our audit approach is flexible and can be tailored to fit the evolving needs of the STA. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We provide you the option of interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and for our staff.
- It allows us to focus on the high-risk areas before the year-end close, which provides more time to deal with issues, if any.

- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information and cut-offs, which allows more opportunity for us to identify and for STA to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

## Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the STA's technology standards, and appropriate to safeguard your information assets.

### IT general controls

IT general controls are pervasive controls within the IT environment. The following types of IT general controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into the financially significant applications and the change management processes for handling errors, script changes, and interface edits.
- **Security administration**—addresses the user access provisioning (new hire on-boarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

## Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the element of the population to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine an appropriate sample size and select a sample that is intended to be representative of the population.
- Examine each sample item to determine whether it represents an error or exception.



Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include various detail tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for the STA audits include tests such as confirmation of cash, investments, grants receivable, loan balances, and debt; tests of subsequent receipts for selected receivables and unrecorded liabilities for payables.

Analytical Review Procedures – Analytical review procedures, consisting of the Statistical, ratio, and trend analyses, are performed during every audit phase, from planning to reporting. These analytical testing techniques provide feedback on potential areas of audit concern and provide comfort concerning the overall reasonableness of the financial statements. Analytical procedures are especially helpful when analyzing utility operations and receivables.

*Our practice is to use STA's existing schedules, account analyses, reports and other documents to avoid unnecessary demands on STA personnel.*

Consideration of Fraud – The primary responsibility for the prevention and detection of fraud rests with those charged with governance and with management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential for the override of controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. As part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the STA. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the STA, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the STA; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management, and others within the STA as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the STA.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the STA and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated for the indication of risks of material misstatement due to fraud.

- Discussions among our audit team members. This discussion will involve an exchange of ideas or brainstorming among our audit team members about how and where STA's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the STA could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Chief Financial Officer and others as appropriate. Our practice is to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood that particular situation. This will ensure that the proposed entry or management comment and recommendation are accepted by the immediate manager in charge and ensure that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise, rather than at the end of the audit. In short, there will not be any surprises.

Our work plan's final element is the continual reporting to the STA management personnel to apprise them of our progress. We believe communication is vital. We have stressed the importance of continuous close relationships throughout this proposal and have indicated the various points where we will meet for specific discussions and decisions.

*Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.*

#### Phase IV - Reporting

- Review federal, state, and other grant reporting requirements;
- Determine which internal control findings are significant deficiencies or material weaknesses;
- Prepare findings and draft the auditors' reports;
- Review draft reports with the STA management; and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

#### Management letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel, the fresh perspectives of our team members, combined with their independent and objective viewpoints, will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improvement of the accounting practices and procedures and the internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during the course of our examination.
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations, including PUC Division 19, the Measure A Ordinance & Expenditure Plan, California Vehicle Code Section 22710, and all applicable contracts.

- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that we believe may be of interest.

## Compliance Agreed-upon Procedures

### Measure A Entities and Sacramento Abandoned Vehicle Service Authority (SAVSA) Entities

We will hold an entrance conference meeting with the Measure A and SAVSA entities covered by the procedures following the end of the fiscal year to be examined. We will introduce the audit team, review overall objectives and clarify responsibilities, identify primary contact persons and initiate data collection. We shall provide a management plan which will control costs, ensure quality and timely deliverables. We will submit a list of documents and information required to assess financial and compliance audit requirements and follow-up from previous audits.

Our agreed-upon procedures will include a review of each entity's accounting system as it specifically relates to the accounting for and control overall Measure A and SAVSA receipts and expenditures.

We will select samples from each Measure A and SAVSA entity and determine if the expenditure is appropriate and allowable.

At the conclusion of our agreed-upon procedures, we will be pleased to make a presentation to the Measure A Independent Taxpayer Oversight Committee, during which we will discuss our scope and results. We pride ourselves on our ability to convey complex information in an informative fashion, free of bias, such that the Committee can evaluate the significance of the information and determine action plans as may be appropriate.

1. We shall also conduct bi-weekly oral project status meetings with the Project and Program Managers and provide a bi-weekly written status report. The bi-weekly status report will include, but not be limited to, the following information:
  - a. Audit Matrix of findings, issues, and resolution on a cumulative basis,
  - b. List issues or concerns which need to be addressed or resolved,
  - c. Current status of each audit, including a list of jurisdictions and their projects to be audited, start date for each audit, as well as status audit scheduled, in-progress, fieldwork completed, draft report issued, final report issued or anticipated completion date, and percentage of completion in an Audit Status Matrix format.
2. We shall provide the STA Program Manager separate final report summarizing results for all entities.
5. We will provide the Measure A Independent Taxpayer Oversight Audit Committee report summarizing the Measure A agreed-upon procedures results inclusive of all entities by the established deadline.

## Areas of Audit Emphasis

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, even in the public sector. Therefore, we tailor the audit to each organization based on the specific risks identified. We address the issues to meet the specific needs of our clients. Below are the more common audit issues that we have addressed in the past or are trying to proactively address to ensure our services are delivered timely and based on our clients' expectations.

**Impact of the Pandemic in the Audit Processes**

During the COVID-19 pandemic, audits should continue to comply with the required standards, which may necessitate different and enhanced considerations by auditors in the current circumstances. Entities being audited are adjusting to the changing environment relating to their businesses and operations, including financial reporting processes, disclosures in financial statements, and their ability to maintain operations in the foreseeable future.

The COVID-19 Pandemic has not changed the nature and scope of audits. It has, however, changed how we perform procedures and how we interact with auditees. Almost 100% of all our audits over the last year have been conducted remotely to help us and our clients comply with CDC guidelines. Vasquez was ready to perform remote audits from day 1 because we have been paperless for over 15 years. We have the necessary audit tools and resources to assist clients in ensuring that the audit can be conducted in accordance with the standards and that our clients are meeting their financial reporting and compliance requirements under the current circumstances brought about by the COVID-19 pandemic.

Critical Audit Area	Audit Considerations
<p><b>Financial Reporting</b></p>	<p><b>Background.</b> Government agencies have unique financial reporting requirements—that is, how they present information in their entity-wide financial statements, fund financial statements, notes to those financial statements, and other required supplementary information.</p> <p><b>Audit Considerations.</b> We will work closely with management to ensure we understand and evaluate the controls in place over the financial reporting process. We will perform a materiality calculation to highlight accounts that are considered material at the financial statement level. We will perform a major fund determination at the planning and final stage of the audit to ensure that all funds are reported in compliance with the reporting standards. We will analyze potential components units to determine the nature of their reporting in the comprehensive annual financial report. We will evaluate and review the government’s control process and entries involved in the conversion from the fund level to the entity-wide level in compliance with GASB 34. We will consider prior year GFOA comments and the current year requirements and advise the STA of potential areas for consideration as to modifications or new disclosures.</p>
<p><b>Financial Instruments</b></p>	<p><b>Background.</b> Governments have certain unique requirements that apply to their financial instruments, including cash, investments such as reverse repurchase agreements, securities lending transactions, and derivative instruments.</p> <p><b>Audit Considerations.</b> We will work with management to fully understand the controls and procedures in place over the cash and investments cycle. We will review the STA’s investment policy to gain an understanding of the STA’s investment objectives. To ensure all financial instruments are recorded on the books, we will confirm cash and investment balances from outside third parties. For more complex investments, we will rely on our due diligence procedures to ascertain the propriety of the information reported in the financial statements. We will consider the adequacy of financial statement disclosures for conformance with GASB pronouncements and transparency to users of the financial statements.</p>
<p><b>Revenues and Receivables</b></p>	<p><b>Background.</b> Government agencies have a variety of revenue and receivable sources that play a significant role in their operations.</p> <p><b>Audit Considerations.</b> We will work with management to gain a full understanding of the controls and procedures in place over the revenues and receivable cycles. We will devise our procedures to ensure that reported revenues represent amounts relating to the period and pertain to the government, and revenue transactions and events have been recorded in the correct accounting period and proper accounts.</p>

Critical Audit Area	Audit Considerations
	<p>Our tests will include consideration that the reported receivables represent amounts uncollected as of the end of the period, that for grants, the related events have occurred that entitle the STA to the related revenue, and receivables are reported at the proper amounts. We will analytically review revenues from the budget as well as the prior period to identify plausible trends. We will confirm certain receivables (taxes, grants, shared revenues) and perform a search of unrecorded revenues by analyzing receipts subsequent to year-end.</p>
<p><b>Debt, Debt Service and Interest Rate Swap Agreements</b></p>	<p><b>Background.</b> To accelerate delivery and construction of Measure A capital projects, the STA issued debts in the form of variable and fixed rate sales tax revenue bonds. The STA has pledged all of the future sales tax proceeds to cover all debt service requirements for these bonds.</p> <p>The STA entered into three forward interest rate swaps to hedge the interest rate risk associated with the variable sales tax revenue bonds. While swaps are a good way for governments to manage their debts effectively, there are also risks associated with them.</p> <p><b>Audit Objectives.</b> Our objectives are to determine if the debt management function of the STA has adequate internal controls in place to ensure that the appropriate processes and procedures are functioning as intended and that the bonds and swap agreements are properly valued, reported, and disclosed in the STA's financial statements in accordance with GASB Statement No. 53 and other applicable GASB reporting standards. Our audit procedures will also include tests of the STA's compliance with debt covenants and arbitrage rules as may be applicable.</p>
<p><b>Expenditures and Liabilities</b></p>	<p><b>Background.</b> Expenditures and liabilities represent outflows of resources from the government. Many resource outflows are reported based primarily on events or transactions that require cash disbursements during the current period or shortly thereafter; examples are payroll, rent, utilities, etc. Other resource outflows are reported based primarily on known or estimated future-period cash disbursements; examples are compensated absences, claims, judgments, etc.</p> <p><b>Audit Considerations.</b> We will gain an understanding of the controls and procedures in place relating to the purchasing and cash disbursements cycle. We will devise our procedures to ensure reported expenditures represent amounts relating to the period and pertain to the government, expenditures have been recorded in the proper accounts, and correct accounting period. We will devise our procedures to ensure reported liabilities represent amounts unpaid as of the end of the period; the financial statements report all liabilities as of the end of the period, and liabilities are reported at the appropriate amounts. We will agree selected liabilities to detail ledgers, such as lists of outstanding debt and subsequent payments, and we will review subsequent payments to help identify unrecorded liabilities.</p>
<p><b>Payroll and benefit control processes</b></p>	<p><b>Background.</b> Personnel costs represent a significant percentage of operating expenses – Risks include unapproved salary/rate changes, improper application of withholdings and assignment of fringe costs, ghost employment, or fictitious time records.</p> <p><b>Audit Considerations.</b> We will gain an understanding of controls related to payroll and personnel. We will consider adequate segregation of duties, proper authorization, adequacy of documents and records, use of pre-numbered documents, use of an imprest payroll account</p>
<p><b>State grant programs</b></p>	<p><b>Background.</b> The STA expends State grant programs.</p> <p><b>Audit Considerations.</b> We would focus on the compliance requirements of these programs, such as matching, procurement, program income, reporting, and special tests. Emphasis would be placed on the internal controls.</p>

## Proposed Timeline

Deliverables	Tasks	Start	End
I. STAs CAFR II. AUP Report	<b>PLANNING</b>		
	Review of prior year CAFR, Board minutes, budget, and other background information.	7/1/2021	completion
	Entrance conference with the ITOC	7/15/2021	7/15/2021
	List of interim schedules and documents to be provided by STA furnished by Vasquez	7/26/2021	7/26/2021
	<b>INTERIM FIELDWORK</b>		
	Interim testwork (primarily internal controls and compliance tests of details)	8/9/2021	8/20/2021
	Status conference	8/17/2021	8/17/2021
	<b>YEAR-END AUDIT PROCESS</b>		
	List of final schedules and documents to be provided by STA furnished by Vasquez (both financial audit and AUP)	9/1/2021	9/1/2021
	STA books to be closed with all schedules and documents available	9/1/2021	9/1/2021
	Conduct agreed-upon procedures on Measure A & SAVSA entities	9/6/2021	9/30/2021
	Entrance conference for final fieldwork	9/20/2021	9/20/2021
	Final fieldwork	9/20/2021	10/5/2021
	Exit conference	10/5/2021	10/5/2021
	<b>FINANCIAL REPORTING</b>		
	Draft CAFR due from STA	11/1/2021	11/1/2021
	Vasquez review of draft CAFR	11/2/2021	11/2/2021
	Vasquez delivery of final comments and draft auditors' report on financial statements	11/11/2021	11/11/2021
	STA and Vasquez review, agree and finalize financial statements (CAFR) and auditors' reports	11/18/2021	11/19/2021
	Final CAFR, including auditors' reports completed and available for issuance	12/1/2021	12/1/2021
Presentation to the STA Governing Board	TBD		

## Firm Information

### 5.3.1 Legal name of the firm:

Vasquez & Company LLP

### 5.3.2 Location(s) and telephone number(s):

<u>Headquarters</u>	<u>Sacramento</u>	<u>San Diego</u>	<u>Manila</u>
655 N. Central Avenue Suite 1550 Glendale, CA 91203 t) 213-873-1700 f) 213-873-1777	1215 K Street 17 <sup>th</sup> Floor Sacramento, CA 95814 t) 916-503-3269 f) 916-503-2401	333 H Street Suite 5000 Chula Vista, CA 91910 t) 858-263-2760 f) 619-551-7001	29F Rufino Tower 6784 Ayala Avenue Legaspi Village, Makati City, Philippines

### 5.2.3 Date firm established:

Vasquez was established in 1969.

### 5.2.4 Type of organization and where incorporated, if applicable:

Vasquez was established as a Limited Liability Partnership registered with the State of California Department of Consumer Affairs.

### 5.2.5 Firm Organization Chart:



**5.2.6 Names and resumes of firm's officers, principals, and other key personnel applicable to this engagement:**

Our team structure, staffing, service approach, communication, and coordination are refined to fit the unique needs of the STA. We staff our engagements with individuals focused on a dedicated industry because of their desire to positively impact their careers, resulting in continuity of the team members you work with year after year.

Our government-industry expertise allows our team to understand your specific business's nuances and translate that knowledge into better solutions, faster responses to your questions, and a more comfortable (and valuable) working relationship overall.

You should note that the audit team we are proposing for the STA assignment has experience with other entities similar to yours.

**Engagement Team**

Team Member	Role
<p><b>Roger A. Martinez</b> Client Service Partner</p>	<p>Roger A. Martinez, Vasquez Audit Practice Leader formerly with KPMG national department of professional practice, will oversee our delivery of services to the STA and serve as the client service partner, monitor deadlines, and ensure all expectations are met.</p>
<p><b>Elisa Stilwell</b> Audit Technical Partner</p>	<p>Elisa Stilwell, Vasquez Partner, formerly with KPMG, with over twenty (20) years of public accounting and auditing experience, will lead our delivery of audit services to the STA. She will develop our engagement strategy, provide on-site direction to our team, work closely with the STA management and be available throughout the year to ensure proactive issue identification and service delivery.</p>
<p><b>Cristy Canieda</b> Quality Control Partner</p>	<p>Cristy Canieda, Vasquez Government Practice Leader, with over twenty (20) years of public accounting experience, will have the responsibility of technical reviewer for the engagement and work closely with the Lead Partner to review and evaluate the audit fieldwork and reports.</p>
<p><b>Marielyn Labastilla</b> Senior Manager</p>	<p>Marielyn (Lyn) Labastilla, Vasquez Senior Manager formerly with BDO with over fifteen (15) years of public accounting and auditing experience, will work closely with the Lead Partner in planning, coordinating, and reviewing the fieldwork for the STA engagement. She will manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance.</p>
<p><b>Michelle de Guzman</b> IT Senior Manager</p>	<p>Michelle de Guzman, Vasquez IT Senior Manager with over twenty-five (25) years of experience in IT consulting and auditing, will work with the Lead Partner in performing audit procedures as they pertain to the STA's financial systems and Information Technology.</p>



Team Member	Role
<b>Girlye Cabije, CPA</b> Audit Manager	Girlye Cabije, Manager with ten (10) years of public accounting experience, will work closely with the Lead Partner to plan, coordinate, and review the STA audit engagement fieldwork. She will co-manage the day-to-day activities and task accomplishments, monitoring progress, and ensure schedule compliance.



## ROGER A. MARTINEZ, CPA

### Partner

Vasquez & Company LLP  
Tel: 213-873-1703  
Email: ram@vasquezcpa.com

### Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to some of the largest and most complex governmental or regulated entities in California. His expertise also includes serving as a quality technical reviewer of governmental entities at a national level.

### Representation of Experience

- Alameda Corridor – East Construction Authority
- Alameda Corridor Transportation Authority
- Foothill Transit
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- Plumas County Transportation Commission
- Sunline Transit Agency
- San Joaquin Regional Transit District
- City of Long Beach
- City of Vernon
- Los Angeles World Airports
- Port of Long Beach
- Port of Los Angeles
- San Gabriel Valley Council of Governments
- Southern California Association of Governments
- Southern California Regional Rail Authority

### Professional Background and Affiliations

Roger's professional background includes partner in KPMG National Office for a total of 20 years in the profession. Roger has served an extensive number of special purpose governments concentrated in the Western region of the United States. He has provided professional audit and consulting services to some of the largest, most complex governmental entities in California. He is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, Los Angeles Chamber of Commerce, Association of Latino Professionals in Finance and Accounting, the California Society of Municipal Finance Officers and the Rotary Club of Los Angeles.

### Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from UCLA. He remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



## ELISA STILWELL, CPA

### Partner

Vasquez & Company LLP

Email: [estilwell@vasquezcpa.com](mailto:estilwell@vasquezcpa.com)

Tel: 916-503-3269

### Areas of Expertise

Elisa's areas of expertise include overseeing all aspects of financial, performance and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, special studies and forecasts and projections to large complex governmental entities in California.

### Representation of Experience

- San Joaquin Regional Transit District
- Plumas County Transportation Commission
- City and County of Honolulu
- City of Anaheim
- City of Moorpark
- City of Oxnard
- City of Pasadena
- City of San Diego
- City of Santa Barbara
- City of Santa Monica
- City of Thousand Oaks
- California State Teachers' Retirement System
- California State University System
- County of San Diego
- County of Santa Barbara
- County of San Bernardino
- County of Ventura
- Los Angeles Community College District
- University of California, Santa Barbara
- University of the Pacific

### Professional Background and Affiliations

Elisa has been a participant in numerous seminars on governmental accounting and auditing. Elisa has been an instructor and speaker for clients and staff on a wide range of technical topics including public sector topics, GASB pronouncements, OMB Circular A-133 requirements, insurance industry topics and NAIC statutory accounting principles, and Sarbanes-Oxley Act requirements.

- Certified public accountant in California
- KPMG Alumni and Current Professionals
- Member, American Institute of Certified Public Accountants
- Member and volunteer, Girl Scouts USA – Heart of Central California Council
- Actively involved in community service activities and youth sports programs

### Educational Background

Elisa holds a Bachelor of Arts Degree in business economics and sociology from the University of California, Santa Barbara. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



## CRISTY A. CANIEDA, CPA, CGMA

### Partner

Vasquez & Company LLP  
Tel: 213-873-1720  
Email: ccanieda@vasquezcpa.com

### Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

### Prior Experience

- Alameda Corridor East Construction Authority
- Alameda Corridor Transportation Authority
- Coachella Valley Association of Governments
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- San Gabriel Valley Council of Governments
- San Joaquin Regional Transit District
- Southern California Association of Governments
- SunLine Transit Agency

### Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PricewaterhouseCoopers. She is a Certified Public Accountant licensed to practice in the State of California.

### Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Everga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



## MARIALYN (LYN) LABASTILLA, CPA, CGMA

### Senior Manager

Vasquez & Company LLP

Tel: 213-873-1738

Email: [mlabastilla@vasquezcpa.com](mailto:mlabastilla@vasquezcpa.com)

### Areas of Expertise

Lyn's expertise includes managing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies and nonprofit organizations.

### Representation of Experience

- City of Cudahy
- County of Los Angeles
- Hub Cities Consortium
- Los Angeles County Metropolitan Transportation Authority
- Orange County Transportation Authority
- Plumas County Transportation Commission
- SunLine Transit Agency

### Professional Background and Affiliations

Lyn's professional background includes as Audit Supervisor with RSM US LLP and BDO USA, LLP. She also worked as an Audit Manager for PricewaterhouseCoopers in Manila, Philippines. Lyn is a Certified Public Accountant licensed to practice in the State of California. She is a Founding Member and on the National Executive Board of the Board of Directors of the International Society of Filipinos in Finance and Accounting (ISFFA).

### Educational Background

Lyn earned a Bachelor of Science Degree in Accountancy from the Polytechnic University. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to government and construction accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



## MICHELLE DE GUZMAN, CISA, CISM

### IT Senior Manager

Vasquez & Company LLP

Tel: 213-873-1745

Email: mdeguzman@vasquezcpa.com

### Area of Expertise

Michelle's practice is focused on planning, design and performance of IT Enabled Business Transformation; Global & Regional Project/Program Management; Business Process and Systems Management/Optimization; Shared Services, Business Process Outsourcing; Strategic Financial Planning, Analysis and Reporting; Activity-Based Management; Information Security; IT Governance, Risk and Compliance; Sarbanes – Oxley (SOX) 404; IT Audit and Controls; Operational Excellence; ERP Security and Controls; ERP Materials Management; Enterprise Information Architecture; Master Data Management; Business Intelligence; Resolution and Incident Management; Performance Metrics; Global & Regional Team Development & Management

### Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Montebello
- City of Moreno Valley
- City of Simi Valley
- City of Vernon
- Encina Wastewater Authority
- Los Angeles County Metropolitan Transportation Authority
- San Gabriel Valley Water Company
- San Joaquin Regional Transit District
- Southern California Edison
- Southern California Regional Rail Authority
- Sunline Transit Agency

### Professional Background and Affiliations

Michelle's experience includes fifteen years with The Coca-Cola Company (TCCC). During her tenure with TCCC, she led the company's Global Bottler Business Services group as their Chief Information Officer/Director. She also served as the Regional Information Security Officer for the Asia Pacific, Middle East, and Africa, who provided direction and assurance over the confidentiality, integrity, and availability for Mondelez International's information.

Michelle's professional background includes PwC and Deloitte. She is a certified SAP R/3 Materials Management Consultant, ITIL Foundation V3 Certified, Certified Information Systems Auditor (CISA) and a Certified Information Security Manager (CISM).

### Educational Background

Michelle received her Bachelor of Science in Accountancy from the University of the City of Manila, Philippines. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to a Finance/IT professional.





## GIRLIE CABIJE, CPA

### Manager

Vasquez & Company LLP

Tel: 213-873-1740

Email: gcabiye@vasquezcpa.com

### Area of Expertise

Girlie's practice is focused on participation on financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies and nonprofit organizations. Her experience also includes internal audit quality assessment review, risk remediation, Sarbanes Oxley Act (SOX) related assistance including participating in audits of SOX testing.

### Representation of Experience

- Alameda Corridor – East Construction Authority
- Bassett Unified School District
- City of Simi Valley
- Community Development Commission of the County of Los Angeles
- Los Angeles Community College District
- Rio Hondo Community College District

### Professional Background

Girlie's professional background includes external auditor positions with EY and KPMG serving SOX clients, manufacturing, hospitality industry, publicly listed clients. She has experience as an internal auditor with BH Properties, Los Angeles.

### Educational Background

Girlie earned her Bachelor of Science degree in Accountancy from the University of San Carlos. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

**5.2.7 Types of services normally provided by sub-consultants**

We utilize sub-consultants that complement the services our firm offers. We work with RSM US LLP and other member firms of the RSM Alliance that utilize the same audit software and methodology. This arrangement allows us to work seamlessly with our sub-consultants and provide a more efficient audit. While the RSM Alliance firms serve a wide range of industries and markets, our key strategic business sub-consultants serve governmental entities. Accordingly, our personnel possesses a wealth of industry experience, with particular knowledge and experience in the government and transportation industries.

**5.2.8 A brief description of similar projects for which the Firm has provided services during the past 5 years.**

Vasquez brings fourteen years of experience as a prime contractor overseeing the Los Angeles County Metropolitan Transportation Authority (Metro) Consolidated Audit of the 88 jurisdictions that receive Proposition A, Proposition C, Measure R, Measure M and TDA funds from Metro.

In addition to our many years of service as auditors for Metro, our expertise in the transportation industry includes the following agencies:

- Antelope Valley Transit Authority
- Alameda Corridor Transportation Authority
- Alameda Corridor East Construction Authority
- City of Los Angeles Department of Transportation
- Foothill Transit
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles World Airports
- Orange County Transportation Authority
- Port of Long Beach
- Plumas County Transportation Commission
- San Joaquin Regional Transit District
- SunLine Transit Agency
- Southern California Regional Rail Authority

Following are examples of other annual financial and compliance audits and single audits performed within the last five years.

Client	Description
<b>City of El Monte</b> 11333 Valley Blvd. El Monte, CA 91731	Annual financial and compliance audit, single audit, GANN Limit, management letter comments.  FY 2020 fee: \$87,000 Hours for 2020 audit: 805
<b>Los Angeles Community College District</b> 770 Wilshire Boulevard, 6 <sup>th</sup> Floor Los Angeles, CA 90017	Single Audit (Uniform Guidance) and State Compliance of the largest community college district in the United States, consisting of nine (9) colleges, each with individual internal controls, administration, and governing bodies.  FY 2020 fee: \$292,000 Hours for 2020 audits: 2,803
<b>Water Replenishment District of Southern California</b> 4040 Paramount Blvd. Lakewood, CA 90712	Annual financial and compliance audit, Single audit, State Controller's Report, management letter comments.  FY 2020 fee: \$42,000 Hours for 2020 audit: 375



**5.3.9 A list of from three to five former clients (include addresses and phone numbers and a brief description of work performed) for whom the Firm has performed services like those described in this RFP.**

Client/Contact/Address	Project Description
<p><b>Los Angeles County Metropolitan Transportation Authority (LA Metro)</b>            One Gateway Plaza            Los Angeles, CA 90012-2952            Lauren Choi            T) 213-922-3926            E) Choi@metro.net</p>	<p>Financial and compliance audits of Propositions A and C Local Return Funds and TDA Articles 3 &amp; 8 Funds, Measure R Local Return Funds, Transit System Funds, LADOT services, SCRRA Metrolink Program, Immediate Needs, Rider Relief Transportation Program (INTP), and SHORE Subsidies Programs of the 89 jurisdictions, transit operators and other transportation program recipients in LA County.</p> <p>Dates of service: 2007 to 2009 and 2011 to present</p>
<p><b>Plumas County Transit Operators</b>            711 East Main Street            Quincy, CA 95971            John Mannle            T) 530-283-6498            E) JohnMannle@countyofplumas.com</p>	<p>Audit of the financial statements of the proprietary funds of Plumas County Transit Funds and the related notes to the financial statements, which collectively comprise the Transit's basic financial statements.</p> <p>Dates of service: 2018 to present</p>
<p><b>San Joaquin Regional Transit District</b>            421 East Weber Avenue, 2<sup>nd</sup> Floor            Stockton, CA 95201            Sharon Miller            T) 209-467-6607            E) smiller@sanjoaquinrtd.com</p>	<p>Audit of the financial statements, single audit report, and Agreed-upon procedures FTA administration NTD report.</p> <p>Dates of service: 2016 to present</p>
<p><b>SunLine Transit Agency</b>            32-505 Harry Oliver Trail            Thousand Palms, CA 922276            Luis Garcia            T) 760-343-3456            E) <a href="mailto:lgarcia@sunline.org">lgarcia@sunline.org</a></p>	<p>Audit of the financial statements, single audit report, Retirement Income Plan for Bargaining and Non-Bargaining Unit Personnel audits, and Agreed-upon procedures FTA administration NTD report.</p> <p>Dates of service: 2016 to present</p>
<p><b>Montebello Transit System Fund</b>            400 S. Taylor Avenue            Montebello, CA 90640            Michael Solorza            T) 323-887-1412            E) msolorza@cityofmontebello.com</p>	<p>Audit of the financial statements of the Transit System Fund of the City of Montebello (an enterprise fund of the City of Montebello) in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States.</p> <p>Dates of service: 2012 to present</p>

## Sample Reports

<https://sanjoaquinrtd.com/wp-content/uploads/2020/06/San-Joaquin-RTD-CAFR-2019-Final.pdf>

[Microsoft Word - City of El Monte CAFR FY 2020 - Draft 12.16.2020.docx \(el-monte.ca.us\)](#)

[Microsoft Word - MTA Measure R Consolidated Report 2018.docx \(metro.net\)](#)

[Microsoft Word - MTA Measure M Consolidated Report 2018.docx \(metro.net\)](#)

### 5.3.10 Current and future Firm and personnel commitments to other projects in sufficient detail to confirm the Firm's ability to commit to the STA.

