



156 S. Broadway, Ste. 270, Turlock, CA 95380

(209) 668-4142 (phone) (209) 668-5695 (fax)

## **Special Board Meeting Notice & Agenda**

**October 20, 2021 at 2:00 p.m.**

**156 S. Broadway, Turlock, CA, Second Floor, Yosemite Conference Room**

*Chair, Amy Bublak*  
*Vice Chair, Javier Lopez*  
*Director, Pam Franco*  
*Director, Vacant*  
*Director (alternate), Linda Ryno*  
*Director (alternate), Nicole Larson*

*General Manager, Robert Granberg*  
*Interim Legal Counsel, Richard P. Shanahan*  
*Finance Director, Marie Lorenzi*  
*Board Secretary, Angelica Gonsalves*

**THIS MEETING WILL BE OPEN TO THE PUBLIC. SEATING CAPACITY WILL BE LIMITED TO THE FIRST 14 PEOPLE, ON A FIRST COME FIRST SERVE BASIS. COMPLIANCE WITH ALL HEALTH & SAFETY GUIDELINES INCLUDING COVID-19 SCREENING, TEMPERATURE CHECKS, FACE COVERINGS, AND PHYSICAL DISTANCING MEASURES WILL BE REQUIRED FOR IN-PERSON ATTENDANCE. PLEASE PLAN TO ARRIVE APPROXIMATELY 15 MINUTES PRIOR TO THE SCHEDULED MEETING START TIME TO ALLOW FOR SCREENING PROCESSES.**

**OR**

**JOIN BY CLICKING ON THE MEETING LINK: <https://us02web.zoom.us/j/87219269659>**

**OR**

**JOIN BY ACCESSING THE ZOOM WEBSITE: <https://zoom.us/join>**

**WEBINAR ID: 872 1926 9659**

**OR**

**JOIN BY TELEPHONE: 669-900-6833**

**WEBINAR ID: 872 1926 9659**

**NOTICE REGARDING NON-ENGLISH SPEAKERS:** The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

**EQUAL ACCESS POLICY:** If you have a disability which affects your access to public facilities or services, contact the Board Secretary at the phone number set forth above. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

**NOTICE:** Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled Matters, before or during the Board's consideration of the item.

**AGENDA PACKETS:** Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet (excluding any closed session materials) is available for review on the SRWA's website at [www.stanrwa.com](http://www.stanrwa.com) and in the Board Secretary's Office at 156 S. Broadway, Suite 270, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office at the address set forth above. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER
- B. SALUTE TO THE FLAG
- C. ROLL CALL
2. **RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:**
  - A. Consider finding by a majority vote under Govt. Code § 54953(e)(1)(B) that as a result of the COVID-19 emergency (i) fully meeting in person would present imminent risks to the health or safety of attendees, and (ii) the meeting is authorized to be held by teleconference pursuant to Govt. Code § 54953(e)(1)(C).
3. A. **SPECIAL BRIEFINGS:** None
- B. **STAFF UPDATES**
  1. General Manager Update (*Granberg*)
  2. Finance Director Report (*Lorenzi*)
- C. **PUBLIC PARTICIPATION:** This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.
4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS**
5. **CONSENT CALENDAR:** Information concerning the Consent items listed below has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the Consent items is set forth in the explanation of the individual items.
  - A. *Motion:* Approving minutes of Regular Meeting of August 19, 2021
6. **PUBLIC HEARINGS:** None
7. **SCHEDULED MATTERS:**
  - A. *Resolution:* Consider adoption of resolution authorizing General Manager to apply for a Proposition 50 Funding Program Grant for the Regional Surface Water Supply Project (*Granberg*)
  - B. *Motion:* Awarding a contract for professional auditing services to Maze & Associates Accountancy Corporation for audits of fiscal year 2020-21 and 2021-22 (*Lorenzi*)
8. **MATTERS TOO LATE FOR THE AGENDA**
9. **BOARD ITEMS FOR FUTURE CONSIDERATION**

10. **BOARD COMMENTS:** Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.
11. **NEXT MEETING DATE:** November 18, 2021, Regular meeting
12. **CLOSED SESSION:** None
13. **TOUR THE REGIONAL SURFACE WATER SUPPLY PROJECT CONSTRUCTION SITE:** Board members will tour the Regional Surface Water Supply Project construction sites, along with an informational briefing by and question and answers with Authority staff and the project contractor. The tour will take place following conclusion of the agenda business at 1235 Aldrich Rd., Hughson, CA. Members of the public are welcome to attend the tour. Attendees must provide their own transportation and should wear shoes and clothing appropriate for walking outdoors on uneven ground. Please see attached map for directions from Ceres and Turlock
14. **ADJOURNMENT**

From: Angelica Gonsalves, Secretary  
Prepared by: Robert Granberg, General Manager

**1. ACTION RECOMMENDED:**

Motion: Adopt a motion that the Board find that, as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees, and the meeting therefore should be held by teleconference as authorized by Government Code section 54943, subdivision (e)(1)(C) (AB 361), which authorizes Board meeting participation by teleconference

**2. DISCUSSION OF ISSUE:**

In light of the Governor's declaration that a state of emergency exists due to the incidence and spread of the novel coronavirus, and the pandemic caused by the resulting disease COVID-19, the Board should consider whether meeting in person would present imminent risks to the health or safety of meeting attendees.

As of September 23, 2021, state officials are no longer requiring or recommending social distancing measures; however, the Stanislaus County Department of Health is recommending social distancing measures in addition to the wearing of masks. Staff therefore have determined that meeting in person would present imminent risks to the health or safety of attendees. Because of this local recommendation and risk, it is advisable the Board authorize Board meeting participation by teleconferencing under the rules of AB 361.

Conducting meetings by teleconference would directly reduce the risk of transmission among meeting attendees, including members of the public and Authority staff, which has the ancillary effect of reducing risk of serious illness and death as well as reducing community spread of the virus.

This authorization, if passed by a majority vote, would be in effect for 30 days. The next regularly scheduled Board meeting is November 18, 2021, or 29 days from the date of this Board meeting. Since the next meeting would be held within 30 days of this action, the Board would need to renew this authorization if the conditions still exist at that time.

**3. FISCAL IMPACT / BUDGET AMENDMENT:**

There is no fiscal impact to this action.

**4. GENERAL MANAGER'S COMMENTS:**

Recommends authorizing Board meeting by teleconferencing.

**5. ENVIRONMENTAL DETERMINATION:**

N/A

**6. ALTERNATIVES:**

If the Board chooses to not authorize meeting by teleconferencing, then no further business may be conducted by teleconference and the meeting must be adjourned and rescheduled in compliance with the regular Brown Act.



3B2  
October 20, 2021

**To: SRWA Board**  
**From: Marie Lorenzi, Finance Director**  
**Subject: Financial Summary as of October 13, 2021**

Attached Financial Documents include:

**Activity for YTD Fiscal June 30, 2021**

- 1 - SRWA financial status as of 10-13-2021 for the 2020-21 fiscal year (Exhibit A):  
Revenue received from the participating agencies \$47,284,850  
Expenses paid total \$41,089,527.29
- 2 - SRWA financial status - life to date as of 10-13-2021 (Exhibit B):  
Revenue life to date totals \$67,076,812.47 (includes \$105,512.10 of interest)  
Expenses life to date total \$58,521,338.26  
Cumulative unexpended Revenues \$ 8,555,474.21

**Activity for YTD Fiscal June 30, 2022**

- 1 - SRWA financial status as of 10-13-2021 for the 2020-21 fiscal year (Exhibit C):  
Revenue received from the participating agencies \$28,125,000  
Expenses paid total \$11,682,199.99
- 2 - SRWA financial status - life to date as of 10-13-2021 (Exhibit D):  
Revenue life to date totals \$95,201,812.47 (includes \$105,512.10 of interest)  
Expenses life to date total \$70,203,538.25  
Cumulative unexpended Revenues \$ 24,998,274.22

**Unpaid Invoices received as of 10-13-2021**

3 - The following invoices are in the process of being paid as of 10-13-2021 and the related costs are not included in the information presented above.

Association of CA Water Agencies - dues 4,180.00

\$ 4,180.00

**Stanislaus Regional Water Authority**

For FY 2020-21 (Updated 10-13-2021)

		Original Budget	Amendments	Amended Budget 2020-21	Unaudited Actual 2020-21	Ceres	Turlock	TID	Totals for 2020-21
<b>REVENUES</b>									
	Interest Income			0	29,123.44	10,828.73	17,471.32	823.39	29,123.44
34900_001	Agency Contribution - City of Turlock	38,257,747	(299,005)	37,958,742	30,957,500.00		30,957,500.00		30,957,500.00
34900_002	Agency Contribution - City of Ceres	19,509,718	(146,110)	19,363,608	15,375,000.00	15,375,000.00			15,375,000.00
34900_004	Agency Contribution - Turlock Irrigation District	1,075,231	(9,785)	1,065,446	952,350.00			952,350.00	952,350.00
	<b>Total Revenues</b>	<b>58,842,696</b>	<b>(454,900)</b>	<b>58,387,796</b>	<b>47,313,973.44</b>	<b>15,385,828.73</b>	<b>30,974,971.32</b>	<b>953,173.39</b>	<b>47,313,973.44</b>
<b>EXPENSES</b>									
<b>Pre-Treatment Plant Construction Project Expenses (950-53-552)</b>									
43060_012	Contact Services Program Mgmt	125,628		125,628	91,518.21	45,760.88	45,711.63	45.70	91,518.21
43195	Special Legal Counsel	38,500	(31,500)	7,000	8,023.70	4,011.85	4,011.85	0.00	8,023.70
43332	Permitting	7,000		7,000	276.00	138.00	138.00		276.00
43332_002	Permitting - Water Rights Acquisition	20,000		20,000					0.00
45002_000	TID - electrical service	5,000		5,000	3,289.63	1,096.43	2,193.20	0.00	3,289.63
51001	Property Acquisition - facility site	1,508,508		1,508,508	1,439,412.51	479,756.19	959,656.32	0.00	1,439,412.51
51001	Property Acquisition - infiltration gallery	739,442		739,442	740,851.49	246,925.80	493,925.69	0.00	740,851.49
51001	Property Acquisition - Geer Road easement	132,300		132,300	92,200.00	92,200.00			92,200.00
51001	Property Acquisition - delivery facilities	50,000		50,000	14,787.76	7,393.88	7,393.88		14,787.76
<b>Treatment Plant Construction - SRF funding eligible (950-53-553)</b>									
43060_012	Contract Services - Program Mgmt Services	2,733,688	(851,500)	1,882,188	902,127.69	369,181.11	519,242.76	13,703.82	902,127.69
43195	Special Legal Counsel	29,700	31,500	61,200	36,490.50	17,885.82	17,885.82	718.86	36,490.50
43329	Environmental Services	233,500		233,500	122,396.01	52,001.07	52,677.22	17,717.72	122,396.01
43332	Permitting	71,014		71,014			0.00		0.00
	CDFW LSAA for 3 lateral crossings				13,351.25	0.00	13,351.25	0.00	13,351.25
	Stanislaus County - Aldrich Road crossing				25,820.00	8,605.81	17,214.19	0.00	25,820.00
	Stanislaus County - Lateral 2, 2.5 & 3 crossing				16,220.00	0.00	16,220.00	0.00	16,220.00
43332_001	Permitting - Environmental Mitigation	214,000		214,000					0.00
	Transplant credits				26,000.00	6,934.20	13,865.80	5,200.00	26,000.00
	Mitigation credits				151,500.00	40,405.05	80,794.95	30,300.00	151,500.00
51802_001	Regional Trtmt Plant - Design/Build Contract	54,947,428		54,947,428	36,934,546.94	11,478,661.44	24,881,686.52	574,198.98	36,934,546.94
51802_002	Regional Trtmt Plant - Contract Management	0	396,600	396,600	234,091.74	75,190.27	153,868.50	5,032.97	234,091.74
<b>Administrative Expenses (950-53-552)</b>									
43055_002	Consultant Audit	4,740		4,740	4,740.00	2,370.00	2,370.00		4,740.00
43060_021	Contract Services General Manager	300,000		300,000	210,526.88	105,263.44	105,263.44		210,526.88
43105_003	Interdepartmental Admin Support	25,000		25,000					
	Clerical	12,500		12,500	5,469.08	2,734.54	2,734.54		5,469.08
	Financial/Accounting	12,500		12,500	11,671.23	5,835.62	5,835.61		11,671.23
44001_000	Supplies	500	(180)	320	36.67	18.34	18.33		36.67
44035	Photocopies	500		500		0.00	0.00		0.00
44040_000	Postage	500		500		0.00	0.00		0.00
47010	Bank Charges	750		750		0.00	0.00		0.00
47040_000	Dues	4,000	180	4,180	4,180.00	2,090.00	2,090.00		4,180.00
47095_000	Training	1,000		1,000		0.00	0.00		0.00
	<b>Total Expenditures</b>	<b>61,217,698</b>	<b>(454,900)</b>	<b>60,762,798</b>	<b>41,089,527.29</b>	<b>13,044,459.74</b>	<b>27,398,149.50</b>	<b>646,918.05</b>	<b>41,089,527.29</b>
<b>Revenues Over (Under) Expenditures</b>		<b>(2,375,002)</b>	<b>0</b>	<b>(2,375,002)</b>	<b>6,224,446.15</b>	<b>2,341,368.99</b>	<b>3,576,821.82</b>	<b>306,255.34</b>	<b>6,224,446.15</b>

0.00

**Stanislaus Regional Water Authority**

Project to Date (updated as of 10-13-2021)

