

**CITY OF SANTA ROSA
PROFESSIONAL SERVICES AGREEMENT
WITH MACIAS GINI & O'CONNELL LLP
AGREEMENT NUMBER _____**

This "Agreement" is made as of this ____ day of _____, 2016, by and between the City of Santa Rosa, a municipal corporation ("City"), and Macias Gini & O'Connell LLP, a Limited Liability Partnership, ("Consultant").

RECITALS

- A. City desires financial audit services.
- B. City desires to retain a qualified firm to conduct the services described above in accordance with the Scope of Services as more particularly set forth in Exhibit A to the Agreement.
- C. Consultant represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct the services described above and render advice to City in connection with said services.
- D. The parties have negotiated upon the terms pursuant to which Consultant will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, City and Consultant agree as follows:

1. SCOPE OF SERVICES

Consultant shall provide to City the financial audit services described with further particularity in the CITY's Request for Proposals 16-05 Financial Audit Services dated February 11, 2016 as described in Exhibit A ("Scope of Services"). Consultant shall provide these services at the time, place, and in the manner specified in Exhibit A. Exhibit A is attached hereto for the purpose of defining the manner and scope of services to be provided by Consultant and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In the event of any conflict between this Agreement and any terms or conditions of any document prepared or provided by Consultant and made a part of this Agreement, including without limitation any document relating to the scope of services or payment therefor, the terms of this Agreement shall control and prevail.

2. COMPENSATION

a. City shall pay Consultant for services rendered pursuant to this Agreement at the rates, times and in the manner set forth in Exhibit B. Consultant shall submit monthly statements to City which shall itemize the services performed as of the date of the statement and set forth a progress report,

including work accomplished during the period, percent of each task completed, and planned effort for the next period. Invoices shall identify personnel who have worked on the services provided, the number of hours each worked during the period covered by the invoice, the hourly rate for each person, and the percent of the total project completed, consistent with the rates and amounts shown in Exhibit B.

b. The payments prescribed herein shall constitute all compensation to Consultant for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges of Consultant, its agents and employees. In no event shall City be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of Eight Hundred and Forty Thousand Dollars (\$840,000.00). The City's Chief Financial Officer is authorized to pay all proper claims from Charge Number from the appropriate IFAS keys.

3. DOCUMENTATION; RETENTION OF MATERIALS

a. Consultant shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Consultant shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of City for inspection at any reasonable time.

c. Consultant shall maintain the records and any other records related to the performance of this Agreement and shall allow City access to such records during the performance of this Agreement and for a period of four (4) years after completion of all services hereunder.

4. INDEMNITY

a. Consultant shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless City, and its employees, officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, its officers, employees, or agents, in said performance of professional services under this Agreement, excepting only liability arising from the sole negligence, active negligence or intentional misconduct of City.

b. The existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section 4, nor shall the limits of such insurance limit the liability of Consultant hereunder. This Section 4 shall not apply to any

intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section 17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

5. INSURANCE

a. Consultant shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Consultant in exchange for City's agreement to make the payments prescribed hereunder. Failure by Consultant to (i) maintain or renew coverage, (ii) provide City notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by City as a material breach of this Agreement by Consultant, whereupon City shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Consultant to maintain required insurance coverage shall not excuse or alleviate Consultant from any of its other duties or obligations under this Agreement. In the event Consultant, with approval of City pursuant to Section 6 below, retains or utilizes any subcontractors or subconsultants in the provision of any services to City under this Agreement, Consultant shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Consultant agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Consultant agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

6. ASSIGNMENT

Consultant shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of City, in City's sole and absolute discretion. Consultant agrees that the City shall have the right to approve any and all subcontractors and subconsultants to be used by Consultant in the performance of this Agreement before Consultant contracts with or otherwise engages any such subcontractors or subconsultants.

7. NOTICES

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

City Representative:

Jeannette Amavisca
Supervising Accountant
635 1st St., 2nd Floor
Santa Rosa, CA 95404
Voice (707) 543-3135
Fax (707) 543-3703
Email: jamavisca@srcity.org

Consultant Representative:

David Bullock, Partner
Macias Gini & O'Connell LLP
2121 N. California Blvd., Ste 750
Walnut Creek, CA 94596
Voice (925)395-2808
Fax (925)-274-3819
Email: dbullock@mgocpa.com

8. INDEPENDENT CONTRACTOR

a. It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither Consultant nor Consultant's assigned personnel shall be entitled to any benefits payable to employees of City. City is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of this Agreement, and Consultant shall be issued a Form 1099 for its services hereunder. As an independent contractor, Consultant hereby agrees to indemnify and hold City harmless from any and all claims that may be made against City based upon any contention by any of Consultant's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.

b. It is further understood and agreed by the parties hereto that Consultant, in the performance of Consultant's obligations hereunder, is subject to the control and direction of City as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by Consultant for accomplishing such results. To the extent that Consultant obtains permission to, and does, use City facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Consultant's sole discretion based on the Consultant's determination that such use will promote Consultant's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the City does not require that Consultant use City facilities, equipment or support services or work in City locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision, and control of Consultant. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Consultant. It is further understood and agreed that Consultant shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Consultant's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between City and Consultant. Consultant may represent, perform services for, or be employed by such additional persons or companies as Consultant sees fit.

