

## **C O N T R A C T**

The COUNTY OF SAN BENITO ("COUNTY") and EideBailly LLP ("CONTRACTOR") enter into this contract which shall be effective on the date stated in Paragraph 1.

**1. Duration of Contract.**

This contract shall commence on May 5, 2020, and end on December 31, 2024, unless sooner terminated as specified herein.

**2. Scope of Services.**

CONTRACTOR, for COUNTY's benefit shall perform the services specified on Attachment A to this contract. Attachment A is made a part of this contract.

**3. Compensation for Services.**

In consideration for CONTRACTOR's performance, COUNTY shall pay compensation to CONTRACTOR according to the terms specified in Attachment B. Attachment B is made a part of this contract.

**4. General Terms and Conditions.**

The rights and duties of the parties to this contract are governed by the general terms and conditions mutually agreed to and listed in Attachment C. Attachment C is made a part of this contract.

**5. Insurance Limits.**

CONTRACTOR shall maintain the following insurance policy limits of coverage consistent with the further insurance requirements specified in Attachment C.

- (a) Comprehensive general liability insurance: \$1,000,000/\$2,000,000
- (b) Professional liability insurance: \$1,000,000.
- (c) Comprehensive motor vehicle liability insurance: \$1,000,000/\$2,000,000

**6. Termination.**

The number of days of advance written notice required for termination of this contract is 30.

**7. Specific Terms and Conditions (check one)**

- ☐ There are no additional provisions to this contract.
- ☒ The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment D. Attachment D is made a part of this contract.
- ☐ The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment E. Attachment E is made a part of this contract.

**8. Information about Contract Administrators.**

The following names, titles, addresses, and telephone numbers are the pertinent information for the respective contract administrators for the parties.

Contract Administrator for COUNTY:

Name: Joe Paul Gonzalez  
Title: County Clerk/Auditor/Recorder  
Address: 481 Fourth St., 2<sup>nd</sup> Floor  
Hollister, California 95023  
Telephone No.: 831-636-4090  
Fax No.: 831-635-9340

Contract Administrator for CONTRACTOR:

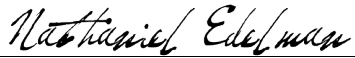
Name: Nathan Edelman  
Title: Partner  
Address: 260 Sheridan Ave., Ste. 440  
Palo Alto, CA 94306-2011  
Telephone No.: 650-462-0400  
Fax No.: 650-462-0500

**SIGNATURES**

APPROVED BY COUNTY:


\_\_\_\_\_  
Name: Jaime De La Cruz  
Title: Board of Supervisor, Chair  
Date: \_\_\_\_\_

APPROVED BY CONTRACTOR:

  
\_\_\_\_\_  
Name: Nathaniel Edelman, CPA  
Title: Partner  
Date: April 21, 2020

APPROVED AS TO LEGAL FORM:

San Benito County Counsel's Office

  
\_\_\_\_\_  
By: Joel Ellinwood, Assistant County Counsel  
Date: \_\_\_\_\_

## **ATTACHMENT A**

### **Scope of Services**

CONTRACTOR shall perform audit services as set forth attachment A by the County as Nature of Services Required and Time Requirements, and in the Contractor's executive summary letter dated April 9, 2020 and Contractor's engagement letter, both attached herein as part of Attachment "A".

*( Attachment A continues on following page )*

## I. NATURE OF SERVICES REQUIRED

### A. General

The County of San Benito is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2020, with the option to audit the County of San Benito's financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

### B. Scope of Work to be Performed

The County of San Benito desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, its aggregate discretely presented component units, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

The County of San Benito also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is required to audit, complete and submit the schedule of expenditures of federal awards. The auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

The auditor will provide the Auditor's Office with new accounting and auditing pronouncements, discuss their impact and implementation on the County.

The contractor will supply whatever special reports may be required by the San Benito County Board of Supervisors, the San Benito County Grand Jury, or the San Benito County Administrative Office. Hourly rates are requested elsewhere in this RFP to be used for performing any such special reports or audits.

Periodic status reports on the progress of each annual audit will be presented to the Auditor and separately to the County Audit Committee or their representatives Audit Committee Meetings in-person or via telephonic medium (left at the discretion of the contractor).

The Exit conferences are required for each year of the audit engagement. Conferences will be held with the County Auditor and his management staff. If so requested by the Contractor, separate exit conferences may be held with the County Administrative Officer and/or his representatives, the Board of Supervisors' Audit Committee, and, if so requested, with the San Benito County Grand Jury. The audit firm will present the Audit Report to the Board of Supervisors in a scheduled public meeting after the Audit Report is discussed with the Audit Committee.

C. Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* (2008), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 and 2 CFR 200, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements

3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required report[s] on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A *significant deficiency* shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A *material weakness* shall be defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report. In addition, the following conditions shall be reported: Control deficiencies discovered by the auditors that are neither significant deficiencies nor material weaknesses shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls. A *control deficiency* shall be deemed to have occurred whenever the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The report on compliance and internal controls shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:

#### **The County of San Benito Audit Committee**

Reporting to the Audit Committee. Auditors shall assure themselves that the County of San Benito's Audit Committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards

2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Auditor's judgments about the quality of the entity's accounting principles
6. Other information in documents containing audited financial statements
7. Disagreements with management
8. Management consultation with other accountants
9. Major issues discussed with management prior to retention
10. Difficulties encountered in performing the audit

E. Special Considerations

1. No later than December 31<sup>st</sup> of each year, the County of San Benito will send its audited comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the Independent Auditor will be required to provide special assistance to the County of San Benito to meet the requirements of that program.
2. The Schedule of Expenditures of Federal Awards and related Auditor's report, as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.

F. Working Paper Retention and Access to Working Papers

audit work papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the County of San Benito of the need to extend the retention period. Auditors of entities of which the

In addition, the firm shall respond to the reasonable inquiries of successor

auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

PROPOSAL  
FOR  
COUNTY OF SAN BENITO  
TO CONDUCT AN EXAMINATION OF  
THE ANNUAL FINANCIAL STATEMENTS  
AND COMPLIANCE AUDIT PER  
THE SINGLE AUDIT ACT AMENDMENTS OF 1996 AND  
OMB CIRCULAR A-133 and 2 CFR 200  
FOR FISCAL YEAR ENDED JUNE 30, 2020

II. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposal is to be submitted:

Due date for proposals April 10, 2020

Notification of Firms

Contract date April 30, 2020

C. Date Audit May Commence

The County of San Benito will have all records ready for audit and all management personnel available to meet with the firm's personnel as of September 1.

D. Schedule for the 2019/2020 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the County of San Benito exercises its option for additional audits).

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work

The auditor shall complete interim work by August 30, 2020.



2. Detailed Audit Plan

The auditor shall provide County of San Benito by August 1, 2020 both a detailed audit plan and a list of all schedules to be prepared by the County of San Benito.

3. Fieldwork

The auditor shall complete all fieldwork by December 11, 2020

4. Draft Reports

The auditor shall have drafts of the audit report[s] and recommendations to management available for review by the Audit Committee and the County Auditor by December 14, 2020.

E. Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years if the County of San Benito exercises its option for additional audits).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

	<u>Week of</u>
Entrance conference with COUNTY AUDITOR	June 8, 2020
Entrance conference with all key finance department personnel and department heads of key offices or programs	June 15, 2020
- The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor	
Progress conference with COUNTY AUDITOR and department heads	

of key offices or programs September 30, 2020

- The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested

Progress conference with COUNTY AUDITOR and Audit Committee (or designees)

October 20, 2020

Progress conference with COUNTY AUDITOR, key finance department personnel and other department heads of key offices or programs

October 20, 2020

- The purpose of this meeting will be to discuss the year-end work to be performed

Entrance conference with County Auditor to commence year-end audit work

November 18, 2020

Exit conference with County Auditor/Controller and department heads of key offices or programs

December 28, 2020

- The purpose of this meeting will be to summarize the results of the field work and to review significant findings

In addition, the auditor may be requested to provide written status reports on the progress of the audit.

F. Date Final Report is Due

The County Auditor/Controller shall prepare draft financial statements, notes and all required supplementary schedules [and statistical data] by December 1, 2020. The auditor shall provide all recommendations, revisions and suggestions for improvement to the County Auditor/Controller by December 10, 2020. A revised report, including [a] draft auditor's report(s) shall be

delivered to the Audit Committee by December 15, 2020.

The County Auditor/Controller and the Audit Committee will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the County Auditor/Controller and Audit Committee within 10 working days. It is anticipated that this process will be completed and the final report delivered by December 28, 2020.

The final report and 10 signed copies should be delivered to the County Auditor/Controller at 481 Fourth St. Second Floor, Hollister, CA 95023.



April 9, 2020

Office of the Auditor-Controller, County of San Benito  
481 Fourth Street, Second Floor  
Hollister, CA 95023

Dear Selection Committee:

Thank you for allowing Eide Bailly LLP to propose on audit services for the County of San Benito (County). Serving governmental entities is our most significant industry focus, and we invest heavily in the training and development of our government service professionals.

We are excited about the possibility of serving as your auditors. We believe we can bring many benefits and efficiencies to the audit process, as well as a team of audit professionals who have expertise that will meet and exceed the County's needs. With Eide Bailly, the County will be getting a firm with national resources and individualized touch. The following pages highlight our Firm's strengths and demonstrate why Eide Bailly merits serious consideration.

### **The Eide Bailly Experience**

The value of being an Eide Bailly client is that we offer you the best of all worlds. The County will have access to a top 25 firm of more than 2,500 professionals who serve clients throughout the nation with a level of service that will meet and exceed your expectations.