3B2

	City of Ceres	City of Turlock	TID	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2020	Actuals For 2020-21	Total
<b>Agency Contributions</b>							
Received from Agencies - 2015-16	379,561.50	347,487.50		727,049.00	727,049.00		727,049.00
Received from Agencies - 2016-17	1,138,659.60	1,175,000.00	106,958.25	2,420,617.85	2,420,617.85		2,420,617.85
Received from Agencies - 2017-18	1,055,176.00	1,160,500.00	114,507.52	2,330,183.52	2,330,183.52		2,330,183.52
Received from Agencies - 2018-19	2,872,300.00	4,072,700.00	1,057,400.00	8,002,400.00	8,002,400.00		8,002,400.00
Received from Agencies - 2019-20	2,013,600.00	3,598,100.00	594,500.00	6,206,200.00	6,206,200.00		6,206,200.00
Received from Agencies - 2020-21	15,375,000.00	30,957,500.00	952,350.00	47,284,850.00		47,284,850.00	47,284,850.00
<b>Interest Income</b>	53,747.59	50,941.12	823.39	105,512.10	76,388.66	29,123.44	105,512.10
					0.00		0.00
<b>Total Agency Contributions</b>	<b>22,888,044.69</b>	<b>41,362,228.62</b>	<b>2,826,539.16</b>	<b>67,076,812.47</b>	<b>19,762,839.03</b>	<b>47,313,973.44</b>	<b>67,076,812.47</b>
<b>Expenditures</b>							
<b>Pre-Treatment Plant Construction Project Expenses (950-52-553)</b>							
Government Relations	(74,723.55)	(74,723.55)	0.00	(149,447.10)	(149,447.10)	0.00	(149,447.10)
Environmental Services (Phase I)	(250,664.65)	(250,664.65)	(32,520.11)	(533,849.41)	(533,849.41)	0.00	(533,849.41)
Project Management Services	(3,339,775.74)	(3,482,341.11)	(169,068.88)	(6,991,185.73)	(6,899,667.52)	(91,518.21)	(6,991,185.73)
Special Legal Expenses	(215,670.55)	(215,670.56)	(5,302.43)	(436,643.54)	(428,619.84)	(8,023.70)	(436,643.54)
Wet Well Design (West Yost)	(166,904.88)	(206,872.74)	(93,444.40)	(467,222.02)	(467,222.02)	0.00	(467,222.02)
Fees to Stan County-CEQA related to wet well	(1,136.63)	(1,136.62)	0.00	(2,273.25)	(2,273.25)		(2,273.25)
Permitting	(17,768.08)	(17,768.09)	0.00	(35,536.17)	(35,260.17)	(276.00)	(35,536.17)
Permitting - Water Rights Acquisition	(36,240.88)	(36,240.89)	0.00	(72,481.77)	(72,481.77)	0.00	(72,481.77)
Water Shed Survey	(40,660.67)	(40,660.67)	0.00	(81,321.34)	(81,321.34)	0.00	(81,321.34)
Property Acquisition - facility site	(479,756.19)	(959,656.32)	0.00	(1,439,412.51)	0.00	(1,439,412.51)	(1,439,412.51)
Property Acquisition - infiltration gallery	(246,925.80)	(493,925.69)	0.00	(740,851.49)	0.00	(740,851.49)	(740,851.49)
Property Acquisition - Geer Road easement	(92,200.00)	0.00	0.00	(92,200.00)	0.00	(92,200.00)	(92,200.00)
Property Acquisition - delivery facilities	(7,393.88)	(7,393.88)	0.00	(14,787.76)	0.00	(14,787.76)	(14,787.76)
Wet Well Construction							
Construction Contract	(1,888,242.96)	(3,769,413.84)	(1,414,414.20)	(7,072,071.00)	(7,072,071.00)	0.00	(7,072,071.00)
Construction Management	(145,962.80)	(291,378.94)	(109,335.45)	(546,677.19)	(546,677.19)	0.00	(546,677.19)
Environmental (Phase II)	(103,524.75)	(155,193.07)	(47,798.97)	(306,516.79)	(306,516.79)	0.00	(306,516.79)
Contractor Financial Evaluation	(18,944.30)	(18,944.30)	(761.40)	(38,650.00)	(38,650.00)	0.00	(38,650.00)
TID - electrical service	(1,507.99)	(3,016.44)	0.00	(4,524.43)	(1,234.80)	(3,289.63)	(4,524.43)
<b>Treatment Plant Construction - SRF funding eligible (950-53-553)</b>							
Contract Services - Program Mgmt Services	(369,181.11)	(519,242.76)	(13,703.82)	(902,127.69)	0.00	(902,127.69)	(902,127.69)
Special Legal Counsel	(17,885.82)	(17,885.82)	(718.86)	(36,490.50)	0.00	(36,490.50)	(36,490.50)
Environmental Services	(52,001.07)	(52,677.22)	(17,717.72)	(122,396.01)	0.00	(122,396.01)	(122,396.01)
Permitting	(8,605.81)	(46,785.44)	0.00	(55,391.25)	0.00	(55,391.25)	(55,391.25)
Permitting - Environmental Mitigation	(47,339.25)	(94,660.75)	(35,500.00)	(177,500.00)	0.00	(177,500.00)	(177,500.00)
Regional Trtmt Plant - Design/Build Contract	(11,478,661.44)	(24,881,686.52)	(574,198.98)	(36,934,546.94)	0.00	(36,934,546.94)	(36,934,546.94)
Regional Trtmt Plant - Contract Management	(75,190.27)	(153,868.50)	(5,032.97)	(234,091.74)	0.00	(234,091.74)	(234,091.74)

**Stanislaus Regional Water Authority**  
**Project to Date (updated as of 10-13-2021)**

3B2

	<u>City of Ceres</u>	<u>City of Turlock</u>	<u>TID</u>	<u>Project to Date Total Since Dec 2015</u>	<u>Actuals Thru 6/30/2020</u>	<u>Actuals For 2020-21</u>	<u>Total</u>
<b>Administrative Support</b>							
Clerical Services	(23,588.40)	(23,588.40)	0.00	(47,176.80)	(41,707.72)	(5,469.08)	(47,176.80)
Accounting Services	(27,932.30)	(27,932.28)	0.00	(55,864.58)	(44,193.35)	(11,671.23)	(55,864.58)
Interim JPA attorney	(22,662.50)	(22,662.50)	0.00	(45,325.00)	(45,325.00)		(45,325.00)
Interim General Manager	(121,991.80)	(121,991.80)	0.00	(243,983.60)	(243,983.60)		(243,983.60)
General Manager	(300,646.80)	(300,646.80)	0.00	(601,293.60)	(390,766.72)	(210,526.88)	(601,293.60)
External Audit	(11,735.00)	(11,735.00)	0.00	(23,470.00)	(18,730.00)	(4,740.00)	(23,470.00)
Supplies and other Miscellaneous Expenses	(8,014.53)	(8,014.52)	0.00	(16,029.05)	(11,812.38)	(4,216.67)	(16,029.05)
<b>Total Expenditures</b>	<b>(19,693,440.40)</b>	<b>(36,308,379.67)</b>	<b>(2,519,518.19)</b>	<b>(58,521,338.26)</b>	<b>(17,431,810.97)</b>	<b>(41,089,527.29)</b>	<b>(58,521,338.26)</b>
<b>Contributions over (under) Expenditures - project to date</b>	<b>3,194,604.29</b>	<b>5,053,848.95</b>	<b>307,020.97</b>	<b>8,555,474.21</b>	<b>2,331,028.06</b>	<b>6,224,446.15</b>	<b>8,555,474.21</b>

**Stanislaus Regional Water Authority**

For FY 2021-22 (Updated 10-13-2021)

3B2

Account Name	Original Budget	Amendments	Amended Budget 2021-22	Unaudited Actual 2021-22	Totals for 2021-22			
					Ceres	Turlock	TID	
<b>REVENUES</b>								
Interest Income			0		0.00	0.00	0.00	0.00
34910 Integrated Water Mgmt Grant	1,450,225		1,450,225					
34911 Water Smart Grant	1,478,440		1,478,440					
34900_001 Agency Contrinbution - City of Turlock	303,100		303,100	18,325,000.00		18,325,000.00		18,325,000.00
34900_002 Agency Contribution - City of Ceres	371,520		371,520	9,250,000.00	9,250,000.00			9,250,000.00
34900_004 Agency Contrinbution - Turlock Irrigation District	1,000		1,000	550,000.00			550,000.00	550,000.00
35440 SRF Funding Proceeds	112,836,795		112,836,795				0.00	0.00
<b>Total Revenues</b>	<b>116,441,080</b>	<b>0</b>	<b>116,441,080</b>	<b>28,125,000.00</b>	<b>9,250,000.00</b>	<b>18,325,000.00</b>	<b>550,000.00</b>	<b>28,125,000.00</b>
<b>EXPENSES</b>								
<b>Pre-Treatment Plant Construction Project Expenses (950-53-552)</b>								
43060_012 Contact Services Program Mgmt	277,900		277,900	20,390.28	9,802.64	10,562.89	24.75	20,390.28
43195 Special Legal Counsel	25,000		25,000	2,557.50	1,278.75	1,278.75		2,557.50
43332 Permitting	7,000		7,000		0.00	0.00		0.00
43332_002 Permitting - Water Rights Acquisition	5,000		5,000					0.00
45002_000 TID - electrical service	720		720	180.63	60.20	120.43	0.00	180.63
51001 Property Acquisition - facility site			0		0.00	0.00	0.00	0.00
51001 Property Acquisition - infiltration gallery			0		0.00	0.00	0.00	0.00
51001 Property Acquisition - Geer Road easement			0		0.00			0.00
51001 Property Acquisition - delivery facilities			0		0.00	0.00		0.00
<b>Treatment Plant Construction - SRF funding eligible (950-53-553)</b>								
43060_012 Contract Services - Program Mgmt Services	1,863,480		1,863,480	174,205.30	66,566.24	104,837.39	2,801.67	174,205.30
43195 Special Legal Counsel	50,000		50,000	7,922.75	3,883.34	3,883.34	156.07	7,922.75
43329 Environmental Services	184,940		184,940	20,140.96	8,455.43	8,455.43	3,230.10	20,140.96
43332 Permitting	133,000		133,000	5,596.00		5,596.00		5,596.00
51802_001 Regional Trtmt Plant - Design/Build Contract	113,006,185		113,006,185	11,380,524.62	2,299,017.95	8,987,736.99	93,769.68	11,380,524.62
51802_002 Regional Trtmt Plant - Contract Management	527,855		527,855	32,530.00	10,448.64	21,381.97	699.39	32,530.00
<b>Administrative Expenses (950-53-552)</b>								
43055_002 Consultant Audit	10,000		10,000		0.00	0.00		0.00
43060_021 Contract Services General Manager	300,000		300,000	38,151.95	19,075.98	19,075.97		38,151.95
43105_003 Interdepartmental Admin Support			0					
Clerical	17,500		17,500		0.00	0.00		0.00
Financial/Accounting	25,000		25,000		0.00	0.00		0.00
44001_000 Supplies	300		300		0.00	0.00		0.00
44035 Photocopies	500		500		0.00	0.00		0.00
44040_000 Postage	500		500		0.00	0.00		0.00
47010 Bank Charges	700		700		0.00	0.00		0.00
47040_000 Dues	4,500		4,500		0.00	0.00		0.00
47095_000 Training	1,000		1,000		0.00	0.00		0.00
<b>Total Expenditures</b>	<b>116,441,080</b>	<b>0</b>	<b>116,441,080</b>	<b>11,682,199.99</b>	<b>2,418,589.17</b>	<b>9,162,929.16</b>	<b>100,681.66</b>	<b>11,682,199.99</b>
<b>Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,442,800.01</b>	<b>6,831,410.83</b>	<b>9,162,070.84</b>	<b>449,318.34</b>	<b>16,442,800.01</b>