9. ADDITIONAL SERVICES

Changes to the Scope of Services shall be by written amendment to this Agreement and shall be paid on an hourly basis at the rates set forth in Exhibit B, or paid as otherwise agreed upon by the parties in writing prior to the provision of any such additional services.

10. SUCCESSORS AND ASSIGNS

City and Consultant each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

11. TERM, SUSPENSION, TERMINATION

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

b. City shall have the right at any time to temporarily suspend Consultant's performance hereunder, in whole or in part, by giving a written notice of suspension to Consultant. If City gives such notice of suspension, Consultant shall immediately suspend its activities under this Agreement, as specified in such notice.

c. City shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to Consultant. Upon such termination, Consultant shall submit to City an itemized statement of services performed as of the date of termination in accordance with Section 2 of this Agreement. These services may include both completed work and work in progress at the time of termination. City shall pay Consultant for any services for which compensation is owed; provided, however, City shall not in any manner be liable for lost profits that might have been made by Consultant had the Agreement not been terminated or had Consultant completed the services required by this Agreement. Consultant shall promptly deliver to City all documents related to the performance of this Agreement in its possession or control. All such documents shall be the property of City without additional compensation to Consultant.

12. TIME OF PERFORMANCE

The services described herein shall be provided during the period, or in accordance with the schedule, set forth in Exhibit A and Exhibit B. Consultant shall complete all the required services and tasks and complete and tender all deliverables to the reasonable satisfaction of City, not later than November 01, 2020.

13. STANDARD OF PERFORMANCE

Consultant shall perform all services performed under this Agreement in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California. All products of whatsoever nature that Consultant delivers to City shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession, and shall be provided in accordance with any schedule of performance. Consultant shall assign only competent personnel to perform services under this Agreement. Consultant shall notify City in writing of any changes in Consultant's staff assigned to perform the services under this Agreement prior to any such performance. In the event that City, at any time, desires the removal of any person assigned by Consultant to perform services under this Agreement, because City, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, Consultant shall remove such person immediately upon receiving notice from City of the desire of City for the removal of such person.

14. CONFLICTS OF INTEREST

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of City or that would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of City. Consultant agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City at all times during the performance of this Agreement.

15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The City's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq.*, comply with the conflict of interest provisions of the Political Reform Act and the City's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

b. **Conflict of Interest Statements.** The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the City's Conflict of Interest Code:

___ yes no (check one)

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

- (1) Identify the individuals who will provide services or perform work under this Agreement as "consultants"; and

- (2) Cause these individuals to file with the City Clerk the assuming office statements of economic interests required by the City's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, Consultant shall cause these individuals to file with the City Clerk annual statements of economic interests, and "leaving office" statements of economic interests, as required by the City's Conflict of Interest Code.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act. The City may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

16. CONFIDENTIALITY OF CITY INFORMATION

During performance of this Agreement, Consultant may gain access to and use City information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the City. Consultant agrees to protect all City Information and treat it as strictly confidential, and further agrees that Consultant shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of City. In addition, Consultant shall comply with all City policies governing the use of the City network and technology systems. A violation by Consultant of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

17. CONSULTANT INFORMATION

a. City shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by City.

b. Consultant shall fully defend, indemnify and hold harmless City, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by Consultant pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. City shall make reasonable efforts to notify Consultant not later than ten (10) days after City is served with any such claim, action, lawsuit or other proceeding, provided that City's failure to provide such notice within such time period shall not relieve Consultant of its obligations hereunder, which shall survive any termination or expiration of this Agreement.

c. All proprietary and other information received from Consultant by City, whether received in connection with Consultant's proposal, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to City, City shall give notice to Consultant of any request for the disclosure of such information. Consultant shall then have five (5) days from the date it receives such notice to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by City in any legal action to compel the disclosure of such information under the California Public Records Act. Consultant shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that any failure by Consultant to respond to the notice provided by City and/or to enter into an agreement with City, in accordance with the provisions of subsection c, above, shall constitute a complete waiver by Consultant of any rights regarding the information designated "trade secret" by Consultant, and such information shall be disclosed by City pursuant to applicable procedures required by the Public Records Act.

18. MISCELLANEOUS

a. Entire Agreement. This Agreement contains the entire agreement between the parties. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect.

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Consultant shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, et seq., which require prevailing wages (in accordance with DIR determinations at www.dir.ca.gov) be paid to any employee performing work covered by Labor Code sections 1720 et seq. Consultant shall pay to the City when due all business taxes payable by Consultant under the provisions of Chapter 6-04 of the Santa Rosa City Code. The City may deduct any delinquent business taxes, and any penalties and interest added to the delinquent taxes, from its payments to Consultant.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Consultant agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or

connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither City acceptance of, or payment for, any service or performed by Consultant, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

19. AUTHORITY; SIGNATURES REQUIRED FOR CORPORATIONS

Consultant hereby represents and warrants to City that it is (a) a duly organized and validly existing limited liability partnership, formed and in good standing under the laws of the State of California, (b) has the power and authority and the legal right to conduct the business in which it is currently engaged, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Consultant hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall constitute a valid agreement binding on Consultant in accordance with the terms hereof.

If this Agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following two groups: a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

Executed as of the day and year first above stated.