During your engagement, we will work closely with your management team to identify opportunities and provide responsive solutions tailored for you. Also, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority that partners are accessible to our clients, which includes returning phone calls and emails on time.

### **Timeliness**

We will meet your deadlines. Our professionals will anticipate, identify, and respond to your needs promptly. We believe in clear, up-front, and open communication with no surprises. We understand and will follow the schedules and scope for the audit, as outlined in your request, and will perform all work within the timeframes described, if not sooner.

## **Smooth Transition**

We understand the transition from one professional service firm to another can be the cause of some inconvenience to management and staff. We understand this concern and realize the decision to change service providers is not one to be taken lightly. We will manage the transition to minimize time demands on your employees and ensure a timely first-year audit per professional standards. Our goal is to make the transition as smooth as possible.

## **About Eide Bailly**

With more than 100 years of service, your experience will be different than working with other CPA firms. Our professionals deliver subject matter expertise, ensuring that we're providing guidance that directly reflects your needs.

Eide Bailly is a top 25 CPA firm in the nation with offices in 14 states. Our clients benefit from local, personal service, and, at the same time, enjoy access to more than 2,500 professionals with diverse skill sets and experiences. Our California governmental practice serves the Counties of Orange, Placer, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Solano, Sonoma, Ventura, and Yolo.

We pride ourselves on being leaders in the industries we serve, offering valuable perspectives beyond our core strength of accounting and tax compliance. We're here to help guide the strategy and operations of your organization, and we aim to make sure our clients feel connected and understand the process.

In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary modifications. In addition to helping clients implement new standards, we also help them adapt to changes within the existing standards. Our team members are genuinely engaged in the governmental industry and are well-positioned in organizations associated with governmental entities. We are leaders in the Governmental Accounting Standards Advisory Council (GASAC), the AICPA's Governmental Audit Quality Center, AICPA State, and Local Government Expert Panel and PCPS Technical Committee, local and national boards of the AGA, including the Financial Management Standards Board, and the review committee for the GFOA's Certificate of Excellence for Achievement in Financial Reporting. Due to our leadership positions, the County will have access to information not available from other accounting firms.

Eide Bailly also regularly attends GASB meetings throughout the year, and we communicate the results of those meetings to our clients through our newsletters, e-blasts, and webinars. We are also involved with GASB's financial reporting reexamination task force. We are shaping the future of state and local governmental accounting and reporting and participate in the reexamination of the revenue and expense model and note disclosure projects with GASB.

Our people are optimistic and good-natured—we know you'll enjoy working with us as much as we enjoy working with each other. Our service style is hands-on, and we're always looking for new ways to solve your problems or help you embrace opportunities.

***Thought Leadership*** –Several Eide Bailly partners are nationally recognized state and local government thought leaders who present at dozens of national venues throughout the year. These include GFOA; National Association of State Auditors, Comptrollers, and Treasurers; California Society of CPA's; California Society of Municipal Finance Officers; the California State Association of County Retirement Systems; the California Association of Public Retirement Systems; and AGA National Professional Development Conference.

We also provide training for state and local agencies. Some of these agencies include Controllers' offices of the State of Tennessee, State of Maine, Texas State Auditor, State of Montana, Commonwealth of Massachusetts and the State of Nevada.

***Online Publications*** – You have access to resources on our Eide Bailly Government Industry website. We publish articles related to hot issues within the government accounting arena. Below is a list of some of the recent articles posted to our website, as well sent as an email to all our clients:

- Is Your Government Ready for This Fiscal Year-End and Beyond?
- Dispatches from GASB's Meetings.
- Cybersecurity: Not Just an "IT" issue.
- Create an Internal Audit with More Value.

Visit our website to sign up for our newsletters, e-blasts, and webinars: [www.eidebailly.com/insights](http://www.eidebailly.com/insights)

***Single Audit Experience*** – Eide Bailly audits more than \$9.5 billion in federal expenditures, which provides us with extensive experience in single audits. Not only are we at the forefront of new regulations, but because of our vast experience with governmental entities, we have familiarity with a wide variety of federal programs. As the County looks to expand its current federal programs, we can pull from our expansive database of federal programs that we have audited and provide consultation on what has worked effectively for other entities. Our experience will help the County establish healthy controls and processes over new federal programs rather than trying to rework protocols after the program is established.

Our single audit experience includes the Department of Education, Department of Housing and Urban Development, Department of Agriculture, Department of Commerce, Department of Interior, Department of Transportation, Department of Justice, Department of Labor, Department of the Treasury, Department of Health and Human Services, Homeland Security, National Foundation on the Arts and the Humanities, Environmental Protection Agency, Department of Energy, Office of the National Drug Control Policy, Department of Defense, and the Bureau of Land Management.

As demonstrated above, we have experience with many of the County's standard programs, including Health and Human Services grants such as CalFresh, CalWORKs, Foster Care, and Medi-Cal.