Vasquez assures the STA it will not replace any of the “key management personnel” unless circumstances beyond our control occur.

We confirm our ability to commit to STA based on the proposed team’s availability, experience, and training.

We achieve team continuity by leveraging a formal project management methodology to ensure that all tasks are planned effectively and ultimately completed on time. Any changes in the schedule are to be properly documented and authorized.

We utilize CaseWare Time, a multi-module management system designed for the accounting profession. Project Management in Time helps us reduce and simplify the administrative tasks of preparing, processing, and assigning client-related work. CaseWare Time’s project management includes Project Templates for managing complex projects where many simultaneous activities occur across workstreams, project teams, geographies, or organizational units.



With Project Templates, we can define tasks, staff assignments, roll forwards, and various other properties for client projects. We can monitor and modify existing assigned tasks or create and assign new tasks.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the STA to ensure no surprises during the audit.

The Vasquez methodology provides a proven foundation for delivering large, complex projects where there are a number of simultaneous activities occurring across workstreams, project teams, geographies, or organizational units. Current multi-location client audit responsibilities handled by the team we propose to serve the STA include:

- Los Angeles County Metropolitan Transportation Authority
- Los Angeles Community College District
- University of California
- Plumas County Transportation Commission

### 5.3.11 Lists of contracts terminated (partially or completely) by clients for convenience or default within the past three years.

Vasquez has had no contracts terminated (partially or completely) by clients for convenience or default within the past three years. Vasquez has never failed to complete a contract based on technical performance.

The accounting profession can be adversarial based on findings. Professional standards require us to be unbiased in our opinions, whether favorable or unfavorable. Such opinions may be viewed negatively even if sufficient supporting documentation proves the opinion correct. We, as auditors, may decide to resign from an engagement, or we may jointly decide with the client that the best course of action is to part ways.

### **5.3.12 A statement of the Firm's local experience in auditing a Government Finance Officers Association (GFOA) award winning CAFR and any assistance available to the STA in this endeavor.**

Vasquez provides guidance to government agencies to obtain their GFOA Certificate of Achievement for Excellence in Financial Reporting at no cost.

Cristy Canieda, Vasquez Government Practice Leader, is a reviewer for the Government Finance Officers Association. Following is a list of significant government client engagements that the Vasquez team we propose to serve the STA has assisted in achieving their Certificate of Achievement for Excellence in Financial Reporting:

- City of Baldwin Park
- City of Carson
- City of El Monte
- City of Lynwood
- City of Moreno Valley
- City of Simi Valley
- City of Temple City
- Encina Wastewater Authority
- San Joaquin Regional Transit Agency
- Water Replenishment District of Southern California
- Upper San Gabriel Valley Municipal Water District

### **5.3.13 A statement of the Firm's current equal opportunity policy.**

Vasquez is an equal opportunity employer. Diversity and inclusiveness are the hallmarks that define our firm and its recruitment policy. Our firm name serves to underscore that policy in no uncertain terms.

Additionally, Vasquez is a Minority Business Enterprise (MBE) certified by the Southern California Minority Supplier Development Council (SC07993) and the Supplier Clearinghouse for the California Public Utilities Commission (VON: 8CN00057).

Our managing partner has been at the forefront of diversity, equity, and inclusion for over 50 years. He is the founder and past-president of the Association of Latino Professionals in Finance and Accounting (ALPFA), a national nonprofit professional association focusing on providing professional development workshops and career resources to its members to empower and develop leaders for the nation.

Mr. Vasquez is the past chairman of the board of the Los Angeles Latino Business Chamber of Commerce, a nonprofit association dedicated to organizing and uniting Latino business owners to grow and create positive economic impact through procurement, and technical assistance, strategic planning, advocacy, access to leaders, economic development and business education.

### **5.3.14 Additional pertinent information to aid the STA in assessing the Firm's qualifications and experience.**

Vasquez has an extensive quality control program designed to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in consulting and audit engagements to ensure that critical issues are identified and resolved on a timely basis.

## Review Process

All audit engagements must have a secondary review by either a report review specialist or a concurring reviewer. Before the reports, the financial statements, and any letter communicating reportable conditions and other letters are released, they must be reviewed by a report review specialist not otherwise associated with the engagement. The report review specialist's role is supportive of the partner, and, organizationally, they are responsible for one or more offices.

Before the commencement of fieldwork and as the engagement progresses toward completion, the report review specialist is expected to aid the partner and the audit team in resolving complicated accounting, auditing, and reporting issues. Upon completion of the partner review and before the release of the report, the report review specialist must review the financial statements, our report thereon, and the letter communicating reportable control structure conditions and any other specialized reports or letters to be issued.

The audit plan is reviewed and concurred with by a concurring reviewer designated for the industry before the commencement of fieldwork if the industry is designated as "high risk" by firm policy or when engagement risk is otherwise assessed as high, and the engagement is a first-time audit for the firm. If a concurring review is performed during planning, this reviewer will also perform a review of all of the firm's reports, as well as discussing significant audit findings and issues with the engagement partner.

## Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements
- Our firm or engagement partner issues reports that are appropriate in the circumstances

Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures require that consultation takes place when appropriate. Also, our firm has established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.


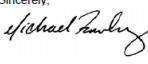

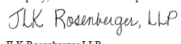
We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory, and firm requirements.
- Qualified engagement team members review work performed by other team members on a timely basis.
- Vasquez establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review.
- Vasquez establishes criteria for the eligibility of engagement quality control reviewers.
- Vasquez requires that consultation take place when appropriate; that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.

Management follow-up procedure internally called "Voice of the Client" to set the tone of "how we did" and "where we can improve."

## Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated April 1, 2020. This peer review covered several government engagements similar in size and complexity as the STA. A copy of the peer review opinion follows:

<p> <b>AICPA</b> Peer Review Program Administered by the National Peer Review Committee</p> <p>American Institute of CPAs 220 Leigh Farm Road Durham, NC 27707-8110</p> <p>April 01, 2020</p> <p>Gilbert Vasquez Vasquez &amp; Company, LLP 655 N Central Ave Ste 1550 Glendale, CA 91203</p> <p>Dear Gilbert Vasquez:</p> <p>It is my pleasure to notify you that on March 25, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Thank you for your cooperation.</p> <p>Sincerely, </p> <p>Michael Fawley Chair, National PRC nprc@aicpa.org +1.919.402.4502</p> <p>cc: James Dougherty, Roger Martinez</p> <p>Firm Number: 900010138115      Review Number: 568010</p> <p>1 919.402.4502   1 515.402.4870   nprc@aicpa.org</p>	<p> <b>JLK Rosenberger</b> Certified Public Accountants</p> <p>16475 Dallas Parkway, Suite 770 Addicks, Texas 75001 Tel: 972-931-6803 jlrosenberger.com</p> <p><b>Report on the Firm's System of Quality Control</b></p> <p>December 20, 2019</p> <p>To the Partners of Vasquez &amp; Company LLP, and the Peer Review Committee of the State of California.</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez &amp; Company (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).</p> <p>The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at <a href="http://www.aicpa.org/peersummary">www.aicpa.org/peersummary</a>. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.</p> <p><b>The Firm's Responsibility</b></p> <p>The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.</p> <p><b>Peer Reviewer's Responsibility</b></p> <p>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.</p> <p><b>Required Selections and Considerations</b></p> <p>Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.</p> <p>As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.</p> <p><b>Opinion</b></p> <p>In our opinion the system of quality control for the accounting and auditing practice of Vasquez &amp; Company applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Vasquez &amp; Company, LLP has received a peer review rating of pass.</p> <p> JLK Rosenberger, LLP JLK Rosenberger LLP</p> <p>Proudly part of the <b>PKF</b> global family</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Value-Added Services and Products

Educational Seminars dedicated to the government and nonprofit industries. Examples of recent topics include Uniform Guidance, GASB Updates, and IT Risk Assessment.

**2019 Government & Nonprofit Updates**  
Hilton Glendale – 100 W. Glenoaks Blvd., Glendale, CA 91202  
**Aug 22<sup>nd</sup> 2019**  
8:00 AM – 5:00 PM

**Morning Session**

- GAGB Updates
- Auditing Standards Updates
- The New Yellow Book (2018 changes)
- Managing IT Risks: Cybersecurity
- 2019 Compliance Supplement and Single Audit Update

**Afternoon Session**

- Tax Reform and Other Hot Tax Topics
- Revenue Recognition for Nonprofit Entities
- FASB Updates

Registration and continental breakfast: 8:00 a.m. to 9:00 a.m.  
Lunch: 12:00 p.m. to 1:30 p.m.  
Program: 9:00 a.m. to 5:00 p.m.

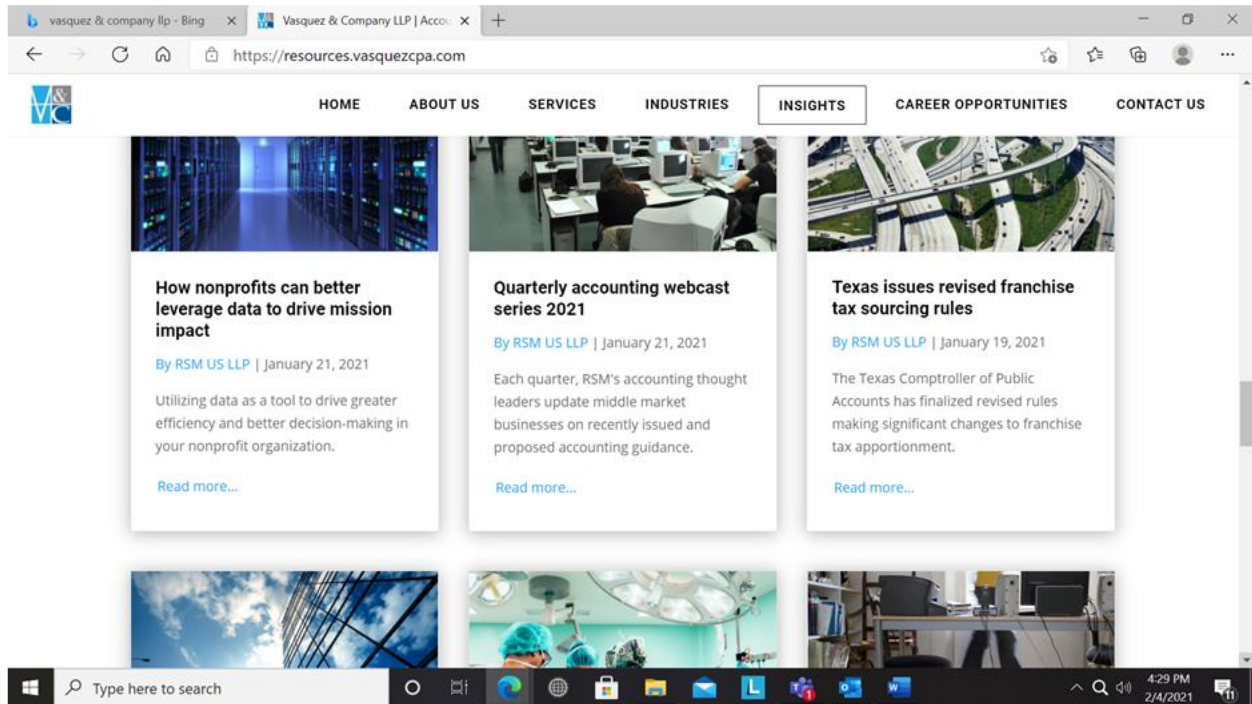
RGVF to Suzette Wenseslao  
Email: [swenseslao@vasquezcpa.com](mailto:swenseslao@vasquezcpa.com)  
Tel: 213-673-1790

**Vasquez & Company LLP**  
Certified Public Accountants and Business Consultants

- Continental breakfast & lunch
- Hosted parking
- 8 hours of CPE Credit
- No cost

RSM US Alliance  
**RSM**

Vasquez offers news, updates, and in-depth reports produced by **RSM** experts internationally, providing **insight** into the world of business, economics, and professional services.



## Cost Proposal

Our fees for the services outlined in this proposal are based on our estimates of the time needed to complete the project at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The fees are based on the assumption that unexpected circumstances will not be encountered during the audit along with the following:

**Engagement Assumptions:** The proposed fees assume the following:

1. Staff availability to answer questions within the agreed timeframe.
2. Audit fieldwork procedures conducted at a centralized location.
3. No instances of fraud that will require additional procedures.
4. Staff to prepare all financial statements/schedules.
5. All information requested provided within agreed timeframe.
6. No (0) major programs subject to Single Audit Act.
7. Information provided is complete and correct for the year being audited.
8. Other unforeseen events such as:
  - a. Accounting problems.
  - b. Litigation.
  - c. Changes in your business or business environment.
  - d. Contractual difficulties with suppliers, third-party service providers or clients.

This cost proposal contains all pricing information relative to performing the audit engagement as described in the related Request for Proposal. The total all-inclusive maximum price contains all direct and indirect costs including all out-of-pocket expenses. I, Roger A. Martinez, Partner, Audit Practice Leader at Vasquez, am authorized to make representations, negotiate and bind the firm to contract.

Description		2020-21	2021-22	2022-23
Examination of the STA financial statements, and Measure A/SAVSA Agreed-upon procedures.	\$	42,000	42,000	43,260

PROPOSAL TO PROVIDE  
INDEPENDENT AUDITING SERVICES  
FOR



FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Contact Person:**

**Ingrid Sheipline, Managing Partner**

isheipline@richardsoncpas.com

**Brian Nash, Partner**

bnash@richardsoncpas.com



550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Phone: (916) 564-8727  
Fax: (916) 564-8728

March 1, 2021





---

## TABLE OF CONTENTS

---

Introductory Letter .....	1
Our Understanding of Services to be Provided/Discussion of Issues.....	4
Audit Approach.....	5
Richardson & Company Profile.....	8
Professional Staff.....	14
Similar Engagements with Other Government Entities.....	16
Cost Proposal .....	23
Peer Review Report .....	24
Attachment A – Sample CAFR for Sacramento Metropolitan Fire District.....	25
Attachment B – Sample financial statement for El Dorado County Transportation Commission .....	26
Attachment C – Sample Financial Statement for Placer County Transportation Planning Agency.....	27





550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

March 1, 2021

Timothy Jones, Accounting/Finance Manager  
Sacramento Transportation Authority  
801 12<sup>th</sup> Street, Floor 5  
Sacramento, California 95814-2947

Thank you for the opportunity to present our proposal to serve the **Sacramento Transportation Authority (STA)**. We are genuinely enthusiastic about the prospect of serving you because serving governmental agencies, especially those in the transportation industry, has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure we would serve you with great care and pride.

#### **OUR EXTENSIVE EXPERIENCE SERVING THE TRANSPORTATION INDUSTRY**

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting governmental entities, especially transportation agencies, due to our experience providing audit services to the Sacramento Area Council of Governments (SACOG) and other transportation planning agencies and the other governmental entities mentioned in this proposal, as well as previously serving STA. Serving the transportation industry with its unique reporting requirements has developed into one of our firm's areas of specialized expertise. Our firm has over twenty-seven years of experience in this industry and working with transportation financial and compliance auditing.

We understand STA's responsibilities include overseeing the collection and distribution of "Measure A" sales tax in accordance with the Measure A Ordinance and Expenditure Plan, and administering the Freeway Service Patrol program, the abandoned vehicle program within Sacramento County (SAVSA) and the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). As auditors for STA in the past, we have gained experience in the operations of STA and we are also familiar with the operations of the entities receiving Measure A and SAVSA funds. Thus, we are in the best position to minimize disruption to you and your staff and those of the Measure A and SAVSA entities. We believe serving the STA requires significant experience with governmental accounting, the transportation industry and compliance auditing. We believe we can demonstrate that we have the required experience in all of these areas and resources available to serve the STA.

In addition to serving STA, we have served as financial statement auditors for SACOG and the transportation planning agencies of El Dorado County, Placer County, Butte County, Lassen County, Amador County, Calaveras County and San Joaquin Council of Governments (SJCOG). The SJCOG engagement included auditing the Measure K Fund used to account for a voter approved one-half of one percent sales tax required to be used in accordance with the San

Joaquin County twenty year transportation expenditure plan and the San Joaquin County Freeway Service Patrol program. These programs are very similar to the programs administered by STA. The Measure K program included auditing population apportionments and grants to local jurisdictions for bus and rail operations as well as transportation-related capital projects subject to Measure K rules and regulations similar to Measure A rules and regulations. We also audit the Freeway Service Patrol program for El Dorado County and Placer County.

We have also conducted audits on behalf of SACOG, the El Dorado County Transportation Commission, Placer County Transportation Planning Agency, Butte County Association of Governments, Amador County Transportation Commission, Calaveras County Council of Governments and the San Joaquin Council of Governments and municipalities in Sacramento, Yolo, Yuba, Sutter, El Dorado, Butte, Placer, Lassen, Amador, Calaveras and San Joaquin Counties that receive Measure K and Transportation Development Act (TDA) revenue (claimants), such as Yolo County Transportation District, Paratransit, Inc., Yuba-Sutter Transit Authority, Placer County Transit, Butte Regional Transit, Sacramento Regional Transit District as well as the Local Transportation Fund and State Transit Assistance Fund for each of those counties. These audits include financial audits of the funds used by the municipalities to account for the TDA sales tax and gas tax, the trust funds at the counties as well as an audit of compliance with Measure K and the TDA. The claimants that we audit consist of both transit and non-transit entities, which has provided us with extensive experience with many unique aspects of the transportation industry and the administrator/claimant relationship present in STA's operations. We successfully developed a thorough knowledge of the related Public Utility Code, California Code of Regulations, local ordinances and transportation planning agencies' rules and regulations in order to perform these audits. As a result of performing these audits, we have demonstrated our ability to perform financial audits of transportation agencies and unique sales tax funded programs needed to provide financial audit services to STA. In addition, most of the entities we audit for TDA compliance in Sacramento County are also recipients of STA's Measure A and SAVSA funds, so we are familiar with the procedures at these organizations.

## **EXTENSIVE GOVERNMENTAL AUDITING EXPERIENCE**

We audit several cities and special districts that utilize fund accounting, and that have debt issuances similar to that of STA, including the Cities of West Sacramento, Elk Grove, Lincoln, Chico and Citrus Heights and the Sacramento Metropolitan Fire District, El Dorado Irrigation District and Sacramento Suburban Water District. We assisted Sacramento Suburban Water District with the initial recording of their interest rate swaps. Serving these clients ensures we have the technical expertise to provide assistance to STA on complex accounting issues and has given us extensive experience with a wide variety of agreed-upon procedures engagements, including those related to grant compliance, cost allocations, debt covenants, surprise cash counts and internal control assessments.

The past several years we have provided the Cities of Citrus Heights, Elk Grove, Chico, West Sacramento, and Folsom and Marin Transit, Sacramento Metropolitan Fire District, Oakdale Irrigation District, Florin Resource Conservation District, Consumnes Community Services District, Fair Oaks Water District, San Juan Water District and San Joaquin Council of Governments with extensive assistance in the preparation of their Comprehensive Annual Financial Reports (CAFR), including the first CAFR the Oakdale Irrigation District, Florin Resource Conservation District, Consumnes Community Services District and San Joaquin Council of Governments had ever prepared. The CAFRs for all of these agencies have received

the Government Finance Officers Association's Certificate of Achievement for the years we have assisted them.

## **OUR COMMITMENT TO PROVIDE TIMELY SERVICES AND COMMUNICATIONS**

We have the technical expertise, engagement management skills and staffing resources sufficient to ensure that your reporting deadlines are met. We have consistently planned, scheduled and conducted our audits of the entities we serve in an efficient and effective manner in order to meet their reporting deadlines. We have consistently met both those reporting deadlines and time budgets on all of the engagements mentioned above. From time to time our clients may need to contact us to ask questions or discuss accounting issues and other matters. We are available through the year to answer questions and encourage our clients to ask questions as the issues surface. We are timely and responsive to our clients' questions and requests for information.

\* \* \* \* \*

Once again, we would like to thank you for the opportunity to present our proposal to serve as independent auditors. We have established a reputation with our clients for quality service, timeliness and professionalism. Accordingly, we have included some of these entities as references in this proposal and we encourage you to contact them. For these reasons and many others as outlined in this proposal, we are genuinely enthusiastic over the prospect of serving you.

Our proposal has been signed by an individual with authority to negotiate on behalf of and to contractually bind our firm. We confirm that we have received the RFP and all Addenda thereto. Our proposal is valid for a 90-day period from the due date of the proposal. If you have questions or need additional information during the period of proposal evaluation, please contact Brian Nash or me, by telephone (916) 564-8727, fax (916) 564-8728, correspondence addressed to 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to isheipline or bnash@richardsoncpas.com.

Very truly yours,

RICHARDSON & COMPANY, LLP

Ingrid M. Sheipline, CPA  
Managing Partner

---

## OUR UNDERSTANDING OF SERVICES TO BE PROVIDED

---

We understand that STA requires an audit of its basic financial statements for the fiscal year ended June 30, 2021, with options to extend for two additional years, including all procedures necessary for the issuance of an opinion regarding the fairness of the presentation of the financial statements in conformity with generally accepted accounting principles. The audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA) and the standards set forth for financial audits contained in *Government Auditing Standards (1994)* issued by the Comptroller General of the United States, as revised. These services will include the following:

1. Perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement.
2. Prepare STA's Comprehensive Annual Financial Report consistent with generally accepted accounting principles for governmental agencies, to ensure obtaining the GFOA award.
3. Report on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
4. Determine compliance with the terms and definitions of the applicable laws, rules and/or regulations of PUC Division 19, the Measure A Ordinance and Expenditure Plan, California Vehicle Code Section 22710, and all applicable contracts.
5. Evaluate internal controls and issue a report based on our understanding of the internal control structure and assessment of control risk. In this report, we will also communicate any weaknesses in internal control found during the audits.
6. Issue a Management Letter addressed to the Board of Directors and management setting forth recommendations (as applicable) for improvements in STA's accounting systems.
7. Perform agreed-upon procedures related to Measure A entities and SCTMFP entities to the extent considered necessary to ensure compliance with applicable laws and contracts. The procedures will include:
  - a. A review of the entity's accounting system as it specifically relates to the accounting for and control over original, new and capital Measure A and SAVSA receipts and expenditures.
  - b. Selection of a sample of the entity's expenditures for original Measure A On-Going and Capital Project Measure A to ensure the expenditures are appropriate and allowable.
  - c. Select a sample of mitigation fee permits and compare to the rate schedule.
8. Prepare a report to the Board of Directors, or Finance Committee, to communicate the matters covered in Statement on Auditing Standard No. 114.

We have a reputation for meeting our client's deadlines. You have indicated that our final reports for the audit shall be available by December 1, 2021. To ensure meeting these reporting deadlines, we will begin our preliminary planning in June and will meet with the ITOC in July or August to discuss the audit approach. We will plan to commence year-end fieldwork in September, or at such time as the books have been closed and all documents and analyses have been completed. We will plan to start the agreed-upon procedures at the jurisdictions in September but will coordinate the timing so as not to interfere with their respective agency audits. We will provide STA with the priority and timely service it deserves.

---

## AUDIT APPROACH

---

Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management.

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing STA and governmental organizations similar to STA, we will identify such issues in a timely manner and obtain a better understanding of your organization and the external and internal environments in which STA operates. We will examine your funding source contracts and agreements to determine the effect on the nature and extent of the auditing procedures. We will meet with your personnel to obtain an understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how the computer is used to process data, and prepare internal control questionnaires with the assistance of your staff.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to planning the audit will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as updated by Nos. 122 through 125. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will use our prior experience with STA to document the control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost efficient mix of audit procedures. In developing the audit program, our aim will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures which accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We will provide your staff with a list of trial balances, confirmation letters, account analyses and other items we will need during the course of our audit.



**Program Execution:** During this stage of our audits, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will test a sample of transactions in all of the significant balance sheet accounts as well as revenues and expenses. Documentation reviewed will include remittance advices, invoices or calculations prepared by STA. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be minimal disruption of the day-to-day operations.

The following proposed work plan was developed based upon our current understanding of the situation and with your deadlines in mind. As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support.

## Work Plan

Task	Timing	Estimated Hours				
		Partner	Senior Manager	Seniors	Staff	Total
<b>Audit Planning:</b>	June/July	8	15	10	5	38
Begin audit planning process						
Internal control/systems documentation and evaluation						
Develop audit programs						
Prepare audit assistance package						
Risk assessment						
<b>Meeting with ITOC</b>	July/August	2				2
<b>Substantive Testing:</b>	September/October	45	80	75	75	275
Cash and investments						
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Property and equipment						
Debt and debt service expenditures						
Funds held in trust						
Equity						
<b>Compliance Testing/Agreed - Upon Procedures</b>	September/October	10	30	30	50	120
Tests of compliance with laws, regulations and contracts, including program specific internal control testing, indirect cost allocation and interest allocation						
Selection of a sample of expenditures for allowability under Measure A and SCTMFP						
<b>Reporting and Wrap-up:</b>	October/November	15	25	15	10	65
Prepare CAFR and audit reports						
Draft reports available for review	November 1					
Deliver final reports	December 1					
		80	150	130	140	500

Reporting: Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audits and to ensure that the work is properly supervised. To ensure the audits are completed within the scheduled time frame, we will discuss with you targeted completion dates for the various tasks and will develop a staffing plan that will ensure these completion dates are met.

For the agreed-upon procedures, we will coordinate all entity fieldwork schedules with STA staff. STA staff will set all initial appointment, unless permission is obtained by the auditor to schedule these appointments. We understand that entity staff will be available during scheduled times to be interviewed during the course of the agreed-upon procedures, and will reproduce and/or pull documents as required. We will provide a list of the items we will need prior to this date, as well as our sample of expenditures for which we will need supporting documentation.

We will review the drafts of all of our reports and letters with STA prior to finalization to ensure your requirements have been met. Draft copies of the audit reports, internal control reports, management letters and agreed-upon procedures report will be delivered by November 1, 2021. Five copies of the final reports will be delivered to the STA no later than December 1, 2021. In our previous service to STA, we have always been able to deliver the final reports by the due date.