CONSULTANT:

CITY OF SANTA ROSA
a Municipal Corporation

Name of Firm: Macias Gini & O'Connell

TYPE OF BUSINESS ENTITY (*check one*):

- Individual/Sole Proprietor
- Partnership
- Corporation
- Limited Liability Company
- Other (please specify: LLP)

By: _____

Print
Name: _____

Title: _____

Signatures of Authorized Persons:

By: David Bullock

Print Name: David Bullock

Title: Partner

APPROVED AS TO FORM:

Office of the City Attorney

ATTEST:

City Clerk

City of Santa Rosa Business Tax Cert. No.

9997037344

Attachments:

Attachment One - Insurance Requirements

Exhibit A - Scope of Services

Exhibit B - Compensation

Scope of Services

Comprehensive Annual Financial Reports

As outlined in this proposal, partners and staff assigned to your engagements are seasoned, highly competent government auditors. Over 70 percent of our firm's audit and consulting engagements are government related.

Our reputation has been established by serving governmental entities most of which prepare award winning Comprehensive Annual Financial Reports (CAFRs). MGO is committed to excellence in financial reporting. In fact, members of your engagement team have assisted the Special Review Committee in reviewing CAFRs for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

We will provide as-needed assistance in technical matters regarding the timely filing for the Certificate of Excellence in Financial Reporting with the Government Finance Officers Association at no additional charge.

Single Audit Report

As a result of MGO serving as independent auditors to numerous governments, our professionals have expertise in performing high quality compliance audits. MGO is the principal auditor to more California governments with federal award expenditures exceeding \$100 million than any other firm. This experience lead to MGO to successfully securing the State of California's single audit contract. Since the City also receives federal grant funding as a subrecipient of the State, MGO is in the unique position of assisting the City in facilitating the accelerated resolution of grant compliance and reporting issues with your grantors.

Recommendations to Management

We will prepare and submit a management letter at the conclusion of the annual audits to summarize any significant observations or internal control findings noted during the conduct of the audits, together with our recommendations for improvements. We will submit such letters to management more frequently than annually if the circumstances dictate.

Gann Appropriations Limits

We will perform agreed-upon procedures to the City's Appropriations Limit Worksheet to assist the City in meeting the requirements of Section 1.5 of Article XIIB of the California Constitution.

Housing Authority Basic Financial Statements

We will perform an audit of Housing Authority's financial statements in accordance with generally accepted auditing standards in the U.S. and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI) to supplement Housing Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to, but will not audit, Housing Authority's RSI:

- Management's discussion and analysis (MD&A)
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Schedule of Funding Progress – Postemployment Healthcare Benefits

Housing Authority Audit Report and Electronic Filings Required by HUD

In accordance with the Guidelines for Public Housing Authorities and Independent Auditors, issued by the HUD, we will perform the following:

- Attestation of the Financial Data Schedules (FDS) as to its fair presentation in relation to the audited basic financial statements in accordance with the audit provisions of the American Institute of Certified Public Accountants (AICPA) Statements of Auditing Standards (SAS) No. 29, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*.
- Agreed-Upon Procedures under AICPA *Statements for Attestation Engagements (SSAE) No. 4, Agreed-Upon Procedures Engagements*, where we compare the electronically submitted data in the HUD Real Estate Assessment Center staging database to certain information in the audited hard copy financial statements and FDS, and certifying the submission as the Independent Public Accountant (IPA).

Cities Financial Transactions Report to the State Controller

We will prepare the annual State Controller's report for the City.

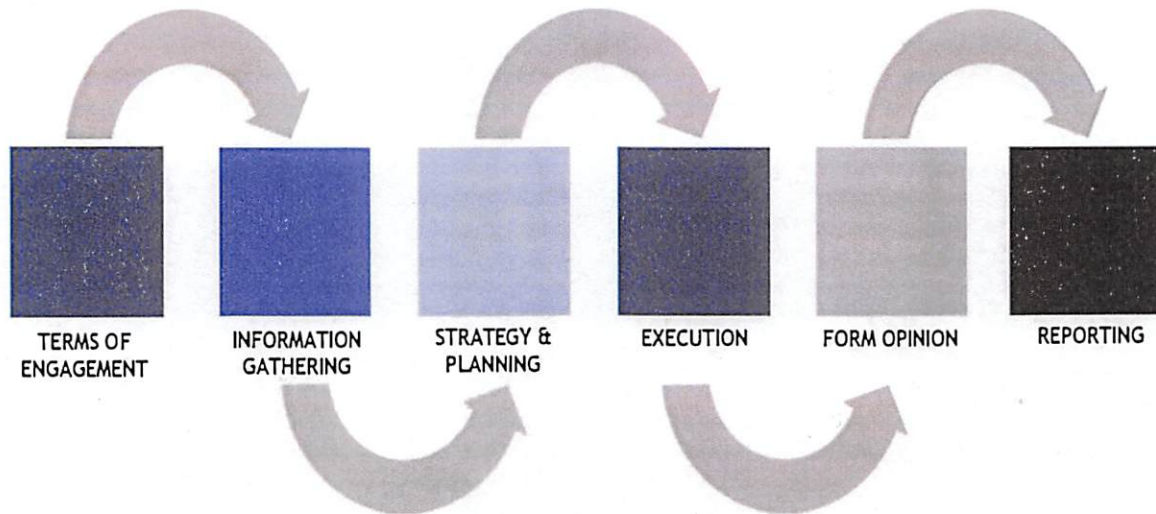
Transportation Development Act Fund

MGO will perform separate financial and compliance audit of the TDA grants. We understand that due to the fluctuation in the receipt of special grant funds, the need for the TDA Audit Report will be based upon whether the City meets the audit threshold for specific programs. If engaged, MGO will audit the accompanying financial statements of the TDA of the City and the related notes to financial statements.