0.00

**Stanislaus Regional Water Authority**  
**Project to Date (updated as of 10-13-2021)**

	City of Ceres	City of Turlock	TID	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2021	Actuals For 2021-22	Total
<b>Agency Contributions</b>							
Received from Agencies - through 6-30-2021	22,834,297.10	41,311,287.50	2,825,715.77	66,971,300.37	66,971,300.37		66,971,300.37
Received from Agencies - 2021-22	9,250,000.00	18,325,000.00	550,000.00	28,125,000.00		28,125,000.00	28,125,000.00
<b>Interest Income</b>	53,747.59	50,941.12	823.39	105,512.10	105,512.10		105,512.10
					0.00		0.00
<b>Total Agency Contributions</b>	<b>32,138,044.69</b>	<b>59,687,228.62</b>	<b>3,376,539.16</b>	<b>95,201,812.47</b>	<b>67,076,812.47</b>	<b>28,125,000.00</b>	<b>95,201,812.47</b>
<b>Expenditures</b>							
<b>Pre-Treatment Plant Construction Project Expenses (950-52-553)</b>							
Government Relations	(74,723.55)	(74,723.55)	0.00	(149,447.10)	(149,447.10)	0.00	(149,447.10)
Environmental Services (Phase I)	(250,664.65)	(250,664.65)	(32,520.11)	(533,849.41)	(533,849.41)	0.00	(533,849.41)
Project Management Services	(3,349,578.38)	(3,492,904.00)	(169,093.63)	(7,011,576.01)	(6,991,185.73)	(20,390.28)	(7,011,576.01)
Special Legal Expenses	(216,949.30)	(216,949.31)	(5,302.43)	(439,201.04)	(436,643.54)	(2,557.50)	(439,201.04)
Wet Well Design (West Yost)	(166,904.88)	(206,872.74)	(93,444.40)	(467,222.02)	(467,222.02)	0.00	(467,222.02)
Fees to Stan County-CEQA related to wet well	(1,136.63)	(1,136.62)	0.00	(2,273.25)	(2,273.25)		(2,273.25)
Permitting	(17,768.08)	(17,768.09)	0.00	(35,536.17)	(35,536.17)	0.00	(35,536.17)
Permitting - Water Rights Acquisition	(36,240.88)	(36,240.89)	0.00	(72,481.77)	(72,481.77)	0.00	(72,481.77)
Water Shed Survey	(40,660.67)	(40,660.67)	0.00	(81,321.34)	(81,321.34)	0.00	(81,321.34)
Property Acquisition - facility site	(479,756.19)	(959,656.32)	0.00	(1,439,412.51)	(1,439,412.51)	0.00	(1,439,412.51)
Property Acquisition - infiltration gallery	(246,925.80)	(493,925.69)	0.00	(740,851.49)	(740,851.49)	0.00	(740,851.49)
Property Acquisition - Geer Road easement	(92,260.20)	(120.43)	0.00	(92,380.63)	(92,200.00)	(180.63)	(92,380.63)
Property Acquisition - delivery facilities	(7,393.88)	(7,393.88)	0.00	(14,787.76)	(14,787.76)	0.00	(14,787.76)
Wet Well Construction							
Construction Contract	(1,888,242.96)	(3,769,413.84)	(1,414,414.20)	(7,072,071.00)	(7,072,071.00)	0.00	(7,072,071.00)
Construction Management	(145,962.80)	(291,378.94)	(109,335.45)	(546,677.19)	(546,677.19)	0.00	(546,677.19)
Environmental (Phase II)	(103,524.75)	(155,193.07)	(47,798.97)	(306,516.79)	(306,516.79)	0.00	(306,516.79)
Contractor Financial Evaluation	(18,944.30)	(18,944.30)	(761.40)	(38,650.00)	(38,650.00)	0.00	(38,650.00)
TID - electrical service	(1,507.99)	(3,016.44)	0.00	(4,524.43)	(4,524.43)	0.00	(4,524.43)
<b>Treatment Plant Construction - SRF funding eligible (950-53-553)</b>							
Contract Services - Program Mgmt Services	(435,747.35)	(624,080.15)	(16,505.49)	(1,076,332.99)	(902,127.69)	(174,205.30)	(1,076,332.99)
Special Legal Counsel	(21,769.16)	(21,769.16)	(874.93)	(44,413.25)	(36,490.50)	(7,922.75)	(44,413.25)
Environmental Services	(60,456.50)	(61,132.65)	(20,947.82)	(142,536.97)	(122,396.01)	(20,140.96)	(142,536.97)
Permitting	(8,605.81)	(52,381.44)	0.00	(60,987.25)	(55,391.25)	(5,596.00)	(60,987.25)
Permitting - Environmental Mitigation	(47,339.25)	(94,660.75)	(35,500.00)	(177,500.00)	(177,500.00)	0.00	(177,500.00)
Regional Trtmt Plant - Design/Build Contract	(13,777,679.39)	(33,869,423.51)	(667,968.66)	(48,315,071.56)	(36,934,546.94)	(11,380,524.62)	(48,315,071.56)
Regional Trtmt Plant - Contract Management	(85,638.91)	(175,250.47)	(5,732.36)	(266,621.74)	(234,091.74)	(32,530.00)	(266,621.74)

**Stanislaus Regional Water Authority**  
**Project to Date (updated as of 10-13-2021)**

3B2

	<u>City of Ceres</u>	<u>City of Turlock</u>	<u>TID</u>	<u>Project to Date Total Since Dec 2015</u>	<u>Actuals Thru 6/30/2021</u>	<u>Actuals For 2021-22</u>	<u>Total</u>
<b>Administrative Support</b>							
Clerical Services	(23,588.40)	(23,588.40)	0.00	(47,176.80)	(47,176.80)	0.00	(47,176.80)
Accounting Services	(27,932.30)	(27,932.28)	0.00	(55,864.58)	(55,864.58)	0.00	(55,864.58)
Interim JPA attorney	(22,662.50)	(22,662.50)	0.00	(45,325.00)	(45,325.00)	0.00	(45,325.00)
Interim General Manager	(121,991.80)	(121,991.80)	0.00	(243,983.60)	(243,983.60)	0.00	(243,983.60)
General Manager	(319,722.78)	(319,722.77)	0.00	(639,445.55)	(601,293.60)	(38,151.95)	(639,445.55)
External Audit	(11,735.00)	(11,735.00)	0.00	(23,470.00)	(23,470.00)	0.00	(23,470.00)
Supplies and other Miscellaneous Expenses	(8,014.53)	(8,014.52)	0.00	(16,029.05)	(16,029.05)	0.00	(16,029.05)
<b>Total Expenditures</b>	<b>(22,112,029.57)</b>	<b>(45,471,308.83)</b>	<b>(2,620,199.85)</b>	<b>(70,203,538.25)</b>	<b>(58,521,338.26)</b>	<b>(11,682,199.99)</b>	<b>(70,203,538.25)</b>
<b>Contributions over (under) Expenditures - project to date</b>	<b>10,026,015.12</b>	<b>14,215,919.79</b>	<b>756,339.31</b>	<b>24,998,274.22</b>	<b>8,555,474.21</b>	<b>16,442,800.01</b>	<b>24,998,274.22</b>



- 1. A. **CALL TO ORDER:** Chair Bublak called the meeting to order at 3:30 p.m.  
 PRESENT: Chair Bublak, Vice Chair Lopez, Director Franco, Director Condit  
 ABSENT: None
- B. **SALUTE TO THE FLAG**
- C. **ROLL CALL**

*This item was heard out of order*

4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:**

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
No	No	No	No

2. **RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:** None

3. A. **SPECIAL BRIEFINGS:** None

B. **STAFF UPDATES:**

- 1. General Manager Robert Granberg provided a presentation on design-build project activities, design-build contract status, environmental clearance/permitting, other activities, funding/financing update, public outreach, and shared project photos.

The Board and staff discussed this item, including taking a tour of the plant for the next meeting date.

- 2. Finance Director Marie Lorenzi provided an update on financial activity for year-to-date Fiscal Year ending June 30, 2021, and the summary of financial activity as of August 13, 2021. Revenue and expenses were reviewed.

C. **PUBLIC PARTICIPATION:**

Chair Bublak opened public participation.

The following members of the public spoke: None

Chair Bublak closed public participation.

5. **CONSENT CALENDAR:**

**Action:** Motion by Director Condit, seconded by Director Franco, approving the minutes of the Regular Meeting of June 17, 2021. Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS:

A. General Manager Granberg recommended that the Board adopt the construction installment sale agreement (No. SWRCB000000000D2002047) with State Water Resource Control Board for Funding Regional Surface Water Supply Project Under Drinking Water State Revolving Loan Fund and authorizing related actions. Granberg presented the SRF schedule of activities from December 2016-January 1, 2053. Funding term highlighted 1.2% interest over 30-year loan term with annual payments due January each year. Interest only payments due annually until one year after construction. Granberg gave complete date of December 31, 2023 and presented on the financing cost savings of over \$100 million over the life of the loan when compared to municipal bond financing.

Director Condit spoke on the grant money available the Budget Act granted. Granberg indicated that it is something that is being pursued and it would take to apply.

Chair Bublak asked if the SRF is a compilation of necessities. Granberg responded that it is a total borrowing of the project and payments will come through an annual reconciliation and at the end of the project.

Board and staff discussed this item, including proposed budget for the cities' allocation, General Manager contract budget.

Chair Bublak opened public participation. No one spoke. Chair Bublak closed public participation.

**Action:** **Resolution 2021-003** Motion by Director Franco, seconded by Director Condit, Adopting the construction installment sale agreement (No. SWRCB000000000D2002047) with State Water Resource Control Board for Funding Regional Surface Water Supply Project Under Drinking Water State Revolving Loan Fund and authorizing related actions

Motion carried 4/0 by the following vote:

Director Franco	Director Condit	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

B. General Manager Robert Granberg recommended that the Board direct the General Manager to Prepare a Staffing plan and Wage and Benefit Package for Assuming Water Treatment Plant Operations and return to board with a staffing plan for adoption.

Granberg presented on operations and maintenance, plant operation support functions, and options to run the plant. Option 1 SRWA as an employer was presented with organizational flexibility as a pro and administrative burden as a con. Option 2 as JPA member agency providing SRWA with O&M staffing and support. Contract with City of Turlock to provide staff support, some operations and maintenance, finance, HR and procurement, or for discussion. A checklist with SRWA operations was listed as follows: Employee-related tasks, Job Descriptions, Salaries and Benefits, Payroll, Workers Compensation, Occupational health, Hire staff, First day paperwork, posters, and training. SRWA operations options cost comparison

was shown with a full time GM, Plant manager, City of Turlock staffing and contract operations.

Board and staff discussed this item, including contract with local government agencies like City of Modesto instead of Turlock and wage scales compared with Modesto Irrigation district.

Chair Bublak directed General Manager to show on how resource sharing would look like with hybrid work and what the options are available.

Vice Chair Lopez directed General manager to look into employment arrangements.

Chair Bublak opened public participation. No one spoke. Chair Bublak closed public participation.

8. **MATTERS TOO LATE FOR THE AGENDA:** None
9. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None
10. **BOARD COMMENTS:** None
11. **NEXT MEETING DATE:** September 16, 2021, Regular meeting
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 4:11 p.m. Motion carried unanimously.

*Respectfully submitted,*

**DRAFT**

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Angelica Gonsalves, Board Secretary

From: West Yost Program Management Team

Prepared by: Monique Day, West Yost

**1. ACTION RECOMMENDED:**

Resolution: Authorize Submittal of a Proposition 50 Funding Program  
Application to the California Department of Water Resources for  
the UV/Ozone Treatment System at the Water Treatment Plant

**2. DISCUSSION OF ISSUE:**

The Stanislaus Regional Water Authority (SRWA) is continually looking for alternative funding sources, mainly grants, to fund construction of the Regional Surface Water Supply Project (Project). The Proposition 50, Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, Chapter 6C funding program offered by the California Department of Water Resources (DWR) provides grants for projects using UV or ozone disinfection of drinking water. Interested applicants must first contact DWR and provide preliminary project information to be invited to submit a project application to this competitive funding program. West Yost subconsultant, Sylvir Consulting, Inc., contacted the staff at DWR on behalf of the SRWA to advocate for the Project and received approval to move forward with the submission of a grant application. A resolution authorizing the submission of the application must be adopted by the Board for the project to be considered for funding. If Proposition 50 funds are awarded, another Board resolution will be required to accept the funds and execute the funding agreement.

**3. FISCAL IMPACT/BUDGET AMENDMENT:**

The Proposition 50 funding request is for \$3,988,976. If awarded, this funding will reduce the amount borrowed through the State Revolving Fund loan.

**4. GENERAL MANAGER'S COMMENTS:**

Recommends approval.

**5. ENVIRONMENTAL DETERMINATION: N/A**

**6. ALTERNATIVES:**

The Board could elect to not adopt the resolution and therefore, not authorize the submittal of the Proposition 50 grant application.



**BEFORE THE GOVERNING BOARD OF THE STANISLAUS REGIONAL  
WATER AUTHORITY**

**IN THE MATTER OF AUTHORIZING THE }  
 STANISLAUS REGIONAL WATER AUTHORITY }  
 GENERAL MANAGER TO APPLY FOR A }  
 PROPOSITION 50 FUNDING PROGRAM }  
 GRANT FOR THE REGIONAL SURFACE }  
WATER SUPPLY PROJECT }**

**RESOLUTION NO. 2021-\_\_\_\_**

**WHEREAS**, the Stanislaus Regional Water Authority (“Authority”) has the authority to construct, operate, and maintain the Authority’s Regional Surface Water Supply Project (“Project”); and

**WHEREAS**, the Authority desires to enhance the provision and protection of the drinking water supplied to the consumers of the Authority, therefore;

**BE IT RESOLVED** by the Governing Board of the Authority that, pursuant and subject to all of the terms and provisions of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) and all amendments thereto, application be made to the State of California for funding; and

**BE IT FURTHER RESOLVED** that the General Manager of the Authority is hereby authorized and directed to cause the necessary data to be prepared, investigations to be performed and application to be signed and filed with the State of California.

**PASSED AND ADOPTED** at a special meeting of the Governing Board of the Stanislaus Regional Water Authority on October 20, 2021, by the following vote:

AYES:  
 NOES:  
 NOT PARTICIPATING:  
 ABSENT:

ATTEST:

\_\_\_\_\_  
 Angelica Gonsalves, Board Secretary



From: Marie Lorenzi, Finance Director

Prepared by: Marie Lorenzi, Finance Director

**1. ACTION RECOMMENDED:**

Motion: Awarding a contract for professional auditing services to Maze & Associates Accountancy Corporation for audits of fiscal year 2020-21 and 2021-22 financial information for amounts not to exceed \$8,849 and \$8,973 respectively

**2. DISCUSSION OF ISSUE:**

The SRWA's contract with its current external audit firm ended with the completion of the 2019-20 fiscal year financial statements audit. Staff issued a Request for Proposal (RFP) for external audit services for the 2020-21 and 2021-22 fiscal year financial statement audit. While two firms indicated interest during the RFP response period, only one firm, Maze and Associates Accountancy Corporation submitted a response. Their response and cost proposal are attached.

Maze and Associates has audited the SRWA financial information since the 2015-16 fiscal year. They also perform the external audit of the City of Turlock financial statements. Staff only requested a two-year proposal putting the SRWA's contract on the same contract schedule as the City of Turlock. The SRWA uses the City of Turlock financial accounting systems; therefore, it makes logistical and economic sense that the SRWA's audit firm is the same as the City of Turlock.

The audit process is outlined in the attached RFP response and is consistent with what would be expected for a financial statement audit. The cost proposal is broken into two parts. One is for the normal audit services and related reports and the other is for a Single Audit. The Single Audit is only necessary when the SRWA receives federal money. In addition to any federal grants that the SRWA has for this project, the proceeds of the SRF loan may be funded with federal monies. Staff will not know if the funds received from an SRF loan draw are from a federal or non-federal source until the State disburses the funds. Due to this uncertainty, it is not possible to state at this time whether a Single Audit will be needed for fiscal year 2020-21.