**GFOA Certificate of Achievement for Excellence in Financial Reporting** – Eide Bailly partners are members of the GFOA’s Special Review Committee (SRC) for the Certificate of Excellence for Achievement in Financial Reporting. We review CAFRs each year supplied by GFOA’s SRC and provide all our staff with this valuable experience as well. We know how important maintaining the GFOA Certificate of Excellence for Achievement in Financial Reporting is to our clients, and we work with them to achieve and maintain this certification.

**Implementation of New Standards** – In an industry where standards continually evolve and change, Eide Bailly makes it a priority to stay current and assist our clients with necessary changes. In addition to helping clients implement new standards, we also help them adapt to changes within the existing rules.

### **Why Eide Bailly**

If you are still wondering “Why Eide Bailly,” our tagline sums it up—what inspires you, inspires us. Your success is our success. We are here for you, and we value the opportunity to serve you.

Know that you will be a highly valued client. Our people would be proud to work with the County of San Benito and build a trusting relationship with your team. Nathan Edelman and Ahmad Gharaibeh are partners with Eide Bailly and are authorized to respond to your request for audit services. Please contact us if you would like to discuss any aspect of this proposal.

Sincerely,



Nathaniel Edelman, CPA | Partner  
650.223.6115  
nedelman@eidebailly.com



Ahmad Gharaibeh, CPA | Partner  
650.223.6103  
agharaibeh@eidebailly.com

## APPENDIX A

### Scope of work

***Audit of the financial statements and federal single audit*** - We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

We will apply specific limited procedures to the required supplementary information, which consist of inquiries of management about the methods of preparing the information and comparing the data for consistency with management's responses to our questions, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information presented in your CAFR such as the combining and individual nonmajor fund financial statements will be subjected to the auditing procedures applied in the audit of the basic financial statements and specific additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves.

The introductory and statistical sections of your CAFR will not be subjected to the auditing procedures applied in the audit of the basic financial statements. So, we will not express an opinion or provide any assurance on them. However, we will provide comments and suggestions to management if we identify areas of improvement.

***Professional standards*** - We will conduct our audit of the financial statements and federal single audit per auditing standards generally accepted in the United States of America, by *Government Auditing Standards*, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Attendance at meetings*** - We will attend the periodic Board of Supervisor's Audit Committee Meetings in-person or via a telephonic medium (left at the discretion of the contractor). We will present the audit report to the Board of Supervisors in a scheduled public meeting after the audit report is discussed with the Audit Committee. At a minimum, conferences will be held with the County Auditor and his management staff at the beginning and conclusion of the audit. Attendance at the meeting is included within the scope of work.



## APPENDIX B

### **Affirmations**

*Professional licensure* – We are appropriately licensed to practice as a certified public accountant in the State of California.

*Auditor independence* – We meet the independence requirements as defined in professional standards applicable to the audit of the County of San Benito.

*Substandard audit work* – The proposer and all employees proposed to be assigned to your audit do not have a record of substandard audit work, nor have any outstanding claim of substandard practice or unsatisfactory performance pending with the State Board of Accountancy.

**Fees and Other** - The proposed prices itemized at Appendix C are an all-inclusive maximum of travel cost, meetings, and presentations. In case of a change in the scope of work, or considerable unforeseen difficulties in completing the audit, we may request additional fees. Such a matter would be agreed upon before the serves are performed.

***Billing Policy Regarding Telephone Inquiries*** - We know clients appreciate access to all their service team members. We embrace this opportunity for constant communication and will ensure that our team members are available when you have questions and issues. This service is included in the scope of the engagement. If a particular issue surfaces that fall outside the scope of this engagement, we'll bring it to your attention and obtain approval before proceeding.

## APPENDIX C

### Itemized Fee Schedule

#### CAFR Audit

	Hours	Rates	Fees
Partner	80	\$ 350	\$ 28,000
Manager	120	180	21,600
Senior Audit Associate	160	125	20,000
Audit Associate	160	100	16,000
Total Hours	520		
Discount			(16,000)
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 69,600
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 70,992
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 72,412
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 73,860
Fiscal year 2023-24 all-inclusive maximum audit fees			\$ 75,337

#### Federal Single Audit

	Hours	Rates	Fees
Partner	8	\$ 350	\$ 2,800
Manager	16	180	2,880
Senior Audit Associate	40	125	5,000
Audit Associate	40	100	4,000
Total Hours	104		
Discount			(7,680)
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 7,000
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 7,140
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 7,283
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 7,428
Fiscal year 2023-24 all-inclusive maximum audit fees			\$ 7,577

#### Gann Limit AUP

	Hours	Rates	Fees
Partner	2	\$ 350	\$ 700
Senior Audit Associate	10	125	1,250
Total	12		
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 1,950
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 1,989
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 2,029
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 2,069

## APPENDIX D

### References

#### County of Sonoma

Levi Ehrlich  
levi.ehrlich@sonoma-county.org

Scope of work: County of Sonoma CAFR - GFOA Award, Single Audit and other component units

