

## AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on 01/12/22 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Chavan & Associates, LLP, ("Consultant"), whose address is 15105 Concord Circle, Suite 130, Morgan Hill CA 95037. This Agreement is made with reference to the following facts.

### I. RECITALS

- 1.1 The Town desire to engage Consultant to provide professional auditing services.
- 1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.
- 1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

### II. AGREEMENTS

- 2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on October 8, 2021, which is hereby incorporated by reference and attached as Attachment 1.
- 2.2 Term and Time of Performance. This contract will remain in effect from 01/01/22 to 01/31/25.
- 2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.
- 2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.
- 2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and

the Consultant shall not make any of the these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

- 2.6 Compensation. Compensation for Consultant's professional services **shall not exceed \$117,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.
- 2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:  
Town of Los Gatos  
Attn: Accounts Payable  
P.O. Box 655  
Los Gatos, CA 95031-0655

- 2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.
- 2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.
- 2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under

this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

- 2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.
- 2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

### III. INSURANCE AND INDEMNIFICATION

- 3.1 Minimum Scope of Insurance:
- i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.
  - ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
  - iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all

certificates and endorsements are to be received and approved by the Town before work commences.

- iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than \$1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

- i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.
- ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.
- iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

- 3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

#### IV. GENERAL TERMS

- 4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.
- 4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.
- 4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.
- 4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.
- 4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.
- 4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos  
Attn: Town Clerk  
110 E. Main Street  
Los Gatos, CA 95030

Chavan & Associates, LLP  
Attn: Sheldon Chavan  
15105 Concord Circle, Suite 130  
Morgan Hill, CA 95037

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to Town.

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

IN WITNESS WHEREOF, the Town and Consultant have executed this Agreement.

Town of Los Gatos by:

Consultant, by:

DocuSigned by:  
Laurel Prevetti 1/21/2022  
853FEEA2EB3947C...  
Laurel Prevetti, Town Manager

DocuSigned by:  
Sheldon Chavan 1/13/2022  
718C359CF31C485...

Recommended by:

DocuSigned by:  
Stephen Conway 1/16/2022  
BB788C2D2B2243B...  
Stephen Conway, Finance Director

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Chavan & Associates, LLP

Approved as to Form:

DocuSigned by:  
Robert W. Schultz 1/21/2022  
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Robert Schultz, Town Attorney

Attest:

DocuSigned by:  
Shelley Neis 1/21/2022  
B9666F65B1E34F6...  
Shelley Neis, MMC, CPMC  
Town Clerk

**TECHNICAL PROPOSAL FOR CONDUCTING  
THE ANNUAL INDEPENDENT AUDIT  
OF THE  
TOWN OF LOS GATOS**

***Submitted October 8, 2021***



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

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Attachment B – Prepared by Client List

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Attachment G – Statement Regarding Insurance Coverage and Worker's Compensation Insurance Ack. Certificate

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**Chavan and Associates, llp**  
Certified Public Accountants

October 8, 2021

Gitta Ungvari, Finance and Budget Manager  
Town of Los Gatos, Finance Department  
110 E. Main Street  
Los Gatos, CA 95030

We are pleased to have this opportunity to submit our proposal to provide auditing services for the Town of Los Gatos (the "Town"). Our understanding of the work outlined in the request for proposal is that we will audit the financial statements of the Town for fiscal years ending June 30, 2022, 2023 and 2024, with two option years.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; the U. S. Office of Management and Budget's (OMB) guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and relevant Governmental Accounting Standards Board (GASB) Statements. We will also apply the necessary procedures to prepare the reports as requested in the RFP, such as the ACFR, single audit reports, management letter, optional measure G AUP's, and preparation of the financial transactions and compensation report.

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

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

- We specialize in the audits of local governments and not for profit entities.
- Our partners have 37 years of combined experience auditing local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the audit.



## Chavan and Associates, llp

Certified Public Accountants

- Our staff and partners are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- Our managing partner will be the lead for your audit. He will attend all conferences and meetings and will supervise the audit directly during each year and phase of the engagement. Our Managing Partner will be the person that prepares your Annual Comprehensive Report which will then be reviewed by our Associate Partner.
- We offer flexible staffing and scheduling, especially during COVID-19. We can send a full team onsite, work 100% remotely, or send a small team on site to minimize exposure. All of our team members are vaccinated and will follow your policies in regard to COVID-19.
- To improve the efficiency of the audit process, we use an online software, Engagement Organizer (EO), to provide a list of information and monitor the workflow during the audit. The link to EO is provided early during the planning process and includes items for both interim and year-end work, such that we can edit the list as needed moving forward. All documents can be uploaded here and notes, status updates and comments are done through EO. We also have a secure portal as an additional way to share information.

We are secure in our belief that our firm is the best qualified to meet your needs. Once you have examined our proposal and contacted our references, we feel you will agree.

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

Sheldon Chavan (15105 Concord Circle, Suite 130, Morgan Hill, CA, 95037, 650-346-1329, Sheldon@cnallp.com) is the partner authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 90 days.

We look forward to being of service to you.

Very truly yours,

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

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***Section A***

*Independence, License to Practice in California,  
and Firm's Qualifications & Experience*

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**Section A**  
**Independence, License to Practice in California,**  
**and Firm's Qualifications & Experience**  
*Town of Los Gatos Proposal for Auditing Services*

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**Independence**

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

C&A did not have any professional relationships involving the Town of Los Gatos, or any of its agencies and component units, for the past five (5) years that would cause a conflict of interest relative to the scope of services identified in the request for proposal. However, C&A did provide the Town's auditing services for the fiscal year ended June 30, 2016 and the 4 years prior. Providing audit services to an entity does not create a conflict of interest, nor compromise independence.

**License to Practice in the State of California**

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

**Contractor Identification and Introduction**

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

Our partners have performed audits under Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 37 years; Sheldon for 23 years and Paul Pham for 14 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports (**ACFRs**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA and CSMFO**. Most recently, C&A prepared **ACFRs** of City of Saratoga, the City of Oroville, City of Suisun, City of Pacific Grove, and City of Carmel-by-the Sea for the year ending June 30, 2020 (working on 2021). Our goal at C&A is to provide premium audit services at a





**Section A**  
**Independence, License to Practice in California,**  
**and Firm's Qualifications & Experience**  
*Town of Los Gatos Proposal for Auditing Services*

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reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients.

After starting the firm with only 9 clients in 2009, we currently have **100 government**, nonprofit and grant **clients**, 40 of which were required to have a single audit under uniform guidance in 2019-20. Our firm's experience includes numerous audits under state and federal compliance audit guides, including the Minimum Audit Requirements and Reporting Guidelines for Cities as required by the State Controller's Office. **What makes us unique from other audit firms** is that we eliminate "on-the-job" training through intensive in-house training, audit planning, and by having partners in the field throughout the entire engagement (not just "spot-checking"). The daily interaction with our Engagement Partner has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, grant requirements, ACFR requirements, budgeting, and much more. Auditing is the main focus of our practice and we are available to start as early as February 1st, however **our calendar is flexible**.