**3. FISCAL IMPACT / BUDGET AMENDMENT:**

The following summarizes the information in the cost proposal:

	<u>FYE 2020-21</u>	<u>FYE 2021-22</u>
SRWA Audit and Related Reports	\$4,825	\$4,893
Single Audit and Related Reports	<u>\$4,024</u>	<u>\$4,080</u>
Total	<u>\$8,849</u>	<u>\$8,973</u>

The audit for the 2020-21 financial information is performed during fiscal year 2021-22 and the audit for the 2021-22 financial information the following year.

The fee for the audit represents the cost to perform the financial statement audit and prepare the related financial statements, Memorandum on Internal Controls, and any other auditor required communications with management.

The fee for the Single Audit assumes that there is only one major program that needs to be tested. Funds received from a single federal source are considered a program. For example, if the SRWA received federal funds from two different federal sources (i.e. the Department of the Interior and the Department of Energy), these would each be considered a “program”. The Single Audit process requires the auditors to test a certain percentage of total federal dollars as well as a certain number of programs. The actual calculation of which program(s) gets tested is dependent on the level of federal dollars for each program. At this time, based on the funding the SRWA Staff anticipates receiving, Staff is assuming only one program will be considered a major program for testing purposes for each year of this contract.

The 2021-22 budget appropriated \$10,000 for audit services so no budget adjustment is currently needed. Should the auditors determine that the SRWA has more than one major program requiring Single Audit testing for 2020-21, Staff will bring a budget augmentation request to the Board at that time.

**4. GENERAL MANAGER’S COMMENTS:**

Recommends approval.

**5. ENVIRONMENTAL DETERMINATION:**

N/A

**6. ALTERNATIVES:**

The Board may choose not to award this contract. Staff does not recommend this alternative as the audit is required by the SRWA’s governing documents.

**AGREEMENT FOR SPECIAL SERVICES**  
**between**  
**Stanislaus Regional Water Authority**  
**and**  
**Maze & Associates Accountancy Corporation**  
**for**  
**Professional Auditing Services**

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**THIS AGREEMENT** is made this October 20, 2021, by and between Stanislaus Regional Water Authority, a joint powers authority ("SRWA"), and Maze & Associates Accountancy Corporation, a Professional corporation ("CONSULTANT"), who agree as follows:

**1. SCOPE OF WORK:** CONSULTANT shall perform the work and render the special services described in the attached Exhibit A (the "Services"). CONSULTANT shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Services. CONSULTANT shall determine the method, details and means of doing the Services. It is uncertain at the time of Agreement approval whether SRWA will need to complete the Single Audit and Related Reports portion of the Services for either or both fiscal years. CONSULTANT therefore shall perform that portion of the Services only if and as directed to do so in writing from SRWA.

**2. COMPENSATION:** SRWA shall pay CONSULTANT in accordance with Exhibit B as full remuneration for performing all Services and furnishing all staffing and materials and for performance by CONSULTANT of all of its duties and obligations under this Agreement. In no event shall the total payment to CONSULTANT under this Agreement exceed \$17,822.00. CONSULTANT shall be paid in the manner and at the times set forth below:

(a) Invoices: CONSULTANT shall submit dated invoices to SRWA on a monthly basis specifying the date, location and service rendered, and by whom, and the fee or charge.

(b) Payment:

(1) All payments by SRWA shall be made in arrears, after satisfactory service, as determined and approved by SRWA, has been provided. Payment shall be made by SRWA no more than 30 days from the SRWA's receipt of invoice, subject to availability of funds. SRWA reserves the right to only pay for such services rendered to the satisfaction of SRWA.

(2) If SRWA disputes any item on an invoice for a reasonable cause, which includes, but is not limited to, unsatisfactory service, SRWA may deduct that disputed item from the payment, but shall not delay payment of the undisputed portions. The amounts and reasons for such deletions shall be documented to CONSULTANT within 15 working days after receipt of invoice by SRWA.

(3) If dispute is settled, payment shall be by check payable to and mailed to CONSULTANT within five working days of dispute settlement.

**5. INSURANCE:** CONSULTANT shall not commence Services under this Agreement until

CONSULTANT has obtained SRWA's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall CONSULTANT allow any subcontractor to commence work or services on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. CONSULTANT shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services hereunder by CONSULTANT, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal constitutes a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 for ongoing operations and 20 37 for products/completed operations), to be approved by the SRWA.

(2) Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(4) Errors and Omissions/Professional Liability Insurance.

(b) Minimum Limits of Insurance: CONSULTANT shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: \$1,000,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation: as statutorily required by the State of California. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

(4) Errors and Omissions/Professional Liability: \$1,000,000 per claim.

(c) Deductibles and Self-Insured Retentions: Upon request of SRWA, any deductibles or self-insured retentions must be declared to and approved by SRWA. At the option of SRWA, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects SRWA, its elective and appointive boards, officers, agents, employees, and volunteers; or (2) CONSULTANT shall provide a financial guarantee satisfactory to SRWA guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general liability policy shall contain, or be endorsed to contain, the following provisions:

(1) SRWA, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of CONSULTANT, including

materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to CONSULTANT's insurance (at least as broad as CG 20 10 for ongoing operations and CG 20 37 for products/completed operations), or as a separate Owners and Contractors Protective Liability policy providing both ongoing operations and completed operations coverage.

(2) For any claims related to this project, CONSULTANT's insurance coverage shall be primary insurance as respects SRWA and any insurance or self-insurance maintained by SRWA shall be excess of CONSULTANT's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to SRWA under this Agreement, the insurer, broker/producer, or CONSULTANT shall provide SRWA with 30 days' prior written notice of such cancellation, non-renewal, or material change.

(4) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Civil Code Section 2782(b).

(e) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

(f) Verification of Coverage: CONSULTANT shall furnish SRWA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SRWA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive CONSULTANT'S obligation to provide them. SRWA reserves the right, at any time, to require complete, certified copies of all required insurance policies and endorsements.

(g) Waiver of Subrogation: With the exception of professional liability, CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of SRWA for all work performed by CONSULTANT, its agents, employees, independent contractors and subcontractors. CONSULTANT agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

(h) Subcontractors: CONSULTANT shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All insurance coverage for subcontractors shall be subject to all of the requirements stated herein.

**6. INDEMNIFICATION:** CONSULTANT shall indemnify, defend, and hold harmless SRWA and its officers, agents, employees, and volunteers from and against any and all claim, demand, cost, or liability that arises out of, pertains to, or relates to, the negligence, recklessness, or willful misconduct of CONSULTANT or its employees or agents in the performance of services under this contract, but this indemnity does not apply to liability for damages arising from the sole negligence, active negligence, or willful misconduct of SRWA.

## **7. INDEPENDENT CONTRACTOR RELATIONSHIP:**

(a) All acts of CONSULTANT, its agents, officers, and employees and all others acting on behalf of CONSULTANT relating to the performance of this Agreement, shall be performed as an independent contractor and not as agents, officers, or employees of SRWA. CONSULTANT, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of SRWA. CONSULTANT has no authority or responsibility to exercise any rights or power vested in the SRWA. No agent, officer, or employee of the SRWA is to be considered an employee or agent of CONSULTANT. It is understood by both CONSULTANT and SRWA that this Agreement shall not under any circumstances be construed or considered to create an employer-employee relationship or a joint venture.

(b) CONSULTANT shall determine the method, details and means of performing the work and services to be provided by CONSULTANT under this Agreement. CONSULTANT shall be responsible to SRWA only for the requirements and results specified in this Agreement, and, except as expressly provided in this Agreement, shall not be subjected to SRWA's control with respect to the physical action or activities of the CONSULTANT in fulfillment of this Agreement. CONSULTANT has control over the manner and means of performing the services under this Agreement. CONSULTANT is permitted to provide services to others during the same period service is provided to SRWA under this Agreement. If necessary, CONSULTANT has the responsibility for employing other persons or firms to assist CONSULTANT in fulfilling the terms and obligations under this Agreement.

(c) As an independent contractor, CONSULTANT shall indemnify and hold SRWA harmless from any and all claims that may be made against SRWA based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement. CONSULTANT shall, to the fullest extent permitted by law, indemnify SRWA, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning CONSULTANT's independent contractor status or employment-related liability.

**8. TERM; TERMINATION BY SRWA:** This Agreement shall become effective \_\_\_\_\_, 2021 and end upon completion of the Services for fiscal year 2021-22. However, SRWA may terminate this Agreement at any time without cause or legal excuse by providing 30-days' written notice to CONSULTANT.

**9. TERMINATION BY CONSULTANT:** Should SRWA materially breach any of its obligations under this Agreement, CONSULTANT may initiate termination of this Agreement by providing 30-days' written notice to SRWA. For the purposes of this section, material breach of this Agreement shall include the failure to timely pay CONSULTANT in accordance with the payment provisions above. If SRWA does not remedy the breach within the 30-day period after CONSULTANT notifies SRWA, then the Agreement will terminate at the end of the 30-day period.

**10. POST-TERMINATION.** In the event of termination under section 8 or 9, CONSULTANT shall cease all its Services as of the termination date and shall see to it that its employees, subcontractors and agents are notified of such termination and cease their work. CONSULTANT shall be fairly compensated for all Services performed to the date of termination as calculated by SRWA based on the above fee and payment provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Services or other such similar payments relating to CONSULTANT's claimed benefit of the bargain. If

SRWA so requests, and at SRWA's cost, CONSULTANT shall provide sufficient oral or written status reports to make SRWA reasonably aware of the status of CONSULTANT'S work on the Services. Further, if SRWA so requests, and at SRWA's cost, CONSULTANT shall deliver to SRWA any work products whether in draft or final form which have been produced to date.

**11. CONFORMANCE WITH FEDERAL AND STATE LAW:** CONSULTANT shall perform the Services in compliance with all applicable federal, state and local laws and regulations, including any applicable federal or state safety-related statutes, regulations, and safety orders. CONSULTANT shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Services. CONSULTANT shall comply with all federal, state and local air pollution control laws and regulations applicable to CONSULTANT and the Services (as required by California Code of Regulations title 13, section 2022.1).

**12. NONDISCRIMINATION:** CONSULTANT shall not discriminate against any employee or applicant for employment because of 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. CONSULTANT also shall comply with applicable federal and state statutes and regulations concerning civil rights and nondiscrimination.

**13. TIME:** Time is of the essence in this Agreement.

**14. ENTIRE AGREEMENT AND MODIFICATION:** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Services. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Services, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

**15. PROFESSIONAL ABILITY OF CONSULTANT:** CONSULTANT represents that it has all of the necessary professional capabilities and experience, as well as all tools, instrumentalities, facilities, training, personnel, and other resources necessary to competently perform the Services contemplated by this Agreement. CONSULTANT further represents that it will follow the best current, generally accepted, and professional practices to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding this project. SRWA has relied upon CONSULTANT's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Services performed by CONSULTANT shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in CONSULTANT's field.

**16. OWNERSHIP OF DOCUMENTS:** All works of authorship and every report, work paper, study, spreadsheet, worksheet, plan, computer model, computer software and any other document or thing prepared, developed or created by CONSULTANT under this Agreement and provided to SRWA ("Work Product") shall be the property of SRWA, and SRWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to CONSULTANT or any other party. CONSULTANT may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that CONSULTANT shall not provide any Work Product to any third party without SRWA's prior written approval, unless compelled to do so by

legal process. If any Work Product is copyrightable, CONSULTANT may copyright the same, except that, as to any Work Product that is copyrighted by CONSULTANT, SRWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If SRWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of Services under this Agreement, then SRWA shall hold CONSULTANT harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to SRWA in paper format, upon request by SRWA at any time (including, but not limited to, at or after expiration or termination of this Agreement), CONSULTANT agrees to provide the Work Product to SRWA in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file).

**17. NEWS AND INFORMATION RELEASE:** CONSULTANT shall not issue any news releases in connection with either the award of this Agreement, or any subsequent amendment of or efforts under this Agreement, without first obtaining review and approval of the news release from SRWA.

**18. INTEREST OF CONSULTANT:** CONSULTANT warrants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, that would conflict in any manner or degree with the performance of the Services. CONSULTANT warrants that, in performance of this Agreement, CONSULTANT shall not employ any person having any such financial interest. If so directed in writing by SRWA, CONSULTANT shall file a FPPC Form 700 Statement of Economic Interests with SRWA at the start and end of the Services and annually during the term of the Agreement.

**19. AMENDMENTS:** It may become desirable or necessary during the execution of this Agreement, for SRWA or CONSULTANT to modify the scope of services provided for under this Agreement or to otherwise amend the Agreement. Any change in the Agreement requires a written amendment approved and signed by both parties. Any Agreement amendment by SRWA requires approval by its Board of Directors. Until an amendment is so approved and signed, SRWA will not be responsible to pay any charges CONSULTANT may incur in performing such additional services, and CONSULTANT shall not be required to perform any such additional services.

**20. PARTIAL INVALIDITY:** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

**21. WAIVER:** The waiver by any party to this Agreement of a breach of any provision hereof shall be in writing and shall not operate or be construed as a waiver of any other or subsequent breach hereof unless specifically stated in writing.

**22. CONSULTANT RECORDS AND AUDIT:** CONSULTANT shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, work papers, reports, and other records and documents evidencing or relating to the Services and invoice preparation and support for a minimum period of five years (or for any longer period required by law) from the date of final payment to CONSULTANT under this Agreement, unless CONSULTANT is notified in writing by the SWRA of the need to extend the retention period. SRWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement. In accordance with California Government Code

section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

**23. GOVERNING LAW:** This Agreement shall be governed according to the laws of the State of California.

**24. ASSIGNMENT:** This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement. SRWA consents to CONSULTANT's use of a subcontractor if that use is described in Exhibit A.