# RICHARDSON & COMPANY PROFILE

**Firm Information:**

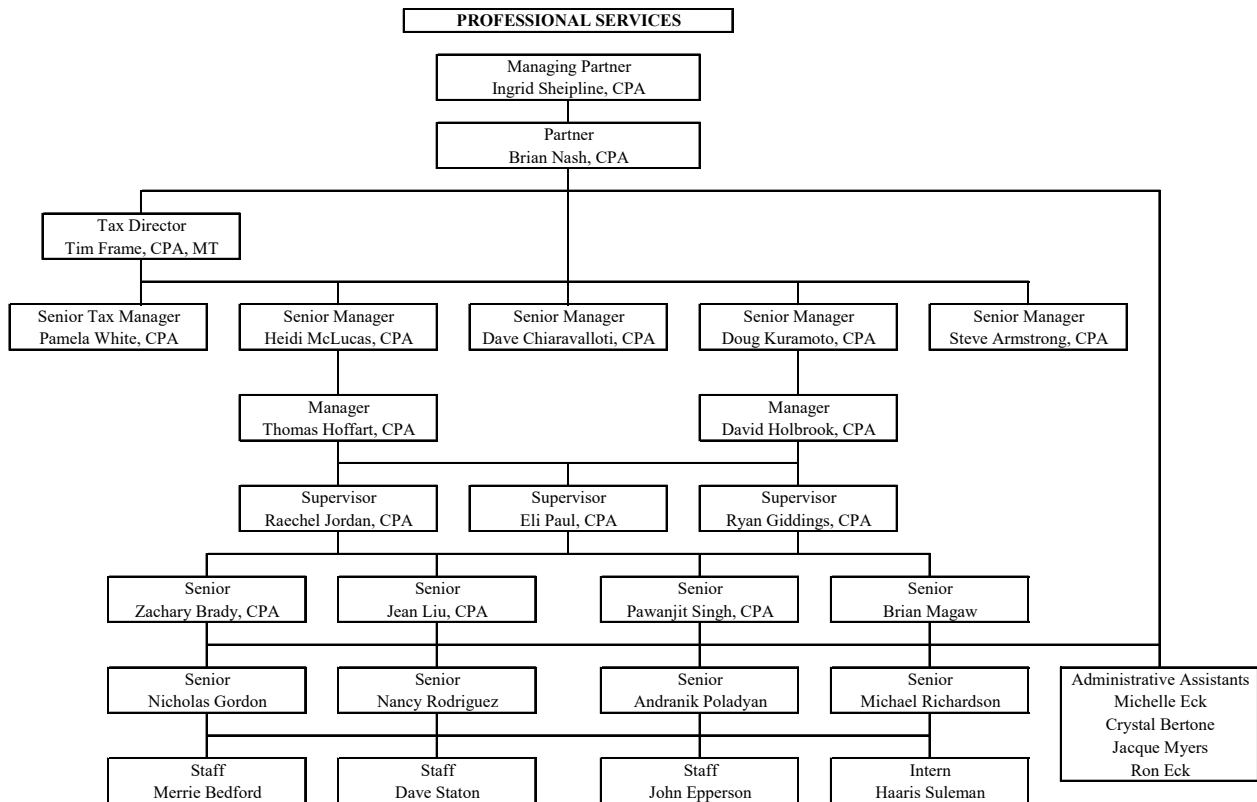
Legal name of firm: Richardson & Company, LLP

Location and telephone number: 550 Howe Avenue, Suite 210  
 Sacramento, California 95825  
 (916) 564-8727

Date firm established: January 1991

Type of organization: Partnership established in California

**Firm Profile:** Richardson & Company, LLP is a regional CPA firm founded in 1991 and located in Sacramento. We have a total staff of twenty-eight, including fifteen CPAs. Our governmental audit staff totals twenty-five, all of which are located in Sacramento. We are among the top 25 largest accounting firms operating in the Sacramento area. We are a certified Micro Business by the California Department of General Services and a certified Disadvantaged Business Enterprise and Woman-owned Business Enterprise by CalTrans. We provide audit, accounting, tax and business advisory services to numerous governmental, commercial and nonprofit entities, including the largest water district in the world located in Los Angeles and other organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far north as Eureka, California and south as Whittier, California. The following is an overall organization chart for our firm.



The resumes of our firm’s key personnel to be assigned to STA are included in the section entitled PROFESSIONAL STAFF. Richardson & Company has all of the required resources

within our firm, accordingly, we will not use any sub-consultants to fulfill our commitments to STA.

A brief description of similar projects for which our firm has provided services during the past five years, and three to five former clients for whom our firm has performed services similar to those described in this RFP are included in the section entitled SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES. The following separate reports have been provided as examples of closely related projects:

- Sacramento Metropolitan Fire District (Provided as an example award-winning Comprehensive Annual Financial Report)
- El Dorado County Transportation Commission (Provided as an example transportation entity financial statement)
- Placer County Transportation Planning Agency (Provided as an example of a transportation entity and grant compliance audit)

We have also provided all of the same reports that STA is requesting when we performed STA's audits for the years ended June 30, 2004 to 2010 and 2015 to 2017. We have not included sample reports for these projects.

Our current and future firm and personnel commitments to other projects will not interfere with our firm's ability to meet our commitments to STA. None of our contracts, audits, engagements, etc. have ever been terminated (partially or completely) by clients for convenience or default either within the past three years or since the inception of our firm. However we have included the contact information for three former clients.

We have extensive experience with the preparation and review of award-winning Comprehensive Annual Financial Reports and we can assist STA in this endeavor.

It is our policy to recruit, hire and promote for all job classifications without regard to race, religion, color, creed, national origin, age, sex, marital status, sexual orientation, affectional preference, handicap or veteran status. All staffing decisions are based solely on the qualifications of each individual. We do not discriminate in working conditions, physical facilities or any other terms, conditions or privileges of employment including compensation, training, promotion, demotion or separation.

Additional Pertinent Information: Our firm is dedicated to providing our clients with quality audit, tax and business advisory services at a reasonable cost consistent with the highest professional standards. We have proven ability in converting our years of experience and in directing our firm's resources to the benefit of our clients. Our current and past clients include numerous governmental entities (state, county, city and special districts), several nonprofit organizations, several banks, SEC registrants, several water districts, including the largest water district in the world, and other entities.

We provide audit services to governmental entities including transportation planning agencies, joint powers authorities, cities, water and fire districts, other special districts and Transportation Development Act funding recipients. We also provide audit services to nonprofit organizations, financial institutions and bank holding companies, real estate partnerships, a magazine circulation audit and others. We have provided audit services to most of the cities located within the greater Sacramento region, large water and fire special districts such as the Metropolitan Water District of Southern California and the Sacramento Metropolitan Fire District and several transportation planning agencies including the Sacramento Area, El Dorado, Placer, Amador,

Calaveras, Butte and San Joaquin Councils of Governments and their city and county funding recipients. We perform Single Audit Act and compliance audits for both governmental and nonprofit entities. We provide tax services to our audit clients requiring those services.

The cities and other governmental agencies we audit have populations as large as 150,000 and asset bases of up to \$1.5 billion. These organizations have multiple component units and joint ventures and a significant number of financing arrangements and funding sources that must be audited for compliance with rules and regulations. We also audit water districts with power operations utilizing swaps to fix power costs, organizations with OPEB and pension trust funds and highly regulated financial institutions that use cutting edge stock based compensation arrangements. Because we operate in complex and highly regulated industries, we must continually demonstrate our competence and uphold the highest standards of care.

We have performed several special investigative audits for governmental special districts that have received extensive statewide news media attention. Being selected several times to conduct this special audit work demonstrates that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner. Our investigations discovered several problems and our audit results were made public by the districts involved. The FBI, IRS and District attorney's office subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work which, in certain cases, resulted in managers and assistants serving federal prison sentences.

The services we provide to our government and other clients prove that we have the ability to provide the services that STA requires. Examples of these services include the following:

- We have audited agencies that oversee the collection and distribution of sales tax and vehicle registration fees earmarked for transportation-related expenditures in accordance with the Expenditure and Strategic Plans. As the auditors for STA for nine years, we have gained experience in auditing transportation sales tax recipients for compliance with various laws, rules and/or regulations, including the Public Utilities Code, the Sacramento County Measure A Ordinance and Expenditure Plan and Transportation Expenditure Plan agreements. In addition, we have audited SJCOG, which administers the Measure K transportation sales tax as well as the funding recipients and projects including bus and rail operations and transportation-related capital projects for compliance with Measure K rules and regulations. As a result of performing these audits, we have the background and experience needed to provide these financial services to STA.
- We have conducted audits on behalf of the Sacramento Area Council of Governments, El Dorado County Transportation Commission, Butte County Association of Governments, Placer County Transportation Planning Agency, Amador County Transportation Commission, Calaveras Council of Governments and the San Joaquin County Council of Governments of the municipalities in Calaveras, Placer, Amador, El Dorado, Sutter, Sacramento, San Joaquin, Yolo and Yuba Counties that receive TDA revenue (claimants) as well as the Local Transportation Fund and State Transit Assistance Fund for each of those counties. These audits include financial audits of the funds used by the municipalities to account for the transportation funding money and the trust funds at the counties as well as an audit of compliance with transportation requirements. As a result of performing these audits, we have the background and experience needed to provide auditing services to STA. We have over twenty years of experience in performing transportation audits.

- We conduct the audits of the basic financial statements of numerous government agencies, including transportation-related districts, water and fire districts, as well as a number of cities, including compliance auditing and evaluating internal control. Our experience performing these audits of basic and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles and compliance auditing. These specific agencies are listed in the SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES section of this proposal.
- The past several years we have provided the Cities of Citrus Heights, Elk Grove, Chico, West Sacramento and Folsom and Marin Transit, Sacramento Metropolitan Fire District, Oakdale Irrigation District, Florin Resource Conservation District, Consumnes Community Services District, Fair Oaks Water District, San Juan Water District, and San Joaquin Council of Governments with extensive assistance in the preparation of their Comprehensive Annual Financial Reports (CAFR), including the first CAFR the Oakdale Irrigation District, Florin Resource Conservation District, Consumnes Community Services District and San Joaquin Council of Governments had ever prepared. The CAFRs for all of these agencies have received the Government Finance Officers Association’s Certificate of Achievement for the years we have assisted them.
- We have provided federal compliance auditing services to numerous entities, including the Cities of American Canyon, Elk Grove, West Sacramento, Chico, Lincoln, Colfax, Folsom, Dixon, Citrus Heights, Rocklin, Marysville and Colusa Yolo County Transportation District, Yuba Sutter Transit Authority, Unitrans and numerous special districts and nonprofit organizations receiving federal grants that must also comply with Government Auditing Standards and the Single Audit Act.

Quality Control: Our firm is a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participates in the AICPA National Peer Review Program. We were among the first firms to register with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all nine of our peer reviews with a “clean opinion” and three PCAOB inspections. The nine peer reviews cover the entire period our firm has been in existence. All of our peer reviews have included the review of specific government engagements.

The quality control policies for our auditing practice are described in detail in our firm’s Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

In addition to obtaining excellent peer review and inspection results, Richardson & Company is committed to providing quality service and demonstrates this commitment in many ways, including:

- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.

- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.
- Auditing annually for more than 30 years, including twelve years while key personnel in our practice were with Ernst & Young, over \$600 million of annual charges submitted to a large Southern California water agency by the California Department of Water Resources for the costs of delivering water to the water agency from the State Water Project. The water agency is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” firms.
- Being selected several times to conduct special audits on behalf of several water and fire districts, including situations where it was alleged that expense reimbursements had been paid in excess of amounts authorized by policy or law. Our investigations proved the allegations were true and discovered several other problems. Our audit results were made public by the districts involved and extensively reported in the local and statewide news media. The FBI, IRS and the Sacramento District Attorney subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work. This special audit work proves that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner.
- Engaging a partner and Director of Audit and Banking Practices for a large midwestern firm to serve as the concurring reviewer for our SEC registrant banks as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including several that received the award on the first attempt.
- Preparing audited financial statements and other information for inclusion in several public offerings documents reviewed by the SEC and other CPA firms, including Big Four firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.
- Organizing, staffing and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as our clients.

Continuing Education: All members of our firm regularly attend courses on government accounting and auditing issues and grant compliance auditing and are represented on the

California Society of CPA's Sacramento Chapter Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related audits completes 80 hours of continuing education and training every two years, including subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients.



---

## PROFESSIONAL STAFF

---

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for with regard to the TDA claimants and funds we audit on your behalf. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards for governmental and grant compliance auditing, including TDA compliance, to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber.

The following resumes outline the qualifications and experience of the firm's principals and other key personnel.

Ingrid M. Shepline, CPA (Engagement Audit Partner and Managing Partner)

Ingrid will serve as the Engagement Audit Partner and will work closely with the managers in the management and execution of our audit services. She will be involved in supervising the planning, fieldwork, report preparation and work paper review. Formerly an audit manager with Ernst & Young, she is a Certified Public Accountant with over thirty-five years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including government entities, nonprofit organizations, utilities, banks, insurance agencies, manufacturers and distributors. She is currently serving or has served all of the previously mentioned government entities, including Sacramento Transportation Authority, Sacramento Area Council of Governments, El Dorado County Transportation Commission, Placer County Transportation Planning Agency, Amador County Transportation Commission, Butte County Association of Governments and Lassen County Transportation Commission. She has twenty-seven years of experience working with transportation compliance auditing. While with Ernst & Young, she specialized in government entities and grant compliance auditing, and has attended or taught numerous governmental education seminars.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

Brian Nash, CPA (Technical Advisor and Partner)

Brian Nash, Certified Public Accountant, and a partner with our firm, will serve as a technical advisor and reviewer to Ingrid and the managers, providing technical support as needed. He will serve in this role because of his extensive experience working with Sacramento Area Council of Governments, Calaveras Council of Governments, El Dorado County Transportation Commission, Placer County Transportation Planning Agency and the other TPAs we have served and his extensive knowledge of the TDA, Single Audit and governmental auditing. He has twenty-seven years of professional accounting and auditing experience and has provided services to a variety of clients, including most of the government entities, nonprofits, banks, water agencies and other entities described in the preceding sections of this proposal, including SACOG and its claimants. Brian has performed transportation compliance audits for twenty-

seven years and, as a result, he has developed extensive knowledge and expertise with respect to the TDA and its laws, rules and regulations.

Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

#### Heidi McLucas, CPA (Audit Senior Manager)

Heidi McLucas is a senior manager with our firm and will work closely with Ingrid in planning, conducting fieldwork and workpaper review. She has conducted fieldwork and assisted with supervising the staff in the performance of transportation audits for the past sixteen years. She would work on-site for the entire duration of the fieldwork. Heidi has over sixteen years of experience with our firm and a total of twenty-seven years of accounting experience, including five years as the manager in charge of an H&R block office. She has provided services to a variety of clients, including a number of governmental entities, water agencies, nonprofits, banks and other entities described in the preceding sections of this proposal. She has worked with SACOG, El Dorado County Transportation Commission, El Dorado Transit and Yuba-Sutter Transit, among other governmental agencies. She has previously served in the audit of STA. Heidi received a Bachelor of Arts degree from Simpson University.

#### Other Staff

We would assign manager, supervisor, senior and staff accountants as needed to the engagement with experience working on transportation and other governmental audits since everyone in our firm is required to work on a portion of our previously mentioned audits. We anticipate having two to three other staff assigned to the audit.

---

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

---

Governmental Audit Experience: Since leaving the international CPA firm of Ernst & Young LLP, Joe Richardson (deceased), Ingrid Shepline, Brian Nash and their team have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. Many of our present and past clients are former national-firm clients and include a number of governmental organizations. The services we provide to our government clients prove that we have the ability to provide the services that STA requires. Our current and past clients include the following:

### Transportation-related Entities

- Sacramento Transportation Authority
- Sacramento Area Council of Governments
- Placer County Transportation Planning Agency
- Butte County Association of Governments
- El Dorado County Transportation Commission
- Amador County Transportation Commission
- Calaveras Council of Governments
- Lassen County Transportation Commission
- San Joaquin Council of Governments
- Yolo County Transportation District
- Yuba-Sutter Transit Authority
- Transport System of the University of California at Davis
- Paratransit
- Marin County Transit District
- El Dorado County Transit Authority
- Lassen Transit Services Agency
- Amador Transit
- Butte Regional Transit
- Paratransit
- Calaveras Transit
- El Dorado County Transit Authority
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba
- Sacramento County State Transit Assistance Fund
- Counties of Sacramento, Sutter, Yolo and Yuba Transportation Development Act Funds
- Cities of Folsom, Rancho Cordova, Citrus Heights, Elk Grove, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- El Dorado County and City of Placerville Transportation Development Act Funds
- El Dorado County Local Transportation and State Transit Assistance Funds
- City of Angels and County of Calaveras Transportation Development Act Funds
- County of Placer and Cities of Auburn, Colfax, Lincoln, Loomis, Rocklin and Roseville Transportation Development Act funds
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs and Paradise Transportation Development Act funds
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District

- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems

#### Cities

- |                           |                          |
|---------------------------|--------------------------|
| • City of West Sacramento | • City of Rocklin        |
| • City of American Canyon | • City of Dixon          |
| • City of Sonoma          | • City of Marysville     |
| • City of Chico           | • City of Folsom         |
| • City of Elk Grove       | • City of Biggs          |
| • City of Lincoln         | • Town of Loomis         |
| • City of Sutter Creek    | • City of Rancho Cordova |
| • City of Colfax          | • City of Colusa         |
| • City of Citrus Heights  | • City of Ione           |

#### Special Districts

- Sacramento Metropolitan Fire District
- Sacramento Public Library Authority
- Sacramento Regional Fire/EMS Communication District
- Nevada Irrigation District
- Mountain House Community Services District
- Auburn Area Recreation and Park District
- Fair Oaks Recreation and Park District
- Consumnes Community Services District
- Rancho Murieta Community Services District
- South San Joaquin Irrigation District
- Tri-Dam Project and Power Authority
- American River Flood Control District
- Citrus Heights Water District
- Carmichael Water District
- Fair Oaks Water District
- Del Paso Manor Water District
- Amador Water Agency
- Glenn-Colusa Irrigation District
- Sacramento Suburban Water District
- Reclamation District No. 1000
- Reclamation District No. 2035
- Glenn-Colusa Irrigation District
- Oakdale Irrigation District
- South Feather Water and Power Authority
- Regional Water Authority
- Sacramento Groundwater Authority
- Florin Resource Conservation District
- Merced Irrigation District
- Yuba County Water Agency
- South Yuba Water District
- State Water Project Contractors Authority
- Cosumnes (formerly Elk Grove) Community Services District
- Yolo-Solano Air Quality Management District
- El Dorado Hills Community Services District
- El Dorado Hills Fire Department
- Wilton Fire Protection District

- Pacific Fruitridge Fire Protection Service
- Courtland Fire Protection District
- Herald Fire Protection District
- Stanislaus Consolidated Fire District
- Nevada County Consolidated Fire District
- El Dorado Irrigation District
- El Dorado County Local Agency Formation Commission
- Solano County Water Agency
- South Sutter Water District
- Tuolumne Utilities District
- Rio Linda/Elverta Community Water District
- Paratransit, Inc.
- Transport System of the University of California at Davis
- Sacramento Valley Basinwide Air Quality Control Council
- Yolo County Flood Control and Water Conservation District
- Yolo County Local Agency Formation Commission

Other Government Entities

- Association of California Healthcare Districts - The Alpha Fund (workers compensation risk pool for rural hospitals)
- Funds and accounts of the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California, including special analyses and projects related to its contract with the State
- California State Assistance Fund for Enterprise, Business and Industrial Development
- Funds and accounts of the U.S. Bureau of Reclamation (USBR) on behalf of the Central Valley Project Water Association and various water districts including Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water District, Sacramento Municipal Utility District and Placer County Water Agency

References: We have emphasized throughout our proposal that Richardson & Company provides quality service. Please feel free to contact any of these clients to confirm our ability to provide the type of services you are seeking.

Current Projects/Clients:

Name of referenced entity: Sacramento Area Council of Governments (Audits of SACOG’s Local Transportation and State Transit Assistance Funds, Yolo County Transportation District, Unitrans, Paratransit, Yuba-Sutter Transit Authority and the Transit and Non-Transit Transportation Development Act Funds of the Counties of Yolo, Sacramento, Yuba and Sutter, and the Cities of Davis, Folsom, Citrus Heights, Elk Grove, Rancho Cordova, Galt, Isleton, Live Oak, Marysville, Sacramento, West Sacramento, Wheatland, Winters, Woodland and Yuba City)

Name, title and phone number of contact: Caroline Payne, Senior Analyst  
(916) 340-6232  
[CPayne@sacog.org](mailto:CPayne@sacog.org)

Terry Bassett, Executive Director, Yolo County Transportation District

(530) 661-0816  
[TBasset@yctd.org](mailto:TBasset@yctd.org)

Location: 1415 L. Street, Suite 300  
Sacramento, California 95814

Services performed: Audits of the financial statements of transit agencies and the special purpose financial statements of the transportation funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.

Dates completed: Audits completed for the years ended June 30, 1994 to June 30, 2008 and June 30, 2010 to June 30, 2020

Budget performance: The audits were completed within the quoted fee.

Schedule performance: The audits were completed in accordance with the required due dates outlined in the Transportation Development Act.

Key Personnel: Ingrid Sheipline, Brian Nash and Heidi McLucas

\* \* \* \* \*

Name of referenced entity: Placer County Transportation Planning Agency, (audits of PCTPA's financial statements, including the Cities of Auburn, Colfax, Lincoln, Rocklin and Roseville, Town of Loomis and the County of Placer TDA)

Name, title and phone number of contact: Shirley LeBlanc, Fiscal/Administrative Officer  
(530) 823-4034  
[sleblanc@pctpa.net](mailto:sleblanc@pctpa.net)

Location: 299 Nevada Street  
Auburn, California 95603

Services performed: Audits of the financial statements of transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.

Dates completed: Audits completed for the years ended June 30, 2014 through 2020.

Budget performance: The audits were completed within the quoted fee.

Schedule performance: The audits were completed in accordance with the required due dates outlined in the Transportation Development Act.

Key Personnel: Ingrid Sheipline and Brian Nash

\* \* \* \* \*

Name of referenced entity: El Dorado County Transportation Commission  
Name, title and phone number of contact: Karen Barger, Administrative Services Officer  
(530) 642-5264  
[kbarger@edctc.org](mailto:kbarger@edctc.org)  
Location: 2828 Easy Street, Suite 1  
Placerville, California 95667  
Services performed: Audit of the financial statements of the Commission in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.  
Dates completed: Audits completed for the years ended June 30, 1997 to June 30, 2003 and June 30, 2009 to June 30, 2020  
Budget performance: The audits were completed within the quoted fee.  
Schedule performance: The audits were completed in accordance with the required due dates outlined in the Transportation Development Act.  
Key Personnel: Ingrid Shepline, Brian Nash and Heidi McLucas

\* \* \* \* \*

Name of referenced entity: Butte County Council of Governments, (audits of BCAG's financial statements, including the Local Transportation Fund, State Transit Assistance Fund, RSTP Fund, Butte Regional Transit, and the Transit and Non-Transit Transportation Development Act Funds of the County of Butte and Cities of Chico, Oroville, Biggs, Paradise and Gridley)  
Name, title and phone number of contact: Julie Quinn, Chief Financial Officer  
(530) 879-2468  
[jquinn@bcag.org](mailto:jquinn@bcag.org)  
Location: 326 Huss Drive, Suite 150  
Chico, CA 95928  
Services performed: Audits of the financial statements of BCAG, transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.  
Dates completed: Audits completed for the years ended June 30, 2013 through 2020  
Budget performance: The audits were completed within the quoted fee.  
Schedule performance: The audits were completed in accordance with the required due dates outlined in the Transportation Development Act.

Key Personnel: Ingrid Sheipline, Brian Nash and Heidi McLucas

\* \* \* \* \*

Name of referenced entity: Calaveras Council of Governments, (audits of the COG's financial statements, including the Local Transportation Fund and State Transit Assistance Fund, County of Calaveras Transit Fund and City of Angels TDA Fund)

Name, title and phone number of contact: Amber Collins, Executive Officer  
(209) 754-2094  
[acollins@calcog.org](mailto:acollins@calcog.org)

Location: 444 E. Saint Charles Street, Suite A  
San Andreas, California 95249

Services performed: Audits of the financial statements of Calaveras COG, transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.

Dates completed: Audits completed for the years ended June 30, 2012 through June 30, 2020

Budget performance: The audits were completed within the quoted fee.

Schedule performance: The audits were completed in accordance with the required due dates outlined in the Transportation Development Act.

Key Personnel: Brian Nash and Ingrid Sheipline



Former Projects/Clients

Name of referenced entity: Amador County Transportation Commission  
Amador Transit Services Agency

Name, title and phone number of contact: John Gedney, Executive Director  
(209) 267-2282  
[john@actc-amador.org](mailto:john@actc-amador.org)

Address: 117 Valley View Hwy  
Sutter Creek, California 95685

Services performed: Audit of the financial statements of the Commission in accordance with generally accepted auditing standards, Government Auditing Standards and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.

Dates completed: Audits completed for the years ended June 30, 2014 through 2018

\* \* \* \* \*

Name of referenced entity: Fair Oaks Water District

Name, title and phone number of contact: Tom Gray, General Manager  
Chi Ha-Ly, Finance Manager  
(916) 967-5723  
[tgray@fowd.com](mailto:tgray@fowd.com)  
[cha-ly@fowd.com](mailto:cha-ly@fowd.com)

Address: 10317 Fair Oaks Blvd.  
Fair Oaks, California 95628

Services performed: Audit of the financials in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* and review of the CAFR for the years ended.

Dates completed: Audits completed for the years ended December 31, 2004 through 2008 and 2014 through 2018

\* \* \* \* \*

Name of referenced entity: Sacramento Suburban Water District

Name, title and phone number of contact: Jeff Ott, Director of Finance and Administration  
(916) 972-7171  
[jott@sswd.org](mailto:jott@sswd.org)

Address: 3701 Marconi Avenue  
Sacramento, California 95821

Services performed: Audit of the financial statements in accordance with generally accepted auditing standards, and *Governmental Auditing Standards*, a Single Audit under OMB Circular A-133 and review of the CAFR. Also completed extensive special project work on behalf of the Board of Director.

Dates completed: Audits completed for the years ended January 31, 2003 through December 31, 2006 and 2014 through 2019

## COST PROPOSAL

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

Based upon our current understanding of the situation, our total not-to-exceed cost for the years ended June 30, 2021, 2022 and 2023 to provide the services described in Sections 3 of the RFP for STA will be as follows, based on the following hours and rates:

Classification	Hours	Hourly Rates	Fee
Partner	80	\$ 200	\$ 16,000
Senior Manager	150	160	24,000
Senior	130	120	15,600
Staff	140	90	12,600
	<u>500</u>		<u>68,200</u>
Discount			(21,200)
TOTAL JUNE 30, 2021 NOT-TO-EXCEED FEE			<u>\$ 47,000</u>
TOTAL JUNE 30, 2022 NOT-TO-EXCEED FEE			<u>\$ 48,000</u>
TOTAL JUNE 30, 2023 NOT-TO-EXCEED FEE			<u>\$ 49,000</u>

These fees are based upon the anticipated cooperation from all of the personnel of STA, and include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel. There will be no additional charges related to these items. Therefore, our fee is all inclusive and represents a not to exceed amount. In the event that the scope of our audit has to be increased due to changes in accounting or auditing pronouncements and standards, laws or regulations, material weaknesses in the internal control environment, or significant changes in operations, we will discuss the situation with you and arrive at a new fee arrangement.

The preceding fees were based on the following hourly rates by job classification:

Classification	Hourly Rates		
	2020/2021	2021/2022	2022/2023
Partner	\$ 200	\$ 200	\$ 200
Senior Managers	180	180	180
Managers	160	160	160
Supervisors	140	140	140
Seniors	120	120	120
Semi-senior	100	100	100
Staff	90	90	90
Clerical	60	60	60

Since Richardson & Company consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. We make a commitment to our staff members and our clients to provide adequate supervision and training on each engagement. Our firm will bring to the audits strong technical backgrounds, government accounting expertise and outstanding engagement management skills. **If you have concerns about the fee or scope of services, we would welcome the opportunity to discuss them with you before you make your final decision.**

---

# PEER REVIEW REPORT

---



CPAs & BUSINESS ADVISORS

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

July 17, 2018

To the Partners of Richardson & Company, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

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

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2018, 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*. Richardson & Company, LLP has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Eide Bailly LLP

What inspires you, inspires us. [eidebailly.com](http://eidebailly.com)

400 Pine St., Ste. 600 Abilene, TX 79601-5190 T 325.672.4000 TF 800.588.2525 F 325.672.7049 EOE

---

## ATTACHMENT A

---

Sample CAFR for Sacramento Metropolitan Fire District is included in the proposal packet separately.

(This page intentionally left blank.)

---

## ATTACHMENT B

---

Sample financial statement for El Dorado County Transportation Commission is included in the proposal packet separately.

(This page intentionally left blank.)

---

## ATTACHMENT C

---

A sample financial statement for Placer County Transportation Planning Agency is included in the proposal packet separately.



(This page intentionally left blank.)