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

**Firm Size, Staff Size, Location and Staffing**

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

Sheldon Chavan, CPA, Managing Partner (23 years)

Paul Pham, CPA, Partner (14 years)

Niru Machiraju, CPA, Supervisor (6 years)

Andrew Quintero, Senior Auditor (4 years)

Matthew Ojeda, Senior Auditor (6 years)

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

**Section A**  
**Independence, License to Practice in California,**  
**and Firm's Qualifications & Experience**  
*Town of Los Gatos Proposal for Auditing Services*

### Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Contractor Prequalification Services	Nonprofit Tax
Local Education Agencies	37	37%	89%	0%	14%	0%
Charter Schools	11	11%	100%	0%	0%	100%
Non-profit Organizations	17	17%	94%	0%	0%	82%
Cities and Towns	10	10%	90%	0%	0%	0%
Special Districts	17	17%	88%	12%	0%	0%
Privately Held	7	7%	71%	29%	0%	0%

	GAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit	Other
Percent by Service Type	91%	73%	40%	22%	41%	39%

### Contract Terminations and Affirmation Concerning Substandard Audit Work

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

### Equal Opportunity Employer

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

### Subcontractor

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

### Business Licenses

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



**Section A**  
**Independence, License to Practice in California,**  
**and Firm's Qualifications & Experience**  
*Town of Los Gatos Proposal for Auditing Services*

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**Insurance**

C&A maintains the following insurance:

- Commercial General Liability Insurance (bodily injury and property damage) is \$4,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Automobile Bodily Injury and Property damage liability insurance is \$2,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Professional Liability Insurance carrier is Philadelphia Insurance Company. The per claim/aggregate limit of the liability is \$3,000,000.
- Workers Compensation Insurance carrier is Twin City Insurance Company. The per claim/aggregate limit of the liability is \$1,000,000.

**Quality Control Review**

We are enrolled in the AICPA quality control peer review program. Our peer review was performed in compliance with AICPA and GAO requirements and included a selection of government audit engagements. Our audits complied with auditing standards generally accepted in the United States of America and Generally Accepted Governmental Auditing Standards.

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***Section B***

*Partner, Supervisory and Staff Qualifications and Resumes*

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## Section B - Partner, Supervisory and Staff Qualifications and Resumes

*Town of Los Gatos Proposal for Auditing Services*

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

### Sheldon Chavan, CPA

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



Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in **1998** and has been auditing local governments and nonprofit organizations ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA, CSMFO, GAQC and GFOA. **He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing ACFR's for award of the Certificate of Excellence in Financial Reporting.** Sheldon has prepared/reviewed ACFR's for the City of Berkeley, City of Sunnyvale, City of Pittsburg and many others over his career. Most recently, Sheldon prepared the ACFR of the City of Oroville, City of Saratoga and the City of Pacific Grove for the fiscal years ended June 30, 2020 (partial listing).



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

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

## Section B - Partner, Supervisory and Staff Qualifications and Resumes

### *Town of Los Gatos Proposal for Auditing Services*

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

Sheldon's recent continuing professional education:

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

## Section B - Partner, Supervisory and Staff Qualifications and Resumes

### *Town of Los Gatos Proposal for Auditing Services*

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

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



## Section B - Partner, Supervisory and Staff Qualifications and Resumes

### Town of Los Gatos Proposal for Auditing Services

## Paul Pham, CPA

Associate Partner (AICPA, CalCPA)

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

Paul's recent continuing professional education:

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

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

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

## Section B - Partner, Supervisory and Staff Qualifications and Resumes

*Town of Los Gatos Proposal for Auditing Services*

### Niru Machiraju, CPA

Audit Supervisor (Member AICPA, CalCPA)

Niru received her Bachelor and Master of Science in Accounting from the University of Saint Thomas. She received her CPA license in 2020. Niru has been working in public accounting since 2015 and has completed six audit seasons. During the 2021 audit season, she completed the financial and compliance audits for the entities listed below and has additional experience in the manufacturing, distribution, and non-profit industries. Niru has audited over sixty local governments and nonprofits since 2015. Besides the standard control documentation and substantive testing required for GAAS audits, Niru has performed audits and prepared reports under GAGAS and Uniform Guidance. She has also audited Federal grants from various agencies, including HUD and the Department of Education (Title I, Special Education) and much more.

Mona's recent continuing professional education:

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

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

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



## Section B - Partner, Supervisory and Staff Qualifications and Resumes

*Town of Los Gatos Proposal for Auditing Services*

### Andrew Quintero

Senior Auditor

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

Andrew's recent continuing professional education:

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

The following is a list of Andrew's clients:

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

## Section B - Partner, Supervisory and Staff Qualifications and Resumes

*Town of Los Gatos Proposal for Auditing Services*

### Matthew Ojeda

Senior Auditor

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

Matthew’s recent continuing professional education:

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

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

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

## **Section B - Partner, Supervisory and Staff Qualifications and Resumes**

### *Town of Los Gatos Proposal for Auditing Services*

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#### **Professional Education and Training**

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

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

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*Section C*

*Similar Engagements*

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## Section C - Similar Engagements

### Town of Los Gatos Proposal for Auditing Services

#### Client References and Similar Engagements

The following projects were completed by C&A in 2019-20 and are ongoing in 2020-21:

Entity Name	City of Del Rey Oaks	City of Saratoga	City of Carmel
Contact Person	Roberto Moreno	Dennis Jaw	Robin Scattini
Title	Chief Business Officer	Finance Manager	Finance Director
Address	650 Canyon Del Rey Road, Del Rey Oaks, CA 93940	13777 Fruitvale Ave, Saratoga, CA 95070	PO Box CC, Carmel-by-the Sea, CA 93921
Phone	831-394-8511	408-868-1227	831-620-2019
E-mail	RobertoM@GovernmentFinancialSolutionsInc.com	djaw@saratoga.ca.us	rscattini@ci.carmel.ca.us
Audit Period	6/30/2021	6/30/2021	6/30/2021
Hours	260	360	320
Fiscal Years Audited	3	5	3
Partner	Sheldon Chavan	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	Yes	Yes
Entity Type	City	City	City
Finance Dept Staff	3	6	3
Scope of Work	Report Prep GAGAS Audit SAS 114 Report Management Letter GANN Limit AUP Measure S Audit Year Round Consultation	CAFR Review GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter TDA Audit GANN Limit AUP Year Round Consultation	CAFR Prep Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP Measure S Audit SCO FTR/Streets Year Round Consultation

Entity Name	City of Rocklin	City of Suisun City	City of Pacific Grove
Contact Person	Angela Doyle	Elizabeth Luna	Tori Hannah
Title	Senior Accountant	Accounting Services Manager	Administrative Services Director
Address	3970 Rocklin Road, Rocklin, CA 95677	701 Civic Center Blvd., Suisun City, CA 94533	300 Forest Ave, Pacific Grove, CA 93950
Phone	916-625-5033	707-421-3215	831-648-3103
E-mail	angela.doyle@rocklin.ca.us	eluna@suisun.com	thannah@cityofpacificgrove.org
Audit Period	6/30/2021	6/30/2021	6/30/2021
Hours	340	400	340
Fiscal Years Audited	4	5	5
Partner	Sheldon Chavan	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	Yes	Yes
Entity Type	City	City	City
General Fund Budget	\$10,000,000	\$36,800,000	\$17,500,000
Finance Dept Staff	2	10	6
Scope of Work	ACFR GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP PFA Audit Successor Agency Audit Year Round Consultation	ACFR GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP TDA Audit Successor Agency Audit Year Round Consultation	ACFR GAGAS Audit Single Audit/OMB GANN Limit AUP SAS 114 Report Management Letter Measure S Audit Year Round Consultation

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*Section D*

*Specific Audit Approach*

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## Section D - Specific Audit Approach

### *Town of Los Gatos Proposal for Auditing Services*

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

### *Three Phase Audit Approach*

#### **Phase I - Planning and Risk Assessment**

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

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

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

### *Internal Controls Documentation*

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

This phase constitutes approximately 42% of all non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.