Example Report: <https://sonomacounty.ca.gov/ACTTC/General-Accounting/Financial-Reports/PDFs/CAFR-FY-2018-19/>

#### County of Sonalo

Phyllis Taynton, Auditor-Controller  
(707) 784-6280  
ptaynton@solanocounty.com

Scope of work: County of Sonoma CAFR - GFOA Award, Single Audit and other component units

Example Report:  
<https://www.solanocounty.com/civicax/filebank/blobdload.aspx?BlobID=31436>

## APPENDIX E

### PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: *Nathaniel Edelman*

Name (typed): Nathaniel Edelman

Title: Partner

Firm: Eide Bailly LLP

Date: April 9, 2020

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- B. 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 thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the County of San Benito.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: *Nathaniel Edelman*

Name (typed): Nathaniel Edelman

Title: Partner

Firm: Eide Bailly LLP

Date: April 9, 2020

# PEER REVIEW



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

December 28, 2017

To the Partners of Eide Bailly LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations (SOC 1 and SOC 2 engagements).

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

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eide Bailly LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads 'Cherry Bekaert LLP'.

Cherry Bekaert LLP



May 5, 2020

Board of Supervisors and Management  
County of San Benito

The following represents our understanding of the services we will provide to the County of San Benito (County).

You have requested that we audit the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2020, and for the year then ended, and the related notes, which collectively comprise County's basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Budgetary Comparison Schedules of the General Fund and each major special revenue fund
- Schedule of Changes in the Net Pension Liability and Related Ratios of the Miscellaneous Plan
- Schedule of Pension Contributions of the Miscellaneous Plan
- Schedule of Proportionate Share of the Net Pension Liability of the Safety Plan
- Schedule of Pension Contributions of the Safety Plan
- Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios
- Schedule of OPEB Contributions

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Supplementary information other than RSI will accompany the County's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Schedule of the Combining Balance Sheets of the Nonmajor Special Revenue Funds
- Schedule of the Combining Statements of Revenues, Expenditures and Changes in Fund Balances of the Nonmajor Special Revenue Funds
- Budgetary Comparison Schedules of the nonmajor funds

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

- The Comprehensive Annual Financial Report Introductory and Statistical sections

### **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS and in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and in accordance with *Government Auditing Standards*.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified



during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Compliance with Laws and Regulations**

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of County's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

### **Management Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and

- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

### **Reporting**

We will issue a written report upon completion of our audit of County's basic financial statements. Our report will be addressed to the governing body of the County of San Benito. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

### **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

### **Provisions of Engagement Administration, Timing and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Nathaniel Edelman, CPA, is the engagement partner for the audit services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to conduct the audit consistent with the timeline described in Section II "Time Requirements" of the Contract.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices are payable upon presentation. Our maximum fees are described in Appendix C of the Contract. We will notify you immediately of any circumstances we encounter that could increase the maximum fee. Whenever possible, we will attempt to use the County's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

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

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Supervisors and management the following significant findings from the audit:

- Our view about the qualitative aspects of the County's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;

- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to a regulator pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the regulator. The regulator may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

*Government Auditing Standards* require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, ("HLB"). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

Eide Bailly LLP formed The Eide Bailly Alliance Network, a network for small to mid-sized CPA firms across the nation. Each member firm of The Eide Bailly Alliance, including Eide Bailly LLP, is a separate and independent legal entity and is not owned or controlled by any other member of The Eide Bailly Alliance. Each member firm of The Eide Bailly Alliance is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of The Eide Bailly Alliance or any other member firm of The Eide Bailly Alliance and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of The Eide Bailly Alliance.

Eide Bailly, LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business Code. It is not anticipated that any of the non-licensee owners will be performing audit services for the County.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

## ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Palo Alto, California.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

## **LIMITATION OF DAMAGES AND NO PUNITIVE DAMAGES**

The exclusive remedy available to you in any adjudication proceeding shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by us of our duties under this agreement and/or under applicable professional standards, such damages will be limited to no more than two times fees paid under this agreement. In no event shall we be liable to you for any punitive or exemplary damages, or for attorneys' fees.

## **TIME LIMITATION**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute. We both agree that, notwithstanding any statute of limitations that might otherwise apply to a Dispute, it is reasonable that you may not bring any legal proceeding against us unless it is commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our report, return or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the audit.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

## **INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

## **ASSIGNMENTS PROHIBITED**

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly LLP, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



---

Nathaniel Edelman, CPA  
Partner

\*\*\*\*\*

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the County of San Benito by:

Name: Joe Paul Gonzalez

Title: County Auditor

Date: 4-22-2020

( End of Attachment A )

## **ATTACHMENT B**

### **Payment Schedule**

#### **B-1. BILLING**

Charges for services rendered pursuant to the terms and conditions of this contract shall be invoiced on the following basis: (check one)

- ☐ One month in arrears.
- ☐ Upon the complete performance of the services specified in Attachment A.
- ☒ The basis specified in paragraph B-3 and B-4.