# **BROWN ARMSTRONG**

Certified Public Accountants

## **SACRAMENTO TRANSPORTATION AUTHORITY TECHNICAL PROPOSAL**

TO PROVIDE FINANCIAL AUDIT SERVICES

**March 1, 2021**

Ryan L. Nielsen, CPA/Partner  
4200 Truxtun Avenue, Suite 300  
Bakersfield, CA 93309  
rnielsen@bacpas.com  
(661) 324-4971

# Sacramento Transportation Authority Table of Contents

	<u>Page</u>
Cover Letter .....	2
5.1 Approach .....	4
5.2 Discussion of Issues .....	8
5.3 Firm Information .....	8
5.3.1 .....	8
5.3.2 .....	8
5.3.3 .....	9
5.3.4 .....	9
5.3.5 .....	9
5.3.6 .....	10
5.3.7 .....	10
5.3.8 .....	11
5.3.9 .....	12
5.3.10 .....	12
5.3.11 .....	13
5.3.12 .....	13
5.3.13 .....	13
5.3.14 .....	14
5.4 Cost Proposal .....	15
 <b>Exhibits</b>	
I. Engagement Team Resumes and Continuing Professional Education .....	16
II. External Quality Control Review Report.....	22
II. Summary of Recent Governmental Experience .....	24



# BROWN ARMSTRONG

*Certified Public Accountants*

## **Cover Letter**

March 1, 2021

Timothy Jones  
Chief Financial Officer  
801 12<sup>th</sup> Street, Floor 5  
Sacramento, CA 95814-2947

Dear Mr. Jones;

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial statement audits of Sacramento Transportation Authority (the STA) for the fiscal years ending June 30, 2021, with an option to extend the contract for each of the two subsequent fiscal years. We believe our proposal exceeds the requirements outlined in your request for proposal.

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

Known as one of the largest regional accounting firms in Central California, Brown Armstrong's mission is "to exceed expectations and provide opportunities." Our fifty-four (54) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience in governmental transit and transportation planning Authority audits. We have audited numerous agencies similar to yours for four decades. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

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

### **BAKERSFIELD OFFICE (MAIN OFFICE)**

4200 TRUXTUN AVENUE  
SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL [info@bacpas.com](mailto:info@bacpas.com)

### **FRESNO OFFICE**

10 RIVER PARK PLACE EAST  
SUITE 208  
FRESNO, CA 93720  
TEL 559.476.3592

### **STOCKTON OFFICE**

1919 GRAND CANAL BLVD  
SUITE C6  
STOCKTON, CA 95207  
TEL 888.565.1040

[WWW.BACPAS.COM](http://WWW.BACPAS.COM)

Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

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

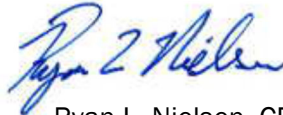
I certify that the requirements of the project as described in the RFP have been reviewed, all addenda have been received, and I have conducted all necessary due diligence to confirm material facts upon which this proposal is based.

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

I, the undersigned, certify that I am duly authorized to represent the above named firm and am empowered to submit and negotiate the terms of this bid with STA. In addition, I certify that I am authorized to contract with the STA on behalf of the above named firm. Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for ninety (90) days.

Sincerely,

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



By: Ryan L. Nielsen, CPA  
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

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

Title of person signing on behalf of the corporation: Partner

## 5.1 Approach

We have thoroughly read your request for proposal and understand the audit services to be provided as listed in the Scope of Services section. We understand Sacramento Transportation Authority (STA) is seeking a qualified certified public accounting firm to perform an independent audit of STA's Comprehensive Annual Financial Report (CAFR), in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. We also understand STA is seeking to receive the Government Finance Officers Association (GFOA) Certificate of Achievement of Excellence in Financial Reporting for the CAFR. In addition, we also understand that STA is seeking the performance of agreed upon procurements related to Measure A and the Sacramento Abandoned Vehicle Service Authority (SAVSA) entities. Our commitment to performance and efficient completion of this audit on or before the dates specified in your request for proposal, and vast experience in governmental entities, including transits, makes us a prime candidate as your auditors.

Our audit approach is based on a thorough understanding of the environment and risks, and is non-intrusive to your day to day operations, but a hands-on approach that makes you feel comfortable and part of the process.

Based on experience auditing California transportation agencies, we have developed standard audit plans, which have been tailored to comply with auditing standards generally accepted in the United States of America, *Governmental Auditing Standards*, Pronouncements of the Governmental Accounting Standards Board (GASB), and Public Utilities Code, Section 99243, Uniform System of Accounts and Records, adopted by the California Comptroller's Office.

The methods employed to formulate our auditors' opinions consist of several functions. These functions and the related time requirements, as well as the timing are as follows:

### Planning

Upon notification of award of the contract, we will commence planning of the engagement by reviewing copies of key work papers from the predecessor auditor, prior year financial statements, procedural manuals, minutes, and performance of other planning procedures. From the information we gather during planning, we will develop a preliminary audit strategy and form an audit risk assessment. We will also develop an information request list detailing requested items needed for interim and yearend procedures and will email to the audit liaison prior to scheduled interim and final fieldwork. We utilize a sharefile for uploading and downloading of information. We also have a section in our work papers where we save all information provided by the client. During the first day of interim work, we will hold a pre-audit conference.

Prior to performing interim and yearend fieldwork, we will perform preliminary analytics. We do this by developing expectations based on historical experience and known current year factors and investigating any significant departures at the financial statement level to determine if we can reach our comfort of level for certain audit areas. Much of the planning is performed remotely, including mailing of confirmations, sample selections, and review of minutes of the Board of Directors.

During interim and yearend fieldwork, we perform test of controls of audit areas, substantive procedures, compliance testing, and interview of key staff.

### Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

### Evaluation of Internal Control in Connection with the Financial Statement Audit

This phase is the cornerstone of the examination. Internal accounting control generally comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

# TECHNICAL PROPOSAL

## Sacramento Transportation Authority

We use inquiry, both written and oral, to document our understanding of STA's internal control structure. We then test our understanding with compliance auditing, sometimes called tests of transactions. Based on our experience with transportation agencies, we will focus our evaluation of the internal control system in the following areas:

- controls over disbursements and purchasing, and
- controls over payroll,

We will begin by preparing memoranda to describe the internal control system. The memoranda are prepared based on information obtained through our inquiry and observation of STA personnel, and from our review of STA's organizational charts, procedural manuals and programs, and documented financial and management information systems. Our memorandum will then be reviewed to isolate significant strengths and weaknesses that would affect the extent of our substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on the significant strengths we have identified.

At this point in our plan, we will have a progress conference with the Executive Director and/or designated personnel to summarize the results of our study and evaluation of internal control. This conference will occur in accordance with the approved Calendar of Activities. Based on the results of our study and evaluation of the internal control structure, we will then perform compliance tests on the following:

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

Compliance testing will be performed by staff with direct supervision by a manager. Any findings will be discussed with management for accuracy and the process of development of recommendations immediately started.

### Final Audit Plan

Based on the results of our study and evaluation of the internal control structure, the results of our compliance review, and the results of our planning analytical procedures, we prepare our final audit plan. The plan is documented in our audit programs in accordance with auditing standards generally accepted in the United States of America and reviewed by the engagement partner for approval. Prior to commencement of final field work, a final Provided by Client (PBC) list will be provided to and discussed with management of STA in accordance with the approved Critical Dates List.

### Final Field Work

In this phase of the examination, we obtain sufficient competent evidential matter to afford a reasonable basis for our opinions and reports. This evidential matter is obtained through the performance of substantive procedures consisting of inspection, observation, inquiry, confirmation, and analytical tests.

At the end of our fieldwork, we will have an exit conference with the Executive Director and/or finance manager of STA. The purpose of this meeting will be to summarize the results of our fieldwork and to review significant findings. As part of this conference, we will review significant audit adjustments and items needed to complete the audit, if any exist. We will also review significant commitments and contingencies discovered during our audit and the need for disclosure. This conference will occur at the end of fieldwork.

### Final Review

The review process is constant throughout the engagement. The engagement manager reviews each working paper prepared by a staff assistant. The engagement partner then reviews all working papers and all financial statements and reports to be issued. These financial statements and reports are then reviewed by a governmental audit partner not directly involved in the engagement for concurrence of opinion prior to release of these statements and reports to STA.

### Completion of the Audit

All of our planning, supervision and review will be focused upon delivering the required reports and comply with all items listed in the RFP.

# TECHNICAL PROPOSAL

Sacramento Transportation Authority

## Proposed Schedule of Work and Deadlines

Timing	Phase	Staff	Hours
July/August	<b>Planning and Administration</b> <ul style="list-style-type: none"> <li>Review prior year work papers.</li> <li>Review and evaluate STA's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements.</li> <li>Entrance Conference with Management to discuss audit approach, timing, assistance and issues. Discuss SAS-99 approach.</li> <li>Prepare overall memo confirming audit procedures, timing and assistance.</li> <li>Prepare detailed work plan and audit programs, audit budget and staffing schedule. Provide schedules to management.</li> </ul>	Partner Manager Senior Staff	2 6 16 8 <u>2</u>  <u>34</u>
August	<b>Interim Audit Field Work</b> <ul style="list-style-type: none"> <li>Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and reviews of supporting documentation:               <ul style="list-style-type: none"> <li>➤ Budgeting,</li> <li>➤ Revenue, billing, accounts receivable and cash collections,</li> <li>➤ Purchasing, expenditures, accounts payable and cash disbursements,</li> <li>➤ Capital assets and journal entry procedures,</li> <li>➤ Payroll,</li> <li>➤ Inventory,</li> <li>➤ Self Insurance</li> </ul> </li> <li>Review minutes of Board meetings and other key committees.</li> <li>Coordinate and assist STA staff in the preparation of all appropriate confirmation requests including:               <ul style="list-style-type: none"> <li>➤ Bank accounts</li> <li>➤ Investment accounts</li> <li>➤ Grants</li> <li>➤ Revenue from governmental agencies</li> <li>➤ Attorney letters</li> <li>➤ Others, as required</li> </ul> </li> <li>Hold progress conference with Management on a weekly basis to discuss preliminary audit findings.</li> <li>Obtain preliminary trial balance and input in our systems for interim analytical procedures.</li> </ul>	Partner Manager Senior Staff	4 12 59 <u>48</u>  <u>123</u>



# TECHNICAL PROPOSAL

Sacramento Transportation Authority

Timing	Phase	Staff	Hours
September/ October	<b>Year-End Audit Procedures</b> <ul style="list-style-type: none"> <li>Entrance conference with Management.</li> <li>Follow-up on all outstanding confirmations.</li> <li>Verify and validate account balances by including invoices, vouchers, resolutions, minutes, and other documentation, as required.</li> <li>Perform analytical review of revenues and expenditures. Determine reasons for material differences between budget and actual, test and verify management attestations.</li> <li>Complete payroll testing from journals to W-2 amounts (cross fiscal year). Tie W-2's to other available information.</li> <li>Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.</li> <li>Perform agreed-upon procedures</li> </ul>	Partner Manager Senior Staff	12 16 40 32 0 <u>100</u>
November	<b>Reporting</b> <ul style="list-style-type: none"> <li>Draft all reports for:               <ul style="list-style-type: none"> <li>➤ Government-wide, fund and supplemental financial statements, and notes</li> <li>➤ Independent Auditors' Report</li> <li>➤ Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance</li> <li>➤ Management Letter</li> <li>➤ Letter to the Board of Directors</li> <li>➤ Fund Financial Statement Reports</li> </ul> </li> <li>Prepare report to STA's Audit and Finance Committee.</li> <li>Finalize all reports, findings and recommendations and deliver by December 1<sup>st</sup>.</li> </ul> Available to present all reports to Managerial Committees.	Partner Manager Senior Staff	8 24 14 3 8 <u>57</u>
		<b>Total Hours</b>	<b>314</b>
December 2nd	<b>Exit Meeting With Board of Directors</b> <ul style="list-style-type: none"> <li>Explain overall audit approach</li> <li>Discuss findings and recommendations</li> <li>Report opinions on financial statements and single audit</li> <li>Address required communication topics</li> </ul>		

## Brown Armstrong's Response to the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. At this time, it is our top priority to protect our employees and our client's employees by offering remote audit as an alternative. The remote audit would consist of all the Authority's documents being transmitted through Sharefile and any meetings conducted via Zoom. Should it be necessary to perform fieldwork at the Authority, our employees will wear masks at all times and abide by the CDC's recommendations of maintaining a minimum of six feet apart.

## 5.2 Discussion of Issues

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

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

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

## 5.3 Firm Information

Our firm has extensive experience in audits of local governments, having performed over 900 audits of public agencies over the past five (5) years. Several of these are local government agencies with a population of over 50,000 and over \$100 million in general governmental revenues. We currently audit transits, counties, cities, and numerous other local governments. Exhibit III of this proposal presents a summary of our recent governmental experience.

Our governmental audit staff is made up of thirty-six (36) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations.

<b>Our Staff</b>		<b>Audit Staff</b>	
Partners	9	Partners	8
Shareholders in Training	2	Shareholders in Training	1
Managers	6	Managers	4
Seniors	5	Seniors	5
Supervisors	2	Supervisors	1
Staff Accountants	16	Staff Accountants	15
Support Staff	14	Support Staff	2
<b>Total</b>	<b>54</b>	<b>Total</b>	<b>36</b>

### 5.3.1 Legal Name of Firm

Our firm’s legal name in the State of California is Brown Armstrong Accountancy Corporation.

### 5.3.2 Location(s) and Telephone Number(s)

We have three (3) offices located throughout the state of California. We have additional offices in Fresno and Stockton to better service our clients’ needs. Our main office is located in Bakersfield, California. All assigned personnel will be employed on a full-time basis from the Bakersfield office. Pertinent information for those offices are as follows:

**Bakersfield Office**

4200 Truxtun Avenue, Suite 300  
 Bakersfield, CA 93309  
 T: (661) 324-4971  
 F: (661) 324-4997

**Fresno Office**

10 River Park Place, East, Suite 208  
 Fresno CA, 93720  
 T: (559) 476-3592  
 F: (661) 324-4997

**Stockton Office**

1919 Grand Canal Boulevard, Suite C-6  
 Stockton, CA 95207  
 T: (209) 451-4833  
 F: (661) 324-4997

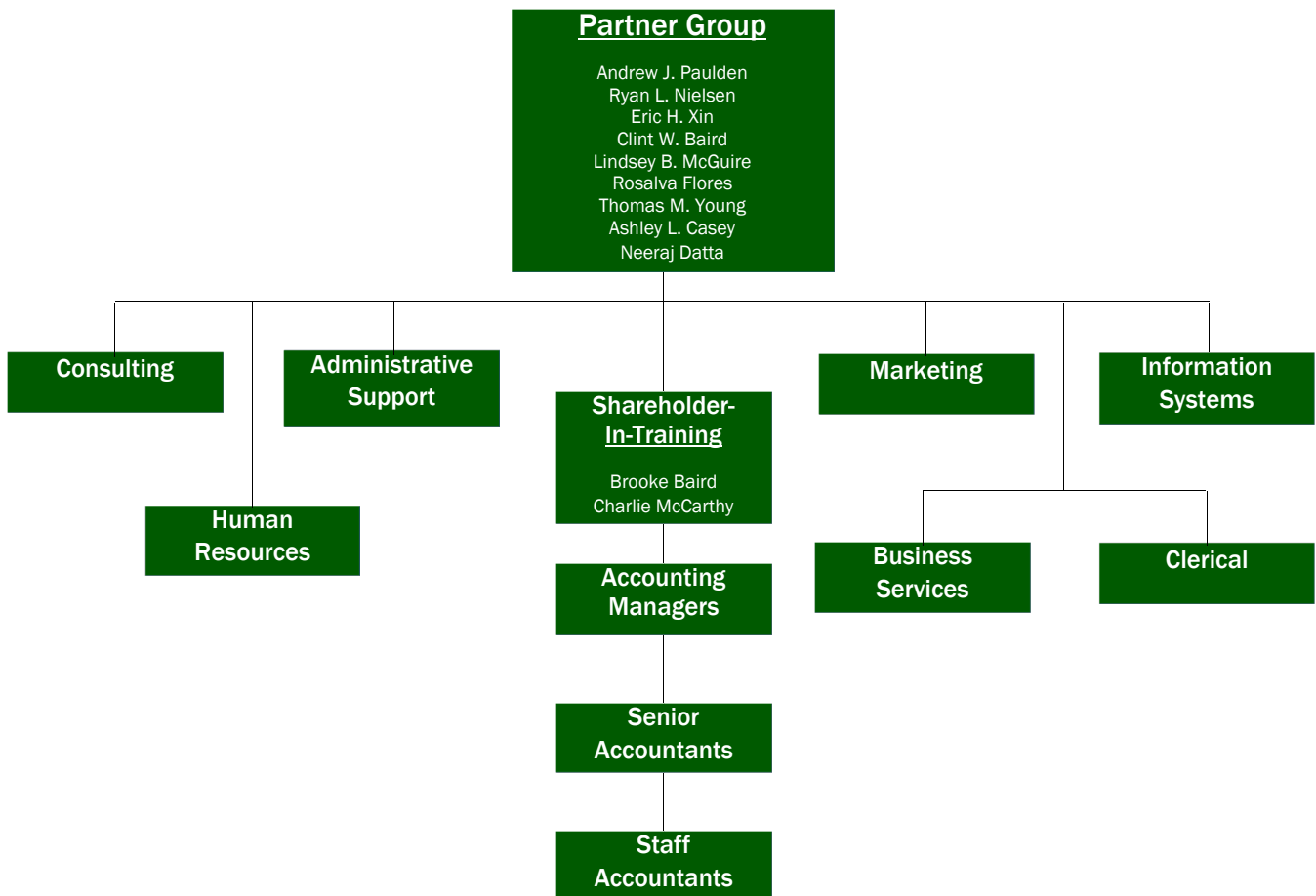
### 5.3.3 Date Firm Established

Brown Armstrong was established in 1974 and became a Corporation in 1977.

### 5.3.4 Type of Organization (Partnership, Corporation, Etc.), and Where Incorporated, if Applicable

Brown Armstrong Accountancy Corporation is a C Corporation and was incorporated in the County of Kern, Bakersfield, California.

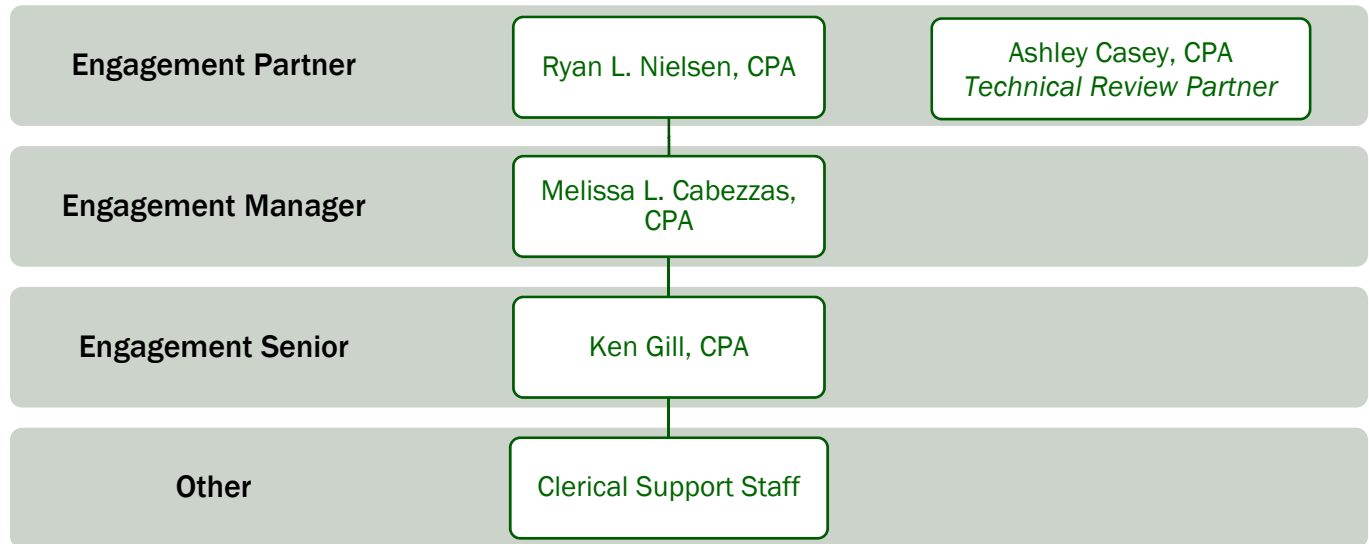
### 5.3.5 Firm Organization Chart



## 5.3.6 Names and Resumes of Firm's Officers, Principals, and Other Key Personnel Applicable to This Engagement

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

Resumes of the primary engagement team are included at Exhibit I of this proposal.



## 5.3.7 Types of Services Normally Provided By Sub Consultants

No sub consultants will be used in providing the required services to STA.

## 5.3.8 A Brief Description of Similar Projects for Which the Firm Has Provided Services During The Past 5 Years

Below are four (4) of our most recent clients that may be contacted as references for audits similar to this one.

### Riverside Transit Agency

Project Description and Location  
Scope of Work

Auditing: Riverside, CA  
Annual Financial Audit, TDA Compliance, Single Audit,  
Other Agreed Upon Procedures

Total Value of Services Performed (per year)  
Budget Performance  
Schedule Performance  
Key Personnel Involved

\$80,000

100%

On-time

Ryan L. Nielsen  
Melissa Cabezzas

Sub Consultants Involved

None

### Napa Valley Transportation Authority

Project Description and Location  
Scope of Work

Auditing: Napa, CA  
Annual Financial Audit, TDA Compliance, Single Audit,  
Measure Compliance and Performance Audits

Total Value of Services Performed (per year)  
Budget Performance  
Schedule Performance  
Key Personnel Involved

\$44,000

100%

On-time

Ryan L. Nielsen  
Melissa Cabezzas

Sub Consultants Involved

None

### Golden Empire Transit District

Project Description and Location  
Scope of Work

Auditing: Bakersfield, CA  
Annual Financial Audit, TDA Compliance, Single Audit

Total Value of Services Performed (per year)  
Budget Performance  
Schedule Performance  
Key Personnel Involved

\$31,000

100%

On-time

Ryan L. Nielsen  
Melissa Cabezzas

Sub Consultants Involved

None

### San Joaquin Council of Governments

Project Description and Location  
Scope of Work

Auditing: Stockton, CA  
Annual Financial Audit, TDA Compliance, Single Audit,  
Other Agreed Upon Procedures

Total Value of Services Performed (per year)  
Budget Performance  
Schedule Performance  
Key Personnel Involved

\$180,000

100%

On-time

Ryan L. Nielsen  
Melissa Cabezzas

Sub Consultants Involved

None

Listed below are links to reports we've prepared for some of these clients.

<https://www.nvta.ca.gov/sites/default/files/NVTA%20FS%20Final%20FY19.pdf>

<https://www.sjocog.org/ArchiveCenter/ViewFile/Item/743>

<https://www.getbus.org/wp-content/uploads/2020/01/GET-CAFR-18-19.pdf>

## 5.3.9 A List of From Three to Five Former Clients for Whom the Firm Has Performed Services Similar to Those Described in This RFP

### Stanislaus Council of Governments

Project Description and Location  
Scope of Work  
Dates of Service  
Address

Contact

Auditing: Modesto, CA  
Annual Financial Audit, Measure L, Single Audit  
2013-2018  
1111 I Street, Suite 308  
Modesto, CA 95354  
Karen Kincy, Senior Financial Services Specialist  
(209) 525-4640  
[Kkincy@stancog.org](mailto:Kkincy@stancog.org)

### San Joaquin Council of Governments

Project Description and Location  
Scope of Work

Dates of Service  
Address

Contact

Auditing: Stockton, CA  
Annual Financial Audit, TDA Compliance, Single Audit,  
Other Agreed Upon Procedures  
2007-2019  
555 E. Weber Ave.  
Stockton, CA 95202  
Gracie Orosco, Chief Accountant  
(209) 235-0454  
[gorosco@sjcog.org](mailto:gorosco@sjcog.org)

### Fresno Council of Governments

Project Description and Location  
Scope of Work  
Dates of Service  
Address

Contact

Auditing: Fresno, CA  
Annual Financial Audit  
2001-2003  
2035 Tulare Street, Suite 201  
Fresno, CA 93721  
Les Beshears  
(559) 233-4148  
[beshears@fresnocog.org](mailto:beshears@fresnocog.org)

## 5.3.10 Current and Future Firm and Personnel Commitments to Other Projects in Sufficient Detail to Confirm the Firm's Ability to Commit to the STA.

Brown Armstrong is proud of its timely delivery of quality audit reports to all our audit clients. During our planning phase, we will develop a Calendar of Activities that we will use to make sure key tasks are completed within set time frames. Our scheduling methods ensure that assigned personnel are not overscheduled and are available to commit the time required to assigned projects. We place an emphasis on Partner, Manager, and Senior level involvement with our audits to ensure the highest quality, due professional care and expertise.

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

## 5.3.11 Lists of Contracts Terminated by Clients for Convenience or Default within the Past Three Years

We have not had any terminated contracts in the last three years other than contracts that expired due to required rotation policies or contracts awarded to a successful bidder through the normal RFP process.

## 5.3.12 A Statement of The Firm's Local Experience In Auditing a GFOA Award Winning CAFR and Any Assistance Available to the STA in this Endeavor

We are highly experienced in the preparation of the Comprehensive Annual Financial Reporting (CAFR) in conformance with auditing standards generally accepted in the United States of America, and in aiding clients in obtaining the GFOA Certificate of Achievement of Excellence in Financial Reporting. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee.

The Partners assigned to this engagement are very well versed with this program and are aware of the requirements of what it takes to receive the award, such as report content, statistics and graphic presentation. Our Partners will assist management with understanding the requirements to help produce an award winning financial report.

## 5.3.13 A Statement of the Firm's Current Equal Opportunity Policy

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

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

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

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

# TECHNICAL PROPOSAL

## Sacramento Transportation Authority

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

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

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

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

### 5.3.14 Additional Pertinent Information to Aid the STA in Assessing the Firm's Qualifications and Experience

#### Transit Entity Experience

Riverside Transit Agency  
San Joaquin Council of Governments  
Kern Council of Governments  
Council of Fresno County Governments  
Golden Empire Transit District  
Santa Cruz Metropolitan Transit District  
Central Contra Costa Transit Agency  
Fresno County Transportation Authority  
Napa Valley Transportation Authority  
Solano County Transit  
Stanislaus Council of Governments  
Tulare County Association of Governments  
Antelope Valley Transit Authority  
Gold Coast Transit District  
Kings County Area Public Transit Agency  
Marin County Transit District  
Santa Barbara Metro Transit District  
San Luis Obispo Council of Governments

#### TDA Experience

- San Joaquin Regional Transit District
- San Joaquin Regional Rail Commission
- City of Lodi Transit, *TDA and Measure K Funds*
- City of Escalon Transit, *TDA and Measure K Funds*
- City of Manteca Transit, *TDA and Measure K Funds*
- City of Ripon *TDA and Measure K Funds*
- City of Stockton *TDA and Measure K Funds*
- City of Tracy *TDA and Measure K Funds*
- County of Stockton *TDA and Measure K Funds*
- City of Bakersfield *TDA Funds*
- City of Arvin *TDA Funds*
- California City *TDA Funds*
- City of Delano *TDA Funds*
- City of Maricopa *TDA Funds*
- City of McFarland *TDA Funds*
- City of Ridgecrest *TDA Funds*
- City of Taft *TDA Funds*
- City of Tehachapi *TDA Funds*
- County of Kern *TDA Funds*
- North of the River Recreation and Parks *TDA Funds*
- City of Dinuba *TDA Funds*
- City of Exeter *TDA Funds*
- City of Farmersville *TDA Funds*
- City of Lindsay *TDA Funds*
- City of Porterville *TDA Funds*
- City of Tulare *TDA Funds*
- City of Visalia *TDA Funds*
- City of Woodlake *TDA Funds*
- County of Tulare *TDA Funds*



## 5.4 Cost Proposal

The total not-to-exceed maximum price for the 2021 engagement, each of the two subsequent years is as follows:

	Hours	Hourly Rates	All-Inclusive Maximum Price For Fiscal Year Ended June 30,			Total for 3 Years
			2021	2022	2023	
<b>CAFR and Other Reports</b>						
Partners	26	\$350	\$ 9,100	\$ 9,100	\$ 9,100	\$ 27,300
Manager	58	\$210	12,180	12,180	12,180	36,540
Senior	129	\$140	18,060	18,060	18,060	54,180
Staff	91	\$100	9,100	9,100	9,100	27,300
Clerical	10	\$80	800	800	800	2,400
<b>Total All-Inclusive Maximum Price</b>	<b>314</b>		<b>\$ 49,240</b>	<b>\$ 49,240</b>	<b>\$ 49,240</b>	<b>\$ 147,720</b>

### Rates for Additional Professional Services

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

### Manner of Payment

Brown Armstrong agrees to progress payments on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our cost proposal. Interim billings shall cover a period of not less than a calendar month. We understand the final payment will be made after delivery of the final reports.