**25. NOTICE:** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

<b>SRWA:</b>  Secretary Stanislaus Regional Water Authority 156 South Broadway, Suite 270 Turlock, CA 95380-5454 Angelica.Gonsalves@ci.ceres.ca.us	<b>CONSULTANT:</b>  Katherine Yuen, CPA Vice President Maze & Associates 3478 Buskirk Ave., Ste. 215 Pleasant Hill, CA 94523
--	--

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

**26. AGENCY CONTRACT ADMINISTRATOR:** The SRWA's contract administrator and contact person for this Agreement is:

Robert L. Granberg  
General Manager  
Stanislaus Regional Water Authority  
156 S. Broadway, Suite 270  
Turlock, CA 95380-5456  
Telephone: (209) 668-4142  
E-mail: [granbergassociates@gmail.com](mailto:granbergassociates@gmail.com)

**SRWA, a Joint Powers Authority**

By: \_\_\_\_\_  
Board Chair

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

**APPROVED AS TO SUFFICIENCY:**

By: \_\_\_\_\_  
Robert L. Granberg  
General Manager

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Richard Shanahan, SRWA Attorney

**ATTEST:**

By: \_\_\_\_\_  
Angelica Gonsalves, Board Secretary

**Consultant**

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

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

Print name: \_\_\_\_\_

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

# PROFESSIONAL AUDITING COST PROPOSAL

PREPARED FOR



**SRWA**  
STANISLAUS REGIONAL  
WATER AUTHORITY

Stanislaus Regional Water Authority (SRWA)  
Attn: Marie Lorenzi, Finance Director  
156 South Broadway, Suite 270  
Turlock, CA 95380  
mlorenzi@turlock.ca.us

Katherine Yuen, CPA, Partner  
3478 Buskirk Ave, Suite 215  
Pleasant Hill, CA 94523  
(925) 930-0902 (Phone) - (925) 930-0135 (Fax)  
katheriney@mazeassociates.com

**M MAZE**  
& ASSOCIATES

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## TOTAL ALL-INCLUSIVE MAXIMUM PRICE

### ***Maze & Associates Certification***

Katherine Yuen and Amy Meyer are authorized to submit this proposal and negotiate and sign a contract with the Stanislaus Regional Water Authority (SRWA) . Our offer is firm and irrevocable for a period of 90 days from the date of this proposal.

### ***Total Cost of Audit***

As detailed on Attachment A, our Estimated All-Inclusive Maximum Prices for the services mentioned above for the years ended June 30, 2021 and 2022 are \$8,849 and \$8,973. Our Total All-inclusive Maximum Prices for the services are firm fixed fees.

### ***What Our Price Includes***

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost**:

- 1) Year-round support and telephone consultation on pertinent issues affecting your Authority,
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
- 3) **Free full day of training** at our annual MazeLive event,
- 4) Active Partner involvement in your work **every year**,
- 5) Our typed Interim Audit Checklist,
- 6) Our typed Annual Closing Checklist,
- 7) Our typed interim Accounting Issues Memorandum,
- 8) Overviews and summaries of upcoming pronouncements and regulation affecting the audited financial statements.
- 9) Direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

### ***Fees and Billings***

Progress billings will be made on the pro-rated audit work completed during the course of the engagement. Our fees are firm fixed prices. In determining our fees, we understand that the Authority's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the Authority and Authority personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

**We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it.** Any consulting work you request will be performed at the same rates as our audit work.

If the Authority would like additional services, those can be evaluated and our standard billing rates would apply.



**ATTACHMENT B**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE  
2020-21 FINANCIAL STATEMENTS**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
Partners	3.5	325	325	1,138
Managers	14	207	207	2,898
Associates	45.5	95	95	4,323
Clerical	2	75	75	150
Other - Quality Reviewer	2	170	170	340
<b>Subtotal</b>	<b>67</b>			<b>8,848</b>
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF	67			
<b>TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR 2021-2022 AUDIT</b>				<b>8,848</b>

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# INDEPENDENT AUDITING SERVICES PROPOSAL

PREPARED FOR



**SRWA**  
STANISLAUS REGIONAL  
WATER AUTHORITY

Stanislaus Regional Water Authority (SRWA)  
Attn: Marie Lorenzi, Finance Director  
156 South Broadway, Suite 270  
Turlock, CA 95380  
mlorenzi@turlock.ca.us

Katherine Yuen, CPA, Partner  
3478 Buskirk Ave, Ste 215  
Pleasant Hill, CA 94523  
(925) 930-0902 (Phone)-(925) 930-0135 (fax)

**M MAZE**  
& ASSOCIATES

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**STANISLAUS REGIONAL WATER AUTHORITY  
INDEPENDENT AUDITING SERVICES PROPOSAL**

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**STANISLAUS REGIONAL WATER AUTHORITY  
INDEPENDENT AUDITING SERVICES PROPOSAL**

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September 24, 2021

Stanislaus Regional Water Authority (SRWA)  
Attn: Marie Lorenzi, Finance Director  
156 South Broadway, Suite 270  
Turlock, CA 95380  
mlorenzi@turlock.ca.us

Dear Ms. Lorenzi:

We appreciate this opportunity to submit our proposal to provide independent audit services for the Stanislaus Regional Water Authority (SRWA). We understand we will audit the Authority's Basic Financial Statements for the fiscal years ending June 30, 2021, and June 30, 2022. We will also perform additional procedures and complete the other assurance services as specified in the Authority's Request for Proposal, within the time periods established by the Authority.

We are quite certain we are the most qualified firm to be your independent accountants. As our founder, Scott Maze, first coined over forty years ago, "*We are in Business to Help Our Clients Succeed!*" Since that time, we have rigorously employed this philosophy along with our commitment to continual improvement. Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our client's staff. We've summarized these techniques, technologies and strategies below and explained them in more depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancement. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal auditing is our main business.** Our clients presently include a total of over one hundred municipal entities, including many special districts the size of Stanislaus Regional Water Authority.
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- **When our partners communicate with Boards and Committees, their knowledge is based on detailed specifics,** not information which has been filtered through several layers of review.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California.
- All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **80 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year.** This means you do not train our staff!

**Accountancy Corporation**  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

T 925.930.0902  
F 925.930.0135  
E [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
W [mazeassociates.com](http://mazeassociates.com)

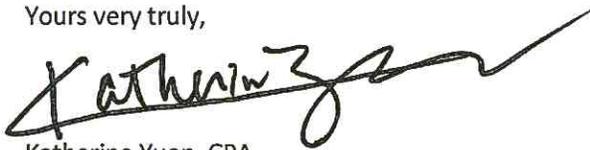
- Our fee includes one free day of training. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics as well as the information to prepare for the implementation of new GASB Statements.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors.**
- We have one **local office** in Pleasant Hill, and employ approximately 60 people. This allows for smooth communication, and reduces delays other firms experience when having to deal with multiple offices for quality assurance and report generation and production.
- We do our best not to change staffing from year to year and from interim to final unless the Authority requests a change.
- **Our references** – indeed, any of our clients, will confirm we are your best choice.
- We have reviewed the proposed schedule in the request for bid and have already made arrangements to lock down those dates if we are selected as the new auditors. We are committed to performing the services within the time period specified in the Authority's RFP.

As with all our audits, we are committed to providing timely, quality audit services to Placer County Water Authority. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Katherine Yuen, Vice President ([katheriney@mazeassociates.com](mailto:katheriney@mazeassociates.com)), and Amy Meyer, Vice President ([amym@mazeassociates.com](mailto:amym@mazeassociates.com)), are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, (925) 930-0902. The proposal is a firm and irrevocable offer for 90 days.

We look forward to the opportunity to continue providing quality audit services for Stanislaus Regional Water Authority!

Yours very truly,



Katherine Yuen, CPA  
Audit Partner

KY:lt  
enclosures

## FIRM PROFILE

### *Overview*

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of sixty-two people including the following:

- Seven Shareholders, including five Audit Partners
- Three Directors
- Six Managers
- Ten Audit Supervisors

Sixteen of our professional staff are California Certified Public Accountants, and five additional staff members are in the process of completing their applications for licensure.

Thirty-six of our professional staff members comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

All staff assigned to this engagement are full-time staff of our firm. We anticipate assigning two partners, one manager, one audit associate and administrative support staff to this engagement. The location of the office from which work on this engagement will be performed is Pleasant Hill, California.

**The majority of our clients** are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several special districts similar to the District in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

**We have focused on municipalities since 1986.** We are active in GFOA, CSMFO, CSDA and CMTA, and our Partners have been speakers at GFOA, CSMFO, CSDA and CMTA functions.

**We are in business to help our clients succeed.** We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you so areas that concern you can be addressed as a normal part of the audit at no extra cost.

## LICENSE TO PRACTICE IN CALIFORNIA

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants (AICPA) and the California Society of Certified Public Accountants (CalCPA).

## LICENSE TO PRACTICE IN CALIFORNIA (Continued)

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**, including the credits specifically required in the area of governmental audits.

Even though not required, all non-certified audit staff receives the same level of training.

## INDEPENDENCE

As independent auditors, **our most valuable asset is our independence**. Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the Stanislaus Regional Water Authority and the Middle Fork Project Finance Authority as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy.

## BUSINESS LICENSE

We currently possess a City of Turlock Business License and will continue to do so while conducting any work under this contract.

## INSURANCE

If selected as the Authority's auditor, we will maintain the minimal insurance requirement established by the Authority.

## PROPOSER QUALIFICATIONS AND EXPERIENCE

### ***Reputation***

We believe quality and an emphasis on doing our job right is far more important than being cheaper than our competitors. Despite the economic pressures faced by municipalities and the need to save money, there are other, more serious concerns to be weighed. For instance, the perceived or actual audit failures in the municipal audit sector. The City of Bell news, especially the State Controller's Office Report on that City's audit firm, raised serious questions about municipal audit quality. Whether this is justified or not isn't really the issue. What is at issue is the perception of poor quality in municipal audits. We received a number of inquiries and requests for proposal from that firm's clients who desired a change in auditors. A former client of ours, which rotated to them several years prior, called us and asked if we would propose on the City's work. They said that the Council simply did not want to expend the energy to defend whether that firm was providing quality work.

These trends indicate that it would be unwise to reduce audit effort for any municipal audit. Our commitment to quality and preserving our firm's reputation remains our top priority and serves our clients best.

PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)

*Capacity and Resources*

We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

**Over the years we have made substantial additional investments in our people and our systems.** We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of one hundred hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least eighty of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.

**We have more than doubled the number of people on our staff** over the past ten years, and most of these new people are professional audit staff members. More people and more continuity combine to mean that our people capacity and resources have more than doubled.

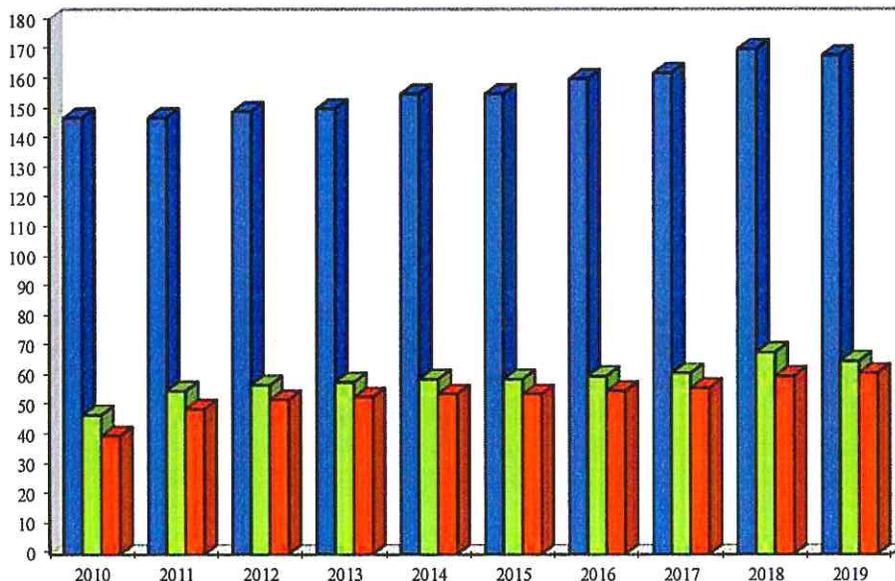
We have moved most of our clients from a manual input of their general ledger data to a **fully mechanized computer dump** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients the last day of our fieldwork in our client's offices, or within 1-2 weeks afterwards.**

We are not relying on the capabilities or resources of any other firms in our proposal.

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

***Experience***

**Our practice includes over fifty-two city, town or county clients and more than fifty special districts, including over forty city and special district Comprehensive Annual Financial Report award winners—more award winners than any other Northern California accounting firm or international firm branch office. Included in those totals are six award-winning Special District Comprehensive Annual Financial Reports. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total municipal entity clients in blue, City audit clients in green and Comprehensive Annual Financial Report award winners in red.**



Every one of the above Comprehensive Annual Financial Reports won awards from GFOA and/or CSMFO.

***City and Town Clients***

The table below summarizes our most recent experience with audits of cities, towns and counties. We are responsible for all phases of the work on these clients. **All of this work represents recurring annual audit and related work; all this work and that presented in the table was completed on or before the deadline from the first year listed for each client.** Please also see the Similar Engagements with Other Government Entities Section for names and current phone numbers for contacts on work quality and performance.

**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES**

Client Name	Scope of Work	Client Start Date	Comprehensive Annual Financial Report		
			Submission	GFOA Award	Single Audit
<b>Population &gt; 100,000</b>					
Concord	Audits of City financial statements, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019 - Present	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
<b>Population &lt; 100,000</b>					
Alameda	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City financial statements, Successor Agency, Single Audit, Transportation Measure	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City financial statements	2018 - Present	✓ Yes	✓ Yes	*
Benicia	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Brentwood	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
Brisbane	Audit of City financial statements, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City financial statements, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City financial statements, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City financial statements and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

Client Name	Scope of Work	Client Start Date	Comprehensive Annual Financial Report		
			Submission	GFOA Award	Single Audit
Lathrop	Audit of City financial statements, Single Audit	2011 - 2020	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City financial statements, Single Audit, Transportation Measure	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos Hills	Audit of City financial statements and North County Library Authority, Single Audit, Transportation Development Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City financial statements, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes
Martinez	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Mill Valley	Audits of City Basic Financial Statements and Sewerage Agency of Southern Marin	2020 - Present	*	*	*
Morgan Hill	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Oakley	Audit of City financial statements, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City financial statements, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pleasanton	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - 2020	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
San Bruno	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Carlos	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes
San Pablo	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City financial statements, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
South San Francisco	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes
Tracy	Audit of City financial statements, Successor Agency, Single Audit	2015 - 2020	✓ Yes	✓ Yes	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Visalia	Audit of City financial statements, Successor Agency, Single Audit, Transit Fund Audit, Transportation Measure	2015 - 2020	✓ Yes	✓ Yes	✓ Yes
Watsonville	Audit of the City financial statements, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

**Significant Special District Audit Engagements**

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities.