## Section D - Specific Audit Approach

### *Town of Los Gatos Proposal for Auditing Services*

#### Phase II - Substantive Audit Procedures and Compliance

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

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



*Sampling  
Methods*

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

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

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



*Analytical  
Procedures & Laws  
and Regulations*

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

Phase II will take approximately 42% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations, the status of new accounting principles and reporting requirements, and prepare for Phase III.

#### Phase III - Financial Statement Preparation and Review

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

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

## Section D - Specific Audit Approach

### *Town of Los Gatos Proposal for Auditing Services*

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

We anticipate that Phase III will comprise approximately 16% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the Town will meet their close schedule and responsibilities as noted in the request for proposal.

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

#### **Compliance and Program Specific Auditing**

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

#### **Recommendations for Improved Operations**

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

#### **Irregularities and Illegal Acts**

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

#### **Control Risk Assessment**

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

#### **Analytical Procedures**

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

## Section D - Specific Audit Approach

### Town of Los Gatos Proposal for Auditing Services

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

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

#### Identification of Potential Audit Problems

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

#### Resources Available for Standards Interpretations

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

#### Summary of Audit Phases (Generalized, Not All-Inclusive)



The audit plan will be customized to meet your needs! Phases I and II can be combined.

## Section D - Specific Audit Approach

### Town of Los Gatos Proposal for Auditing Services

#### Summary of Team Assignments (Generalized, All-Inclusive)

### Team Assignments

#### Phase I

Engagement Partner	Associate Partner	Senior	Staff	Admin
<ul style="list-style-type: none"> <li>• Overall Review</li> <li>• Audit Planning and Risk Assessment</li> <li>• Entrance/Exit Conferences</li> <li>• Team meetings</li> <li>• Team Assignments</li> <li>• Quality Control</li> </ul>	<ul style="list-style-type: none"> <li>• Team Planning</li> <li>• Audit Binder Review</li> <li>• Working Paper Review</li> <li>• Management Point Review</li> <li>• Concurring Partner Review</li> <li>• Quality Control</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Planning</li> <li>• Audit Binder Preparation</li> <li>• Major Fund and Major Program Determination</li> <li>• Audit Programs</li> <li>• Internal Control Doc. and Testing</li> <li>• Compliance Control Doc. and Testing</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Control Doc. and Testing</li> <li>• Significant Transaction Areas</li> <li>• Dept. and Desk Level Controls</li> <li>• Compliance Control Doc. and Testing</li> <li>• Single Audit</li> <li>• TDA/MTC</li> <li>• Team Planning</li> <li>• Team Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Correspondence</li> <li>• Staff Support</li> <li>• Information Technology Support</li> </ul>

#### Phase II

Engagement Partner	Associate Partner	Senior	Staff	Admin
<ul style="list-style-type: none"> <li>• Overall Review</li> <li>• Review Audit Plan</li> <li>• Review Audit Programs</li> <li>• Update Team Assignments</li> <li>• Review Major Fund/Major Program Det.</li> <li>• Analytics</li> <li>• Review Working papers, Management Points and AIE's</li> <li>• Guide Audit Team</li> <li>• Entrance and Exit Conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Team Planning</li> <li>• Audit Binder Review</li> <li>• Working Paper Review</li> <li>• Management Point Review</li> <li>• Concurring Partner Review</li> <li>• Quality Control</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Update</li> <li>• Audit Binder Update</li> <li>• Finalize Major Program and Major Fund Determination.</li> <li>• Update and Finalize Audit Programs</li> <li>• Substantive Testing for Significant Accounts</li> <li>• Compliance Testing</li> <li>• Guide and Monitor Staff</li> <li>• Confirmations</li> </ul>	<ul style="list-style-type: none"> <li>• Substantive Testing</li> <li>• Significant Transaction Areas (Cash, Investments, Capital Assets, Long-term Debt, Pensions, Fund Balance, Net Position, Revenue, Expenditures)</li> <li>• Compliance Testing</li> <li>• Single Audit (Uniform Guidance)</li> <li>• TDA/MTC</li> <li>• Team Planning</li> <li>• Team Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Correspondence</li> <li>• Staff Support</li> <li>• Information Technology Support</li> <li>• Confirmations</li> </ul>

#### Phase III

Engagement Partner	Associate Partner	Senior	Staff	Admin
<ul style="list-style-type: none"> <li>• Final Review &amp; Sign-off</li> <li>• Finalize Audit Plan</li> <li>• Finalize Audit Programs</li> <li>• Final Analytics</li> <li>• Prepare CAFR and Review Supporting Schedules</li> <li>• Review all Other Reports</li> <li>• Review and Finalize all Required Management Letters and Correspondence</li> <li>• Exit Conferences, Committee and Board Presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Final Audit Binder Review</li> <li>• Final Working Paper Review</li> <li>• Final Management Point Review</li> <li>• Concurring Partner Review</li> <li>• Quality Control</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize Audit Binder</li> <li>• Review Staff Working papers</li> <li>• Review Staff Management Points</li> <li>• Review Reports</li> <li>• Prepare Assigned Reports</li> <li>• Review CAFR Prepared by Engagement Partner</li> </ul>	<ul style="list-style-type: none"> <li>• Finalize Working Papers</li> <li>• Finalize Management Points</li> <li>• Prepare Assigned Reports</li> <li>• Assist with Report Review</li> </ul>	<ul style="list-style-type: none"> <li>• Correspondence</li> <li>• Staff Support</li> <li>• Information Technology Support</li> <li>• Report Binding and Delivery</li> </ul>

The above chart provides a general overview of typical team assignments.



## Section D - Specific Audit Approach

### Town of Los Gatos Proposal for Auditing Services

#### Summary of Roles and Responsibilities (Not All-Inclusive)

#### General Roles and Responsibilities

##### Phase I

###### **C&A LLP**

The Engagement Partner will be responsible the overall planning, scheduling, review and coordination of Phase I.

The Associate Partner will provide fieldwork support when necessary and help maintain quality control.

The Senior/Manager will review workpapers, letters and reports and help maintain quality control.

The Senior Professional Staff will focus on the more complex areas of controls and support the Engagement Partner.

The Professional Staff will focus on detail of tests of controls over financial, federal compliance and other areas as needed.

###### **Town' Staff**

During this phase, your staff will be expected to provide a preliminary balance sheet and revenues and expenditures by fund, policies and procedures for key controls, a preliminary summary of federal grants, the original budget, contact information for departments and confirmations, and generally provide the information included in the lists of items for interim. We also plan to interview various staff to document and test controls. Testing controls will include sampling for significant areas. Our documentation of internal controls will be done in person and via interviews, unless otherwise requested.

##### Phase II

###### **C&A LLP**

The Engagement Partner's focus will include finalizing the audit programs, substantive analytics, and overseeing the audit.

The Associate Partner will provide fieldwork support when necessary and help maintain quality control.

The Senior/Manager will review workpapers, letters and reports and help maintain quality control.

The Senior Professional Staff will focus on substantive tests for significant accounts.

The Professional Staff will focus on substantive tests for significant accounts, federal compliance, and other required audits.

###### **Town' Staff**

During this Phase, your staff will be expected to provide the final balance sheet and revenue expenditures by fund and accounts from the GL. We will prepare leadsheets in our audit software, but the organization should have adequate support for significant accounts. We will perform a review of journal entries at this time and again before the final reports are issued, thus we will need access to journal entries. We will request reports for major grant programs, certain other programs, and business type activities. We will also perform a number of analytical procedures which will require staff responses, and this will be done in person in most cases.