Grant-Required Audit.

We will issue a compliance report on our audit of the Prop 1B/PTMISEA grant.

MGO's General Audit Approach.



Our audit approach carefully considers the identification of key risk areas and allocation of appropriate resources. Professionals with extensive accounting and auditing experience lead all phases of our audit. With our experienced leaders in the field, our efficiency and effectiveness increase when dealing with complex accounting and auditing issues. This section further presents discussions on our approach to the services we will provide to the City, details our framework for planning and performing the audit, and sets forth our audit scope and timing.

Our approach includes the following phases:

Terms of engagement.

The goal of our examination is to render an opinion that the City's financial statements are fairly stated, in all material respects, in conformity with accounting principles generally accepted in the United States of America. In order to accomplish this goal with minimal disruption to you, it is imperative that communications are continuous and in a timely manner when obstacles occur or if any issues arise. We consider the City to be a "Partner" in accomplishing our mutual goal and will develop a joint work plan, which incorporates the needs, timing and expectations of the audit from both perspectives. The engagement senior manager will serve as MGO's project manager.

Information gathering.

The key element of effective audit planning is a thorough understanding of the City's operations. This includes operating environment, accounting and internal accounting control structure and financial position. Our experience provides us the knowledge to develop a detailed understanding of these elements. We can, therefore, effectively identify the nature of significant account balances/ transaction classes, assess risk and design audit tests. Information gathering includes the following procedures:

- Update information on the City's environment.
- Document our understanding of the City's general controls over the critical transaction streams.
- Meet with City personnel, the City Auditor, and the Board to acquire additional knowledge of areas of concern.

Strategy and Planning.

Based on the information gathered, the engagement team will develop an audit plan, which responds to the areas we have identified as areas of concern as it relates to the financial reporting process. During this process, we perform the following:

- Assess the risk of inadequate financial statement presentation by evaluating the financial reporting process.
- Continually reassess the City's processes as we become aware of additional risk areas.
- Develop audit procedures to address our risk assessment.

In the event that the City upgrades or changes its existing information systems, it must evaluate the potential impacts on existing policies and processes and data integrity. Our Information Technology (IT) consultants are specifically skilled in evaluating computer-based systems to determine whether systems are operating effectively to provide reliability and integrity of, and security over, the data being processed.

Execution.

Based on the information gathered in the risk assessment process, we will perform:

- Tests on the general controls and IT general controls.
- Tests on data and review for abnormalities and relationships.
- Tests of audit procedures.

As exceptions become known, we will work with the respective divisions to ensure our understanding is correct and upon concurrence, inform the Finance Division.

Form Opinion and Reporting.

The key element in this phase is to receive timely and accurate information. This eliminates the duplication of work for both the City and MGO.

This phases includes:

- Validation of information in the management's discussion and analysis, notes, supplemental information and statistics. Agreement of balances in the financial statements and supplemental schedules to the accounting records and that expected relationships within the financial statements are noted.
- Our technical reviewer also reviews the entire reports to provide a "fresh" and "cold" review.
- MGO will issue our opinions upon completion of our reporting process, including receipt of the representation letters.

Our Proven 4-step Approach to Assessing Control Risk.

In planning and performing our audits, we will consider the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements.

STEP 1: Risk Assessment.

SUMMARY

In Step 1, the financial statement risk assessment, project plan, roles and responsibilities, and communication protocols are developed collectively with engagement team members.

ACTIVITIES

- Identify financial reporting risks (including fraud) via brainstorming sessions and interviews
- Determine financial statement account risks by analyzing quantitative and qualitative factors
- Identify relevant assertions and related risks
- Evaluate multiple locations
- Evaluate documentation standards (risk and control matrixes, flowcharts, etc.) and assessment process (one-on-one, facilitated sessions, self-assessments)
- Establish status reporting and communication protocols
- Develop project/audit plans

DELIVERABLES

Deliver Audit Plans for the City which includes our financial statement risk assessment, project plan and communication plan

STEP 2: Entity-level Controls.

SUMMARY

The objective of Step 2 is to evaluate the organization's entity-level control environment using the widely accepted COSO evaluation framework. Although not directly involved with the processing of transactions, these pervasive controls can have a significant effect on the financial reporting process. Information technology controls associated with financial reporting are also evaluated using the COBIT framework.

ACTIVITIES

- Review elements of COBIT and COSO with the engagement teams
- Document and test entity-level controls via walkthroughs, interviews and detailed testing
- Identify and test general controls over information technology systems upon which other significant application controls are dependent
- Report key findings and discuss remediation steps
- Prepare summary of entity-level controls (including IT)

DELIVERABLES

Prepare improvement recommendations and summary of deficiencies, if applicable

STEP 3: Transaction-level Control Assessment.

SUMMARY

During Step 3, the engagement team will identify significant financial reporting controls for higher risk accounts (per the financial statement risk assessment). An assessment will be made as to whether controls are appropriately designed to mitigate the identified risks. The risk that a control might fail to operate will also be evaluated.