# Exhibit I

## Engagement Team Resumes



# RYAN NIELSEN

ENGAGEMENT PARTNER, CPA

### EDUCATION

California State University, Bakersfield, 2003

Graduated Magna Cum Laude

Bachelor of Science Degree in Business and Public Administration with a Concentration in Accounting

### CONTACT

PHONE:  
661-324-4971

WEBSITE:  
[www.bacpas.com](http://www.bacpas.com)

EMAIL:  
[rn Nielsen@bacpas.com](mailto:rn Nielsen@bacpas.com)

## BACKGROUND

Ryan Nielsen is a principal with over 17 years of experience in governmental accounting. He began his career here in Bakersfield at Brown Armstrong while working on his accounting degree from CSUB. Since graduating with high honors in 2003, Ryan has grown within the firm serving a diverse client base. His expertise ranges from public transit and transportation planning to family owned oil and gas producers. He also has gained great experience in large publicly traded companies.

Ryan has always ensured that we have the highest level of audit, tax, and consulting services for all of his clients through relationship building. He is actively involved in a number of professional organizations such as the California Transit Association, American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, and the California Municipal Finance Officers Association.

## EXPERIENCE

### Special Districts

Belridge Water Storage District  
Carpinteria Valley Water District  
Lebec County Water District

North Kern Cemetery District  
Pixley Public Utility District  
West Valley County Water District

### Transits

Anaheim Transportation Network  
Fresno County Transportation Authority  
Gold Coast Transit District  
Golden Empire Transit District  
Kern Council of Governments  
Kern County TDA Fund Recipients  
Kings County Area Public Transit District  
Marin County Transit  
Napa Valley Transportation Authority  
Riverside Transit Agency  
San Joaquin Council of Governments  
San Joaquin County TDA Fund Recipients  
San Joaquin Regional Transit District  
Santa Cruz Metropolitan Transit District  
Solano County Transit

## ROLES AND RESPONSIBILITIES

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the STA, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery



# ASHLEY CASEY

TECHNICAL REVIEW PARTNER,  
CPA

## EDUCATION

California State University, Chico, 2007

Bachelor of Science Degree  
in Business Administration,  
Option in Accounting

## CONTACT

PHONE:  
661-324-4971

WEBSITE:  
[www.bacpas.com](http://www.bacpas.com)

EMAIL:  
[acasey@bacpas.com](mailto:acasey@bacpas.com)

## BACKGROUND

Ashley Casey, a partner at Brown Armstrong’s Stockton office, and the Technical Review Partner of the engagement, has over 13 years of experience in accounting and auditing of governmental clients. Her primary business focus is governmental entities and her audit specialties include retirement systems, transits, cities, and special districts.

She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants, Accounting and Financial Women’s Alliance, and the California Society of Certified Public Accountants (CaICPA). Ashley currently serves as a Board Director for the CaICPA San Joaquin Chapter, is currently the Financial Literacy Committee Chair and serves as a State Committee Member for the Governmental Accounting and Auditing Committee.

## EXPERIENCE

### Cities

City of Visalia  
City of Chowchilla  
City of Tulare

### Retirements

Marin County Employees’ Retirement Association  
Mendocino County Employees’ Retirement Association  
Sacramento County Employees’ Retirement System  
San Francisco Bay Area Rapid Transit Retirement Plans  
San Joaquin County Employees’ Retirement Association  
San Mateo County Employees’ Retirement Association  
Sonoma County Employees’ Retirement Association  
Stanislaus County Employees’ Retirement Association

### Special Districts

Bear Mountain Recreation & Park District  
County of Sonoma District Attorney’s Office – Audit of Automobile  
Insurance Fraud and Workers’ Compensation Fraud Programs  
East Bay Regional Park District  
Kern-Tulare Water District  
Mother Lode Job Training Agency  
South San Joaquin Irrigation District  
Valley Consortium for Medical Education  
Westside Mosquito & Vector Control District

### Transits

Central Contra Costa Transit Authority  
Eastern Contra Costa Transit Authority  
Riverside Transit Agency  
San Joaquin Council of Governments

## ROLES AND RESPONSIBILITIES

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



# MELISSA CABEZZAS

ENGAGEMENT MANAGER, CPA

## EDUCATION

California State University, Bakersfield  
2008

Bachelor of Science Degree in  
Business Administration,  
Concentration in Accounting and  
Business Administration

## CONTACT

PHONE:  
661-324-4971

WEBSITE:  
[www.bacpas.com](http://www.bacpas.com)

EMAIL:  
[mcabezzas@bacpas.com](mailto:mcabezzas@bacpas.com)



## BACKGROUND

Melissa is the engagement manager of the project and located in our Bakersfield office. She has more than 13 years of governmental auditing experience at Brown Armstrong. Her primary business focus is governmental entities audit and accounting. Her audit specialties include transit districts, cities, and counties.

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

## EXPERIENCE

### Cities

City of Bakersfield  
City of Burlingame  
City of Chowchilla  
City of Delano

City of Laguna Woods  
City of Paso Robles  
City of Seaside  
City of Tulare

### Counties

County of Kern  
County of Kings  
County of Merced  
County of San Joaquin

County of Santa Barbara  
County of Stanislaus  
County of Tulare

### Special Districts

Carpinteria Valley Water District  
Kern-Tulare Water District  
Lebec County Water District  
Los Osos Community Services District  
Minter Field Airport District

Rosamond Community Services  
District  
San Joaquin Area Flood Control  
District  
West Valley County Water District

### Transits

Antelope Valley Transit Authority  
Golden Empire Transit District  
Gold Coast Transit District  
Kern Council of Governments  
Kings County Area Public Transit  
Agency  
Marin County Transit District  
Napa Valley Transportation  
Authority  
Riverside Transit Agency  
San Joaquin Council of  
Governments

San Luis Obispo Council of  
Governments  
San Luis Obispo Regional Transit  
Authority  
San Luis Obispo South County  
Transit  
Santa Barbara County Metropolitan  
Transit District  
Santa Cruz Metropolitan Transit  
District  
Solano County Transit

## ROLES AND RESPONSIBILITIES

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



# KEN GILL

ENGAGEMENT SENIOR, CPA

## EDUCATION

California State University, Bakersfield  
2015

Bachelor of Science Degree in Business Administration, Concentration in Accounting

## CONTACT

PHONE:  
661-324-4971

WEBSITE:  
[www.bacpas.com](http://www.bacpas.com)

EMAIL:  
[kgill@bacpas.com](mailto:kgill@bacpas.com)

## BACKGROUND

Ken is an audit senior with three (3) years of governmental auditing experience. He has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. He has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

## EXPERIENCE

### Counties

County of Napa County of Tulare  
County of Riverside

### Special Districts

Buena Vista Water Storage District  
Indian Wells Valley Groundwater Authority  
Lamont Public Utility District  
Lebec County Water District  
Mojave Public Utility District  
North Kern Cemetery District  
Pixley Public Utility District

### Transits

Anaheim Transportation Network  
Gold Coast Transit District  
Golden Empire Transit District  
Riverside Transit Agency  
Kern Council of Governments  
Kings County Area Public Transit Agency  
San Joaquin Council of Governments  
San Luis Obispo Council of Governments  
Santa Barbara Metropolitan Transit District  
Marin County Transit District  
Tulare County Association of Governments

### Nonprofits

Bakersfield ARC New Start Youth Facility, Inc.  
Buck Owens Private Foundation  
Inspiring Pathways, Inc.

## ROLES AND RESPONSIBILITIES

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

## Continuing Professional Education

## \*Relevant Education Listed

**Ryan Nielsen, CPA**

2020 Supplement and COVID-19 Single Audit Implications, 2020  
 Annual Update: Top Governmental and Not-for-Profit Accounting and Auditing Issues Facing CPAs, 2020  
 Governmental Accounting and Auditing Update, 2020  
 Applying Key Provisions of Risk Assessment Standards to Improve Audit Effectiveness and Efficiency, 2020  
 Recent Changes to Key Topics in Accounting, Auditing, and Attest, 2020  
 Becoming a More Effective 21st Century Leader, 2019  
 Common CPA Firm Management Mistakes, 2019  
 Addressing Partner Conflict and Communication Issues, 2019  
 How to Build a Partner Compensation System that Supports Accountability, 2019  
 Mergers, Acquisitions, Purchased and Sales of Practices: A Current Overview, 2019  
 Pricing, Engagement, and Meeting Facilitation Tips, 2019  
 The New Yellow Book: Government Auditing Standards, 2018 Revision, 2019  
 Governmental Accounting and Auditing Update, 2019  
 Spidell's 2018/2019 Federal and California Tax Update, 2019  
 California Ethics and Fraud Case Studies, 2019  
 GAAP Update, 2019  
 Fundamentals for Performing a Single Audit Under the Uniform Guidance: Administrative Requirements and Cost Principles & Testing Internal Control Over Compliance, 2018  
 Auditing Employee Benefit Plans: Employee Stock Ownership Plans (ESOPs), 2018  
 Annual Accounting and Auditing Workshop: Recent Guidance from the PCAOB, 2018  
 Annual Update: Top Governmental & Not-for-Profit Accounting & Auditing Issues Facing CPAs, 2018  
 Annual Update: Top Governmental & Not-for-Profit Accounting & Auditing Issues Facing CPAs-GASB Statement No. 75, 2018  
 Joint Interest Accounting Stories from the Trenches Accounting Industry Update, 2018  
 Ethical Responsibilities for CPAs, 2018  
 What Every CPA Should Know About Fraud, 2018  
 Spidell's 2017/18 Federal and California Fall Tax Update Seminar, 2018

**Ashley Casey, CPA**

GAA Committee Meeting October 2020, 2020  
 2020 Supplement and COVID-19 Single Audit Implications, 2020  
 Get Organized...Fast, 2020  
 Leading a Remote Workforce, 2020  
 Leverage the Power of Purposeful Recognition, 2020  
 Sustainability Planning for Business and Chapters Through Effective Listening, 2020  
 Traits of Powerful Women, 2020  
 We Can't Be In An Elevator, But We Sure Need a Pitch, 2020  
 Annual Update: Top Governmental and Not-for-Profit Accounting and Auditing Issues Facing CPAs, 2020  
 Governmental Accounting and Auditing Update, 2020  
 Loyalty: The Overlooked Growth Strategy, 2020  
 Developing and Maintaining Ethical Standards in Your Career, 2020  
 Risky Business - Conducting Remote Audits in Uncertain Times, 2020  
 Council Chapter Pres/VP Meeting - CPA Evolution, 2020  
 SQ Estate Planning Lunch and Learn, 2020  
 Applying Key Provisions of Risk Assessment Standards to Improve Audit Effectiveness and Efficiency, 2020  
 Recent Changes to Key Topics in Accounting, Auditing, and Attest, 2020  
 Leadership in Our Changing Times 3, 2019  
 Leadership in Our Changing Times 2, 2019  
 Leadership in Our Changing Times 1, 2019  
 GASB Implementation Guides for Fiduciary Activities and Leases, 2019  
 Introduction to Eat What You Kill & Building a Village Models of Operations, 2019  
 Moving from Eat What You Kill to Building a Village Model, 2019  
 Webinar to follow up the Practice Management, People Development, Change and Speaking Workshop, 2019  
 Practice Management, People Development, Change and Speaking Workshop, 2019  
 The New Yellow Book: Government Auditing Standards, 2018 Revision, 2019  
 Governmental Accounting and Auditing Update  
 How to be More Empowered and Confident in Business, 2019  
 Transformational Leadership, 2019  
 Blockchain, Bitcoin and Cryptocurrency, 2019  
 Living in Alignment with your Values, 2019  
 OPEB Debt Disclosures Financial Reporting Model Partner Rotation  
 Municipal Audits Fiduciary Matters and Other GA&A Matters, 2019  
 Webinar to follow up the Communication and Business Development workshop, 2019  
 AICPA Update/Leadership Succession, 2019  
 GAAP Update, 2019  
 Communication and Business Development  
 Succession Institute Leadership Academy 2018, 2018  
 Optimizing Personal Strengths for Charismatic Leadership, 2018  
 Governmental Accounting and Auditing, 2018  
 Understanding the Actuary's Role and Relevant, 2018 Assumptions in Governmental Audit Engagements, 2018  
 Courageous Conversations, 2018  
 Avoiding Problems in Conducting Single Audits, 2018  
 Governmental Accounting and Auditing Update, 2018  
 Women's Leadership Forum, 2018  
 NFP Audit and Accounting Update, 2018  
 Connect Advance Lead Leverage your LinkedIn Profile, 2018  
 Dare to Shine: Making Room for your Passion, 2018  
 OPEB White Paper, GASB Update, and Enterprise Fund Accounting, 2018  
 Accounting Industry Update, 2018  
 Ethical Responsibilities for CPAs, 2018  
 What Every CPA Should Know About Fraud, 2018  
 Franchise Tax Board Update, 2018

# EXHIBITS

## Sacramento Transportation Authority

### Melissa Cabezzas, CPA

2020 Supplement and COVID-19 Single Audit Implications, 2020  
Annual Update: Top Governmental and Not-for-Profit Accounting and Auditing Issues Facing CPAs, 2020  
Governmental Accounting and Auditing Update, 2020  
Applying Key Provisions of Risk Assessment Standards to Improve Audit Effectiveness and Efficiency, 2020  
Recent Changes to Key Topics in Accounting, Auditing, and Attest, 2020  
The New Yellow Book: Government Auditing Standards, 2018  
Revision, 2019  
Governmental Accounting and Auditing Update, 2019  
Fraud: Essential Audit Tools and Techniques, 2019  
Government Pension Accounting and Financial Reporting Webcast, 2019  
California Ethics and Fraud Case Studies, 2019  
GAAP Update, 2019  
SOC Deep Dive - EBP Audits, 2018  
Initial EBP Audits, 2018  
401(k) Basic Part 4-Investments and Current Topics, 2018  
401(k) Basic Part 3-Distribution Testing, Audit Wrap-Up and Notes to Financial Statements, 2018  
Avoiding Problems in Conducting Single Audits, 2018  
Governmental Accounting and Auditing Update, 2018  
Accounting Industry Update, 2018  
Ethical Responsibilities for CPAs, 2018  
What Every CPA Should Know About Fraud, 2018

### Ken Gill, CPA

AuditWatch Level 4 - Day 3: Experienced In-Charge Training, 2020  
AuditWatch Level 4 - Day 2: Experienced In-Charge Training, 2020  
AuditWatch Level 4 - Day 1: Experienced In-Charge Training, 2020  
Annual Update: Top Governmental and Not-for-Profit Accounting and Auditing Issues Facing CPAs, 2020  
Governmental Accounting and Auditing Update, 2020  
Applying Key Provisions of Risk Assessment Standards to Improve Audit Effectiveness and Efficiency, 2020  
Recent Changes to Key Topics in Accounting, Auditing, and Attest, 2020  
Spidell's 2019/2020 Federal and California Tax Update, 2019  
Accounting Firm New User Training, 2019  
The New Yellow Book: Government Auditing Standards, 2018  
Revision, 2019  
Governmental Accounting and Auditing Update, 2019  
Leadership Training for Supervisors, 2019  
199A Update, 2019  
New Hire Training - Day 5, 2019  
California Ethics and Fraud Case Studies, 2019  
GAAP Update, 2019  
Tax Update: Tax Planning Training, 2018  
Harassment Prevention for Supervisors CA, 2018  
Employee Benefit Plan Training, 2018  
IDEA for Beginning Users - Session #2, 2018  
IDEA for Beginning Users, 2018

# Exhibit II

## External Quality Control Review Report



9250 EAST COSTILLA AVENUE, SUITE 450  
 GREENWOOD VILLAGE, COLORADO 80112  
 303-792-3020 (o) | 303-792-5153 (f)  
 WWW.WCRCPA.COM

---

### REPORT ON FIRM’S SYSTEM OF QUALITY CONTROL

June 27, 2019

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

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

#### Firm’s Responsibility

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

#### Peer Reviewer’s Responsibility

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

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



**Required Selections and Considerations**

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

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

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.



Watson Coon Ryan, LLC

# EXHIBITS

Sacramento Transportation Authority

## Exhibit III

### Summary of Recent Governmental Experience

CITIES	RETIREMENT PLANS	SPECIAL DISTRICTS
City of Bakersfield	Contra Costa County Employees' Retirement Association	Antelope Valley East Kern Water Agency
City of Fresno	Fresno City Employees' Retirement System	Bear Mountain Recreation and Park District
City of Santa Barbara	Fresno County Employees' Retirement Association	California Valley Community Services District
City of Tulare	Imperial County Employees' Retirement System	Cawelo Water District
City of Laguna Woods	Kern County Employees' Retirement Association	East Bay Regional Park District
City of Paso Robles	Los Angeles Fire and Police Pension System	Fresno Irrigation District
City of St. Helena	Los Angeles City Employees' Retirement System	Fresno Metropolitan Flood Control District
	Los Angeles County Employees' Retirement Association	Goleta Water District
	Marin County Employees' Retirement Association	Kern Tulare Water District
	Merced County Employees' Retirement Association	Kern Water Bank Authority
	Sacramento County Employees' Retirement System	Lamont Public Utility District
	San Diego City Employees' Retirement System	Mojave Public Utility District
	San Diego County Employees' Retirement Association	Riverside County Habitat Conservation Agency
	San Francisco Bay Area Rapid Transit District Money Purchase Plan and Deferred Compensation Plan	Pixley Public Utility District
	San Joaquin County Employees' Retirement Association	Port Hueneme Water Agency
	San Joaquin Regional Transit District Retirement Plans	San Joaquin Area Flood Control Agency
	San Luis Obispo County Employees' Pension Trust	San Joaquin Valley Air Pollution Control District
	San Mateo County Employees' Retirement Association	South San Joaquin Irrigation District
	Santa Barbara County Employees' Retirement System	
	Sonoma County Employees' Retirement Association	
	Tulare County Employees' Retirement Association	
	Ventura County Employees' Retirement Association	
COUNTIES	NONPROFITS	HEALTHCARE
County of Fresno	Bakersfield ARC	Kern Health Systems
County of Kern	Community Action Partnership of Kern	Kern Medical
County of Merced	Community Action Partnership of San Luis Obispo	Liberty Health Advantage
County of Riverside	Community Action Partnership of Madera County	Heritage Provider Network
County of San Joaquin	Kern County Bar Association	Heritage California Medical Group
County of San Luis Obispo	Kern County Library Foundation	Heritage New York Medical Group
County of Santa Barbara	Missionary Church Western Regional	Southwest Health Care District
County of Santa Cruz	Tranquil Waters Guidance Center	Riverside County Health System - Medical Center
County of Stanislaus	Valley Consortium for Medical Education	San Joaquin County General Hospital
County of Tulare	Women's Center - High Desert	
County of Napa		
SCHOOLS DISTRICTS	TRANSIT DISTRICTS	
Kern County Superintendent of Schools	Anaheim Transportation Network	Riverside Transit Agency
Taft Union High School District	Antelope Valley Transit Authority	San Joaquin Council of Governments
Tehachapi Unified School District	Central Contra Costa Transit Authority	San Joaquin Regional Transit District
Visalia Unified School District	Eastern Contra Costa Transit Authority	San Luis Obispo Council of Governments
	Fresno County Transportation Authority	Santa Barbara Metropolitan Transit District
	Gold Coast Transit District	Santa Cruz Metropolitan Transit District
	Golden Empire Transit District	Solano County Transit
	Kern Council of Governments	Stanislaus Council of Governments
	Kings County Area Public Transit Agency	Tulare County Association of Governments
	Marin County Transit District	
	Napa Valley Transportation Authority	

# Proposal to Provide Financial Audit Services

**Submitted to:**

Timothy Jones, Chief Financial Officer  
Sacramento Transportation Authority  
801 12<sup>th</sup> Street Floor 5  
Sacramento, California 95814-2947

**Submitted by:**

Jeffrey A. Jensen, Partner  
Crowe LLP  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814-4498  
Direct 916.492.5162  
Tel 916.441.1000  
Fax 916.441.1110  
[jeff.jensen@crowe.com](mailto:jeff.jensen@crowe.com)

March 1, 2021





**Crowe LLP**  
Independent Member of Crowe Global  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814-4498  
Tel 916.441.1000  
Fax 916.441.1110  
www.crowe.com

March 1, 2021

Timothy Jones  
Chief Financial Officer  
Sacramento Transportation Authority  
801 12th Street Floor 5  
Sacramento, California 95814-2947

Dear Mr. Jones:

Crowe LLP (Crowe) is pleased to present our proposal entitled "Proposal to Provide Financial Audit Services" to the Sacramento Transportation Authority (STA) to continue our audit services of STA's financial statements and perform agreed-upon procedures on Measure A and Sacramento Abandoned Vehicle Service Authority (SAVSA) entities for the fiscal year ending June 30, 2021.

Crowe is a public accounting, consulting, and technology firm with offices around the world. Our vision is built on deep specialization and a focus on our clients, our people, and the hallmarks of our profession: integrity, objectivity, and independence.

We are fully qualified to provide exceptional services to STA. Equally important, we have a strong desire to assist you and believe that we can continue to add value to you by completing the audit in a timely manner and by actively seeking ways to assist you in improving your operations. We offer the following specific reasons to choose our team:

- **Public Transportation Experience.** We have significant experience with public transportation agencies across the country allowing us to provide you with more global insights about financial reporting and operational issues public transportation agencies face.  
Each of the key team members included in the proposal have experience with public transportation and governmental agencies. This saves you time having to explain some of the nuances of the transportation industry. Examples of transportation entities served by your engagement team are:
  - Sacramento Transportation Authority
  - Sacramento Regional Transit District
  - Los Angeles County Metropolitan Transportation Authority
  - Riverside County Transportation Commission recipients and transit operators)
  - San Bernardino County Transportation Authority
  - Foothill Transit (Los Angeles)
  - Chicago Transit Authority
  - Chicago Pace Bus and Metra Rail
  - Dallas Area Rapid Transit
  - Metropolitan Atlanta Rapid Transit Authority
  - North Texas Tollway Authority
  - Texas Department of Transportation
  - Louisville TARC
  - Metrolink
  - Miami-Dade County Transit
  - St. Louis Metro Bus and Rail (Bi-State Development)
  - Indianapolis Public Transportation
  - Hillsborough Area (Tampa) Regional Transit (former)
  - Capitol Metro (Austin) (Advisory)
  - Regional Transportation Commission of Southern Nevada
  - Regional Transportation Commission of Washoe County

- **Dedication to Government Industry.** We have 200 individuals that serve governments nationally with audit, risk and performance services, including a variety of government entities in California. A specific and relevant example of our dedication to government is our tenure on a select 15-member AICPA State and Local Government Expert Panel. Selected from amongst 400,000 CPA's because of technical expertise, one of our engagement leaders identified for your audit and our national client service partner is inherently able to provide the latest on emerging accounting and financial standards directly to the benefit of STA. We are very active in all areas of government thought leadership and present for the AICPA Government Audit Quality Center, Government Finance Officers Association (GFOA) and the Association of Government Accountants (AGA).
- **Local Presence.** We combine our national public transit experience with our local presence. We are fully invested in California with six offices in Sacramento, San Francisco, San Jose, Sherman Oaks, Los Angeles and Costa Mesa. We plan to utilize staffing from these offices who already have public transportation experience and fully complemented by our national transportation team.
- **Project Management Technology.** Exchange® is a secure, web-based project management tool that facilitates improved communication and exchange of audit requests (PBC's) between our audit team and your staff. This tool is more than a drop box that most accounting firms provide, it provides the ability to delegate requests to your staff, quickly view due dates by request, and make confidential information private and only accessible by the audit team. Most importantly it reduces duplicate requests from the audit team and has accelerated reporting timelines for our clients as many desire.
- **CAFR Preparation.** Many of our audit and advisory clients issue CAFRs and participate in GFOA Certification. We have experience as both an auditor and an auditee, so we can provide insight on possible enhancements. We believe this will be a benefit to STA who has a long successful history of producing a full CAFR rather than basic financial statements.
- **Client Service Experience.** We want to build strong relationships with our clients. An important part of the client service experience is open and frequent communication, setting mutual expectations and accountability, providing staff continuity, and of course, no surprises.

### **Authorized to Represent and Contact Person**

This proposal is being submitted by Jeffrey Jensen, Partner, who is authorized to represent the firm, is empowered to submit the proposal and is authorized to negotiate and execute a contract with STA. Furthermore, Jeffrey Jensen will serve as the point of contact for this procurement. He will receive all correspondence and other contacts during the selection process. The contact information is provided below:

Jeffrey Jensen, Partner  
Crowe LLP  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814-4498  
916.492.5162  
jeff.jensen@crowe.com

### **Addenda Acknowledgement**

We acknowledge the receipt of the Authority's request for proposal and that the Authority issued no further addendums to the RFP.

Timothy Jones  
STA  
Page iii

We are committed to performing the work to meet your expectations for an efficient, effective, and timely completed engagement and to be available to assist in any other needs that match our skill set.

Thank you for taking the time to consider our proposal. We are looking forward to continuing our professional relationship with STA.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Jensen', written in a cursive style.

Jeffrey A. Jensen,  
Partner

# Table of contents

- 5.1 Approach ..... 1**
  - Understanding of the STA and SAVSA Programs and Required Services ..... 1
  - Technical Approach – Financial Statement Audit..... 1
  - Measure A and SAVSA– Agreed-Upon Procedures Approach ..... 7
  - Technology and Innovation..... 8
  - Crowe Insight™ ..... 8
  - Data Security ..... 8
  - Project Management and Research Tools ..... 9
  - Project Management Methodology ..... 9
  - Timeline Schedule ..... 11
  
- 5.2 Discussion of Issues ..... 12**
  
- 5.3 Firm Information..... 13**
  - Your client service team ..... 14
  - Deep industry and functional expertise ..... 14
  - Exceptional Client Experience ..... 14
  - References..... 18
  - Affirmative Action ..... 20
  - General Company Profile ..... 21
  - National Government Practice ..... 22
  - Independence and Objectivity ..... 22
  - Our values..... 23
  - Environmental sustainability commitment and goals..... 23
  - Education and professional development..... 24
  
- 5.4 Cost Proposal..... 25**
  - Fee assumptions ..... 25
  - Fees for additional services ..... 25
  
- Appendix A: Firm Organization Chart..... 26**
  
- Appendix B: Resumes ..... 27**

## 5.1 Approach

*Each proposal shall include a summary of the proposed technical and management approach to the services contemplated in this RFP, reflecting an understanding of the STA and SAVSA programs and the services required. This section should include a schedule to demonstrate how the services will be met and a management plan describing how the services will be organized among key personnel.*

### Understanding of the STA and SAVSA Programs and Required Services

We understand the services requested by STA and SAVSA:

- An audit of the financial statements for the year ended June 30, 2021, 2022, and 2023 of STA.
- Agreed-upon procedures related to Measure A entities and SAVSA entities as deemed necessary by STA.
- Support to STA in maintaining the GFOA Certificate of Achievement for Excellence in Financial Reporting.



### Technical Approach – Financial Statement Audit

The following audit approach sets forth a work plan, including an explanation of the audit methodology to be followed to perform the nature of services requested in the RFP. The risks that are identified, the procedures that are performed or additional testing focus may change on a year-to-year basis based on the risk assessment, but the approach does not change.