##### Phase III

###### **C&ALLP**

The Engagement Partner's focus will be on overall reporting, guidance and working with District staff to complete the reporting phase.

The Associate Partner will assist in report preparation and client communication.

The Senior/Manager will review workpapers, letters and reports, and help maintain quality control.

The Senior Professional Staff will focus on report preparation and assisting the engagement partner and guiding our staff.

The Professional Staff will act in a support role during this phase.

###### **Authoritie's Staff**

We expect the Town' staff to review and respond to all reports required to complete the audit. We anticipate the Town will provide or assist us in gathering information needed for the ACFR and note disclosures. Management will be required to sign a representation letter which will be provided by us. Management will be required to provide responses to any and all recommendations and findings included in the management letter. Report preparation will be completed as outlined in the RFP, unless otherwise agreed prior to Phase III of the audit.

## Section D - Specific Audit Approach

*Town of Los Gatos Proposal for Auditing Services*

### Summary of Staff Hours by Phase

Level of Staff	Phases			Total Hours
	I	II	III	
Engagement Partner	32	32	24	88
Associate Partner	4	4	4	12
Supervisor	32	32	8	72
Senior Staff	36	36	8	80
Professional Staff	42	42	8	92
Administrative Staff	2	2	4	8
<b>Totals</b>	<b>148</b>	<b>148</b>	<b>56</b>	<b>352</b>

### Summary Timeline

Segment	Estimated	Phase
Entrance Conference	March 1, 2022	I
Audit Planning C&A's Office	March 1, 2022	I
List of Items Required by Client	March 15, 2022	I
Interim Testing	May 2, 2022	I
Interim Exit Conference and Completion	May 9, 2022	I
Preparation and Mailing of Confirmation Letters to 3rd Parties	July 1, 2022	II
Year-end Field Work Planning Meeting	August 1, 2022	II
Update List of Items Required by Client - Final (Initial Done at Interim)	August 1, 2022	II
Year-end Field Work and Compliance Testing	September 26, 2022	II
Exit Conference	September 30, 2022	II
Progress List of Management Point and Recommendations	October 7, 2022	II
Final List of Management Point and Recommendations	October 21, 2022	II/III
Audit Adjustments	October 21, 2022	II/III
Draft Reports, Financials, Management Letters	November 4, 2022	III
Final Reports, Financials, Management Letters	November 25, 2022	III
Council, Commission & Public Presentations	As Needed	III

## Section D - Specific Audit Approach

*Town of Los Gatos Proposal for Auditing Services*

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### Audit Scope

We understand the scope of our services to be as follows:

- A. Audit and issue a report on the fair presentation of the Basic Financial Statements of the Town of Los Gatos in accordance with generally accepted auditing standards; the standards set forth for financial audits in the U.S. General Accountability Office's most recent Government Auditing Standards; the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; OMB guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR ) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and relevant GASB Statements. The audit shall be conducted for the purpose of forming an opinion on the Town's Basic Financial Statements taken as a whole, and to determine whether the operations were conducted in accordance with legal and regulatory requirements.
  
- B. Prepare, with limited involvement of the Town, the Comprehensive Annual Financial Report (Annual Financial Report) for the Town of Los Gatos and the activities of the private-purpose trust funds of the Successor Agency to the Los Gatos Redevelopment Agency. The Town shall retain ultimate responsibility for the approval and dissemination of the Annual Financial Report; however, C&A shall prepare the draft and complete related tasks, including but not limited to the following:
  - a. Evaluate the document against the Annual Financial Report reporting checklists of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) to ensure eligibility for their respective Annual Financial Report award programs. It is the Town's intention to continue to receive these awards annually and expect that the Annual Financial Report will meet their requirements.
  - b. Verification of implementation of recommended improvements from prior year submissions to GFOA under the Annual Financial Report award program.
  - c. Proofreading and overall review, including layout, design, and making suggested improvements to the document.
  - d. Printing and binding of the final document.
  - e. Assisting with the written responses to the recommendations and questions posed by the Finance Commission prior to the Annual Financial Report's consideration by Town Council..
  
- C. In the required reports on internal controls, C&A shall communicate any reportable conditions found during the audits. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls. The reports on compliance shall include all instances of noncompliance.
  
- D. C&A will prepare a management letter, if applicable, reporting material weaknesses and significant control deficiencies. Prior to completion of the management letter, C&A shall meet with the Town Manager, Director of Finance, the Finance and Budget Manager, the Town Finance Commission, and

## **Section D - Specific Audit Approach**

*Town of Los Gatos Proposal for Auditing Services*

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other Town staff as assigned to review findings and recommendations in detail before the final letter and Town responses are published.

- E. Optional Services
  - a. Development of Agreed Upon Procedures for the review and reporting of Measure G district sales tax revenues and expenditures.
  - b. Preparation of the Cities Financial Transactions and Compensation Report (State Controller's Report).
  
- F. Deliverables
  - a. One electronic file, in PDF format, and 25 bound copies, of the Annual Financial Report, including the necessary audit opinion letters.
  - b. One electronic file, in PDF format, and 25 bound copies, of the federal single audit report, if applicable, including the necessary audit opinion letters.
  - c. One electronic file, in PDF format, and 25 bound copies, of the management letter, if applicable.
  - d. One electronic file, in PDF format, and 25 bound copies, of the required Appropriations Limit Review reporting upon agreed-upon procedures on compliance with Proposition 111 for the year audited.
  
- G. Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
  - a. Los Gatos Town Council
  - b. Town Manager
  - c. Town Attorney
  
- H. We will provide consultation regarding accounting and compliance issues found throughout the contract period.
  
- I. We will attend Town Council meetings as requested throughout the contract period.
  
- J. A partner will be available to present the audit report to the Finance Commission and/or Council.
  
- K. All working papers and reports will be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the Town of the need to extend the retention period. C&A will make such working papers available, on request, to the following parties or their designees:
  - a. Town of Los Gatos
  - b. Parties designated by the Town, or federal or state governments, as part of an audit quality review process
  - c. Auditors of entities of which the Town is a subrecipient of grant funds
  
- L. C&A shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.



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***Section E***

*Discussion of Relevant Accounting Issues*

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## Section E - Discussion of Relevant Accounting Issues

### *Town of Los Gatos Proposal for Auditing Services*

#### Discussion of Relevant Accounting Issues

The Governmental Accounting Standards Board (GASB) continues to issue new statements in an effort to make financial information accounted for, and reported by, local governments more reliable. Often, the statements issued by GASB are confusing and difficult to apply. Therefore, it is our goal to keep our clients informed about upcoming standards and how they may affect their future. Our technical expertise and guidance in the implementation and interpretation of GASB statements will be available throughout the year. We offer inclusive consultation throughout the term of our contract. We also offer in-house training via internally developed seminars. For example, we have given presentations and training on compliance requirements for specific grants and the key controls needed to meet those requirements. Generally, these sessions provide about 8 hours of training, in addition to year-round consultation, and are included in the audit.

In addition, we will send periodic e-mails and newsletters when significant new accounting pronouncements are issued. The most important factors we have discussed include: The potential impact of new pronouncements, the due date and the changes in the reporting presentation, planning the Town should do to ensure it is prepared and the assistance we can provide to ensure compliance. We also prepare template note disclosures and update our template financial statements to meet the reporting standards. In relation to GASB 84, we provided clients with an analysis workbook that is a Q&A document to help them identify component units and how to report pensions, postemployment plans and custodial funds.