#### **B-2. PAYMENT**

Payment shall be made by COUNTY to CONTRACTOR at the address specified in paragraph 8 of this contract, net thirty (30) days from the invoice date.

#### **B-3. COMPENSATION**

COUNTY shall pay to CONTRACTOR: (check one)

☐ a total lump sum payment of \$ \_\_\_\_\_, or

☒ a total sum not to exceed \$408,777; broken down by Fiscal Year as follow:

\$ 78,550 for work performed relating to Fiscal Year ending June 30, 2020,

\$ 80,121 for work performed relating to Fiscal Year ending June 30, 2021,

\$ 81,724 for work performed relating to Fiscal Year ending June 30, 2022,

\$ 83,357 for work performed relating to Fiscal Year ending June 30, 2023,

\$ 85,025 for work performed relating to Fiscal Year ending June 30, 2024,

for services rendered pursuant to the terms and conditions of this contract and pursuant to any special compensation terms specified in this attachment, Attachment B.

#### **B-4. SPECIAL COMPENSATION TERMS:** (check one)

☐ There are no additional terms of compensation.

☒ The following specific terms of compensation shall apply: (Specify)

Compensation shall further be paid pursuant to the hourly rates and schedules as set forth in Contractor's Professional Service Fees, as set forth on the following page.

*( Attachment B continues on following page )*



## Itemized Fee Schedule

### CAFR Audit

	Hours	Rates	Fees
Partner	80	\$ 350	\$ 28,000
Manager	120	180	21,600
Senior Audit Associate	160	125	20,000
Audit Associate	160	100	16,000
Total Hours	520		
Discount			(16,000)
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 69,600
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 70,992
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 72,412
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 73,860
Fiscal year 2023-24 all-inclusive maximum audit fees			\$ 75,337

### Federal Single Audit

	Hours	Rates	Fees
Partner	8	\$ 350	\$ 2,800
Manager	16	180	2,880
Senior Audit Associate	40	125	5,000
Audit Associate	40	100	4,000
Total Hours	104		
Discount			(7,680)
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 7,000
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 7,140
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 7,283
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 7,428
Fiscal year 2023-24 all-inclusive maximum audit fees			\$ 7,577

### Gann Limit AUP

	Hours	Rates	Fees
Partner	2	\$ 350	\$ 700
Senior Audit Associate	10	125	1,250
Total	12		
Fiscal year 2019-20 all-inclusive maximum audit fees			\$ 1,950
Fiscal year 2020-21 all-inclusive maximum audit fees			\$ 1,989
Fiscal year 2021-22 all-inclusive maximum audit fees			\$ 2,029
Fiscal year 2022-23 all-inclusive maximum audit fees			\$ 2,069
Fiscal year 2023-24 all-inclusive maximum audit fees			\$ 2,111

( End of Attachment B )

## **ATTACHMENT C**

### **General Terms and Conditions**

#### **C-1. INDEMNIFICATION.**

CONTRACTOR and COUNTY each agree to indemnify, defend and save harmless the other party and the other party's officers and employees, from and against any and all claims and losses whatsoever arising out of, or in any way related to, the indemnifying party's performance under this contract, including, but not limited to, claims for property damage, personal injury, death, and any legal expenses (such as attorneys' fees, court costs, investigation costs, and experts' fees) incurred by the indemnitee in connection with such claims or losses. A party's "performance" includes the party's action or inaction and the action or inaction of that party's officers and employees.

#### **C-2. GENERAL INSURANCE REQUIREMENTS.**

Without limiting CONTRACTOR's duty to indemnify COUNTY, CONTRACTOR shall comply with the insurance coverage requirements set forth in the contract and in this attachment. Those insurance policies mandated by Paragraph C-3 shall satisfy the following requirements:

- (a) Each policy shall be issued by a company authorized by law to transact business in the State of California.
- (b) Each policy shall provide that COUNTY shall be given notice in writing at least thirty (30) days in advance of any change, cancellation, or nonrenewal thereof.
- (c) The comprehensive motor vehicle and comprehensive general liability policies shall each provide an endorsement naming the County of San Benito and its officers, agents and employees as additional insureds.
- (d) The required coverage shall be maintained in effect throughout the term of this contract.

CONTRACTOR shall require all subcontractors performing work under this contract to obtain substantially the identical insurance coverage required of CONTRACTOR pursuant to this agreement.

#### **C-3. INSURANCE COVERAGE REQUIREMENTS.**

If required by paragraph 5 of the contract, CONTRACTOR shall maintain the following insurance policies in full force and effect during the term of this contract:

- (a) Comprehensive general liability insurance. CONTRACTOR shall maintain comprehensive general liability insurance, covering all of CONTRACTOR's operations with a combined single limit of not less than the amount set out in paragraph 5 of this contract.
- (b) Professional liability insurance. CONTRACTOR shall maintain professional liability insurance with liability limits of not less than the amount set out in paragraph 5 of this contract.