ACTIVITIES

- Identify key financial reporting controls
- Perform walkthroughs to assess design effectiveness
- Evaluate the risk of control failure, considering factors such as:
 - Past errors
 - Entity-level controls
 - Competency of personnel
- Develop/evaluate risk and control matrices of all key risks and related to control points
- Walkthrough results
- Assess the design of controls

DELIVERABLES

Prepare improvement recommendations and summary of deficiencies

STEP 4: Testing and Reporting.

SUMMARY

The final stage of our internal controls approach involves developing and executing a test plan of the transaction-level key controls. An assessment is made as to whether the controls are operating as intended to mitigate the associated risk. The nature, timing and extent of testing is correlated with the risk of control failure determined in Step 3.

ACTIVITIES

- Develop test plan and testing strategy for key controls, including nature, timing and extent of testing
- Execute testing and summarize results
- Evaluate whether controls are operating effectively
- Investigate root cause(s) of control weaknesses
- Design substantive tests based on control testing results

DELIVERABLES

Summary of recommendations and deficiencies

MGO's Approach to Analytical Procedures.

Auditing standards require the use of analytical procedures in the planning and overall review stages of the audit. They may be used throughout the audit:

1. To direct our attention during the planning stage to areas where amounts appear unusual to the extent that we are put on warning that a material amount may be misstated;
2. To provide an important source of audit evidence at the execution stage or substantive analytical procedure; and
3. In forming an opinion on the financial statements by assessing the overall reasonableness of these statements.

Preliminary Analytical Reviews – assist us in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter for specific account balances or classes of transactions. To accomplish this, we focus on enhancing our understanding of the client's business and the transactions and events that have occurred since the last audit date and identifying areas that may represent specific risks relevant to the audit.

Our procedures normally covers a comparison of:

- Actual results to budget;
- Current year operating results and financial position with the prior year;
- Key financial and operating ratios with the prior year, the industry, and with each other;
- Relationships among elements of financial information within the period; and
- Relevant non-financial information (e.g., number of employees, square footage, etc.).

Substantive Analytical Procedures – essentially involve a comparison of an amount in the financial statements with what we would expect that amount to be based on our knowledge of the organization and having regard to other audit evidence.

Our work may involve utilizing the following techniques:

- Using data mining software (IDEA) to extract data and prepare subsequent focused analysis.
- Determining whether there is a valid relationship between the items being compared (e.g., between interest and interest bearing balances).
- Disaggregating information to compute ratios, percentages and amounts for different funds separately.
- Use of pivot tables to identify unusual or unexpected trends.

Obtaining audit evidence is a cumulative process. As a result, we recognize that a single substantive analytical procedure (SAP) may not give us sufficient assurance that an amount is fairly stated. However, where we apply a series of SAPs to an amount stated in the financial statements and in each case our conclusion is that the procedure provides evidence that the amount is consistent with our expectations, then we have obtained a degree of assurance that the amount is validly stated.

Overall Analytical Review – assists us in assessing the conclusions reached and in the evaluation of the overall financial statement presentation. We use a wide variety of analytical procedures for this purpose. The overall review would generally include reading the financial statements and notes and considering the adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit; and unusual or unexpected balances or relationships that were not previously identified. Results of an overall review may indicate that additional evidence may be needed.

MGO's Approach to Sampling.

Audit sampling is the application of an audit procedure to less than 100% of the items within an account balance or class of transactions for the purpose of evaluating the value of the balance or class. Substantive test ("variables") sampling provides a technique for estimating the extent of monetary misstatement in a class of transactions or balances. It can also be used for estimating the amount of a population. It answers the question, "How much?" rather than "How many?" as in sampling for attributes (such as the operation of a control), and is normally used to help decide if a balance is materially misstated. Sampling can be very useful in performing substantive tests on, for example, inventory or accounts receivable. Sampling is sometimes also used for determining sample sizes for substantive tests of recorded transactions (e.g., vouching of sales, purchases).

There are situations when the more formal approach to sample size determination is often not practical. These situations include:

- Test counting during inventory observations.
- Checking depreciation calculations.
- Interviewing client personnel in conjunction with observation and inquiry procedures.
- Applying analytical procedures.

This does not mean that we would never use sampling for the above types of procedures. For example, sampling might be used when determining the extent of testing for:

- Examining canceled checks when the client's outstanding check list consists of an unusually large number of items which are similar in amount, such as a payroll account for a very large client.
- Selecting invoices for verifying an accounts payable listing consisting of an unusually large number of items similar in amount.
- Testing an accrual comprised of a large number of small items.

The application of sampling requires significant auditor judgment in areas such as:

- Considering alternative audit approaches (e.g., use of Computer Assisted Audit Techniques (CAATs)).
- Defining the population and defining the sampling item.
- Assessing the overall risk level for related control, analytical procedures, and risk assessment activities.
- Determining materiality as a base for calculating the tolerable misstatement (error).
- Selecting items for 100% examination.
- Determining the sample size, considering factors such as:
 - a. Expected misstatement (errors) to be found.
 - b. The effect of other tests on the account being tested.

Sampling may also be used to determine items to be tested against compliance requirements. Tests of compliance requirements are considered substantive procedures, thus the sampling approach described above would be used when account balances relate to compliance. If an account balance is not associated with a compliance requirement (i.e. single audit requirements), statistical sampling and/or judgment is used depending on the population size of the sampling unit to determine appropriate sample sizes. In larger populations statistical sampling is used.