The following is a summary of upcoming accounting pronouncements that could have an impact on the Town:

1. Disclosure Framework:

The objective of this project is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance.

Update: The Concepts Statement, Communication Methods in General Purpose External Financial Reports that Contain Basic Financial Statements; Notes to Financial Statements, has taken a turn from the original timeline. There were specific discussions related to the concept of essentiality. As the concept of essentiality is significant to the Concepts Statement, it would have a broad impact to users of the financial statements and Governmental Accounting Standards Advisory Council indicated some concern over the significance of the change in the proposed definition; the Board voted to re-expose the proposed concepts in an exposure draft. GASB anticipates the comment period on this revised exposure draft of this Concepts Statement to open in July 2021.

2. Financial Reporting Model:

Reexamination of Statements Nos. 34, 35, 37, 41 and 46 and Interpretation 6: The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local

## Section E - Discussion of Relevant Accounting Issues

### *Town of Los Gatos Proposal for Auditing Services*

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Governments, and other reporting model-related pronouncements (Statements No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities, No. 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus, No. 41, Budgetary Comparison Schedules—Perspective Differences, and No. 46, Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and to address certain application issues, based upon the results of the pre-agenda research on the financial reporting model.

Update: After public hearings were held in March and April 2021, GASB is currently redeliberating the drafted Statement, Financial Reporting Model Improvements. The agenda on this Concepts Statement extends into 2022 with a draft expected in first quarter 2022.

#### 3. Revenue and Expense Recognition:

The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB’s authoritative literature and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability.

On the heels of the Financial Accounting Standards Boards (FASB) roll out of the revenue recognition guidance, GASB has taken up a similar project reviewing the guidance for recognition of revenues and expenses. Deliberations are anticipated to be ongoing through November 2022. While this project is not anticipated for completion until 2025, the broad application and impact will make it one to keep up to date with its progress.

#### 4. GASB Statement No. 87 – Leases

Most organizations have transitioned their immediate focus on the implementation of GASB 87 as it will become effective for most fiscal 2022 year-end financial statements. GASB 87 defines a lease as a contract that conveys control of the right to use another entity’s non-financial asset for a period of greater than one year. Purchased power agreements are exempt from this treatment (unlike the Financial Accounting Standards Board lease standard). GASB 87 is effective for fiscal years beginning after June 15, 2021.

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***Section F***

*Additional Information*

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## Section F - Additional Information

### Town of Los Gatos Proposal for Auditing Services

#### Current Client List

Cities/Towns	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
City of Albany	✓		✓			✓	
City of Del Rey Oaks		✓	✓				
City of Lincoln	✓		✓			✓	
City of Marina	✓	✓	✓	✓		✓	
City of Oroville	✓	✓	✓	✓			
City of Pacific Grove	✓	✓	✓	✓			
City of Point Arena		✓	✓				
City of Rocklin	✓	✓	✓	✓			
City of Saratoga	✓	✓	✓	✓			
City of Suisun City	✓	✓	✓	✓		✓	
Town of Yountville	✓	✓	✓			✓	

Local Education Agencies	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Antelope School District		✓	✓		✓		
Berkeley Unified School District						✓	
Burlingame School District		✓	✓	✓	✓		✓
Cabrillo Unified School District		✓	✓	✓	✓		✓
Corning Union High School District		✓	✓	✓			
Cotati-Rohnert Park Unified School District		✓	✓	✓	✓		✓
Cottonwood Union School District		✓	✓	✓	✓		
Golden Valley Unified School District		✓	✓	✓	✓		
Hillsborough City School District		✓	✓	✓	✓		
Jefferson Union High School District		✓	✓	✓	✓		
John Swett Unified School District		✓	✓	✓		✓	
Las Lomas School District		✓	✓		✓		✓
Lassen View Union Elementary School District		✓	✓	✓	✓		
Los Altos School District	✓	✓	✓	✓	✓		✓
Luther Burbank School District		✓	✓	✓	✓		
Menlo Park City School District		✓	✓	✓	✓		
Millbrae School District		✓	✓	✓	✓		✓
Mountain View Whisman School District		✓	✓	✓	✓		✓
Napa Valley Unified School District		✓	✓	✓	✓		✓
Orchard School District		✓	✓	✓	✓		✓
Pacifica School District		✓	✓	✓	✓		
Red Bluff Joint Union High School District		✓	✓	✓	✓		✓
Red Bluff Union Elementary School District		✓	✓	✓	✓		
Roseland Elementary School District		✓	✓	✓	✓		✓
San Bruno Park School District		✓	✓	✓	✓		
San Carlos School District		✓	✓	✓	✓		✓
San Lorenzo Valley Unified School District		✓	✓	✓	✓		✓
San Mateo Foster City School District		✓	✓	✓	✓		✓
San Rafael City Schools						✓	
Santa Rosa City Schools		✓	✓	✓	✓		✓
Sequoia Union High School District		✓	✓	✓	✓	✓	✓
Sonoma Valley Unified School District		✓	✓	✓	✓		✓
Soquel Union Elementary School District		✓	✓	✓	✓		✓
South San Francisco Unified School District						✓	✓
Union School District				✓			✓
West County Transportation Agency		✓	✓		✓		
Woodside Elementary School District		✓	✓		✓		✓

## Section F - Additional Information

### Town of Los Gatos Proposal for Auditing Services

Charter Schools	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Charter School of Morgan Hill		✓	✓		✓	✓	
Cottonwood Creek Charter School		✓	✓		✓	✓	
Credo High School		✓	✓		✓	✓	
Kid Street Charter School		✓	✓			✓	
The Reach Charter School		✓	✓			✓	
Mission Preparatory School		✓	✓		✓	✓	
Pathways Charter School		✓	✓		✓	✓	
Roseland Charter School		✓	✓	✓	✓	✓	
RSTEM Academy Charter School		✓	✓		✓	✓	
Stone Bridge Charter School		✓	✓		✓	✓	
Woodland Star Charter School		✓	✓		✓	✓	

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

NonProfit Organizations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Boys and Girls Clubs of Sonoma Valley		✓				✓	
Center for Empowering Refugees & Immigrants		✓				✓	
Children of Grace		✓				✓	
Far West Wheel Chair Association		✓				✓	
Hidaya Foundation		✓				✓	
Mission Language and Vocational School		✓				✓	
Morgan Hill Charter School Foundation		✓				✓	
NASA AMES Exchange		✓				✓	
O'Connor Tract Co-Operative Water Co.		✓				✓	
Peninsula Conflict Resolution Center		✓				✓	
Redwood City Education Foundation		✓				✓	
San Mateo County Exposition and Fair Association		✓				✓	
Sonoma Valley Hospital Foundation		✓				✓	
The Moca Foundation		✓				✓	
The San Jose Library Foundation		✓				✓	
Tru		✓				✓	
Work2future Foundation		✓	✓	✓		✓	

Privately Held Corporations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Air Filter/Control		✓	✓	✓		✓	
Dfusion, Inc.		✓	✓	✓			
Diagnostics for the Real World		✓	✓	✓			
FRTek US, LLC		✓					
Pathway to Choices		✓					
Roberts of Woodside		✓				✓	
Sociometrics		✓	✓	✓			



## **Section F - Additional Information**

*Town of Los Gatos Proposal for Auditing Services*

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### **Technology in the Audit**

C&A is a paperless firm and we use secure cloud servers for file sharing. We have Lenovo laptops and Fujitsu scanners that we use in the field. Our secured laptops are synchronized to our cloud server every day to avoid loss of data. The scanners allow for flexibility during the audit since it is not feasible to expect every document in electronic format.