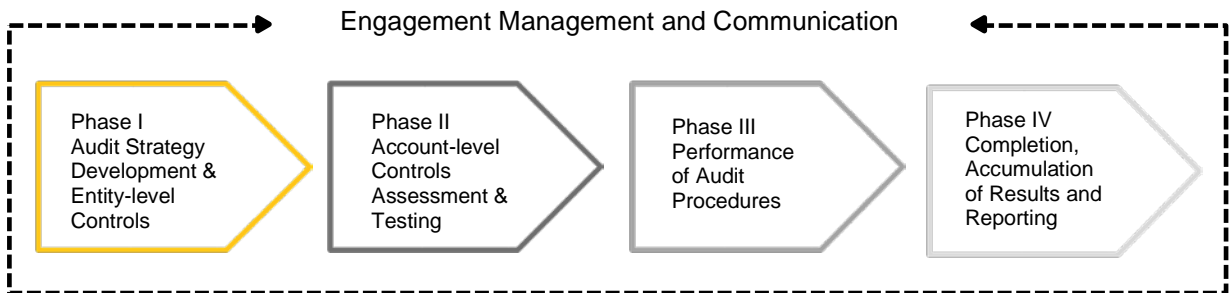
#### **Approach to Gain and Document the Understanding of the Internal Control Structure**

Crowe uses a risk-based approach to auditing that heavily emphasizes the understanding, corroborating and testing of internal controls to assess risk within the client organization. The primary areas we cover include entity wide controls, IT controls and specific account or cycle level controls. We use personal interaction, flow charting and web based interactive tools to understand, gather, corroborate and test internal controls in order to assess risk.

While Crowe used a risk-based approach for several years prior to the implementation of the newer standards, our audit process was strengthened with the new standards. Our desire to provide value and a high-quality audit remains unchanged. We differentiate our services from those of our competitors through close personal involvement from all levels of the engagement team and regular, focused communication with your management team.



While the audit process can still be separated into unique phases, the process is not as linear as it was previously. It is likely that decisions reached and information obtained in an earlier phase of the audit may need to be reconsidered based on evidence gathered in a later phase. Crowe's risk-based audit approach includes the following phases:



### Phase I – Audit Strategy Development and Entity-level Controls Assessment and Testing

This phase of the audit process includes all pre-engagement activities; the preliminary planning process; obtaining an understanding of the STA and its environment; evaluating and testing the design of entity-level controls (including policies and procedures that address significant assertions and affect the STA as a whole); and identifying significant risks and our planned response to those risks.

Prior to each engagement we determine whether to accept or continue the client relationship, evaluate our independence, develop a preliminary overall audit strategy, establish an understanding of the engagement terms, and document that understanding in an engagement letter. Once these activities have been completed, we begin our planning process.

Planning affords us an opportunity to work closely with you to develop audit objectives and outline a plan for meeting those objectives. The planning process includes:

- Identifying the areas of audit emphasis;
- Assessing risk and materiality;
- Designing audit techniques and procedures;
- Discussing and assigning responsibilities; and
- Formalizing the reporting timetable.

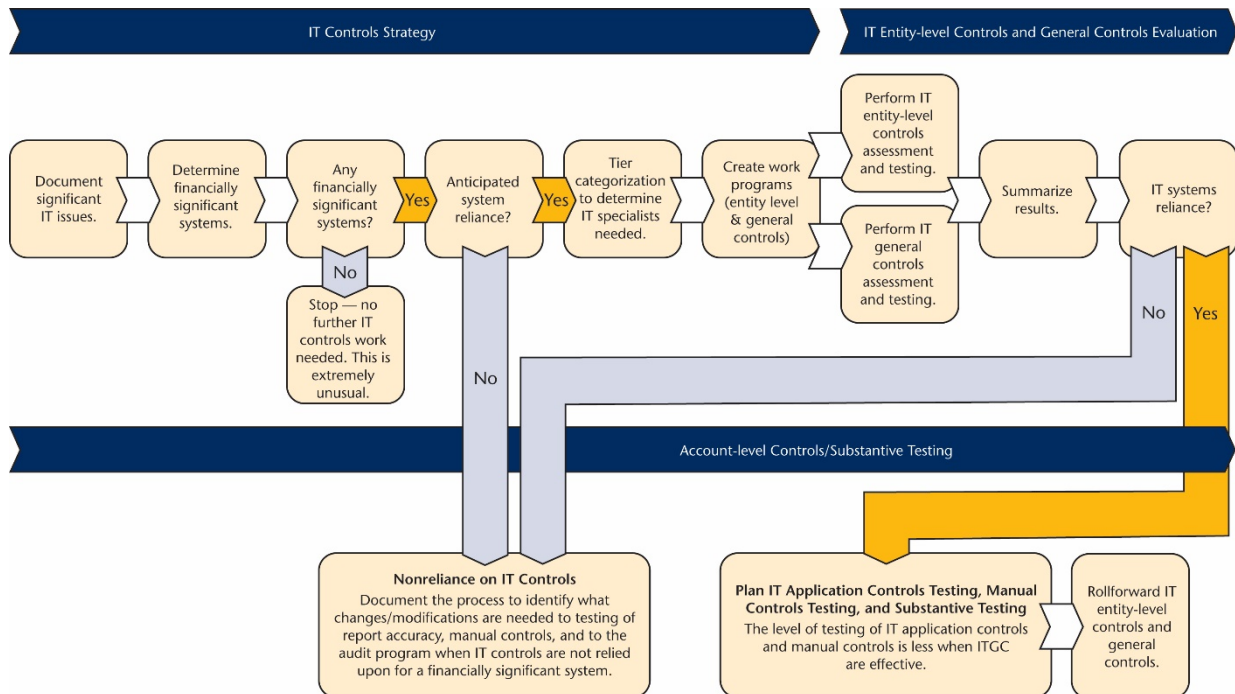
During planning, we will ask you to identify areas of higher risk, which we will later address by designing specific controls or substantive tests customized to you. The Crowe approach includes direct input from your management team to ensure our understanding of the scope of perceived risk, your perspectives on the risk, and your expectations of the audit.

We will also review your recent audit reports to enhance our efficiency in requesting information and minimize your staff's time during our fieldwork. In addition to meeting with management, we will also make inquiries of those "charged with governance" as required by SAS 114. This standard requires us to communicate the auditor's responsibilities under generally accepted auditing standards and an overview of the planned scope and timing of the audit to the individuals identified as "those charged with governance."

Our key audit planning steps include:

- **Entrance Conference.** Designed to give our engagement team an overall understanding of your organization. The conference allows us to coordinate audit time frames and due dates, as well as determine the level of assistance we need from your staff and management team. A requested materials letter will be prepared and delivered to you prior to, or shortly after, the close of the conference.

- **Preliminary Analytical Review.** We use expectations based on information obtained from various sources, including conversations with management, review of board minutes and internal financial statements, as well as budgets, to perform a preliminary analytical review of account balances. During the review we will study trends, percentage changes, ratios, and other financial data relationships. We may also use computer-assisted audit techniques to compare your current financial data to at least the previous year of data for unusual fluctuations. We will also review your budget to analyze fluctuations and develop an understanding of your planned initiatives.
- **Brainstorming Meeting to Discuss Risk of Material Misstatement.** The Crowe engagement team, including the signing executive, will meet to discuss the susceptibility of the financial statements to material misstatement due to error or fraud. This meeting allows team members to share knowledge and gain a better understanding of the potential for material misstatement of the financial statements, including how management could perpetrate and conceal fraudulent financial reporting and how assets of the STA could be misappropriated.
- **Assessment of Audit Risk and Materiality Levels.** Audit risk (the risk that an auditor may unknowingly fail to modify its opinion on materially misstated financial statements) and materiality must be considered together in designing the nature, timing, and extent of audit procedures. The Crowe team will determine our overall level of materiality and tolerable misstatement using professional judgment. This consideration is influenced by the auditors' perception of the needs of financial statement users and will therefore include both qualitative and quantitative factors. At the end of the audit we will review any known misstatements and their effect on your financial statements, working with you to determine whether passing on known misstatements will materially affect the financial statements.
- **Documentation of Our Understanding of the STA and Its Environment.** This is the ongoing process of gathering and analyzing information about the STA and its environment that continues throughout the audit. We will perform risk assessment procedures to gain an understanding of the STA , such as regulatory and other external factors, the nature of the STA and its related operations, objectives and strategies and the related operating risks that may result in a material misstatement of the financial statements; measurement and review of the STA's financial performance; laws and regulations; and internal control, which includes the selection and application of accounting policies. Our procedures include inquiries, analytical procedures, observation, and inspection.
- **Documentation of Information Technology Systems.** This process includes a system overview and testing of the system for adherence to acceptable standards. Our approach to testing is documented in the chart on the following page.



During Phase I, we will document any significant risks that are identified, as well as our planned response.

### Phase II – Account-level Controls Assessment and Testing

Account level controls are the policies and procedures that address risks related to one particular type (or small group) of transactions or accounts. Once we have gained an understanding of your operations and controls at the account level, the engagement team will assess inherent risk and expected control risk by assertion. We will then corroborate the information we have collected and evaluate if controls were implemented as designed and that the design is appropriate. Corroboration must be accomplished even when testing of controls will not be performed. Corroboration includes observation and obtaining evidence such as documented approvals and any other relevant information that may be retained to show that a control has been implemented as designed. Inquiry alone is not sufficient as a form of corroboration. The assertions identified in SAS 106, "Audit Evidence," may be classified in the following three broad categories:

- Assertions about classes of transactions and events for the period under audit;
- Assertions about account balances at the period-end;
- Assertions about presentation and disclosure.

Inherent risk is the susceptibility of a relevant assertion to a material misstatement, assuming there are no related controls. Control risk is the risk that a material misstatement could occur in a relevant assertion and will not be prevented or detected on a timely basis by the STA's internal controls.

When assessing inherent risk, the Crowe team will consider:

- The STA and its environment
- External factors (for example, regulatory changes that may require major changes in operations);
- Complexity of underlying calculations;
- The STA's experience with the transactions;
- Susceptibility to theft or fraud;
- Volume of transactions;
- Degree of judgment required, and extent of estimates involved;
- Competence of client personnel; and
- Prior-period misstatements.

When assessing control risk, the Crowe team will consider:

- Prior findings in the specific account;
- Results of grant audits performed by state or federal auditors;
- Record-keeping and accounting;
- Control procedures and environment;
- Materiality of financial impact;
- Likelihood material amounts of cash or other assets could be misappropriated through fraud or theft;
- High public or political sensitivity to the subject matter; and
- Newness of the activity or changes in related conditions.

Risk assessment procedures are performed to provide a basis for assessing the risk of material misstatement (combined assessment of inherent and control risk) for each relevant assertion. Then, in the next phase, we design further audit procedures tailored to address each relevant assertion based on the risks identified.

### **Phase III – Performance of Audit Procedures**

During this phase, the following procedures will be completed:

- Determining overall responses to assessed risk of material misstatement for the financial statements as a whole and at the opinion unit level;
- Designing further audit procedures to respond to those risks;
- Testing the operating effectiveness of controls;
- Performing substantive tests.

Based on our understanding and assessment of Entity-level controls, account-level controls, and any fraud risk factors identified, we develop audit procedures and programs clearly linked to and responsive to the assessed risk of material misstatement at the relevant assertion level.

**Designing Procedures** - In designing procedures, we consider factors such as:

- The significance of the risk;
- The likelihood a material misstatement will occur;
- The characteristics of the class of transaction, account balance, or disclosure involved;
- The nature of the specific controls used and whether they are manual or automated;
- Whether we expect to obtain evidence to determine if controls are effective in preventing or detecting material misstatement.

**Determination of Sampling Techniques** - Sample sizes of items to test that are representative of the population will be determined as early as possible to provide your staff with sufficient time to pull the requested documentation. We utilize guidelines established by auditing standards, which specify requirements for statistical and non-statistical sampling, to perform tests of internal controls and substantive tests as part of the audit of your financial statements.

#### **Phase IV – Completion, Accumulation of Results, and Reporting**

After completing audit procedures, the engagement team will perform certain procedures necessary to conclude the audit. These procedures include final analytical procedures, performing a subsequent events review, evaluating attorney letter responses, assisting in preparing and/or reviewing the completed financial statements, and obtaining representations from management.

During this phase, the auditor also accumulates all known and likely uncorrected misstatements, other than those that are trivial, and considers the nature and amount of the misstatements in relation to the affected opinion unit. The objective of the evaluation of uncorrected misstatements is to determine whether the financial statements taken as a whole and those of each opinion unit are free of material misstatement. Uncorrected misstatements will be communicated to those charged with governance at the conclusion of the audit.

Also, during this phase, the engagement team will evaluate identified control deficiencies and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses based upon both quantitative and qualitative factors.

The significance of a control deficiency depends on the potential for a misstatement, not on whether a misstatement actually has occurred. Any significant deficiencies or material weaknesses must be communicated in writing to those charged with governance.

The audit culminates in our report on your audited financial statements, which will include an opinion on the fair presentation of the basic financial statements as they conform to accounting principles generally accepted in the United States of America. As determined by requirements of "Government Auditing Standards" issued by the comptroller general of the United States (the "Yellow Book"), we will also include a report on compliance of your internal control structure with applicable laws and regulations based on the auditors' understanding of the control structure.

At the completion of the audit, we will submit the following draft reports to management:

- Year-end comprehensive annual financial report with auditors' report;
- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with the Yellow Book (when a single audit is required)
- Management letter, which will offer recommendations to improve internal controls, administrative efficiencies, and profitability; and
- Report on matters required by SAS 114, which includes a discussion of new accounting procedures implemented, proposed audit adjustments, significant audit estimates, and any additional applicable items.

Once the reports have been reviewed by management and are approved in final form, we will be available to meet with those charged with governance to review the reports and address questions. Auditing standards require the auditor's report not be dated earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the opinion.

Among other things, sufficient appropriate audit evidence includes evidence that the audit documentation has been reviewed and the STA’s financial statements, including disclosures, have been prepared and the organization has asserted it has taken responsibility for the financial statements. We will discuss your acceptance procedures with you at the start of the engagement to determine who within the STA assumes responsibility for the statements. This will ensure the engagement is properly planned to provide sufficient time for review and acceptance procedures by your organization so final reports are available in advance of any and all reporting deadlines.

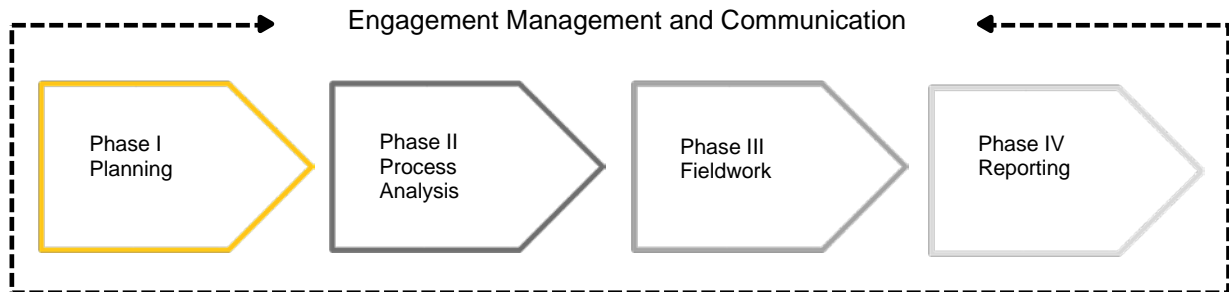
## Measure A and SAVSA– Agreed-Upon Procedures Approach

We understand the requirements to complete an agreed-upon procedures report related to Measure A and SAVSA and present the results of those procedures to the Independent Taxpayers Oversight Committee. Your Crowe audit team has experience with more than 50 similar tax measure expenditure engagements.

Crowe’s Measure A and SAVSA Expenditures AUP approach will be based on guidelines established in Measure A, the related Sacramento County Transportation Expenditure Plan 2009-2039 and SAVSA.

### Key Elements of the Agreed-Upon Procedure Process

Crowe’s audit team will work closely with your management team through the entire agreed-upon procedure process which includes the following elements:



#### Phase I - Planning

- Review your administrative systems for the Measure A and SAVSA programs;
- Assess risk related to the Measure A and SAVSA programs;
- Obtain a schedule of expenditures of the Measure A and SAVSA programs;

#### Phase II - Fieldwork

- Interview staff, management, counsel, and officials based on planning;
- Determine sample selection methodology and the types of procedures that will be performed using selected transactions and documents;
- Select the transactions and documents for testing;
- Perform the audit procedures as documented in the agreed-upon procedures programs;
- Document testing results; and
- Evaluate the results of testing and determine areas that require further examination.

#### Phase III - Review of Testing Results

- Establish the review protocol for evaluation of results;
- Review potential findings and questioned costs and communicate with your management;
- Review compliance requirements and compare expected results to the exceptions noted to evaluate materiality; and
- Draft a summary of the testing results.

#### Phase IV - Reporting

- Prepare findings and draft the agreed-upon procedures report;
- Review draft report with STA management; and
- Evaluate management feedback and proposed corrective action, make revisions as necessary, and finalize the report.

## Technology and Innovation

Crowe combines the deep industry and functional specialization of an accounting and consulting firm with the continual innovation of a technology company. We were one of the first large accounting and consulting firms to establish a team focused exclusively on data science and powering software products with artificial intelligence (AI).



This dedicated team of machine learning engineers and data scientists combines our analytics, automation, AI, and machine learning capabilities. Their work drives innovation in software solutions across all of Crowe's business units. It also helps shift our engagement teams or clients' perspectives from hindsight to foresight.

While a few non-tech firms have data science teams, it's rare for AI capabilities to be integrated into software products outside of large technology companies. Because of our functional specializations, the technologies we develop are highly systematized and scalable, and these solutions enable us to focus on higher-risk, higher-return areas for our clients.

Our firm's success is built on quality, innovative technology and specialization. Nourishing a culture of innovation allows us to constantly advance our tools and processes – and provide exceptional service delivery.

## Crowe Insight™

Developed by our Crowe innovation team, Crowe Insight Center for Audit™ combines leading-edge technology with functional knowledge and industry expertise. This advanced audit platform helps facilitate an effective audit process. It also provides us with the ability to quickly respond and to adapt the platform with the ever-changing technology environment.

The technology we use and continue to enhance for an external audit including planning, assessing risk, setting scopes, and designing procedures is highly systematized and scalable. This technology-rich methodology enables our auditors to place more focus on higher-risk areas and enables advancements in the areas of:

- higher-quality audit evidence
- better correlation of audit tasks to risks and assertions
- higher confidence in the data being reported

## Data Security

We also fully appreciate that technology brings risk as well as rewards. Consequently, our firm has made significant and ongoing investments in systems and resources focused on the protection of our client and employee data. We employ a variety of security specialists and systems as part of a comprehensive security program that utilizes both industry best practices and technology guidance on an ongoing basis. Our security program includes resources and functions focused on Information Security Management, Security Architecture, Security Administration, Data Protection and Encryption, and Security Awareness and Training. The security program, and its related documentation, is built on the ISO 27000 series of standards.

Crowe fully understands its responsibilities regarding client confidentiality, as well as the dynamic nature of security threats, so our systems and processes are regularly reinforced, updated and tested to help protect the security and confidentiality of client records and information.

## Project Management and Research Tools

### Effective communication and project management

In most audits, organizations spend a significant amount of time gathering data, preparing documentation, and responding to auditor inquiries. We recognize the challenges associated with managing this complex information-gathering process. Communication and organization are critical to minimize disruption to your people and organization.

In conjunction with Crowe Insight, our Crowe Secure Information Exchange solution, a secure, Web-based interface, facilitates timely communication and project management. This proprietary tool is designed to help manage the many requests for information necessary to conduct an audit more efficiently.

### Audit Issue Tracking and Reporting

We can use a SharePoint-based solution for the STA and Crowe to track the status and due dates of open audit and/or exam issues. The tool allows for customized views that can be used by financial statement audit and also for summarized or more detailed reporting for various stakeholder groups.



### Data Analytics

Audit Control Language is a data manipulation utility which allows the auditor to interpret data from virtually any type of data file format. Because of the speed and storage capabilities of such tools, our auditors can electronically examine a much higher percentage of original data and can identify ways to use the examination request data to perform automated testing in additional areas of the organization.

### Research and Analysis

Accounting Research Manager is a comprehensive online database of expert-written analytical accounting, auditing, as well as primary source data. It includes the full suite of publications from the Governmental Accounting Standards Board, the GAO, Financial Accounting Standards Board, Securities and Exchange Commission, American Institute of Certified Public Accountants, and International Accounting Standards Board. In addition, interpretive analyses are provided in many areas.

## Project Management Methodology

One of the critical success factors for projects is strong management and oversight. Crowe has decades of experience successfully managing business and technology initiatives and balancing conflicting priorities to deliver on time and on budget. Our project management methodology will be used to guide the project, keeping it on time and on budget, executing all project activities and tasks in a timely fashion. Like many of initiatives of this scale, Crowe understands that participation from many entities and individuals is required for STA to deliver on this project. Keeping all parties aligned to deliver on a common goal is critical.

Crowe will work collaboratively with the STA and its several important stakeholder agencies to develop and coordinate all plans, activities, timelines, milestones and deliverables, and provide the communication to all parties. This collaboration will allow us to leverage the unique expertise that exists within STA agencies, develop greater buy-in from all stakeholders, and make it easier to integrate the final solution into your organization once the initiative is complete.

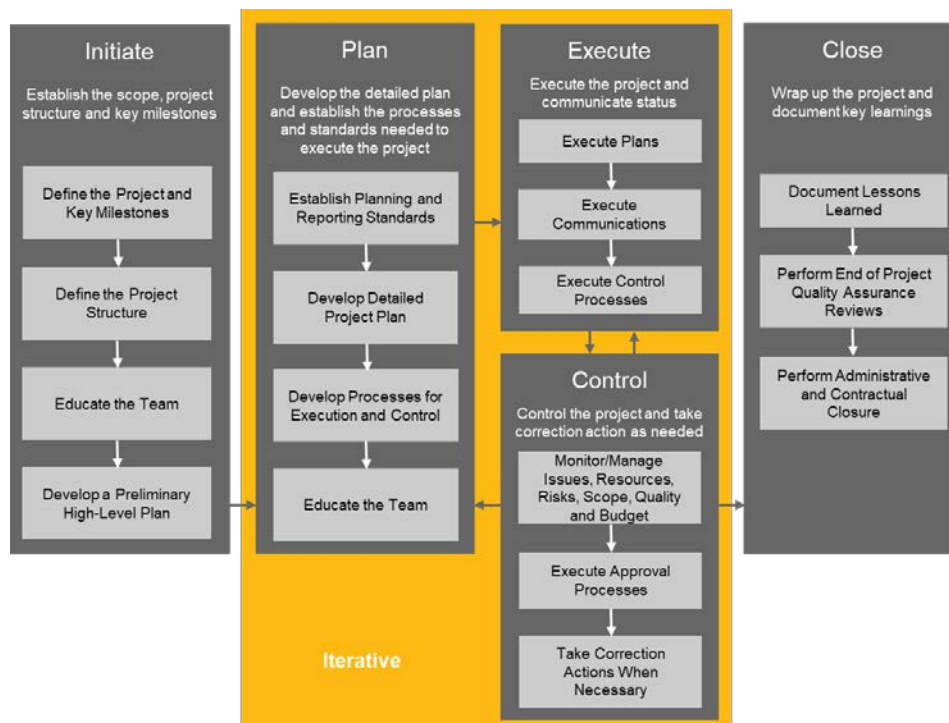


In order to deliver as planned, the appropriate disciplines, structure, tools and communication need to be in place to manage and align all work efforts. Crowe uses a standard methodology for project management. This methodology is aligned with the Project Management Institute’s (PMI) Project Management Body of Knowledge (PMBOK®).

Throughout an initiative all parties must stay aligned on the purpose (what needs to be done), the organization (who is responsible for each activity), the methodology (how the work will be executed) and the timing (when the work will be done).



Crowe’s project management methodology is broken down into five (5) stages:



To deliver as planned, the disciplines, structure, tools and communication must be in place to manage and align all work efforts. During the initiate and Plan stages Crowe will:

- Finalize the vision and goals for the project
- Develop and finalize the scope, structure and staffing for the project
- Finalize a detailed plan with key project milestones
- Identify participation for the project, and make sure all people understand their responsibilities
- Meet regularly with the project team to review progress, manage the plan, review deliverables, and address any issues that may arise. Provide status reporting for the project
- Meet regularly with select members of management to review progress, review key deliverables as needed, and ensure the project stays aligned with the goals and vision (as needed)

Leveraging Crowe’s project management methodology, we work with our clients to clearly document guiding principles up front, which are used throughout the initiative to keep the project on schedule and inform stakeholders. Building upon the project management methodology, the following table provides activities and tasks that outline Crowe’s approach to project management.

### Timeline Schedule

The following proposed tailored work plan has been prepared to outline the specific time estimates for each significant segment of the audit, the team members who will participate and timeframe for communicating the progress of the engagement:

Tasks	Time Frame	Partner	Manager	Senior	Associates
<b>Planning Meeting with Management</b>	June 2021	✓	✓		
<b>Risk Assessment, Testing of Internal Controls</b>	August - September 2021	✓	✓	✓	✓
<b>Testing of Account Balances and Preparation of Audited Financial Statements</b>	October 2021	✓	✓	✓	✓
<b>Testing of Agreed-Upon Procedures for Measure A</b>	October 2021	✓	✓	✓	
<b>Exit Meeting and Finalize Audit Report Findings and Recommendations</b>	October 2021	✓	✓		
<b>Deliver Final Audited Financial Statements</b>	December 2021	✓			
<b>Present Financial Statements and Agreed-Upon Procedures to the Oversight Committee and Board of Directors</b>	December 2021	✓			

## 5.2 Discussion of Issues

***Each proposal shall include a discussion of the issues outlined in Section 3 to set the context for the scope of work proposed. The discussion of issues shall be concise and shall also provide significant insight into the course of action recommended.***

We understand the requested Scope of Services as outlined in Section 3 provided by STA and believe Crowe is best fit to provide the professional services requested. As mentioned in this document, our Government Services Team has the experience and capacity to complete the services requested in the timeline outlined in Section 3 of the RFP.

We strive to establish a strong partnership with our clients and prove to be trusted advisors. As technical matters arise it is our goal to obtain and outline the background information, seek out the relevant technical literature and work with STA to establish a proposed resolution. We are here to support your team as you work to have sound accounting and financial reporting for your organization. We have many great resources at our fingertips to include direct access to the AICPA State and Local Government Expert Panel as well as the Government Audit Quality Center Task Force through our industry Subject Matter Experts. Crowe's public sector services industry leaders, Katherine V. Lai and Crowe's national government audit partner, Kevin W. Smith, are both former members of the AICPA State and Local Government Expert Panel.

Our understanding of services requested includes:

- An audit of the financial statements for the year ended June 30, 2021, 2022, and 2023 of STA.
- Agreed-upon procedures related to Measure A entities and SAVSA entities as deemed necessary by STA.
- Support to STA in maintaining the GFOA Certificate of Achievement for Excellence in Financial Reporting.

We do not anticipate any issues with the proposed services or timeline proposed by STA.