- (c) Comprehensive motor vehicle liability insurance. CONTRACTOR shall maintain comprehensive motor vehicle insurance covering all motor vehicles (including owned, non-owned and hired) used in providing services under this contract, with a combined single limit of not less than the amount set out in Paragraph 5 of this contract.
- (d) Workers' compensation insurance. CONTRACTOR shall maintain a workers' compensation plan covering all of its employees as required by California Labor Code Section 3700, either through workers' compensation insurance issued by an insurance company or through a plan of self-insurance certified by the State Director of Industrial Relations. If CONTRACTOR elects to be self-insured, the certificate of insurance otherwise required by this contract shall be replaced with a consent to self-insure issued by the State Director of Industrial Relations.

#### **C-4. CERTIFICATE OF INSURANCE.**

Prior to the commencement of performance of services by CONTRACTOR and prior to any obligations of COUNTY, CONTRACTOR shall file certificates of insurance with COUNTY, showing that CONTRACTOR has in effect the insurance required by this contract. CONTRACTOR shall file a new or amended certificate promptly after any change is made in any insurance policy which would alter the information on the certificate then on file. In lieu of providing proof of insurance, CONTRACTOR may provide proof of self-insurance meeting requirements equivalent to those imposed herein. CONTRACTOR warrants that CONTRACTOR's self-insurance provides substantially the same protection to COUNTY as the insurance required herein. CONTRACTOR further agrees to notify COUNTY in the event any change in self-insurance occurs that would alter the obligations undertaken in this contract within thirty (30) days of such change.

#### **C-5. RECORDS TO BE MAINTAINED.**

CONTRACTOR shall keep and maintain accurate records of all costs incurred and all time expended for work under this contract. CONTRACTOR shall contractually require that all of CONTRACTOR's subcontractors performing work called for under this contract also keep and maintain such records. All such records, whether kept by CONTRACTOR or any subcontractor, shall be made available to COUNTY or its authorized representative, or officials of the State of California for review or audit during normal business hours, upon reasonable advance notice given by COUNTY, its authorized representative, or officials of the State of California.

#### **C-6. RETENTION OF RECORDS.**

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if the COUNTY notifies CONTRACTOR of the commencement of an audit prior to the expiration of the three year period.

#### **C-7. TITLE TO DOCUMENTS; COPYRIGHT.**

All reports and other materials collected or produced by the CONTRACTOR or any subcontractor of CONTRACTOR shall, after completion and acceptance of the contract, become the property of COUNTY, and shall not be subject to any copyright claimed by the CONTRACTOR, subcontractor, or their agents or employees. CONTRACTOR may retain copies of all such materials exclusively for administrative purposes. Any use of completed or uncompleted documents for other projects by CONTRACTOR, any subcontractor, or any of their agents or employees, without the prior written consent of COUNTY is prohibited.

#### **C-8. INDEPENDENT CONTRACTOR.**

CONTRACTOR and its officers and employees, in the performance of this contract, are independent contractors in relation to COUNTY and not officers or employees of COUNTY. Nothing in this contract shall create any of the rights, powers, privileges or immunities of any officer or employee of COUNTY. CONTRACTOR shall be solely liable for all applicable taxes or benefits, including, but not limited to, federal and state income taxes, Social Security taxes, or ERISA retirement benefits, which taxes or benefits arise out of the performance of this contract. CONTRACTOR further represents to COUNTY that CONTRACTOR has no expectation of receiving any benefits incidental to employment.

#### **C-9. CONFLICT OF INTEREST.**

CONTRACTOR covenants that it presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONTRACTOR further covenants that, in the performance of this contract, no subcontractor or person having such an interest shall be used or employed.

#### **C-10. COMPLIANCE WITH APPLICABLE LAWS.**

CONTRACTOR shall comply with all applicable federal, state and local laws now, or hereafter, in force, and with any applicable regulations, in performing the work and providing the services specified in this contract. This obligation includes, without limitation, the acquisition, and maintenance of any permits, licenses, or other entitlements necessary to perform the duties imposed expressly or impliedly under this contract.

#### **C-11. NONDISCRIMINATION.**

CONTRACTOR shall not discriminate in the employment of persons necessary to perform this contract on any legally impermissible basis, including on the basis of the race, color, national origin, ancestry, religion, age, sex, or disability of such person.

#### **C-12. BANKRUPTCY.**

CONTRACTOR shall immediately notify COUNTY in the event that CONTRACTOR ceases conducting business in the normal manner, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, or avails itself of, or becomes subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors.

### **C-13. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION OF DUTIES.**

Except as specifically authorized herein, no rights under this contract may be assigned and no duties under this contract may be delegated by CONTRACTOR without the prior written consent of COUNTY, and any attempted assignment or delegation without such consent shall be void.

### **C-14. NEGOTIATED CONTRACT.**

This contract has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this contract within the meaning of California Civil Code Section 1654.