Our secure online fileshare and engagement organizer provide for a better option over e-mailing electronic files. Each of our clients has an account login username and password through our website or an emailed link that allows them to upload files. This is especially helpful with sensitive information such as payroll data as it is much more secure than e-mail.

Our audit software is **ProSystems fx Engagement** which we compliment with Knowledge Coach (KC) audit programs and workpapers. These programs allow us to roll-forward audit information without having to replace the audit programs in the binder because they automatically update with changes in auditing and accounting standards every month. Finally, we have purchased data extraction software for each of our laptops that convert Adobe and other file types to Word and Excel.

All of the above-mentioned technological innovations make the audit more efficient and provides us the opportunity to spend time in areas that are more meaningful to the District. It also reduces the time and effort required by District staff to provide information and minimizes redundancy from year to year in the audit.

### **Proposal Exceptions**

C&A did **not** have any exceptions or requested changes to the Town's RFP conditions or requirements.

### **C&A's Responsibility for Detecting Fraud**

While audits are not designed to root out every instance of fraud, we have a responsibility to detect material misstatements in the financial statements caused by either fraud or error. Accordingly, generally accepted auditing principles prescribe specific audit procedures to detect fraud that must be carried out during each audit. C&A must hold a fraud brainstorming session at the beginning of the audit. This session is designed to provide a time for the audit team to consider how the client could commit fraud. The brainstorming meeting is used to set a tone of professional skepticism in the audit. Because committing material financial statement fraud often requires adjustments to financial records, C&A will test journal entries for any signs of manipulation. Another likely place for fraud is in accounting estimates since management may be able to influence accounting estimates to manipulate the financial statements. Generally, we perform procedures to determine if the methodology for completing accounting estimates has changed from the prior year and examine the directionality of estimates as a whole. We also closely examine significant unusual transactions outside of normal operations. This examination requires organizations to explain the purpose and rationale for the transaction and we corroborate management's response with other information received during the audit.



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*Attachments*

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## Attachment A - Peer Review Report

### REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 18, 2021

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

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

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

#### Firm's Responsibility

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

#### Peer Reviewer's Responsibility

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

#### Required Selections and Considerations

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

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

## Attachment A - Peer Review Report

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

### Opinion

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

Santa Ana, California

DRAFT 10-3-2021

## Attachment A - Peer Review Report



**POWELL & SPAFFORD, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)  
Patrick D. Spafford, CPA

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

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

To Chavan & Associates, 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 Chavan & Associates, LLP (the firm) in effect for the year ended December 31, 2016. 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*, 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.

## Attachment A - Peer Review Report

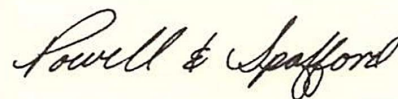
### Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not sufficient to provide reasonable assurance that its personnel will have the education necessary to perform engagements in accordance with professional and regulatory requirements. The courses taken by firm personnel did not provide them with sufficient information about current developments in auditing matters. This contributed to audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans, not conforming to professional standards in all material respects in the areas of proper presentation and disclosure for required supplemental information (RSI), documentation of independence, preparation of the schedule of expenditures of federal awards and documentation of testing specific to major program compliance. The audits of employee benefit plans did not conform to professional standards related to reporting, internal control documentation and participant testing.
2. The firm's quality control policies and procedures regarding monitoring did not provide it with reasonable assurance that the policies and procedures relating to the system of quality control are operating effectively. The firm's quality control policies and procedures did not include ongoing inspection, and post issuance reviews to assist in providing ongoing consideration and evaluation of the quality control system.

### Opinion

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Chavan & Associates, LLP has received a peer review rating of *pass with deficiencies*.



March 19, 2018



## Attachment B - Prepared by Client List

### LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
Interim - Financial	<p>1.1 - Preliminary Trial Balance for FY21 (July 1, 2020 to June 30, 2021) - FORMAT: Excel</p> <p>1.2 - Chart of Accounts, with: fund names and type ,account type, revenue category, expense department, etc. Please include a description for any new funds not included in the FY21 audited financial statements. - FORMAT: Excel</p> <p>1.3 - 2021 adopted budget and amendments, if any - FORMAT: Any</p> <p>1.4 - 2021 reconciliation of budget changes and amendments - FORMAT: Any</p> <p>1.5 - Most recent board packet and financial information submitted to the board - Unless available online FORMAT: Adobe</p> <p>2.0 - Internal accounting manual, policies and procedures. - Please ensure this includes all policies regarding purchasing, procurement and vendor card policy, hiring, fund balance or reserve, investment, billing, budget, debt, etc. FORMAT: Adobe</p>
Interim - General	<p>2.1 - Capital asset policy and procedures for property, plant, equipment, infrastructure and construction in progress. - unless included in the internal accounting manual provided above. FORMAT: Adobe</p> <p>2.2 - A summary of committees and subcommittees with contact information - FORMAT: Any</p> <p>2.3 - Council by-laws - FORMAT: Adobe</p> <p>2.4 - Organizational Chart - FORMAT: Any</p> <p>2.5 - List of departments and contact information for main contact in each department. - FORMAT: Any</p>
Interim - Investments	<p>3.0 - Investment policy - unless included in the internal accounting manual provided above. FORMAT: Any</p> <p>3.1 - Most recent investment report approved by the Council - FORMAT: Any</p> <p>4.0 - List of all bank and brokerage accounts under the Town's name and tax ID. Please include the bank and brokerage contact information. Where applicable, please note the purpose, restrictions, fund, etc. associated with each account - FORMAT: Any</p>
Interim - Cash and Other	<p>5.0 - List of all locations/departments collecting cash and/or checks over the counter. - FORMAT: Any"</p>
Interim - Receipts/Cash	<p>5.1 - Cash receipts listing/register by location through today - FORMAT: Excel</p> <p>5.2 - For the Enterprise funds, please provide the most recent rate studies and council-approved rate changes.</p>
Interim - Disbursements	<p>6.0 - Summary of purchases by vendor through field work date - FORMAT: Excel</p> <p>6.1 - Warrant register (including any EFT) from 7/1/2020 through field work date. - Please include the account code, vendor, amount, warrant #, and warrant date FORMAT: Excel</p> <p>6.2 - List of credit cards and store cards/accounts with cardholder names, account numbers, and limits. If the name of the card and the name used as the vendor for disbursements are different, please indicate the vendor name as well. - FORMAT: Any</p> <p>6.3X - Support for Sampled Disbursements</p>
Interim - Procurement	<p>7.0 - List of projects that required formal bids awarded during fiscal year 2021.</p> <p>7.1 - List of public projects over \$5,000 - FORMAT: Any</p>
Interim - Commitments	<p>8.0 - List of contracts entered into and open for 2021 - FORMAT: Any</p>
Interim - Payroll/HR	<p>9.0X - Payroll Sample</p> <p>9.0 - Payroll register paid in March 2021 and November 2020 - FORMAT: Adobe</p> <p>9.1 - List of employees, including identification of employees who work on federal programs, department, and category code (or job title) - FORMAT: Excel</p> <p>9.2 - List of new hires with hire dates and category code (or job title)- FORMAT: Excel</p> <p>9.3 - List of terminated employees with termination dates and category code (or job title)- FORMAT: Any</p> <p>9.4 - MOUs, employment contracts, management compensation agreements, Council compensations arrangements and supporting salary schedules - FORMAT: Adobe</p> <p>9.5 - Employee handbook and/or HR policies Handbook - unless included in the internal accounting manual provided above. FORMAT: Adobe</p> <p>9.6 - Conflict of interests policies for employees and Council, if any - unless included in the internal accounting manual provided above. FORMAT: Adobe</p>