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit/ Special Report
<b>FINANCING</b>			
Association of Bay Area Governments FAN	1997	X	
City of Rancho Cordova Financing Authority	2009	X	
Concord Joint Powers Financing Authority	1992	X	
Governments of Livermore Financing Authority	1991	X	
Hayward Public Financing Authority	1996	X	
Manteca Financing Authority	1991	X	
Milpitas Public Financing Authority	1995	X	
Palo Alto Public Financing Corporation	1998	X	
Richmond Joint Powers Financing Authority	2005	X	
<b>HOUSING</b>			
Napa Valley Housing Authority	2000	X	X
Napa Housing Authority	2000	X	X
Richmond Housing Authority	2005	X	X
Suisun Housing Authority	2007	X	X
Vallejo Housing Authority	2004	X	X
<b>PUBLIC SAFETY</b>			
Belmont Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Menlo Park Fire Protection District	2009		X
Net Six Joint Powers Authority (Dispatch services)	1998	X	
Novato Fire Protection District	2013		
Rodeo-Hercules Fire Protection District	2009		X
Ross Valley Fire Department	2013		
Ross Valley Paramedic Authority	1991	X	
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
San Ramon Valley Fire Protection District	2000	X	X
South County Fire Authority	1998	X	X
South San Mateo Police Joint Powers Authority	2000	X	
Twin Cities Police Authority	1991	X	
<b>RECREATION AND OTHER</b>			
Association of Bay Area Governments	1997	X	X
Contra Costa Mosquito and Vector Control District	2008		
East Bay Regional Park District	1987	X	X
Livermore Area Recreation and Park District	1989	X	X
Manteca Recreational Facilities Authority	1986	X	
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
West Contra Costa Integrated Waste Management Authority	2019		
<b>RISK MANAGEMENT</b>			
Association of California Water Agencies JPIA	2009		
Association of Bay Area Governments PLAN	1997		
Association of Bay Area Governments SHARP	1997		
California Joint Powers Risk Management Authority	1993		
Redwood Empire Municipal Insurance Fund	2013		
Small Cities Organized Risk Effort	2009		

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

**Significant Special District Audit Engagements (Continued)**

TRANSPORTATION			
Alameda Contra Costa County Transit Authority	2010	X	X
Alameda County Transportation Improvement Authority	2010	X	X
City/County Association of Governments	2005	X	X
Contra Costa Transportation Authority	2003	X	X
Eastern Contra Costa Transit Authority	2012	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Corridor Joint Powers Board	2010	X	X
Peninsula Traffic Congestion Relief Alliance	2001	X	X
Ralston/Holly /Harbor Grade Separation Projects	1998	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
San Mateo County Transit District	2010	X	X
San Mateo County Transportation Authority	2010	X	
Solano Transportation Authority	2004	X	X
Sonoma-Marín Area Rail Transit District (SMART)	2017	X	X
West Contra Costa Transportation Authority Commission	1995	X	
UTILITY			
Alameda Municipal Power	1990	X	
Bay Area Clean Water Agencies	2005		
Bethel Island Municipal Improvement District	2007		
Calaveras County Water District	2004		X
California Association of Sanitation Agencies (Non-profit)	2005		
Central Contra Costa Sanitary District	2013		
Coastside County Water District	1993	X	X
Contra Costa Water District	2002		X
Contra Costa Solid Waste Authority	1993	X	X
Diablo Water District	2014		
Dublin San Ramon Services District	1999	X	X
DSRSD/EBMUD Recycled Water Authority	2005		
East Bay Dischargers Authority	2015		
East Bay Municipal Utility District	2005	X	X
East Palo Alto Sanitary District	2013	X	
El Dorado Irrigation District	2007	X	X
Fairfield Suisun Sewer District	2000		
Freeport Regional Water Authority	2005		
Livermore-Amador Valley Water Management Agency	1987		X
Mid-Peninsula Water District	2006		
Novato Sanitary District	2013		X
Palo Alto Regional Water Quality Control Plant	1998	X	X
Placer County Water Authority	2005		X
Sacramento Suburban Water District	2020		
Santa Clara Valley Water District	2004		
Sausalito-Marín City Sanitary District	2011		
Silicon Valley Power	2012		
Skyline County Water District	1992		
Solano Irrigation District	2006		
South Bay System Authority	1998	X	
South Bay Transfer Station Authority	1997	X	
South San Joaquin Irrigation District	2004		
South Placer Wastewater Authority	2001	X	
Stanislaus Waste-to-Energy	2005		
Stinson Beach County Water District	2011	X	
Tri-Valley Wastewater Authority	1990		
Union Sanitary District	2000		
Upper Mokelumne River Watershed Authority	2005		
Vallejo Sanitation and Flood Control District	2016		
West Valley Sanitation District	2004		
Zone 7 Water Agency	2010	X	X

## PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention**. **Several clients who left have returned after seeing the difference between our firm and our competitors**, most recently Dublin-San Ramon Services District, Livermore-Amador Valley Water Management Authority, and Benicia. **Others have gone through a full proposal process and retained us**, such as Contra Costa Water District, LAVTA, Delta Diablo and Novato Sanitary District.

### *Assistive Resources*

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with five audit partners, we are positioned perfectly to provide staff and Board with a wide variety of resources. Support ranges from turnkey financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five-minute phone calls throughout the year.

### *Client Training and Professional Development*

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

**In 2016, we launched Maze Live – this is a full day of training which is free to our clients and qualifies for continuing education credit.** Past classes included topics such as year two of GASB 68, GASB update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics.

### *Professional Activities*

We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations.

## PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

Amy Meyer, Partner, and Katherine Yuen, Partner, serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey, Partner, serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are reviewers for the Comprehensive Annual Financial Report Award Program of the Government Finance Officers Association.

### *Staff Training*

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

**We accomplish this task by reserving two weeks each year solely for staff training.** Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

### *Qualifications and Continuity*

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience. Changes to the engagement partner, manager, or supervisory staff will be made only after written permission from the Authority.

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

**PROPOSER QUALIFICATIONS AND EXPERIENCE (Continued)**

***External Quality Control Review/Peer Review***

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2021; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements, including three Special Districts. A copy of our most recent peer review opinion is located at the end of this proposal.

We have not had any Federal or State desk review or field review during the past 3 years. In addition, there has not been any disciplinary action taken or pending against us with state regulatory bodies or professional organization during the past 3 years.

**PARTNER, SUPERVISOR, AND STAFF QUALIFICATIONS AND EXPERIENCE**

***Audit Team***

We are proposing to assign Katherine Yuen, CPA, as Engagement Partner, Amy Meyer, CPA, as Alternate/Technical Review Partner, and Meghan Skilling as Manager. We have selected this team based on their extensive municipal and special district audit experience.

***Resumes of Staff Assigned to Your Audit***



**KATHERINE YUEN, CPA, Engagement Partner** – Katherine is a year-round municipal auditor and has been with Maze & Associates since 1996. She has received **over two hundred and forty hours of continuing education** in the past three years as an instructor and participant. Over the years, she has taught classes both externally and internally on topics including GASB Statements implementation, auditing techniques under the *Government Auditing Standards*, and internal controls environment. She currently serves on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants, which provides practical guidance to CPAs in the area of governmental accounting and auditing in an effort to improve the quality of financial reporting on governmental entities. She is also a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. She holds a Bachelor of Science degree in Business Administration from the University of California, at Berkeley. She is a Certified Public Accountant in the State of California. Her relevant audit experience includes:

City of Alameda  
Alameda Mayors' Conference  
Alameda Power and Telecom  
Alameda Reuse and Redevelopment Authority  
Association of Bay Area Governments  
Town of Atherton  
Bay Area Air Quality Management District  
City of Belmont

City of Monterey  
Town of Moraga  
City of Mountain View  
City of Napa  
City of Newark  
Novato Fire Protection District  
City of Orinda  
City of Oxnard

**PARTNER, SUPERVISOR, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

***Katherine Yuen, CPA (Continued)***

City of Benicia	City of Pacifica Child Development Program
City of Campbell	City of Palo Alto
City of Concord	City of Petaluma
Central Contra Costa County Solid Waste Authority	City of Pinole
City of Daly City	City of Pleasant Hill
City of Davis	City of Rancho Cordova
City of Dublin	City of Roseville
East Bay Recreation and Park District	Ross Valley Fire Protection Department
El Dorado Irrigation District	City of San Carlos
City of Emeryville	City of San Leandro
Town of Fairfax	City of San Mateo
City of Galt	City of San Rafael
City of Hayward	City of San Rafael Child Development Program
Kentfield Fire Protection District	City of San Ramon
City of Lafayette	San Ramon Valley Fire Protection Agency
Town of Larkspur	City of Sausalito
City of Lathrop	Small Cities Organized Risk Effort (SCORE)
Livermore Area Recreation and Park District	City of South Lake Tahoe
City of Los Altos	South Placer Wastewater Authority
City of Los Banos	City of South San Francisco
Town of Los Gatos	City of Tracy
City of Manteca	City of Walnut Creek
City of Martinez	City of Woodland
City of Millbrae	Town of Woodside
City of Milpitas	



***AMY MEYER, CPA, Alternate/Technical Review Partner*** – Amy graduated from the University of the Pacific in 1993 with a B.S. in Accounting and a minor in Information Systems and has worked with Maze & Associates since 1993. Amy is a California CPA and is a member of the California Society of CPAs and the American Institute of Certified Public Accountants. She has been involved with a number of accounting and GASB implementation training classes customized to our clients' needs. Amy is also our PC applications expert. Amy currently serves on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants, which provides practical guidance to CPAs in the area of governmental accounting and auditing in an effort to improve the quality of financial reporting on governmental entities. Amy is also a Comprehensive

Annual Financial Report reviewer for GFOA. **She has accumulated three hundred and four hours of continuing education during the last three years as an in-house instructor and participant.** She has gained valuable experience on the audits of the following:

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

**Amy Meyer, CPA (Continued)**

City of Alameda	City of Milpitas
Alameda Power and Telecom	City of Mountain View
City of Albany	City of Oakley
City of American Canyon	City of Palo Alto
Town of Atherton	Redwood Empire Municipal Insurance Fund
Association of California Water Agencies Joint Powers Insurance Authority	City of Rancho Cordova
City of Belmont	City of Richmond
City of Brentwood	City of Rio Vista
California Joint Powers Risk Management Authority	City of Rocklin
City of Concord	City of Roseville
City of Daly City	Town of San Anselmo
City of Dublin	City of San Carlos
East Bay Regional Park District	City of Modesto
East Contra Costa Fire Protection District	City of San Pablo
City of El Cerrito	City of San Rafael
El Dorado County	City of Santa Clara
City of Elk Grove	City of Saratoga
City of Hercules	South Placer Wastewater Authority
City of Lathrop	City of South San Francisco
Livermore Area Recreation and Park District	City of Tracy
City of Livermore	City of Turlock
Town of Los Gatos	City of Vallejo
City of Manteca	City of Waterford
City of Martinez	West Contra Costa Transportation Advisory Committee
	City of Woodland



**MEGHAN SKILLING, Manager** – graduated from California State University in Chico with a Bachelor of Science Degree in Accounting in 2002. Since then, Meghan has worked exclusively on municipal audits. Her largest most complex audits include: cities of Richmond, Concord, Manteca, Alameda, and Modesto. Her breadth of experience includes two dozen Comprehensive Annual Financial Reports, dozens of multi-program single audits, over fifteen former Redevelopment Agencies, and one dozen transportation programs. Meghan has received **240 hours of continuing education** in the past three years and has participated in the following audits:

City of Alameda	Menlo Park Fire Protection District
Alameda Municipal Power	City of Modesto
Association of Bay Area Governments	City of Napa
Bay Area Air Quality Management District	City of Newark
City of Belmont	Partners in School Innovation

**PARTNER, SUPERVISOR, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

***Meghan Skilling (Continued)***

City of Brisbane	City of Pinole
California Joint Powers Risk Management Authority	City of Pittsburg
Charitable Federated Group	City of Pleasant Hill
City of Concord	City of Richmond
Contra Costa Transportation Authority	City of Rio Vista
Contra Costa Water District	City of Roseville
The Danny Foundation	Roseville Natural Gas Authority
City of Daly City	City of San Carlos
City of Davis	San Ramon Valley Fire Protection District
Diablo Water District	City of Santa Clara
East Bay Regional Parks District	Santa Clara Valley Water District
East Contra Costa County Habitat Conservancy	City of San Pablo
City of El Cerrito	Solano Transportation Authority
Food Bank of Contra Costa and Solano	South Placer Wastewater Authority
City of Larkspur	City of South San Francisco
City of Livermore	City of Stockton
Livermore Area Recreation and Park District	City of Tracy
Livermore/Amador Valley Transit Authority	City of Turlock
Main Street Martinez	City of Visalia
City of Manteca	Walnut Creek Chamber of Commerce
City of Martinez	City of Waterford
	West Contra Costa Transportation Advisory Committee

***Honoring Our Commitments***

The concepts that we must meet deadlines and stay within budgets are integrated into everything we do. So much of our work is performed for our municipal clients that we instinctively understand that our clients' deadlines must be met and we must flourish within the constraints of agreed-upon fees. We have a long track record of meeting our deadlines and staying within negotiated fees. Please ask our other clients for their views on the subject and their experience with us.