### **C-15. SEVERABILITY.**

Should any provision herein be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect. To this end, the provisions of this contract are declared to be severable.

### **C-16. ENTIRE CONTRACT.**

This contract is the entire agreement of the parties. There are no understandings or agreements pertaining to this contract except as are expressly stated in writing in this contract or in any document attached hereto or incorporated herein by reference.

### **C-17. TIME IS OF THE ESSENCE.**

Time is of the essence in the performance of this contract.

### **C-18. TERMINATION.**

Either party may terminate this contract, with or without cause, at any time. In order to terminate this contract, the terminating party shall give advance written notice to the other party. The termination shall be effective no earlier than the expiration of the number of days specified in paragraph 6 of this contract. The termination notice shall be made as specified in paragraph C-19, below. In the event of termination, COUNTY shall pay CONTRACTOR for all work satisfactorily performed prior to the effective date of the termination.

### **C-19. NOTICES.**

Notices to the parties in connection with the administration of this contract shall be given to the parties' contract administrator personally, by regular mail, or by facsimile transmission as more particularly specified in this paragraph. Notices will be deemed given on:

- (a) The day the notice is personally delivered to the contract administrator or the office of the party's contract administrator; or
- (b) Five days after the date the notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, with first-class postage fully prepaid; or

- (c) On the day that the notice is transmitted by facsimile to a party's facsimile number specified in paragraph 8 of this contract, provided that an original of such notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, on the same day as the facsimile transmission is made.

#### **C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.**

All matters concerning this contract which are within the responsibility of the parties shall be under the direction of, or shall be submitted to, the respective contract administrators or to the party's employee specified, in writing, by the contract administrator. A party may, in its sole discretion, change its designation of its contract administrator and shall promptly give written notice to the other party of any such change.

#### **C-21. MATERIALITY.**

The parties consider each and every term, covenant, and provision of this contract to be material and reasonable.

#### **C-22. WAIVER.**

Waiver by either party of a breach of any covenant of this contract will not be construed to be a continuing waiver of any subsequent breach. COUNTY's receipt of consideration with knowledge of CONTRACTOR's violation of a covenant does not waive its right to enforce any covenant of this contract. The parties shall not waive any provisions of this contract unless the waiver is in writing and signed by all parties.

#### **C-23. AUTHORITY AND CAPACITY.**

CONTRACTOR and CONTRACTOR's signatory each warrant and represent that each has full authority and capacity to enter into this contract.

#### **C-24. BINDING ON SUCCESSORS.**

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

#### **C-25. CUMULATION OF REMEDIES.**

All of the various rights, options, elections, powers and remedies of the parties shall be construed as cumulative, and no one of them exclusive of any other or of any other legal or equitable remedy which a party might otherwise have in the event of a breach or default of any condition, covenant or term by the other party. The exercise of any single right, option, election, power or remedy shall not, in any way, impair any other right, option, election, power or remedy until all duties and obligations imposed shall have been fully performed.

#### **C-26. INDEPENDENT ADVICE.**

Each party hereby represents and warrants that in executing this contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also

represents and warrants that it has received independent legal advice from its attorney with respect to the matters set forth in this contract and the rights and duties arising out of this contract, or that such party willingly foregoes any such consultation.

#### **C-27. NO RELIANCE ON REPRESENTATIONS.**

Each party hereby represents and warrants that it is not relying, and has not relied, upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this contract may hereunder turn out to be other than, or different from the facts now known to such party as true, or believed by such party to be true. The parties expressly assume the risk of the facts turning out to be different and agree that this contract shall be effective in all respects and shall not be subject to rescission by reason of any such difference in facts.

#### **C-28. REDUCTION OF CONSIDERATION.**

CONTRACTOR agrees that COUNTY shall have the right to deduct from any payments specified in Attachment B any amount owed to COUNTY by CONTRACTOR as a result of any obligation arising prior to, or after, the execution of this contract. For purposes of this paragraph, obligations arising prior to, or after, the execution of this contract may include, without limitation, any property tax, secured or unsecured, which tax is in arrears. If COUNTY exercises the right to reduce the consideration specified in Attachment B, COUNTY, at the time of making a reduced payment, shall give CONTRACTOR notice of the amount of any off-set and the reason for the reduction.

#### **C-29. COUNTERPARTS.**

This contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original. The counterparts shall together constitute one contract.

**END OF ATTACHMENT C.**

## **ATTACHMENT D**

### **General Terms and Conditions**

Attachment C is modified in that paragraph C-7 is deleted. Contractor shall maintain ownership of audit documentation.

Contractor shall adopt reasonable procedures to retain and access audit documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention.

Contractor shall maintain the confidentiality of client information.

All reports and other materials collected or produced by the Contractor shall not be subject to any copyright claimed by the CONTRACTOR, subcontractor, or their agents or employees. This excludes work papers prepared by the CONTRACTOR as audit documentation.

*( End of Attachment D )*