## Attachment B - Prepared by Client List

### LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
	9.7 - List of employees receiving early termination benefits and a summary of those benefits, if any - FORMAT: Any
	9.8 - Summary list of OPEB plans and retirement plans offered to employees, if any. - FORMAT: Any
	9.9 - Census information (list of employees and retirees) sent to the actuarial for the retiree health plan (OPEB) valuation report (GASB 75) . Please include their names, date of birth, and female/male. - FORMAT: Excel
	9.10 - List of employees currently enrolled in the CalPERS pension retirement plan. Please include their names, date of birth, and female/male. (GASB 68) FORMAT: Excel
Interim - Debt	10.0 - All debt agreements - FORMAT: Adobe
	10.1 - Amortization schedules for all long-term debt - FORMAT: Excel
	10.2 - Summary of capital and operating leases - Only if annual payment exceeds \$10,000 FORMAT: Excel
	10.3 - Agreements for any new or amended capital or operating leases. - Only if annual payment exceeds \$10,000 FORMAT: Adobe
Federal Compliance	11.0 - Grant tracker - schedule of expenditures of federal awards through date of field work. Please include the CFDA#, amount awarded, amount spent current year, amount spent for award if multi year award, program name, federal department name, pass-through entities, etc. - Please note if any portion of the State Revolving Fund loan is federally funded and if there were any additional draw downs in FY21. FORMAT: Excel
GANN Limit	12.0 - Adopted resolution for the most recent appropriations limits. FORMAT: Adobe
	12.1 - City's calculation of the most recent GANN limit
	12.2 - Department of Finance Price Factor and population information used for the GANN limit calculation
Year-End - General	13.0 - Detailed Trial Balance or Financial Summary Report by Fund and Object for June 30, 2021 - FORMAT: Excel
	13.1 - Revenue and Expenditure report with adopted budget, final budget, actual and variance by Fund and Object for the fiscal years ended June 30, 2021 - FORMAT: Excel
	13.2 - A list of journal entries from July 1, 2020 through date of field work. - This will also cover subsequent events. FORMAT: Excel
	13.3 - List of all related parties known by the Town as well as policies and procedures used by City to identify related parties. FORMAT: Any
	13.4 - Significant events after year end, such as debt agreements, significant purchases or contracts. Required subsequent event disclosure. FORMAT: Any
Year-End - Reporting	14.0 - A list of commitments in dollar amounts to vendors and contractors outstanding at 6/30/2021, that have not been recorded in accounts payable or accrued liabilities. (encumbrances, open PO's and contracts) - Required for disclosure. Please list original and remaining commitment balances. This would include fire and police services contracts. FORMAT: Excel
	14.1 - A list of Joint Powers Authorities (JPAs) for which the Town is a part of, the purpose of each JPA, the Town's role and contact information - FORMAT: Any
	14.2 - The most recently available audit reports from JPAs for which the Town is a member. - FORMAT: Paper or Adobe
Year-End - Cash and Investments	15.0 - Bank reconciliations 6/30/2021 and 7/31/2021 - FORMAT: Any
	15.1 - Bank statements for all cash accounts as of 6/30/2021 and 7/31/2021 - FORMAT: Paper or Adobe
	15.2 - Summary of restricted cash as of June 30, 2021 - FORMAT: Any
	15.3 - Brokerage and/or LAIF statements for the period ended June 30, 2021 - FORMAT: Paper or Adobe
	15.4 - If not included in brokerage statements or treasurer's report, please provide a breakdown of investment maturities by type of investment in the categories of 12 months or less, 13-24 months, 25-36 months, 37-48 months and 49-60 months. - If only deposit money in LAIF, checking or savings, this will not be applicable FORMAT: Any

## Attachment B - Prepared by Client List

### LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
Year-End - Accounts Receivable and Revenue	15.5 - Summary of fair values by account or type of asset as required by GASB 72 (please contact sheldon@cnallp.com if you need clarification or assistance with this) - If only deposit money in LAIF, checking or savings, this will not be applicable FORMAT: Any
	16.0 - Summary schedule of AR by customer, government or other resource as of 6/30/2021 - Please also include a aging report FORMAT: Excel
	16.1 - Cash receipts listing/register by location from July 1, 2021 to field work. Please ensure the report at least includes the date, description and amount. FORMAT: Excel
	16.2 - Reconciliation of property taxes
	16.3 - Schedule of gas tax apportionment from the State Controller's Office
Year-End - Capital Assets (PP&E)	16.4 - Reconciliation of sales tax revenue to the general ledger and copies of BOE remittances
	17.0 - Summary schedule showing capital assets beginning balances, additions, deletions, transfers, and ending balances for both governmental and proprietary capital assets by category as of June 30, 2021 - FORMAT: Excel
	17.1 - Detailed listing capital assets at June 30, 2021, including cost, accumulated depreciation and current year depreciation - FORMAT: Excel
	17.2 - List of all CIP by program with beginning, additions, deletions (transfers), and ending balance for fiscal year ending 6/30/21, if applicable - If possible, please include warrant/EFT #s for additions. FORMAT: Excel
	17.3 - Land or property held for sale and its net realizable value, if any. - FORMAT: Excel
	17.4 - Depreciation expense by function for 6/30/2021 - FORMAT: Excel
	17.XX Capital Asset Sample Support
	18.0 - Summary schedule of balances due to and due from funds as of 6/30/2021 - This schedule should have three columns, the first column will report the fund with the due from (receivable), the second column will report the due to (payable), and the third column should explain the purpose of the transaction FORMAT: Excel
	18.1 - Summary schedule of transfers in and transfers out and explanations as to the purpose of the transfers for FYE 2021 - FORMAT: Excel
	19.0 - Summary of AP dollar balances by vendor and fund at June 30, 2021 - FORMAT: Excel
Year-End - Accounts Payable	19.1 - Warrant register from 7/1/2021 to 9/1/2021. Please ensure this report includes the fund and object for each warrant. Excel format.
	20.0 - List of deposit payables and reason for deposits - FORMAT: Any
Year-End - Deposit Payable	21.0 - Insurance claim payable schedule showing beginning claim payable, claims incurred, increase/decrease in estimate liability for prior claim, claim paid, and ending claim payable for FYE 2021 - If not applicable, identify the cities total potential exposure after insurance. This could simply be the Town's deductible per occurrence. FORMAT: Any
	21.1 - Open insurance claim report as of June 30, 2021 - FORMAT: Any
Year-End - Other Liabilities	22.0 - Supporting schedules for accrued salaries and Payroll Register covering the final pay period of the year for FY 2021 - FORMAT: Paper or Adobe
Year-End - Accrued Liabilities	23.0 - Payroll register with YTD totals as of June 30, 2021 - FORMAT: Paper or Adobe
Year-End - Payroll	23.1 - Payroll reconciliations from register or 941's to GL for FYR 6/30/2021, if any. - FORMAT: Excel
	23.2 - Schedule of vacation and sick accruals, including beginning balance, earned, paid, and ending balance. (Compensated absences) for FYE 6/30/2021 - Please provide in hours and dollars FORMAT: Excel
	24.0 - CalPERS actuarial valuation report for GASB 68 reporting, if not provided online on CalPERS website - FORMAT: Paper or Adobe
	24.1 - Schedule of CalPERS covered member, noting active and inactive members and which members are receiving benefits, for each plan - If not already provided at interim FORMAT: Any
	24.2 - Summary of CalPERS contributions by employer and employee, for each plan - FORMAT: Any
Year-End - PERS	25.0 - Actuarial report for GASB 75, if applicable. - If not already provided at interim FORMAT: Paper or Adobe
	25.1 - CERBT or other trust account statement for FYE 6/30/2021 - FORMAT: Paper or Adobe
Year-End - OPEB	