## 5.3 Firm Information

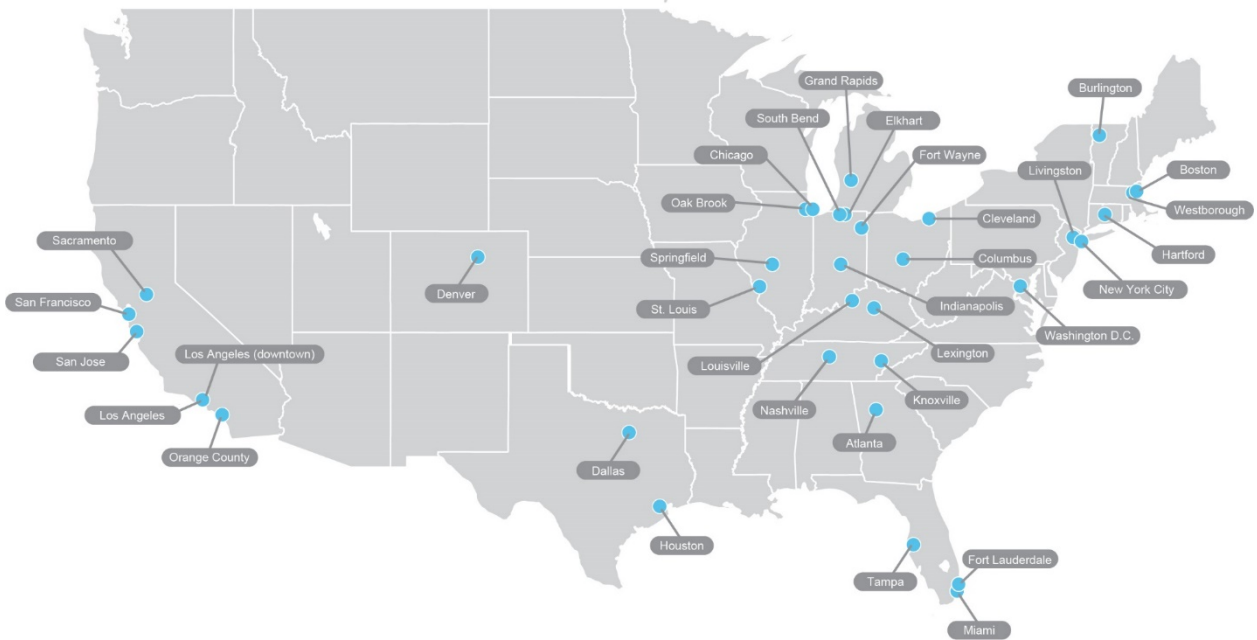
### 5.3.1 Legal name of firm

Crowe LLP.

### 5.3.2 Location(s) and telephone number(s)

#### Office Locations

Crowe serves clients coast to coast from the following office locations:



#### Local Office

The proposed services will be provided from our Sacramento office:

Crowe LLP  
 400 Capitol Mall, Suite 1400  
 Sacramento, California 95814-4498

More than 100 individuals are aligned with the Sacramento office. Crowe extended its geographic footprint into Northern California when the firm opened our Sacramento Office in 2011.

### 5.3.3 Date firm established

Established in 1942, Crowe LLP is a public accounting, consulting, and technology firm that combines deep industry and specialized expertise with innovation.

### 5.3.4 Type of organization (partnership, corporation, etc.) and where incorporated, if applicable

Founded in Indiana and headquartered in Chicago, Crowe LLP is a global accounting, consulting and technology Limited Liability Partnership firm with U.S. locations all across the nation.

### 5.3.5 Firm organization chart

We have provided a firm organization chart in **Appendix A**.

**5.3.6 Names and resumes of firm’s officers, principals, and other key personnel applicable to this engagement**

**Your client service team**

The ultimate success of our relationship with STA involves the commitment of an accomplished team of experienced professionals.

Your proposed engagement team is well-qualified to provide STA with quality, timely, and personalized service. Jeff Jensen will lead the team and will manage the coordination of all services for STA. For day-to-day operations, Tim Canupp will be the single point of contact coordinating delivery of specific audit segments and specialists and overseeing all services for consistency and cohesiveness.

**Deep industry and functional expertise**

Below is an organizational chart showing your proposed engagement team.



**Resumes**

We have provided resumes of the individuals listed above in **Appendix B**. The resumes outline education, years of experience, licenses and certifications, professional affiliations, and other relevant experience.

**Exceptional Client Experience**

We assign senior managers and partners to principal areas of the audit and align expertise with your organizational structure. Through frequent communication with your organization, we can develop a deep understanding of your needs and expectations – and can respond appropriately.

We assign a single contact point to oversee consistency in the services provided and to manage information received from multiple teams in a cohesive manner. This streamlines communications and provides you with a single source of accountability when questions arise. Your primary contact point will be Jeffrey Jensen.

Ultimately, we want to effectively work together to achieve results. Our goal is open, timely communication and swift issue resolution. Routine phone calls, emails and report preparation and delivery are considered part of our service and are provided at no additional cost to you.

**Staff Continuity**

In assigning staff to engagements, we place high importance on maintaining continuity of staff from one year to the next. This is important from a client service as well as an engagement efficiency perspective. Naturally, at times it does become necessary to replace a member of the engagement team with someone of comparable skills and experience.

**5.3.7 Types of services normally provided by sub consultants**

No subconsultants will be used to provide the requested services for STA. Normally, subconsultants are hired based on specific project needs and a variety of services that Crowe provides.

**5.3.8 A brief description of similar projects for which the Firm has provided services during the past 5 years, including the following information: Client name, Project description and location, Description of services provided, Total value of services provided, Budget performance, Schedule performance, Key personnel involved, Sub consultants employed**

**Specialty Governments**

Crowe serves a variety of government entities in the transportation and transit areas, as well as economic development, public finance and debt, housing development, utilities, parking facilities, self-insurance trusts, and defined benefit plans. We have provided a list of current clients below that provide an example of clients that we work within the government space that are enterprise funds or special purpose governments.

Clients	A=Audit C=Consulting I=Internal Audit	UG Audit	GFOA/ ASBO
<b>Transit Agencies</b>			
Sacramento Regional Transit	A	x	x
Chicago Transit Authority (including benefit plans)	A	x	x
Chicago Metra Rail and Pace Bus (including benefit plans)	A	x	x
Miami-Dade County Transit	A	x	
Dallas Area Rapid Transit (including benefit plan)	A	x	x
Hillsborough(Tampa) Area Regional Transit Agency	A	x	x
Cleveland Regional Transit Agency	C		
Indianapolis Public Transportation	A	x	x
South Bend Public Transportation	A	x	
Lakeland Area Mass Transit District	A,C	x	
Northern Indiana Commuter Transit District	A	x	
North Texas Tollway Authority	A	x	
Transit Authority of Lexington-Fayette-Urban County	A	x	

Clients	A=Audit C=Consulting I=Internal Audit	UG Audit	GFOA/ ASBO
Gary Public Transportation	A	x	
<b>Other Large Governmental Entities</b>			
Pension Benefit Guaranty Corporation	A		
California State Teachers Retirement System	A		x
Fresno Unified School District	A, C	x	
Sacramento City Unified School District	A, C	x	
Elk Grove Unified School District	A	x	
Dallas County Utility and Reclamation District	A		
Louisville Metro Government and Component Units	A	x	x
Ports of Indiana	A	x	
Indiana Housing and Community Development	C,I		
Illinois Office of the Auditor General	A	x	
Illinois Finance Authority	C		
Kentucky Housing Corporation	A	x	
Illinois Dept. of Commerce & Economic Opportunity	C,I		

**Public Transportation Clients**

Demonstrating our deep industry expertise in transportation, the listing below illustrates a sample of our transportation clients, with diverse roles and service types, organizational structures and responsibilities. Please note that nearly all of these are current clients.

**Alaska**

- Department of Transportation<sup>4</sup>

**Arkansas**

- Arkansas State Highway Commission <sup>4</sup>

**California**

- Alameda - Contra Costa Transit District <sup>1 2</sup>
- California High Speed Rail Authority <sup>4</sup>
- CalTrans <sup>4</sup>
- Foothill Transit <sup>1 2</sup>
- Los Angeles County Metropolitan Trans Auth. <sup>1 2</sup>
- Metropolitan Transportation Commission <sup>1</sup>
- North County Transit District <sup>4</sup>
- Orange County Transportation Authority <sup>1 2</sup>
- Sacramento Regional Transit District <sup>1 2</sup>
- Sacramento Transportation Authority <sup>1</sup>
- San Bernardino County Transportation Authority <sup>1</sup>
- San Diego Association of Governments (SANDAG) <sup>1 2</sup>
- Transportation Corridor Agencies <sup>1</sup>
- Los Angeles-San-Diego-San Luis Obispo RCA <sup>1</sup>

**Colorado**

- GO-PASS Mobility LLC (Tolling) <sup>1 2</sup>
- Northwest Parkway LLC (Tolling) <sup>1 2</sup>

**Florida**

- Broward County Transit Division <sup>1 2</sup>
- Hillsborough Transit Authority <sup>1 2 3</sup>
- Lakeland Area Mass Transit District <sup>1 2</sup>
- Miami Dade County Transit <sup>1 2</sup>
- Tampa Hillsborough Expressway<sup>4</sup>

**Georgia**

- Metropolitan Atlanta Rapid Transit Auth (MARTA) <sup>1 2</sup>
- State Road and Tollway Authority <sup>4</sup>

**Illinois**

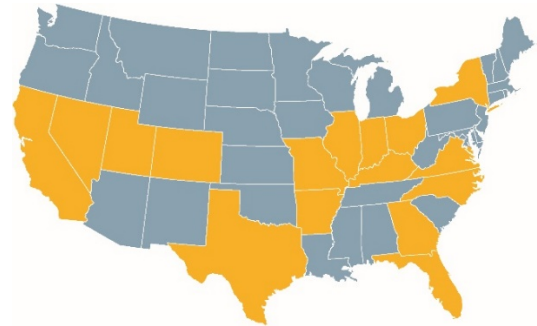
- Chicago Metra <sup>1 2 3 4</sup>
- Chicago PACE <sup>1 2</sup>
- Chicago RTA <sup>4</sup>
- Chicago Transit Authority <sup>1 2 4</sup>
- IL DOT <sup>4</sup>
- Illinois State Tollway Authority <sup>4</sup>

**Indiana**

- Indiana Finance Authority/Toll Road <sup>4</sup>
- Indianapolis Public Transportation <sup>1 2 4</sup>
- Northern Indiana Commuter Transit – South Shore Rail <sup>1 2</sup>

**Kentucky**

- LexTran Public Transportation <sup>1 2 4</sup>
- TARC – Louisville Public Transit <sup>1 2</sup>
- Kentucky Public Transportation Infrastructure Authority/Toll Bridge <sup>1</sup>



**Missouri**

- Bi-State Development Agency - St. Louis Metro Bus and Rail <sup>1 2 3</sup>

**Nevada**

- Regional Transportation Commission of Southern Nevada <sup>1</sup>
- Regional Transportation Commission of Washoe County <sup>1</sup>

**New York**

- Metropolitan Transportation Authority <sup>4</sup>

**North Carolina**

- Research Triangle Regional Public Transportation <sup>4</sup>

**Ohio**

- Cleveland Regional Transit District <sup>3,4</sup>

**Texas**

- Capital Metro <sup>4</sup>
- Central Texas Turnpike System <sup>1</sup>
- Dallas Area Rapid Transit <sup>1 2</sup>
- Fort Worth Transportation Authority <sup>1</sup>
- North Texas Tollway Authority <sup>1</sup>
- State of Texas DOT <sup>1</sup>
- Texas Mobility Fund <sup>1</sup>
- Via Metropolitan Transit (San Antonio) <sup>4</sup>

**Utah**

- Utah Transit Authority <sup>4</sup>

**Virginia**

- Hampton Roads Transit <sup>4</sup>

**Washington D.C.**

- Federal Highway Administration <sup>4</sup>
- Washington Metropolitan Area Transportation Authority <sup>4</sup>

*1 Audit and/or Uniform Guidance, 2 NTD Reporting, 3 Former services, 4 Risk, ERP or Performance Advisory*



## References

Quality work based on strong functional competency and deep expertise is the core element of creating value for our clients. Quality service involves prompt and efficient service delivery and effective communication with clients.

Crowe has delivered value to our clients for more than 70 years by listening to their needs and developing a comprehensive understanding of their businesses and would appreciate the opportunity to do the same for you.

Client Name	Contact/Title	Address	Telephone Number	Email
Sacramento Regional Transportation	Mr. Brent Bernegger, VP of Finance/CFO	1400 29th Street Sacramento, CA 95816	415.499.4031	<a href="mailto:BBernegger@sacrt.com">BBernegger@sacrt.com</a>
Alameda-Contra Costa Transit District	Ms. Claudia L. Allen, CFO	1600 Franklin Street Oakland, CA 94612	510.891.5465	<a href="mailto:clallen@actransit.org">clallen@actransit.org</a>
Bi-State Development (St. Louis Metro)	Ms. Kathy Klevorn, CFO	211 North Broadway, Suite 700 St. Louis, MO 63102	314.982.1400	<a href="mailto:ksklevorn@bistatedev.org">ksklevorn@bistatedev.org</a>
RTC of Southern Nevada	Mr. Marc Traasdahl, Director of Finance	600 S. Grand Central Parkway, Suite 350 Las Vegas, NV 89106	702.676.1631	<a href="mailto:TraasdahlM@rtcsonv.com">TraasdahlM@rtcsonv.com</a>
Folsom Cordova Unified School District	Ms. Kristi Blandford, Director of Fiscal Services	1965 Birkmont Drive Rancho Cordova, CA 95742	916.294.9000	<a href="mailto:kblandfo@fcusd.org">kblandfo@fcusd.org</a>
Elk Grove Unified School District	Ms. Carrie Hargis, Director of Fiscal Services	8463 Gerber Road Elk Grove, CA 95828	916.686.7769	<a href="mailto:chargis@egusd.net">chargis@egusd.net</a>
North Texas Tollway Authority	Ms. Magdalena Brady, Director of Internal Audit	5900 W Plano Parkway, Suite 100, Plano, TX 75093	214.224.3045	<a href="mailto:mbrady@ntta.org">mbrady@ntta.org</a>

Sacramento Regional Transit District	
Project Description and Location	Annual Audit Services– Sacramento, CA
Client Description of Services Provided	<ul style="list-style-type: none"> <li>Financial, Compliance (Uniform Guidance/A-133) Audit</li> <li>Pension Plan audits</li> </ul>
Total Value of Services Provided	\$78,000
Budget Performance	Expectations Met.
Schedule Performance	Expectations Met.
Key Personnel Involved	Scott Nickerson, Brad Schelle, Rachel Adoba, Tim Canupp
Subconsultants Employed	None

Alameda-Contra Costa Transit District	
Project Description and Location	Annual Audit Services – Oakland, CA
Client Description of Services Provided	<ul style="list-style-type: none"> <li>Financial, Compliance (State &amp; Federal) Audit</li> <li>NTD Agreed-Upon Procedures reporting</li> <li>Local funding source agreed-upon procedures reporting</li> </ul>
Total Value of Services Provided	\$133,000
Budget Performance	Expectations Met
Schedule Performance	Expectations Met
Key Personnel Involved	Scott Nickerson, Brad Schelle,
Subconsultants Employed	None

Folsom Cordova Unified School District	
Project Description and Location	Annual Audit Services – Rancho Cordova, CA
Client Description of Services Provided	<ul style="list-style-type: none"> <li>Financial Audit</li> <li>Bond Financial and Performance Audit</li> </ul>
Total Value of Services Provided	\$72,000
Budget Performance	Expectations Met.
Schedule Performance	Expectations Met.
Key Personnel Involved	Jeff Jensen,
Subconsultants Employed	None

**5.3.10 Current and future Firm and personnel commitments to other projects in sufficient detail to confirm the Firm’s ability to commit to the STA.**

Crowe is well positioned to continue to provide quality service to the STA in a timely fashion. Crowe has a sophisticated Centralized Resource Management function that is responsible for ensuring that the STA’s needs are met with the experienced and trained staff from our local offices, and if needed, from across our firm. We realize that resource management is a crucial element to consistently providing top quality service to the STA, and all of our clients.

**5.3.9 A list of from three to five former clients (include addresses and phone numbers and a brief description of work performed) for whom the Firm has performed services like those described in this RFP. Samples of previous reports on closely related projects, if available, are requested as well.**

**5.3.11 Lists of contracts terminated (partially or completely) by clients for convenience or default within the past three years. Include contract value, description of work, sponsoring organization, contract number, and name and telephone number of contracting entities.**

Like all public accounting firms, we do experience turnover in our client base. In most instances, this turnover is due to a required firm rotation due to Audit Committee charter or State law requirements. There have been no contracts terminated by clients for convenience or default within the past three years. We are unaware of any instances in which a client relationship terminated due to a disagreement with management that could not be resolved prior to the issuance of the report.

**5.3.12 A statement of the Firm’s local experience in auditing a Government Finance Officers Association (GFOA) award winning CAFR and any assistance available to the STA in this endeavor.**

Our firm encourages our clients to adopt all applicable Governmental Accounting Standards Board (GASB) statements. In recent years, several standards were monumental in that they established new financial reporting requirements for state and local governments throughout the United States and restructured much of the information that had been presented in the past.

Our firm responded to those standards and worked with several municipalities, community colleges, and school districts as their GASB implementation consultants. We assisted these clients in assessing their readiness to implement the new standard as well as guiding them through the actual implementation. Members of our PSS practice group are participants in the GFOA CAFR review program and are able to bring insight and expertise and value to our client base.

We take a very proactive approach in helping our clients understand GASB activities from exposure drafts to implementation of new standards. We accomplish this through our collaborations with GASB, GFOA, AICPA Government Audit Quality Center, through our Government Advantage quarterly publication, and more importantly by taking the time to sit down with clients to discuss and plan for the impact of new GASB standards.

Members of our teams serve on the GFOA review committee for the certificate program. In addition, members of our team have extensive experience working with large governments preparing CAFR's.

In working with our clients in an audit engagement, when we review the CAFR in connection with the issuance of our audit opinion, we often bring in our subject matter experts to assist with technical questions and offer a "cold review" as to "what would the review committee say" about a particular position or issue. We often begin our review by analyzing the GFOA's prior year comments to ensure that the Authority has been able to correct and implement. We also utilize the GFOA's preparation checklist as our review checklist to ensure that the CAFR has met all of the requirements and incorporate any additional recommendations into our review comments provided to the Authority to provide recommendation and assistance to ensure that the Certificate can be maintained.

### ***5.3.13 A statement of the Firm's current equal opportunity policy.***

## **Affirmative Action**

### **EEO Statement**

Crowe abides by the principles of equal employment opportunity. In accordance with law, the firm recruits, hires, trains and promotes individuals without regard to race, color, creed, religion, sex, age, national origin, sexual orientation, veteran's status, disability, genetic information or status within any other protected group. For personnel actions such as compensation, benefits, promotions or transfers, only valid position-related requirements are considered. Continuing professional education and social and recreational programs are planned in accordance with equal opportunity standards.

An individual, who has a physical or mental disability which substantially limits one or more major life activity, is provided the same opportunities accorded other individuals in all areas of employment, provided the individual is otherwise able to perform the essential functions of the position.

Crowe is committed to diversity and equality in the workplace and strives to create a work environment that leverages the diversity of all people. The following are highlights of the resources and activities devoted to the promotion of diverse populations within the firm:

#### Diversity and Inclusion Strategic Goals and Initiatives

Diversity and inclusion is one of the firm's Top 5 strategies. Crowe has robust CEO and leadership support leading to firm wide "call to action" and commitment. Crowe promotes and fosters an inclusive and innovative work environment where respect, trust and integrity are valued and all people are free to contribute in ways that enable them to reach their full potential and make a difference to our clients, our people and our communities.

Crowe's Diversity and Inclusion Advisory Council is a governance body that oversees and ensures the execution of all key strategies and initiatives. Diversity and Inclusion Geographic Leads are also engaged to drive and enable a grassroots effort and increase day-to-day awareness and engagement.

Crowe is committed to creating a progressive work environment that leverages the diversity of all people. Overall, our diversity and inclusion goals and initiatives work to help us understand, appreciate and address the unique perspectives and needs of all of our personnel, clients and those we impact throughout the communities in which we work.

Crowe strives to be inclusive by involving all employees, regardless of gender, religion, race, ethnicity, culture, language, education, geographic location, color, sexual orientation, national origin, age, physical ability, level, experience, opinions, beliefs, or thoughts, in the activities and life of the firm so everyone feels respected, valued, and capable of performing their best work.

We recognize that our goal to increasingly deliver unique and valuable solutions for our clients will be driven by a diverse work force with innovative thoughts and perspectives. Our diversity initiative is built upon the concept of collaboration of differences to achieve greater value.

Diversity and inclusion is integrated into firm wide programs, policies, people processes, systems and day-to-day initiatives. This further enables collaboration and enhances creativity and innovative thinking, leading to a competitive advantage in our war for talent and as we seek new clients and expand our geographic footprint.

#### ***5.3.14 Additional pertinent information to aid the STA in assessing the Firm's qualifications and experience.***

### **General Company Profile**

Founded in 1942 as Crowe Chizek, Crowe provides a wide variety of high-quality services, including audit and accounting, tax, technology, and advisory services. The firm has been providing auditing services for more than 75 years and has more than 4,000 personnel. Headquartered in Chicago, Illinois, Crowe is a global accounting, consulting, and technology firm with U.S. locations across the nation.

### **Organizational Structure**

Crowe is led by Mr. Jim Powers, chief executive officer. In his role as CEO, Mr. Powers heads the Board of Directors and acts as the communication link between the Board of Directors and the management team, or those who manage the firm's business units (BUs).

#### Board of Directors

Crowe is governed by a seven-person Board of Directors elected by the firm's partners. The Board is responsible for fostering policy development, initiating long-range planning, and overseeing functional and administrative unit planning, as well as approving operating plans. The Board of Directors is also responsible for appointing the firm's Chief Executive Officer. Since Crowe is primarily managed along functional and industry lines rather than geographical locations, the Chief Executive Officer in turn appoints the partners in charge of each functional business unit and Crowe's various industry focused units.

The Crowe integrated approach combines a variety of disciplines to improve the performance of clients' businesses while building value and gaining the trust and confidence of their shareholders, investors, employees and other stakeholders.

The firm's core services include:

- Audit
- Advisory Services
- Consulting
- Tax

The business units are complemented by the firm’s industry verticals. Crowe’s industry verticals are the primary go-to-market strategy for the firm, relying on teams of individuals contained within the business units to drive service delivery and growth within Crowe’s specified industries.

At Crowe, key industry focus ensures that personnel know the trends and issues specific to clients’ businesses. By aligning specialists along industry lines, the firm can offer insight, depth and breadth of understanding that provides maximum opportunity for client success in achieving business goals and positioning their organizations for a strong competitive advantage.



Over the past 40 years Crowe performance services professionals have worked with hundreds of public sector clients – on thousands of engagements – to streamline systems and processes, optimize revenue, and meet stringent reporting and compliance requirements. By tapping into our expertise, governments can increase transparency and accountability while also raising service levels for constituents.

## National Government Practice

Crowe has diverse, in-depth governmental experience that delivers insight and a clear understanding of the challenges and solutions of public sector agencies. Crowe has been serving the needs of government organizations for **more than 50 years**. We work with many different types of government organization models including governmental activities, business type activities and their related fund reporting requirements.

### Government Audit Staff

Crowe’s Government Services Team is comprised of 200 professionals, across many of our disciplines and has worked with hundreds of public sector clients on thousands of engagements throughout the United States to streamline systems and processes, optimize revenue, and enable entities to meet reporting and compliance requirements. Our approach is to bring the best experience to the client to serve the needs of the client. Our team spends their time serving clients in the public sector so that you receive the best expertise that Crowe has to offer. Crowe solutions help address the financial and operational issues most critical to governments in challenging economic times. Our diverse skills set – business process, technology, finance, accounting, fraud investigation, risk consulting, economic development, and performance - allow us to deliver effective, cost-efficient services and provide your audit team with an in-depth understanding of the unique needs of a state agency that is a custodian of the State’s cash and investments.

## Independence and Objectivity

As a firm of certified public accountants, Crowe has policies and procedures to provide reasonable assurance that professional personnel maintain independence, integrity, and objectivity required under professional standards. A dedicated unit within Crowe, the ethics and independence group within the firm’s national office, is responsible for managing and communicating independence and ethics guidance and firm protocol.

Independence precludes relationships that might in fact or appearance impair objectivity in performing audit and other attest services. Integrity requires personnel to be honest and candid within the constraints of client confidentiality. Service and the public trust are not to be subordinated to personal gain or advantage. Objectivity is a state of mind and a quality that lends value to a firm’s services. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.



A Crowe individual must consciously refuse to subordinate his or her judgment to that of others and must avoid relationships that may impair objectivity or influence judgment. The Crowe policy is that all personnel must be in fact and appearance independent in attitude, in the conduct of work performed, and in relationships with clients, as required by applicable professional standards.

We are not aware of any relationships that would be in violation of applicable professional standards.

## Our values

Our vision is built on deep specialization and a focus on our clients, our people, and the hallmarks of our profession: integrity, objectivity, and independence. With an equal sharing model, we invest in and engage the most effective resources available and go deeper to find valuable insights and opportunities.

Starting with our core purpose of “Building Value with Values®,” our values code brings together the guiding principles that all members of the firm, regardless of title or position, are expected to use in their interactions with colleagues, with clients, and in the communities and profession in which we work. It explains to our people the standards and expectations of ethical conduct that Crowe requires when doing business, wherever that might be.

This core purpose and our core values – care, share, invest, and grow – guide us in exercising professional skepticism, objectivity, and being free of conflicts of interest. They guide our people in acting with the utmost integrity and professionalism in each interaction and provide a solid foundation for the firm.

## Environmental sustainability commitment and goals

Our firm promotes an environmentally conscientious workplace through education, awareness, and partnerships, thereby creating eco-friendly practices. We continually research ways to increase and promote our green efforts, which establishes a culture of environmental stewardship. Through this effort, each of our locations is making substantial grassroots contributions toward environmental sustainability. Our firm continuously strives to incorporate environmental accountability and thoughtfulness throughout our culture and business practices.



Crowe was one of the founding Advisory Partners to the Sustainability Accounting Standards Board (SASB), providing subject matter expertise in disclosure reporting, risk management, internal audit, fraud and ethics, security and privacy, and regulatory compliance. Crowe, with membership in organizations including the Corporate Responsibility Association (CRA) and the Boston College Center for Corporate Citizenship, promotes the practice and profession of corporate responsibility in service of ethical, sustainable business. Through our memberships, Crowe supports these organizations in their advocacy for accountability in environmental policy, establishing ratings and rankings,

protecting brand and reputation, encouraging diversity and inclusion in business, and developing responsible corporate principles.

## Education and professional development

At Crowe, a career is a continual learning experience. Crowe University, our firm's learning portal, helps our people pursue learning experiences that create opportunities to build deep specialization and leadership skills. Full-time professionals can take advantage of its online learning courses, webinars, and other resources.

Crowe University is organized on a university model, with colleges and departments providing specialized curriculum. It houses curriculum maps designed to enhance technical knowledge and professional skills in areas such as project management, people development, leadership, and interpersonal skills. Learning is fundamental at Crowe, so our personnel have access to the training they need to grow and develop, regardless of their career stage or role.

## 5.4 Cost Proposal

*A cost proposal shall be submitted which describes the total (not to exceed) price for which the Firm will commit to complete the scope of services for fiscal years 2020-21, 2021-22, and 2022-23.*

Our goal in setting fees is simple: to provide long-term, cost-effective pricing for our clients. We are confident that we can work together to achieve an optimized plan for Financial Audit Services.

Scope of Services	FY 2021	FY 2022	FY 2023
Audit of Financial Statements and completion of required Measure A and SAVSA agreed-upon procedures for the Fiscal Year Ending June 30	\$51,000	\$51,000	\$53,000
<b>Total Maximum Fee</b>	\$51,000	\$51,000	\$53,000

### Fee assumptions

- **NO ADDITIONAL CHARGE:** Routine telephone calls are considered part of the basic services.
- **NO ADDITIONAL CHARGE:** for access to our thought leadership e-communications, webinars and literature.
- **NO ADDITIONAL CHARGE:** for use of our secure information-sharing tool (Exchange) to gather and track audit requests or for additional data analytics tools that we incorporate into our audits.
- We will not surprise you with additional fees that have not been agreed to by all parties in advance. If a question results in significant research or additional work or if we are requested to perform a consulting project, such effort is billed separately. We will provide you with an estimate of fees for such services and obtain management approval before proceeding.
- Fees include professional time for work associated with fieldwork, on-site and off-site performance and documentation of procedures, preparation of written drafts and final reports, and presentation of results at finance and management committee meetings.
- Our fee estimate assumes a risk-based approach to frequency and scope based on our experience with similar organizations. If we need to assess most areas of the organization without rotating scope each year then we likely need to re-evaluate our planned scope and related pricing.
- Crowe anticipates providing work papers for examiner/other third-party review at least annually.
- Significant changes in organizational status, operations, or processes not directly associated with asset growth could have a material impact on required engagement coverage. Balance sheet growth is expected, but material change, such as new lines of business, is not anticipated.
- No significant changes in regulatory or client expectations or actions are expected. Should significant change occur, Crowe will assess the impact on our services and fees. All fee adjustments will require approval by all parties in advance.
- Our policy is to bill for reasonable actual out-of-pocket expenses incurred. Out-of-pocket expenses are not included in the estimate and will be billed separately with a cap of 15 percent of total fees.