In summary our sampling procedures include the following:

1. Define the objective
2. Define the population and the sampling unit
3. Define tolerable misstatement
4. Remove items for 100% examination
5. Specify the desired level of sampling assurance and the acceptable risk of over-auditing
6. Estimate the expected (anticipated) misstatement
7. Select the sampling technique (e.g., non-statistical, Probability Proportional to Size, Stratified Random Sampling)
8. Determine the sample size
9. Select the sample
10. Examine the sample items and evaluate the sample result

Data Analysis.

Our use of IDEA Data Analysis Software enables the audit team to summarize and stratify data that help identify risk of fraud in financial statements. The following are just a few examples of fraud tests that can be performed with IDEA.

- Summarizing 100% of general ledger detail (as opposed to a sample) to identify unusual balances (i.e., high number of debits to sales or revenues, high number of credits to expense accounts).
- The ability to stratify samples among high- and low-dollar value populations for better audit coverage using IDEA scripts.
- Using IDEA pivot tables or scripts, we can perform analytical procedures using disaggregated data (e.g., revenue by month and by function during the current and prior reporting periods).
- The ability to extract information to uncover possible fraud (for example, the ability to search a vendor list to find similar names but different addresses could uncover potential fraud by an employee who has access to cash disbursements and maintains the vendor list for check payments).
- IDEA can help isolate debits and credits in an account or group of accounts to help facilitate more detailed analysis.

Single Audit Approach.

MGO has developed tailored plans for conducting risk assessment and other procedures required to execute the audits of the City's federal awards, in compliance with subpart F of the *Uniform Administrative Requirements, Cost Principles, and Administrative Requirements for Federal Awards*.

SINGLE AUDIT

5 Step Approach

05 Test for Compliance with the Requirements

The final step is to test for actual compliance with federal regulations. Even if internal controls are determined to be adequate and functioning properly in Steps 2 through 4, instances of noncompliance may need to be included in our single audit report.

04 Conclude on the Adequacy of the System Design

This is the most subjective of the steps in our process. Based on the information obtained and documented in Steps 2 and 3, a conclusion is reached as to whether the effectiveness of the internal controls design is sufficient to ensure compliance.



01 Perform a Risk Assessment

We will perform a risk assessment on all Type A programs and select Type B programs to identify major federal programs to be evaluated.

02 Obtain an Understanding

We will update our understanding of the procedures and controls in place at the City to help ensure compliance with the requirement for each major program identified.

03 Document our Understanding

We will update our existing documentation of the processes and controls identified. Directed narratives are a proprietary format developed by MGO specifically for the single audit.

Quality Control Processes.

MGO's mission is to enable us to provide outstanding service to our clients, be responsive to our community, and succeed on our pillar of quality and integrity. Clearly, our professionals are the most important component of the quality service we provide, and it is essential that we support our professionals with a system of quality controls that helps ensure their success.

MGO quality control requires a systematic of review of all work, with increasing levels based on our assessment of risk. Our quality control system also require a concurring review of the reports prior to issuance. As indicated in our proposal, our firm specializes in auditing state and local government (SLG) agencies. Only qualified, experienced SLG professionals will be assigned to the City's engagement. They will provide you with personalized, professional, and timely service. It is our firm's policy to have our management personnel very involved during the audit of the City. This policy should ensure that the City will have someone very knowledgeable of government operations throughout the duration of our professional contract with the City.

We also have a comprehensive internal quality control system in place, and we do participate in an external quality control review program at least once every three years by an organization not affiliated with us. Our internal quality control system provides for an ongoing review throughout the engagement to assure conceptual soundness and the technical accuracy of working papers. A continuous quality control system helps insure that deliverables are provided to the client as scheduled.

Estimated Hours of Participation.

MGO's risk-based audit approach and our experience with the City allow a high degree of flexibility in our audit plans, modifying them annually as risks change or new City-requested or regulatory requirements are added. We understand that having experienced, qualified professionals will allow the City to make the most efficient use of its resources and reap the following benefits:

- Maximize the integration of City's financial and reporting systems into audit procedures and other projects.
- Efficiently deploy resources since we will not need to "learn" the City's processes and procedures.
- Effectively execute audit procedures with City departments quickly and accurately.

We understand the resources required to perform the City's engagement. Based on our direct experience, we have developed our annual estimated hours of participation for each project task within the requested scope of services:

Estimated Hours						
	Comprehensive Annual Financial Report (audit)	Comprehensive Annual Financial Report (preparation / design)	Single Audit (up to 2 major programs)	Report on City's Gann Appropriations Limit Calculation	City Financial Transactions Report required by State Controller	Streets and Roads Annual Report required by State Controller
Planning and Execution of Test of Controls:						
Engagement Partner	15	-	2	-	-	-
Engagement Director	25	-	4	-	2	1
IT Consulting Manager	30	-	-	-	-	-
Senior Assurance Associates	60	-	6	-	2	2
Staff and Experience Assurance Associates	100	-	8	-	-	-
Total Planning and Interim Fieldwork	230	-	24	-	4	3
Execution of Substantive Tests:						
Engagement Partner	25	-	2	-	-	-
Engagement Director	40	-	6	-	-	-
Senior Assurance Associates	100	-	30	-	-	-
Staff and Experience Assurance Associates	210	-	55	7	-	-
Total Year-End Fieldwork	375	-	93	7	-	-
Completion:						
Engagement Partner	20	-	2	-	2	1
Technical Reviewer	15	-	2	-	-	-
Engagement Director	20	-	4	-	4	2
Senior Assurance Associates	30	10	6	-	50	24
Staff and Experience Assurance Associates	10	10	-	3	-	-
Administrative Assistants	5	-	3	-	-	-
Total Report Production/Board Presentations	100	20	17	3	56	27
Total Estimated Hours:						
Engagement Partner	60	-	6	-	2	1
Technical Reviewer	15	-	2	-	-	-
Engagement Director	85	-	14	-	6	3
IT Consulting Manager	30	-	-	-	-	-
Senior Assurance Associates	190	10	42	-	52	26
Staff and Experience Assurance Associates	320	10	63	10	-	-
Administrative Assistants	5	-	3	-	-	-
Grand Total	705	20	130	10	60	30