## Attachment B - Prepared by Client List

### LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
Year-End - Debt	26.0 - Schedule of long term debt showing beginning balance, payment, and ending balances and amounts due within one year for FYE 6/30/2021 - FORMAT: Paper or Adobe
Year-End - Fund Balance/Net Assets	26.1 - Debt agreements and amortization schedules, if any changes or for new debt. Please include any new debt issued subsequent to year end as well - If not already provided at interim FORMAT: Any 27.0 - Final summary of fund balance classifications per GASB 54 (Nonspendable, Restricted, Assigned and Unassigned) - FORMAT: Excel 27.1 - Town Council resolution supporting committed fund balances per GASB 54 and any revenue stabilization agreements, if any. - FORMAT: Paper or Adobe
Year-End - GANN	28.0 - GANN Limit resolution and council agenda report for 2021. - Please provide the original resolution and calculation as well as the final resolution and calculation, if applicable FORMAT: Adobe or paper 28.1 - GANN Limit letter from state department of finance with population information - FORMAT: Adobe or paper


## ATTACHMENT C PROPOSER WARRANTIES

The proposer warrants that it can and will provide and make available, at a minimum, all of the services and deliverables set forth in this RFP.

The proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents in conjunction with the services to be provided. Coverage limits shall be \$2,000,000 or more per occurrence, without reduction for claims paid during the policy period. The carrier should be duly insured and authorized to issue similar insurance policies for this nature in the State of California.

The proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Town.

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature:  \_\_\_\_\_

Printed Name: Sheldon Chavan

Title: Managing Partner

Firm: Chavan & Associates, LLP

Date: 10/8/2021

**ATTACHMENT D - CONFLICT OF INTEREST STATEMENT**

**THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL**

**PROFESSIONAL AUDITING SERVICES**

The undersigned declares:

I/We Chavan & Associates, LLP (Insert Name) have the following financial, business, or other relationship with Town of Los Gatos that may have an impact upon the outcome of the contract. If none, please specify that no other relationships may have an impact on this contract or Project.

None and no other relationships may have an impact on this contract

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I/We Chavan & Associates, LLP (Insert Name) have the following current clients who may have a financial interest in the outcome of this contract. If none, please specify that no other clients may have a financial interest with an impact on this contract or Project.

None

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Pursuant to Government Code section 1090 and any other laws, rules and regulations that may apply, the Proposer covenants that neither it, its subcontractors nor employees presently have an interest, and shall not acquire any interest, direct or indirect, financial or otherwise that would conflict in any manner or degree with contract awarded from this RFP. Proposer certifies that to the best of its knowledge, no one who has or will have any financial interest in the contract awarded from this RFP is an officer or employee of the Town. Through its submittal of a proposal, Proposer acknowledges that it is familiar with Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California and will

immediately notify the Town if it becomes aware of any facts concerning the contract to be awarded that constitute a violation of said provisions.

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on October 8, 2021 [date], at Mogan Hill [city], CA [state].

Chavan & Associates, LLP

Managing Partner

Proposer Name (Person, Firm, Corp.)

Title of Authorized Representative

15105 Concord Circle, Ste 130

Sheldon Chavan

Address

Name of Authorized Representative

Morgan Hill, CA 95037

City, State, Zip

10/8/2021



Date

Signed

**ATTACHMENT E – NON-COLLUSION DECLARATION**

**THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL**

**PROFESSIONAL AUDITING SERVICES**

The undersigned declares:

I am the Managing Partner [Insert Title] of Chavan & Associates, LLP [Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

The proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The proposal is genuine and not collusive or sham. The Respondent has not directly or indirectly induced or solicited any other respondent to put in a false or sham proposal. The Respondent has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or to refrain from responding. All statements contained in the proposal are true.

Any person executing this declaration on behalf of a respondent that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the respondent.

## ATTACHMENT F - REFERENCES

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

## PROFESSIONAL AUDITING SERVICES

List three (3) references for work of a similar nature to the Services performed within the last five (5) years. Use additional sheets as necessary.

1.	City of Carmel-by-the-Sea	PO Box CC, Carmel-by-the-Sea, CA 93921
	Name of Agency	Agency Address
	Robin Scattini	Finance Director
	Contact Name	Contact Title
	831-620-2019	rscattini@ci.carmel.ca.us
	Contact Telephone	Contact Email Address
	6/30/2019 to 6/30/2021	\$27,000
	Contract Period	Contract Amount
	ACFR, Audit, Single Audit, GANN, Measure S, Management Letters	

## Description of services performed including costs.

2.	City of Saratoga	13777 Fruitvale Ave, Saratoga, CA 95070
	Name of Agency	Agency Address
	Dennis Jaw	Finance Manager
	Contact Name	Contact Title
	408-868-1227	djaw@saratoga.ca.us
	Contact Telephone	Contact Email Address
	6/30/2014-6/30/2021	\$39,000
	Contract Period	Contract Amount
	ACFR, Audit, Single Audit, Management Letters, GANN, TDA Audit	

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**Description of services performed including costs.**

3. City of Del Rey Oaks 650 Canyon Del Rey Road, Del Rey Oaks, CA 93940  
 Name of Agency Agency Address  
Roberto Moreno Chief Business Officer  
 Contact Name Contact Title  
831-394-8511 RobertoM@GovernmentFinancialSolutionsInc.com  
 Contact Telephone Contact Email Address  
6/30/2018-6/30/2021 \$26,750  
 Contract Period Contract Amount  
Audit, GANN, Measure S, Police AUP, Management Letters

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**Description of services performed including costs.**

I hereby certify that the Proposer performed the work listed above.

 Sheldon Chavan 10/8/2021  
 Signature of Proposer Name Date

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 10/8/21 [date], at Morgan Hill [city], CA [state].

By:   
 Name: Sheldon Chavan  
 Title: Managing Partner

**ATTACHMENT G - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION  
INSURANCE ACKNOWLEDGMENT CERTIFICATE**

**THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL  
PROFESSIONAL AUDITING SERVICES**

PROPOSER HEREBY CERTIFIES that the Proposer has reviewed and understands the insurance coverage requirements specified in the RFP. Should the Proposer be awarded a contract for Services, Proposer further certifies that the Proposer can meet the specified requirements for insurance, including insurance coverage of any subcontractors, and agrees to name the Town as additional insured for the Services specified.

By certifying this form, the Proposer also understands the Worker's Compensation insurance requirement per the California Labor Code, Sections 1860 and 1861:

I am aware of the provisions of Section 3700 of the Labor Code, which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Chavan & Associates, LLP

Name of Proposer (Person, Firm, or Corporation)



Signature of Proposer's Authorized Representative

Sheldon Chavan, Managing Partner

Name & Title of Authorized Representative

10/8/2021

Date of Signing