We ask clients to pay invoices via check, ACH, or wire transfer. Crowe invoices in equal quarterly installments. Our contract with you clarifies that, should a termination occur, you and we would determine any appropriate adjustments to actual fees paid as needed.

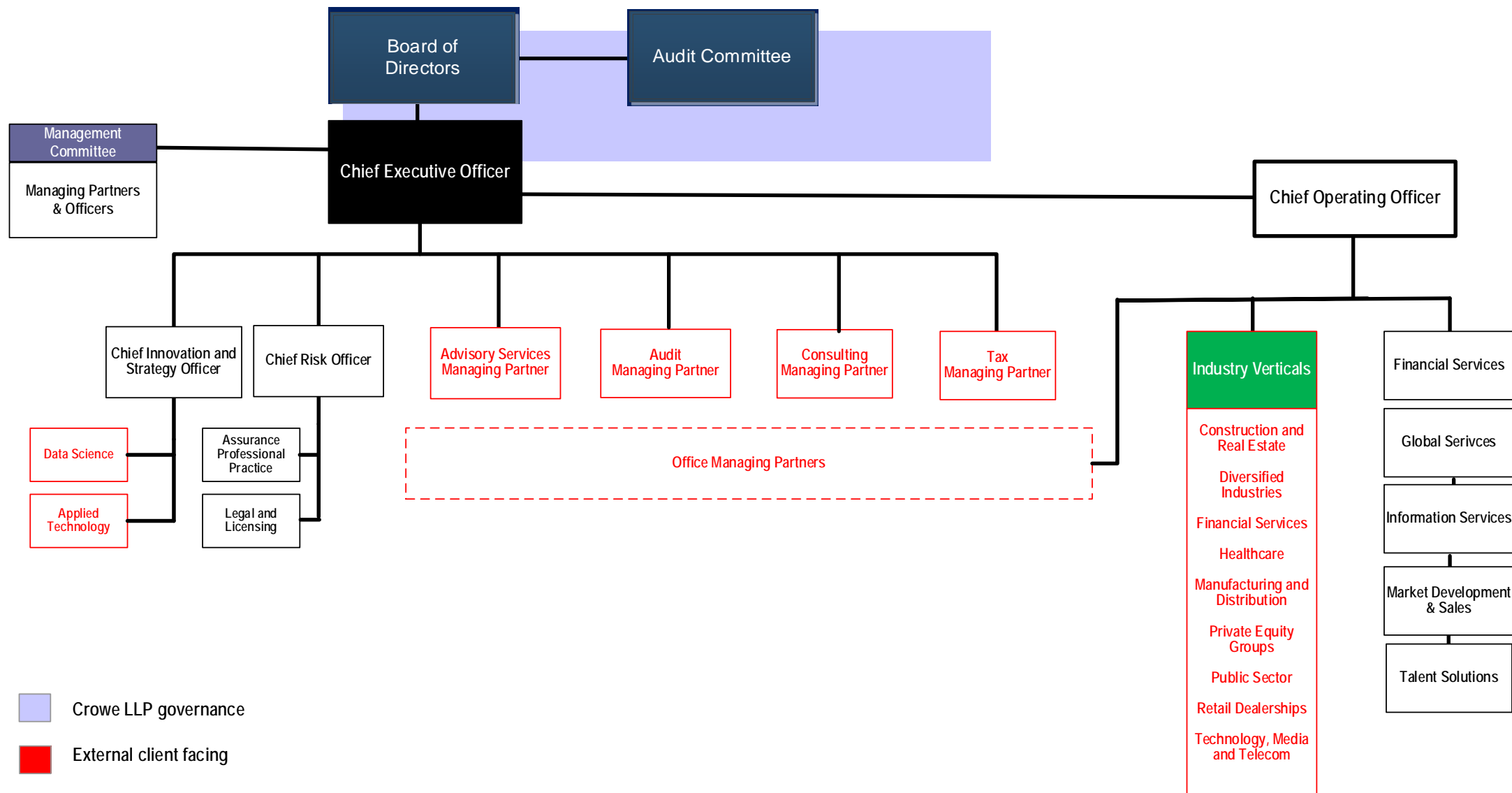
### Fees for additional services

Professional fees for special projects outside of the agreed-upon scope will be determined based on project factors, such as type of project, subject matter experience required, scope, and resource requirements. Prior to commencing additional services, we will obtain your approval and agreement on the scoping and pricing.




## Appendix A: Firm Organization Chart

We have provided our firm organization chart on the following page.



 Crowe LLP governance

 External client facing

---

## Appendix B: Resumes

We have provided resumes for the proposed engagement team on the following page.



**Jeffrey A. Jensen**  
CPA – Partner

400 Capitol Mall, Suite 1400  
Sacramento, California 95814  
Direct 916.492.5162  
Fax 916.441.1110  
jeff.jensen@crowe.com  
www.crowe.com

### Profile

Mr. Jensen has over 19 years of experience in the government audit practice. He directs the audit process for over 30 government clients, including school district, community colleges, school districts, special districts and municipalities.

Mr. Jensen also actively works with the firm's not-for-profit clients including private foundations and statewide trade associations.

### Professional and Industry Experience

Mr. Jensen specializes in audits requiring compliance with OMB Uniform Grant Guidance and regularly leads internal training related to new and existing requirements.

He conducts performance audits for over 15 large governmental agencies. In connection with these performance audits, large samples of expenditures made from bond proceeds are agreed to supporting documentation and evaluated to ensure that expenditures are allowable under the terms of the bond agreement.

Mr. Jensen also assists in designing special projects to evaluate internal control processes and provide recommended improvements.

### Publications and Speaking Engagements

- Association of College Business Officials | Speaker
- Community College Internal Auditor Conference | Speaker
- California Association of School Business Officials Conference | Speaker
- Association of School Business Officials International | Speaker
- Texas Association of School Business Officials | Speaker

### Education & Certifications

- Bachelor of Science, Business Administration/Accounting
  - California State University | Fresno, California
- Certified Public Accountant (CPA)

### Client Focus

**Services:**

- Audit

**Industries:**

- Public Sector

### Professional Affiliations

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Association of School Business Officials
- Texas Association of School Business Officials

### Community Involvement

- Youth Development Network | President

## Client Listing

### School Districts

- Alum Rock School District
- Antioch Unified School District
- Berkeley Unified School District
- Central Unified School District
- Dailey Elementary Charter School
- Davis Joint Unified School District
- Delta Charter School
- Elverta Joint Elementary School District
- Fairfield-Suisun Unified School District
- Folsom Cordova Unified School District
- Fresno Unified School District
- John Muir Charter School
- Kern High School District
- Milpitas Unified School District
- Monterey Peninsula Unified School District
- Roseville Joint Union High School District
- Santa Cruz City Schools
- Stockton Unified School District
- Sweetwater Union High School District
- Visalia Unified School District
- Woodland Joint Unified School District
- Yuba City Unified School District

### Foundations / Associations

- Antelope Valley College Foundation
- California Beer and Beverage Distributors
- California Children's Hospital Association
- California Hospital Association Foundation
- California Waterfowl Association
- College of Marin Foundation
- Delta College Foundation
- Feather River College Foundation
- Hartnell College Foundation

### Higher Education

- Antelope Valley Community College District
- Chabot Las Positas Community College District
- City College of San Francisco
- Feather River Community College District
- Foothill – De Anza Community College District
- Gavilan Joint Community College District
- Hartnell Community College District
- Marin Community College District
- San Joaquin Delta Community College District
- San Jose/Evergreen Community College District
- San Mateo County Community College District
- Sierra Joint Community College District
- State Center Community College District
- Tulsa College

### Government

- California Student Aid Commission
- California Public Utilities Commission
- County Medical Services Program
- EdFund
- Sacramento Transportation Authority

### Municipal

- City of Cupertino
- City of West Sacramento



**Katherine V. Lai**  
CPA, CGMA – Partner

650 Town Center Drive, Suite 740  
Costa Mesa, California 92626  
Direct 714.668.5376  
Fax 714.668.1235  
kathy.lai@crowe.com  
www.crowe.com

## Profile

Ms. Lai is a highly accomplished licensed CPA and CGMA public accounting professional of diverse experience derived from providing assurance services to large, complex state and local governmental entities, higher education institutions, school districts, utilities and not-for-profit organizations.

## Professional and Industry Experience

With approximately 20 years of experience in public accounting, Ms. Lai has led the audits of some of the largest governments in California, including the State of California (Single Audit), City of Los Angeles, City of Santa Ana, City of Riverside, County of Los Angeles, Metropolitan Water District of Southern California, Los Angeles Unified School District and the California State University System.

Among 400,000 CPA's nationwide, Ms. Lai has been appointed by the AICPA to serve on a select national 15-member State and Local Government Expert Panel. Through her participation with the AICPA, she has been accredited with contributions to authoring the AICPA State and Local Government Audit Guide, including the newest Pension Chapter to address the complex GASB pension standards, compiling AICPA comment letters to GASB on emerging standards and presenting webcasts for the AICPA Governmental Audit Quality Center. Other examples of Ms. Lai's thought leadership includes presenting to over 1,000 Californians on the complexities of the Uniform Guidance and emerging GASB pronouncements through her involvement with the California Society of Municipal Finance Officers (CSMFO), National Grants Management Association (NGMA) and tailored client trainings.

## Education & Certifications

- Bachelor of Arts in Economics, emphasis in Accounting
  - University of California, Los Angeles
- Certified Public Accountant (CPA)
- Chartered Global Management Accountant (CGMA)

## Client Focus

### Services:

- Audit
- Performance
- Risk

### Industries:

- Public Sector

## Professional Affiliations:

- AICPA State and Local Government Expert Panel | Member
- California Society of Certified Public Accountants (CalCPA) | Member
- California Society of Municipal Finance Officers (CSMFO) | Member
- Government Finance Officers Association (GFOA) | Member
- National Grant Management Association (NGMA) | Member
- California Transit Association | Member
- International Society of Filipinos in Finance and Accounting (ISFFA) | Executive Board Member, Founder
- Capistrano Unified School District Foundation | Former Treasurer

## Client Listing

Kathy has served on numerous large, complex governmental entities, higher education institutions, school districts, utilities, not-for-profit organizations and consumer markets entities. A representative list of current and past clients served includes:

### PUBLIC SECTOR

#### Governments

- State of California
- County of Los Angeles
- County of Orange
- County of San Bernardino
- County of San Diego
- County of San Mateo
- City and County of San Francisco
- City of Anaheim
- City of Beverly Hills
- City of Burbank
- City of Culver City
- City of Cupertino
- City of Fresno
- City of Garden Grove
- City of Huntington Beach
- City of Las Vegas
- City of Long Beach
- City of Los Angeles
- City of Riverside
- City of Santa Ana
- City of Santa Monica
- City of South Pasadena

#### Utilities

- Metropolitan Water District of Southern California
- Los Angeles Department of Water and Power
- Los Angeles Sanitation District
- Riverside Public Utilities
- Santa Ana Water Department
- Long Beach Water Department
- OC Waste and Recycling
- West Valley Sanitation District

#### Seaports

- Port of Los Angeles
- Port of Long Beach

#### Transportation

- Riverside County Transportation Commission
- LA Metro
- Metrolink
- San Bernardino County Transportation Authority
- Regional Transportation Commission of Southern Nevada
- Long Beach Transportation Company
- Santa Monica Big Blue Bus
- John Wayne Airport
- Los Angeles World Airports
- Long Beach Airport
- Burbank-Glendale-Pasadena Airport Authority

#### Education

- California State University
- Los Angeles Community College District
- Los Angeles Unified School District

#### Nonprofits

- Survivors of the Shoah Visual History Foundation
- Operation Hope
- AIDS Healthcare Foundation
- Long Beach Aquarium of the Pacific
- Regional Center of Orange County
- Inland Regional Center

### CONSUMER MARKETS

- Occidental Petroleum Company
- Guess
- Princess Cruises
- California Tan
- Deckers Outdoor Corporation



**Tony Boras**  
CPA – Senior Manager

One Mid America Plaza, Suite 700  
Oak Brook, Illinois 60181-4707  
Direct 630.706.2053  
Fax 630.574.1608  
tony.boras@crowe.com  
www.crowe.com

## Profile

Mr. Boras is a senior manager in Assurance Professional Practice (APP), which is Crowe's national office. As a member of APP, Mr. Boras provides technical guidance on governmental and not-for-profit accounting and auditing matters to the firm's professionals and clients. He also participates in the firm's internal quality review and performs preissuance reviews of audit engagement deliverables.

Prior to joining Crowe's national office, Mr. Boras served as a senior manager in the public sector services audit practice providing auditing and consulting services to governmental and not-for profit organizations. He has more than fifteen years of total experience.

## Professional and Industry Experience

Mr. Boras has experience with many types of governmental entities, including cities, counties, townships, K-12 school districts, public 4-year universities, community colleges, transportation and other business type activity entities, public risk insurance pools, joint power authorities, state pension & other post-retirement benefit plans. He also has extensive experience with not-for-profit entities, including private colleges, foundations, and social service organizations.

He is a technical leader and provides guidance with the following service offerings:

- Audits under Generally Accepted Government Auditing Standards (GAGAS)
- OMB Circular A-133/Uniform Guidance
- Compliance Examinations
- Performance Audits

## Education & Certifications

- Bachelor of Science in Accounting
  - Marquette University | Milwaukee, Wisconsin
- Certified Public Accountant (CPA)

## Client Focus

### Services:

- Assurance Services
- External Audit
- Consulting

### Industries:

- Not-for-Profit
- Public Sector
- Government
- Financial Services
- Higher Education
- Joint Powers Authorities

## Publications and Speaking Engagements:

Mr. Boras has authored newsletters and comment letters to accounting proposals on behalf of Crowe. He has also developed and/or lead Continuing Education Training programs related to:

- Single Audit Controls
- A-133/Uniform Guidance Auditing
- GASB Statement Implementation

## Professional Affiliations:

- American Institute of Certified Public Accountants (AICPA)
- Illinois CPA Society | Governmental Report Review Committee
- Government Finance Officers Association | Special Review Committee
- Illinois Government Finance Officers Association





**Tim Canupp**  
CPA – Manager

400 Capitol Mall, Suite 1400  
Sacramento, California 95814-4498  
Direct 916.492.5101  
Fax 916.441.1110  
tim.canupp@crowe.com  
www.crowe.com

**Profile**

Mr. Canupp currently focuses on providing audit services for governmental, local education agency, public employee retirement system, higher education, insurance company, and not-for-profit organizations.

**Client Focus**

**Services:**

- Financial Statement Audits
- Public Employee Retirement System Audits
- Performance Audits

**Industries:**

- Public Sector

**Professional and Industry Experience**

Mr. Canupp has experience in planning, supervising, executing and reporting on audits of financial statements prepared in accordance with GASB. His significant responsibilities include audit planning, engagement management, Uniform Guidance single audit, performance audits, and financial statement review. He has served as an instructor for both internal and external training programs related to California School Districts. He has extensive experience serving large audit clients including the second largest school district in the State of California.

**Professional Affiliations**

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

**Education & Certifications**

- Bachelor of Science, Business Administration/Accounting
  - Sacramento State University | Sacramento, California
- Certified Public Accountant (CPA)

## Client Listing

### **School Districts / County Office of Education**

- San Diego Unified School District
- Sacramento City Unified School District
- San Juan Unified School District
- Sutter County Office of Education
- Davis Joint Unified School District
- Central Unified School District
- Amador County Office of Education
- Amador County Unified School District
- Sutter Union High School District
- Elverta Joint Unified School District
- Colfax Elementary School District
- Placer Hills Union School District
- State Center Community College District
- Feather River Community College District
- Yosemite Community College District

### **Insurance**

- Schools Insurance Group
- Northern California Special Districts Insurance Authority
- The Dentists Insurance Company
- Golden Bear Insurance Company

### **Governmental Agencies**

- Sacramento Transportation Authority
- County Medical Services Program
- California State Teachers Retirement System
- Sacramento Regional Transit District



**Evan Ball**  
Senior Staff

400 Capitol Mall, Suite 1400  
Sacramento, California 95814  
Direct 317.208.2556  
Fax 916.441.1110  
evan.ball@crowe.com  
www.crowe.com

**Profile**

Mr. Ball has over three years of audit experience at Crowe and provides audit services to a number of clients in a range of industries including not-for-profits, benefit plans, government, and higher education.

**Professional and Industry Experience**

Mr. Ball has been responsible for engagement planning and management, with a focus in the public sector entities and benefit plans. His experience includes auditing financial statements, auditing compliance and internal controls over compliance in accordance with Government Auditing Standards and Uniform Guidance and financial statement preparation.

**Education & Certifications**

- Bachelor of Science, Accounting
  - Ball State University | Muncie, Indiana

**Client Focus**

**Services:**

- Financial Statement Audits
- Uniform Guidance Compliance
- Healthcare

**Industries:**

- Not-for-Profit
- Government
- Benefit Plans
- Healthcare

**Community Involvement**

- Capital Invitational – American Cancer Society
- American River Parkway Foundation cleanup

## Client Listing

### **Benefit Plans**

- California State Teachers Retirement System (CalSTRS)
- Gearbox Holdings – 401k and Pension
- Harlan Laboratories – 401k plan
- Our Health Holding Company – 401k plan
- Golden Bear Insurance – 401k plan

### **Government**

- City of West Sacramento
- Amador County Unified School District
- Fairfield-Suisun Unified School District
- Rocklin Unified School District
- Sutter County Superintendent of Schools

**BUDGET TO ACTUAL ANALYSIS**

**STA General Fund**

**Quarter Ending December 31, 2020 (accrual basis)**

	<b>FY 21 Budget</b>	<b>Expected Amount</b>	<b>Actual Amount</b>	<b>Expected/Actual Variance</b>	<b>Comments</b>
<b>Revenue:</b>					
Sales Tax	\$133,513,377	\$66,756,689	\$74,174,914	\$7,418,225	Revenues are 5% higher than the same period last year and trending 11.1% higher than budgeted - year-to-date
Mitigation Fees	6,000,000	3,000,000	4,333,568	1,333,568	Residential permits in Rancho Cordova, Elk Grove, and Folsom higher than expected
Interest	4,000,000	2,000,000	135,001	(1,864,999)	Interest income from the STA's interest rate swap partners much lower than expected because of historically low interest rates
<b>Total Revenue</b>	<b>143,513,377</b>	<b>71,756,689</b>	<b>78,643,482</b>	<b>6,886,794</b>	See above
Beginning Fund Balance	48,314,453	48,179,584	48,179,584	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$191,827,830</b>	<b>\$119,936,273</b>	<b>\$126,823,066</b>	<b>\$6,886,794</b>	See above
<b>Appropriations:</b>					
Ongoing allocations to Measure A Entities	\$105,321,537	\$52,660,769	\$58,500,662	(\$5,839,894)	Higher revenues drive increased pass-through allocations
Capital Improvement Program	29,625,296	14,812,648	9,152,987	5,659,661	expenditures will accelerate in Q3
<b>Total Appropriations</b>	<b>\$134,946,833</b>	<b>\$67,473,417</b>	<b>\$67,653,649</b>	<b>(\$180,232)</b>	see above
<b>Other Financing Sources (Uses):</b>					
Transfers out (to the Debt Service Fund)	(\$22,108,139)	(\$11,054,070)	(\$10,100,002)	\$954,068	interest rates are lower on the variable rate debt- reducing debt service costs
<b>Total Financing Sources (Uses)</b>	<b>(\$22,108,139)</b>	<b>(\$11,054,070)</b>	<b>(\$10,100,002)</b>	<b>\$954,068</b>	see above
Ending Fund Balance	\$34,772,858	\$41,408,787	\$49,069,416	-	

**BUDGET TO ACTUAL ANALYSIS**  
**SacMetro Freeway Service Patrol (FSP)**  
**Quarter Ending December 31, 2020 (accrual basis)**

	<b>FY 21 Budget</b>	<b>Expected Amount</b>	<b>Actual Amount</b>	<b>Expected/Actual Variance</b>	<b>Comments</b>
<b>Revenue:</b>					
State Allocation	\$3,603,113	514,794	514,794	\$0	significant reimbursements are expected beginning in Q3
CVR-SAFE*	748,000	748,000	748,000	-	good
<b>Total Revenue</b>	<b>4,351,113</b>	<b>1,262,794</b>	<b>1,262,794</b>	<b>-</b>	see above
Beginning Fund Balance	538,348	433,052	433,052	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$4,889,461</b>	<b>\$1,695,846</b>	<b>\$1,695,846</b>	<b>\$0</b>	see above
<b>Appropriations:</b>					
Salaries and Benefits	\$150,763	\$75,382	\$79,803	(\$4,421)	good
Overhead	58,846	-	-	-	overhead costs will be allocated at the end of the fiscal year
Conferences and Travel	1,825	-	-	-	conferences cancelled due to COVID
Communications	58,818	29,409	28,499	910	good
Professional Services	-	18,593	18,593	-	CHP services that were going to be charged directly to Caltrans have instead been charged to FSP and reimbursed by Caltrans
Other Operating Expenditures	3,400	1,700	3,698	(1,998)	Printing costs for brochures carried by contractors were higher than expected
Contractors	2,973,663	1,338,148	1,322,809	15,339	good
<b>Total Appropriations</b>	<b>\$3,247,315</b>	<b>\$1,463,232</b>	<b>\$1,453,403</b>	<b>\$9,829</b>	see above
Ending Fund Balance	\$1,642,146	\$232,614	\$242,443	-	

\* Capitol Valley Regional Service Authority for Freeways and Expressways

**BUDGET TO ACTUAL ANALYSIS**  
**Sacramento Abandoned Vehicle Service Authority (SAVSA)**  
**Quarter Ending December 31, 2020 (accrual basis)**

**Revenue:**

Vehicle License Fees

Interest

**Total Revenue**

Beginning Fund Balance

**Total Revenue and Beginning Fund Balance**

	FY 21 Budget	Expected Amount	Actual Amount	Expected/Actual Variance	Comments
Vehicle License Fees	\$1,273,975	\$351,154	\$351,154	\$0	good. Only one distribution, the other three come in February, May, and August interest income expected beginning in Q3 See above actual beginning fund balance - June 30, 2020 audited financial statements
Interest	400	-	-	-	
<b>Total Revenue</b>	<u>1,274,375</u>	<u>351,154</u>	<u>351,154</u>	<u>-</u>	
Beginning Fund Balance	128,775	159,226	159,226	-	
<b>Total Revenue and Beginning Fund Balance</b>	<u>\$1,403,150</u>	<u>\$510,380</u>	<u>\$510,380</u>	<u>\$0</u>	
<b>Appropriations:</b>					
Contributions to SAVSA Entities	\$1,252,334	\$351,154	\$351,154	\$0	good salaries and overhead costs will be allocated at the end of the fiscal year See above
Salaries and Overhead	22,041	5,510	-	5,510	
<b>Total Appropriations</b>	<u>\$1,274,375</u>	<u>\$356,664</u>	<u>\$351,154</u>	<u>\$5,510</u>	
Ending Fund Balance	\$128,775	\$153,716	\$159,226	-	

**BUDGET TO ACTUAL ANALYSIS**  
**STA Administration**  
**Quarter Ending December 31, 2020 (accrual basis)**

	FY 21 Budget	Expected Amount	Actual Amount	Expected/Actual Variance	Comments
<b>Revenue:</b>					
Sales Tax	\$983,436	\$491,718	\$546,776	\$55,058	Good
Other	50	25	33	-	Good
<b>Total Revenue</b>	<b>983,486</b>	<b>491,743</b>	<b>546,810</b>	<b>55,067</b>	See above
Beginning Fund Balance	764,141	722,530	722,530	-	actual beginning fund balance - June 30, 2020 audited financial statements
<b>Total Revenue and Beginning Fund Balance</b>	<b>\$1,747,627</b>	<b>\$1,214,273</b>	<b>\$1,269,340</b>	<b>\$55,067</b>	See above
<b>Appropriations:</b>					
Salaries and Benefits	\$462,324	\$231,162	\$304,996	(\$73,834)	salaries and benefits reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year
Rent	30,820	15,410	25,626	(10,216)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year
Conferences and Travel	2,600	250	250	-	no in-person conferences due to COVID
Insurance	7,150	7,150	11,243	(4,093)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year
Professional Services	32,500	16,250	29,523	(13,273)	overhead reimbursements from the FSP and SAVSA programs expected at the end of the fiscal year
ITOC	35,750	35,750	49,256	(13,506)	a portion of the financial audit charges will be reimbursed by the FSP and SAVSA programs at the end of the fiscal year
Other Operating Expenditures	10,400	5,200	6,926	(1,726)	overhead reimbursements from the FSP and SAVSA programs are expected at the end of the fiscal year
<b>Total Appropriations</b>	<b>\$581,544</b>	<b>\$311,172</b>	<b>\$427,821</b>	<b>(\$116,649)</b>	see above
Ending Fund Balance	\$1,166,083	\$903,101	\$841,518	-	





**MARCH 11, 2021**

**AGENDA ITEM # 7**

**ANNUAL ADJUSTMENT TO THE MEASURE A SACRAMENTO COUNTYWIDE  
TRANSPORTATION MITIGATION FEE PROGRAM RATES**

Action Requested: Adopt

Key Staff: Timothy Jones, Chief Financial Officer

---

**Recommendation**

Adopt the adjusted rates for the Measure A Sacramento County Transportation Mitigation Fee Program.

**Discussion**

Cities participating in the Measure A program are required to collect a fee for the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) based on rates approved by the STA Governing Board. The fees collected by each agency are remitted to the Authority semi-annually and used to fund road and transit system improvements needed to accommodate projected growth and development throughout the county.

The Measure A Ordinance requires that the fees “be adjusted annually by action of the STA Governing Board to reflect changes in construction costs based on the McGraw-Hill Engineering News Record (ENR) 20-city Construction Cost Index (CCI).” The average CCI in 2020 was 11,466 compared to 11,281 in 2019, an increase of 1.64 percent. This ratio is applied to the approved fiscal year 2020-21 rates to determine the new rates. The adjusted rates applicable for fiscal year 2021-22 are shown in the last column of Table 1 on the next page.

Upon adoption, STA staff will distribute the adjusted fee rate schedule to the County and the cities of Elk Grove, Rancho Cordova, Sacramento, Folsom, Galt, Isleton, and Citrus Heights for implementation in their local fee ordinances effective July 1, 2021.

**Table 1: SCTMFP Fee Schedule for FY 2021-22**

<b>Land Use</b>	<b>Per</b>	<b>Current Rates FY 2020-21</b>	<b>New Rates FY 2021-22</b>
Single-Family Residential	unit	\$1,329	\$1,351
Single-Family Residential, Senior	unit	\$1,064	\$1,081
Multi-Family Residential	unit	\$930	\$945
Multi-Family Residential, Senior	unit	\$796	\$809
Office Use	1,000 square feet	\$1,596	\$1,622
Retail Use	1,000 square feet	\$1,995	\$2,028
Industrial Use	1,000 square feet	\$1,064	\$1,081
Hotel/Motel	sleeping room	\$770	\$783
Extended Stay Hotel/Motel	sleeping room	\$684	\$695
Golf Course	acre	\$1,106	\$1,124
Movie Theater	screen	\$2,529	\$2,570
Religious Center	1,000 square feet	\$1,237	\$1,257
Hospital	1,000 square feet	\$2,229	\$2,266
Service Station	fueling pump	\$1,729	\$1,757
Supermarket	1,000 square feet	\$1,995	\$2,028
Warehouse/Self-Storage	1,000 square feet	\$333	\$338
Assisted Living Facility	bed	\$383	\$389
Congregate Care	unit	\$281	\$286
Child Day Care	student	\$612	\$622
Private School (K-12)	student	\$346	\$352
Auto Repair/Body Shop	1,000 square feet	\$1,995	\$2,028
Gym/Fitness Center	1,000 square feet	\$1,995	\$2,028
Drive-through Car Wash	1,000 square feet	\$1,995	\$2,028
All Other	average weekday trips generated	\$140	\$142