Engagement partners, supervisory staff and specialists may be changed if those personnel leave the firm, or are promoted. These personnel may also be changed for other reasons only with the express prior written permission of the Authority. However, in either case, the Authority retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.

***Personnel Policies***

We are an equal opportunity employer. Our staff includes all genders, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority owned business enterprise.

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Our references are listed below. Please contact these clients for further information if you wish or call any of our clients for a reference (we would be happy to provide contact information for any of our current or previous clients).

***Central Contra Costa Sanitary District*** – A client since 2013

Contract cost – \$31,129

Total staff hours -- 280

Principal Contact – Philip Leiber, Director of Finance and Administration (925) 229-7305

Work Scope & Reports:

**Comprehensive Annual Financial Report**

Memorandum on Internal Control and Required Communications

Agreed Upon Procedures (Internal Audit)

Annual Report of Financial Transactions

***Dublin San Ramon Services District*** – A client from 2011 to 2014 and then returning in 2017

Contract cost – \$26,434

Total staff hours -- 238

Principal Contact – Carol Atwood, CPA, Administrative Services Manager (925) 875-2270

Work Scope & Reports:

**Comprehensive Annual Financial Report**

Memorandum on Internal Control and Required Communications

***California Joint Powers Risk Management Authority*** – A client since 1993

Contract cost – \$26,313

Total staff hours -- 237

Principal Contacts – Tony Giles, General Manager, (925) 290-1316, Lola Deem, Finance Officer (925) 290-1312

Work Scope and Reports:

**Comprehensive Annual Financial Report**

Memorandum on Internal Control and Required Communications

***Citrus Heights Water District*** – A client from 2015 to 2020

Contract cost – \$24,900

Total staff hours -- 224

Principal Contact – Susan Sohal, Administrative Services Manager/Treasurer (916) 735-7716

Work Scope & Reports:

**Comprehensive Annual Financial Report (We assisted in their first successful ACFR award!)**

Memorandum on Internal Controls

***Novato Sanitary District*** – A client since 2014

Contract cost – \$19,803

Total staff hours – 178

Principal Contact – Laura Creamer, Finance Officer (415) 892-1694

Work Scope & Reports:

**Comprehensive Annual Financial Report**

Memorandum on Internal Control and Required Communications

## REMOTE AUDIT CONSIDERATIONS

With the global pandemic and related subsequent shelter-in-place mandates that we all experienced in early 2020, we found that we needed to expand our remote audit abilities. Our client's audits could not be deferred, even with the various extensions of filing deadlines that were allowed. While many firms may have been caught off guard, we were already equipped to provide our clients with a very smooth transition to remote audits. We had already transitioned to paperless audit workpapers over ten years ago, already experienced with the use of secure client data transfer portals (LeapFile and SharePoint) that we'd used for a number of years, and our IT staff had been working on the implementation of Microsoft Teams – that meant we were immediately able to conduct remote audits, and shortly after, that we were able to conduct virtual meetings with our audit teams and with our clients. In the event a client did not have or was not able to use Microsoft Teams, we also obtained a Zoom account to provide flexibility in that area. Of course, there were a small number of clients that did not have the technological resources and/or personnel capacity to accommodate a remote audit, and we made arrangements to conduct those audits onsite with the use of applicable safety measures and following all protocols.

Now that some counties are relaxing the restrictions, we still find that many of our clients are not open to the public or are not able to provide an area to accommodate our entire audit team. We have also found that some clients prefer to continue to conduct the audit remotely or a hybrid-remote audit. With the hybrid-remote audit, we conduct a good portion of the audit remotely and our audit team or only a few team members, depending on the ability to maintain safe social distancing, visit the client's offices to review any documents or processes that are not readily available electronically. We are also working to obtain feedback from our clients regarding the remote audit tools and processes that worked and those that could use improvement. As with all of our services, we want to ensure that our clients receive the best possible quality of service, whether in-person or remote on a computer screen.

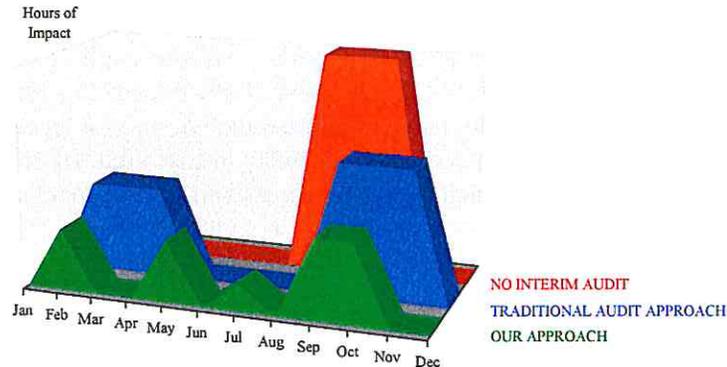
## SPECIFIC AUDIT APPROACH

### *Overview*

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance. We have integrated GASB 34 requirements into our strategy so that there is a seamless transition to the entity-wide statements.

## SPECIFIC AUDIT APPROACH (Continued)

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



**We will plan the audit in detail and prepare an Audit Plan** which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

**We do not require special reports or reconciliations just for our audit.** We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

### ***Specific Audit Strategy – Interim***

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Board minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

## SPECIFIC AUDIT APPROACH (Continued)

### *Laws, Regulations and Compliance*

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

### *Specific Audit Strategy – Analytical Procedures and Year End*

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the Authority's financial statement drafts and provide feedbacks. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

### *Audit IT Systems, Security and Going Green*

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **We have a full-time IT staff who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

## SPECIFIC AUDIT APPROACH (Continued)

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the Authority's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

### ***Local Expertise and Resources***

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is frequently checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

### ***Information Systems Review***

Information System Security became an important part of financial statement audits and we have performed an Information Systems Review (ISR) with every audit since 2001. Unlike our competitors, we extend our review to not only encompass the financial system, but also the network environment that houses that system. From our perspective, the internal controls that are present in the overall network environment are critical to understanding the internal controls over the financial system.

### ***System Controls, Transaction Cycle Processing Verification and Sample Sizes***

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

## SPECIFIC AUDIT APPROACH (Continued)

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the *Client Tailored Risk Assessment* section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

### *Profiles, Access and Setup Controls*

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

***Data Extraction***

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our client's systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

***Assessing Risks – Interim Phase***

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

**We have consistently employed a risk-based concept from our firm's inception.** Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Fraud Considerations***

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

### ***Client Tailored Risk Assessment***

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

## SPECIFIC AUDIT APPROACH (Continued)

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

**We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

### *Client Participation in the Risk Assessment Process*

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Board and Finance Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Board meeting or meet with representatives of the Board.

### *Assessing Risks – Final Phase*

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

## SPECIFIC AUDIT APPROACH (Continued)

### *Communication and Coordination*

**We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.**

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Board and Finance Committee.

### *Estimated Timeline and Engagement Segment*

**We have timed our audit to complete all your reports so that they are ready to print by your deadlines. Of course, our timetable may be adjusted to fit your needs. We will start our work as soon as you appoint us your auditors, with an entrance conference as soon as possible.**

**SPECIFIC AUDIT APPROACH (Continued)**

Our Proposed Engagement Segments are as follows:

**Proposed Engagement Segments and Budget**

Audit Activities	Budgeted Hours					Total
	Partner	Quality	Manager	Staff		
	Engagement	Reviewer		Associates	Admin.	
Planning and Budget/Confirm/Checklists			1.00			1.00
Fraud Risk Assessment			0.50			0.50
Minutes-Resolutions			1.00			1.00
Report	1.00	1.00	3.00		1.00	6.00
Supervision/Review	1.00		3.00			4.00
Conferences and Meetings			0.50			0.50
Management Letter			1.00			1.00
MD&A				0.50		0.50
Accounting Issues Memo				0.50		0.50
Analytical Review	0.50					0.50
Internal Control Evaluation				2.00		2.00
Information Systems Review			0.50			0.50
Cash & Investments				2.00		2.00
Revenue and Other Assets				2.00		2.00
Capital Assets				3.00		3.00
Accounts Payable & Accrued Expenses				2.00		2.00
Expense and Other Liabilitie				0.50		0.50
Commitments and Contingencies			1.00			1.00
Net position			0.50			0.50
Single Audit (one program)	2.00	1.00	3.00	32.00	1.00	39.00
<b>GRAND TOTAL</b>	<b>4.50</b>	<b>2.00</b>	<b>15.00</b>	<b>44.50</b>	<b>2.00</b>	<b>68.00</b>

***Prompt Service and Delivery of Reports***

We have always focused on reducing financial statement turn-around time and we have never missed a deadline.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

## SPECIFIC AUDIT APPROACH (Continued)

### *Internal Quality Assurance System*

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to six is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

### *Peer Review Letter*



www.CoughlanNapaCPACo.com  
Company@CoughlanNapaCPACo.com

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

February 9, 2021

To Maze & Associates Accountancy Corporation and the Peer Review  
Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. 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.

190 Comino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687  
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

*Peer Review Letter (Continued)*

**Required Selections and Considerations**

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

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

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, 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*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

*Coughlan Napa CPA Company, Inc.*

Coughlan Napa CPA Company, Inc.

## IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We will provide the Authority with whatever support it needs with regard to gaining an understanding of new pronouncements affecting the financial statements and our audits. Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with Authority staff.

In the year of implementation, we proforma new disclosures and add on additional data requests to our interim and closing checklists. For complex rules, we prepare course materials and conduct training and education sessions during interim for finance and other affected Authority staff to ensure they understand the requirements. We include the new GASB provisions as well as any additional resources such as implementation guides, practical application examples and additional technical resources and contacts. After Authority staff has had a chance to think about the Authority's operations we conduct a follow-up conference to determine the potential impact to the financial statements and audit. In unusual cases we will schedule additional field work before year end to ensure the new rules do not affect year end timing.

We are the current auditors of the City of Turlock. Therefore, we are able to keep the Authority's audit fees lower with our dual purpose testing. In the event the City of Turlock no longer provides accounting services to the Authority, we expect there will be an increase in audit fees, at which point we will discuss the fee adjustment with you.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**STANISLAUS REGIONAL WATER AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Stanislaus Regional Water Authority  
Turlock, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020, and the change in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the Table of Contents be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do 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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California

March 12, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following narrative provides an overview and analysis of the financial activities of the Stanislaus Regional Water Authority (the Authority) for the year ended June 30, 2020 with comparative information for June 30, 2019. It is provided in order to enhance the information in the financial audit and should be reviewed together with that report.

### THE PURPOSE OF THE AUTHORITY

The Authority was established by the Cities of Ceres, Modesto and Turlock on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority and in December 2015 the Authority's Bylaws as well as the Joint Powers Authority Agreement were amended to reflect this change. Currently only the Cities of Ceres and Turlock (Participants) are participating members of the Authority.

The Participants are interested in finding and evaluating surface water supply options and facilities to supplement the ground-water potable water sources currently serving the municipal and industrial water customers within their service areas. Each of the cities is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating City. The Participants have formed this Joint Powers Authority (JPA) for the purpose of making responsible decision related to the development and operation of the future RSWSP.

### FINANCIAL HIGHLIGHTS

- At June 30, 2020 the Authority's assets exceed liabilities by \$17,927,040 (net position).
- Total net position increased by \$5,946,772 over the balance at June 30, 2019 of \$11,980,268.
- Total Authority operating revenues for 2019-2020 were \$6,206,200 compared to operating expenses of \$317,180. The Authority paid \$4,911,841 on project costs which have been capitalized and are presented on the Statement of Net Position as "Capital assets not being depreciated".

### THE BASIC FINANCIAL STATEMENTS

The basic financial statements comprise the Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position. The Statement of Net Position provides information about the financial position of the Authority as a whole, including all its capital assets and long-term liabilities. The Statement of Revenues, Expenses and Change in Net Position explains in detail the change in net position for the year.

The Statement of Net Position presents information on the Authority's assets, liabilities and deferred outflows/inflows of resources; the difference between them representing the Authority's net position. Net position includes the amount invested in capital assets.

The Statement of Revenues, Expenses and Change in Net Position presents information showing total revenues versus total expenses and shows how the Authority's net position changed during the fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years.

**Stanislaus Regional Water Authority**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2020**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Authority's operations and significant accounting policies and clarify unique financial information.

The following is a condensed Statement of Net Position for the Authority as of June 30:

**Statement of Net Position**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 2,769,574	\$ 1,740,786
Accounts receivable	368	
Interest receivable	5,285	6,304
Capital assets not being depreciated	<u>15,566,982</u>	<u>11,654,496</u>
<b>Total assets</b>	<u>18,342,209</u>	<u>13,401,586</u>
<b>Liabilities</b>		
Accounts payable	<u>415,169</u>	<u>1,421,318</u>
<b>Total liabilities</b>	<u>415,169</u>	<u>1,421,318</u>
<b>Net position:</b>		
Net investment in capital assets	15,566,982	11,654,496
Unrestricted	<u>2,360,058</u>	<u>325,772</u>
<b>Total net position</b>	<u>\$ 17,927,040</u>	<u>\$ 11,980,268</u>

The following is a condensed Statement of Revenues, Expenses and Change in Net Position for the years ended June 30:

**Statement of Revenues, Expenses and Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 6,206,200	\$ 8,002,400
Operating Expenses	<u>317,180</u>	<u>458,481</u>
Net Operating Income	5,889,020	7,543,919
Non-Operating Revenues	<u>57,752</u>	<u>43,263</u>
Change in net position	5,946,772	7,587,182
Net position, July 1	<u>11,980,268</u>	<u>4,393,086</u>
Net Position, June 30	<u>\$ 17,927,040</u>	<u>\$ 11,980,268</u>

**Stanislaus Regional Water Authority  
Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2020**

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**FINANCIAL ACTIVITIES OF THE AUTHORITY AS A WHOLE**

This analysis focuses on the net position and change in net position of the Authority's activities in the statement of net position and statement of revenues, expenses and change in net position.