Memorandum on Internal Controls	Housing Authority Financial Report (audit)	Housing Authority Financial Report (preparation / design)	HUD REAC Report	Sub-Recipient Audits on Non-Profit CDBG Grantees (per subrecipient)	Transportation Development Act (TDA) Compliance Report	PTMISEA Letter	Total
-	2	-		1	-	-	20
-	4	-	1	1	1	-	39
-	-	-		-	-	-	30
-	6	-	-	1	1	1	79
-	8	-	2	-	-	-	118
-	20	-	3	3	2	1	290
-	2	-	-	-	-	-	29
-	4	-	-	-	-	-	50
-	20	-	-	-	-	-	150
-	45	-	-	-	18	6	341
-	71	-	-	-	18	6	570
2	2	-	1	1	1	-	32
-	4	-		-	-	-	21
2	6	-	2	1	1	1	43
1	6	10	2	1	-	-	140
-	-	-	12	4	3	2	44
-	1	-	-	-	-	-	9
5	19	10	17	7	5	3	289
2	6	-	1	2	1	-	81
-	4	-	-	-	-	-	21
2	14	-	3	2	2	1	132
-	-	-	-	-	-	-	30
1	32	10	2	2	1	1	369
-	53	-	14	4	21	8	503
-	1	-	-	-	-	-	9
5	110	10	20	10	25	10	1,145

Engagement Timeline

We recognize the importance of timely completion of audit tasks and deliverables. The timing of our audit procedures will be coordinated with management to minimize disruption of City operations and to ensure timely delivery of all reports by your deadlines.

Government-related entities often depend on a structure of interlocking relationships for managing broad programs and resources. Our philosophy for a successful engagement is based on organization, communication, and coordination between the two parties responsible for the completion of the audit — the accounting firm and the client. We take coordination seriously and regard it as an integral factor to the relationship. We welcome the City's involvement in the planning process and believe that monitoring progress will result in timely financial reporting.

We are committed to delivering the City's various reports according to the City's proposed time plan.

AUDIT TIMELINE	
Planning	
Planning meetings	April 2016
Perform planning procedures	On-going
Execution of Tests of Controls	
On-site interim fieldwork	April/May 2016
On-site interim single audit fieldwork	May 2016
Execution of Substantive Procedures	
Receipt of final client trial balances and prepared by client items	Sept 6
Receipt of final Schedule of Expenditures of Federal Awards	Sept 6
On-site year-end fieldwork	Sept - Oct 2016
Completion	
Receipt of draft fund financial statements of City and Housing Authority	Sept 12
Receipt of draft government-wide financial statements, notes, RSI and other supplementary information	Sept 26
Submission of Road and Street reports required by State Controller Office	Oct 1
Receipt of draft MD&A and statistical section, if applicable	Oct 3
Provide review comments to the City	Oct 10
Submission of City Financial Transaction Report required by State Controller Office	Oct 15
Deliver final audit reports - City's CAFR, Single Audit & Housing Authority	Oct 31
Communication	
Status meetings with management	Weekly
Exit conference with Finance Director	Oct 2016
Consult with City management throughout the year on business and accounting issues	On-going

*all dates are subject to discussion with the City

Engagement Team

To ensure that you receive the highest quality service, members of your engagement team are selected based on their extensive background in conducting projects of similar nature and scope and on their high potential for making a significant contribution to supporting your goals.

Each of our key engagement team members possesses:

- Broad public sector industry experience
- Understanding of the major issues facing local governmental units
- Demonstrated technical proficiency

In addition to broad public sector industry experience, as described in the MGO team resumes, all key team members are experienced in conducting Single Audits and preparing or assisting in the preparation of, award-winning Comprehensive Annual Financial Reports.

Availability of key personnel

It is our firm's policy to have our leadership team and subject matter experts very involved during your audit. This policy will ensure your access to someone very knowledgeable of your operations throughout the duration of our professional contract. Experienced auditors who can offer quality recommendations and support the City's management as requested in analyzing difficult financial matters will assure you of a quality audit. Clients are often surprised at the degree of knowledge our staff demonstrates and the level of assistance they are able to provide in updating them on changes in the government finance area.

MGO's Organizational Chart



Staff and management rotation policy.

The Government Accountability Office (GAO) believes that mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality considering the additional financial costs and the loss of institutional knowledge of the organization's previous auditor of record, as well as the current reforms being implemented. The potential benefits of mandatory audit firm rotation are harder to predict and quantify, though GAO is fairly certain that there will be additional costs. The GAO Study is available at: <http://www.gao.gov/new.items/d04216.pdf>. Similarly, the U.S. House of Representatives passed the *Audit Integrity and Job Protection Act*, H.R. 1564, to prohibit the Public Company Accounting Oversight Board (PCAOB) from requiring mandatory audit firm rotation.

Beginning with the 2014-15 fiscal year, local agencies will be subject to California Assembly Bill 1345 added section 12410.6.(b) to Government Code regarding auditor rotation requirements of public accounting firms providing audit services to local agencies. Government Code section 12410.6.(b) indicates that commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, as performed audit services for that local agency for six consecutive fiscal years. For purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to the 2013-14 fiscal year. As our proposed services are for 5 year, the proposed engagement team will not be impacted by this rotational requirement.

We value staff continuity as important to the efficiency and effectiveness of the audits we perform. However, we also find great value in rotating the engagement partner or other members of the team to ensure a fresh evaluative and leadership perspective. Long before section 12410.6.(b) became effective, we're committed to bringing innovative, far reaching perspectives to all of our long-term engagements, including the City. 12 of MGO's 23 partners are qualified to serve on governmental engagements. As such, we are uniquely positioned to address the auditor rotation requirement of section 12410.6.(b) when the times comes.

Continuing Professional Education of Employees.

In compliance with auditing standards generally accepted in the United States of America, our firm administers a program to ensure that all professional staff meets continuing professional education (CPE) requirements. Since a large composition of MGO's client base includes governmental entities, we are aware of the strict educational guidelines required by *Government Auditing Standards*. All members of the audit team have satisfied these requirements, having at least 80 hours of continuing professional education every two years, of which 24 must directly relate to the government environment and to government accounting and auditing standards.

Total All-Inclusive Maximum Price

Our proposed all-inclusive fees reflect the MGO Team's experience and are summarized below.

Audit Cost Proposal By Deliverable						
Service	Estimated Hours	Fiscal Year Ending June 30th:				
		2016	2017	2018	2019	2020
Comprehensive Annual Financial Report (audit)	705	\$ 102,580	\$ 105,660	\$ 105,660	\$ 108,830	\$ 112,090
Comprehensive Annual Financial Report (preparation / design)	20	2,100	2,160	2,160	2,220	2,290
Single Audit (up to 2 major programs)	130	17,025	17,540	17,540	18,070	18,610
Report on City's Gann Appropriations Limit Calculation	10	940	970	970	1,000	1,030
City Financial Transactions Report required by State Controller	60	8,178	8,420	8,420	8,670	8,930
Streets and Roads Annual Report required by State Controller	30	4,089	4,210	4,210	4,340	4,470
Memorandum on Internal Controls	5	1,226	1,260	1,260	1,300	1,340
Total City		\$ 136,138	\$ 140,220	\$ 140,220	\$ 144,430	\$ 148,760
Housing Authority Financial Report (audit)	110	\$ 15,359	\$ 15,820	\$ 15,820	\$ 16,290	\$ 16,780
Housing Authority Financial Report (preparation / design)	10	1,160	1,190	1,190	1,230	1,270
HUD REAC Report	20	2,621	2,700	2,700	2,780	2,860
Sub-Recipient Audits on Non-Profit CDBG Grantees (per subrecipient)	10	1,718	1,770	1,770	1,820	1,870
Transportation Development Act (TDA) Compliance Report	25	2,904	2,990	2,990	3,080	3,170
PTMISEA Letter	10	1,127	1,160	1,160	1,190	1,230
Grand Total (All-inclusive Maximum Price)		\$ 24,889	\$ 25,630	\$ 25,630	\$ 26,390	\$ 27,180

Note: The proposed fees and hourly rates for each subsequent year increase from the preceding year's fees and hourly rates by an assumed rate of 3%. Actual fees and hourly rates, including the option for the years ended June 30, 2021 and 2022, will be adjusted based on the San Francisco/Oakland Consumer Price Index or similar index.

Schedule of Rates and Estimated Hour of Each Labor Class
For Fiscal 2016 Professional Audit Services

Labor Class	Standard Hourly Rate	Quoted Hourly Rate	Total Hours	Total Cost
Partner-in-charge	\$ 395	\$ 296	81	\$ 23,976
Technical Reviewer	\$ 395	\$ 296	21	\$ 6,216
Engagement Director	\$ 345	\$ 259	132	\$ 34,188
IT Consulting Manager	\$ 260	\$ 195	30	\$ 5,850
Supervising Senior Auditor	\$ 155	\$ 116	369	\$ 42,804
Staff Auditors	\$ 125	\$ 94	503	\$ 47,282
Administrative Assistants	\$ 105	\$ 79	9	\$ 711
Total			1,145	\$ 161,027
Out-of-Pocket Expenses				\$ -
<i>Total All-Inclusive Price for 2016 Audit</i>	\$ 161,027			

Schedule of Estimated Hours for Each Labor Class

Labor Class	City	Housing Authority	TDA Compliance	Total Hours
Partner-in-charge	71	9	1	81
Technical Reviewer	17	4	-	21
Engagement Director	110	19	3	132
IT Consulting Manager	30	-	-	30
Supervising Senior Auditor	321	46	2	369
Staff Auditors	403	71	29	503
Administrative Assistants	8	1	-	9
<i>Total Estimated Hours</i>	1,145			