As of June 30, 2020 total assets of \$18,342,209 were offset by liabilities of \$415,169. Assets primarily consist of \$15.6 million in capital assets. These represent contractual expenditures incurred in the development of the project including work required to prepare and issue the Environmental Impact Report; the development of the design, size and scope of the potential treatment facility; and the development of design and specifications as well as construction costs associated with the construction of a wet well and treatment facility.

The completion of these tasks will provide the Authority Board with the information and documents necessary to make final decisions related to the size and scope of the project and the type of water treatment facilities that the Authority may decide to construct as well as the environmental documents necessary to proceed with the project. On June 29, 2020 the Authority awarded a design-build contract for the project to CH2M Hill Engineers, Inc. for an amount not to exceed \$195,400,357 which includes all project components except the individual Project Participants' terminal facilities. The Regional Surface Water Supply Project (RSWSP) will be constructed in phases with the first phase anticipated to begin in the Fall of 2020. Construction is anticipated to be completed and the Water Treatment Plant operational in mid to late 2023.

Operating revenues are used to fund operating expenses as well as the capitalized project costs. The Participants have entered into various cost sharing agreements which provide the methodology for allocating costs based on each Participant's beneficial use of the project. As the project progresses, these agreements are revisited to ensure that each Participant's beneficial use and corresponding proportional share of costs is appropriately assigned.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

These Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this report should be directed to the City of Turlock, Finance Department, at 156 South Broadway, Suite 110, Turlock, CA 95380.

STANISLAUS REGIONAL WATER AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2020

ASSETS

Current Assets

City of Turlock Investment Pool (Note 2)	\$2,769,574
Accounts receivable	368
Interest receivable	<u>5,285</u>
Total Current Assets	2,775,227

Non-Current Assets

Capital assets not being depreciated (Note 3)	<u>15,566,982</u>
Total Assets	<u>18,342,209</u>

LIABILITIES

Current Liabilities

Accounts payable	<u>415,169</u>
------------------	----------------

NET POSITION

Investment in Capital Assets	15,566,982
Unrestricted	<u>2,360,058</u>
Total Net Position	<u><u>\$17,927,040</u></u>

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES	
Participant operating contributions	<u>\$6,206,200</u>
OPERATING EXPENSES	
Administrative services	198,333
Contractual services	<u>118,847</u>
Total Operating Expenses	<u>317,180</u>
Operating Income	5,889,020
NON-OPERATING REVENUES	
Interest income	<u>57,752</u>
Change in Net Position	5,946,772
Net Position, beginning of year	<u>11,980,268</u>
Net Position, end of year	<u><u>\$17,927,040</u></u>

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from participants	\$6,212,136
Payments for administrative services	(214,434)
Payments to suppliers	<u>(109,540)</u>
Net Cash Provided by Operating Activities	<u>5,888,162</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(4,911,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>52,467</u>
Net Cash Flows	1,028,788
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>1,740,786</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$2,769,574</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$5,889,020
Change in assets and liabilities:	
Due from participants	5,936
Accounts payable	<u>(6,794)</u>
Net Cash Provided by Operating Activities	<u><u>\$5,888,162</u></u>
Total Net Position	
See accompanying notes to the financial statements	

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Description and Reporting Entity***

The Stanislaus Regional Water Authority (the Authority) was originally established by the Cities of Ceres, Modesto, and Turlock (Participants) on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority. Subsequently, the Authority's governing documents were amended to reflect Modesto's withdrawal as well as to revise the functional administrative duties of the remaining participants and the composition of the Board of Director's, which now consists of two members of the City Council for each City participant.

The Participants are interested in finding and evaluating surface water supply options and facilities to supply water to the municipal and industrial customers within their service areas. Each of the Participants is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating city. The Participants formed the Authority as a Joint Powers Authority (JPA) for the purpose of making responsible decisions related to the development and operation of the future RSWSP. Each Participant is responsible for its share of expenditures incurred by the Authority during a fiscal year pursuant to various funding/cost sharing agreements approved by the Authority's Board of Directors and each Participant's respective governing body.

Since December 2015, the City of Turlock assumed responsibility for the processing all financial transactions and accounting for the Authority. The following is a summary of the significant accounting policies.

**B. *Basis of Presentation***

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

**C. *Fund Accounting***

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. *Basis of Accounting and Measurement Focus***

Basis of accounting refers to when revenues and expenses are recognized. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred, regardless of when cash changes hands. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. *Fair Value Measurements***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**F. *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS**

The Authority participates in the City of Turlock's cash and investment pool.

Cash and investments of the Authority are pooled with other City of Turlock funds. The Authority's portion of this pooled amount was \$2,769,574 at June 30, 2020. At June 30, 2020, the City's investment pool was unrated. The Authority can spend cash at any time without prior notice or penalty. Interest earned on pooled cash and investments is credited to each participant in the pool based on each participant's average quarterly cash and investment balance. Detailed information concerning the City of Turlock's pooled cash and investments, including information regarding the fair value of investments, may be found in the City of Turlock's Basic Financial Statements. As of June 30, 2020, the fair value of the Authority's position in the pool is the same as the value of its pool shares.

*Fair Value Hierarchy*

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority's investment in the City's investment pool is not subject to the fair value hierarchy.

**NOTE 3 – CAPITAL ASSETS**

Capital assets acquired by the Authority are recorded at cost and are depreciated using the straight-line method over estimated useful lives. The Authority has set the capitalization threshold for reporting capital assets at \$5,000. Operating expenses include depreciation on all depreciable capital assets. Repairs and maintenance are charged to expense when the services are rendered.

During fiscal year 2017, the Authority began the Regional Surface Water Supply Project and during fiscal year 2020, costs totaling \$3,912,486 were incurred and project costs to date of \$15,566,982 have been recorded as construction in progress as of June 30, 2020.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 4 – NET POSITION**

**A. *Net Position***

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions and are described below:

*Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the capital assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Authority reimburses the City of Turlock for administrative and other costs incurred by the City of Turlock on the Authority’s behalf. During the year ended June 30, 2020, contractual service expenditures of \$22,599 were allocated to the Authority from the City of Turlock.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

**A. *Program Management and Other Contracts***

The Authority had the following outstanding commitments at June 30, 2020 related to the Regional Surface Water Supply Project:

Program Management	\$2,859,316
Phase III Environmental Work	235,500
Wet Well Construction	66,014

**B. *Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project***

In April 2020, the Authority Board approved a lease with TID to convey leasehold rights in TID’s delivery facilities and underlying real property to the Authority in order to facilitate the Authority’s construction, operation, and maintenance of the facilities that will be located on TID property. The lease will expire in 2065. There will be no separate rent paid under the lease, rather, the water payments to be made by the Authority under the Water Sales Agreement will constitute consideration for the lease. The proposed lease contains standard and commercially reasonable lease terms, including the Authority’s payment of fees, charges, etc. relating to its use of the property; Authority compliance with applicable law and regulations; indemnity; and insurance.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

*C. Acquisition of the Water Treatment Plant Site from Turlock Irrigation District*

The planned water treatment plant site is owned by TID and the Authority's agreement with TID provides that TID agrees to sell the treatment plant site, subject to a reservation of such easements for TID's pipelines to the treatment plant from the pump station and from the treatment plant to the Ceres Main Canal, to the Authority at a sales price of \$1,436,674. In April 2020, the Authority Board approved the acquisition of the site from TID. The site is a 47.9-acre parcel located near the new wet well facility.

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Stanislaus Regional Water Authority  
Turlock, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Stanislaus Regional Water Authority (the Authority), as of and for the year ended June 30, 2020, and have issued our report thereon dated March 12, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated March 12, 2021, which is an integral part of our audit and should be read in conjunction with this report.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

*Authority's Response to Findings*

The Authority's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated March 12, 2021, which is an integral part of our audit and should be read in conjunction with this report. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Maze & Associates*

Pleasant Hill, California  
March 12, 2021

**STANISLAUS REGIONAL WATER AUTHORITY**  
**MEMORANDUM ON INTERNAL CONTROL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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STANISLAUS REGIONAL WATER AUTHORITY

MEMORANDUM ON INTERNAL CONTROL

For the Year Ended June 30, 2020

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## MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors  
Stanislaus Regional Water Authority  
Turlock, California

In planning and performing our audit of the basic financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Authority Board, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California  
March 12, 2021

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF SIGNIFICANT DEFICIENCIES

During our audit of the financial statements of the City of Turlock (City) for the year ended June 30, 2020 the following items were identified as significant deficiencies. Since the Authority utilizes the City to provide the Authority's accounting function, we consider the following to be significant deficiencies in the Authority's internal control.

#### **2020-001      Segregation of Duties for Changes to the Vendor Database**

The functions of payment processing and vendor database maintenance should be segregated.

During our review of the Accounts Payable process, we noted that two staff members who have the ability to process disbursements can also make changes to the vendor database without approval.

Although the City's accounting system can produce a Vendor Change Report that shows what changes have been made to the vendor database, there are currently no procedures in place for this report to be reviewed by an employee that cannot make changes to the vendor database.

If changes to the vendor database are not reviewed and approved, errors or unauthorized changes may go undetected.

The City should implement procedures to include a review of the report by an employee that is not able to make changes to the vendor database to ensure unauthorized changes to the database are not made.

#### ***Management's Response:***

The Senior Accountant who oversees Accounts Payable reviewed New World security to determine the rights of individual users in the Purchasing and Accounts Payable processes. It was noted the Purchasing Coordinator does not have access to pay invoices or post Accounts Payable. She does, however, have access to vendor approvals along with the Senior Accountant. The process from vendor set-up to payment of invoices does have many layers of segregation of duties and cross checking of functions which would make inappropriate vendor payments highly unlikely. The process is initiated at the department level with request for a vendor, which is routed to Purchasing, who is then responsible to setup the new vendor. Purchase Orders are input by each respective department and routed to purchasing with appropriate backup from the Departments for approval. Accounts Payable, which is a separate department and function from purchasing, processes the payment requests initiated at the department level and approved by a department manager. Accounting is responsible to verify payment requests comply with purchase orders and vendor information matches the purchase order and invoice(s). The segregation of duties between Purchasing and Accounts Payable provides assurance that vendor invoices are appropriately approved and paid.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

#### **EFFECTIVE FISCAL YEAR 2020/21:**

##### **GASB 84 – *Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

##### **GASB 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

#### **EFFECTIVE FISCAL YEAR 2021/22:**

##### **GASB 87 – *Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

#### **GASB 92 – Omnibus 2020**

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

#### **GASB 93 – Replacement of Interbank Offered Rates**

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 97 – *Certain Component Unit Criteria, and Accounting for and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

#### **EFFECTIVE FISCAL YEAR 2022/23:**

#### **GASB 91 – *Conduit Debt Obligations***

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

#### **GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

***GASB 96 – Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR  
SCHEDULE OF OTHER MATTERS

2016-01      Insurance/Bonds Provisions of the Joint Exercise of Powers Agreement

Article XIV, Insurance/Bonds, of the Authority's amended Joint Exercise of Powers Agreement includes the provision that the Authority "shall at all times maintain worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary...Such insurance may be maintained in whole or in part in the form of self-insurance." And, Article XX, Participant Employees, indicates that "Each Participant shall assume all liability related to its employees who provide services in connection with this Agreement...However, the Authority may, in its sole discretion, procure a policy or policies of insurance in the types and amounts it deems appropriate. In the event such policy or policies of insurance are procured by the Authority, such insurance coverage shall be primary over any obligation of the Participant under this section."

The Authority has not obtained worker's compensation, liability or property damage insurance policies to date or documented the manner in which it is self-insured.

The Authority should review the need for insurance coverage as contemplated by Articles XIV and XX of the Agreement and formally document what policies are in place, not in place, or in what manner the Authority is self-insured.

*Current Status:* Implemented.

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PROFESSIONAL  
AUDITING  
COST  
PROPOSAL

PREPARED FOR



**SRWA**  
STANISLAUS REGIONAL  
WATER AUTHORITY

Stanislaus Regional Water Authority (SRWA)  
Attn: Marie Lorenzi, Finance Director  
156 South Broadway, Suite 270  
Turlock, CA 95380  
mlorenzi@turlock.ca.us

Katherine Yuen, CPA, Partner  
3478 Buskirk Ave, Suite 215  
Pleasant Hill, CA 94523  
(925) 930-0902 (Phone) - (925) 930-0135 (Fax)  
katheriney@mazeassociates.com



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## TOTAL ALL-INCLUSIVE MAXIMUM PRICE

### ***Maze & Associates Certification***

Katherine Yuen and Amy Meyer are authorized to submit this proposal and negotiate and sign a contract with the Stanislaus Regional Water Authority (SRWA) . Our offer is firm and irrevocable for a period of 90 days from the date of this proposal.

### ***Total Cost of Audit***

As detailed on Attachment A, our Estimated All-Inclusive Maximum Prices for the services mentioned above for the years ended June 30, 2021 and 2022 are \$8,849 and \$8,973. Our Total All-inclusive Maximum Prices for the services are firm fixed fees.

### ***What Our Price Includes***

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost**:

- 1) Year-round support and telephone consultation on pertinent issues affecting your Authority,
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
- 3) **Free full day of training** at our annual MazeLive event,
- 4) Active Partner involvement in your work **every year**,
- 5) Our typed Interim Audit Checklist,
- 6) Our typed Annual Closing Checklist,
- 7) Our typed interim Accounting Issues Memorandum,
- 8) Overviews and summaries of upcoming pronouncements and regulation affecting the audited financial statements.
- 9) Direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

### ***Fees and Billings***

Progress billings will be made on the pro-rated audit work completed during the course of the engagement. Our fees are firm fixed prices. In determining our fees, we understand that the Authority's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the Authority and Authority personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

**We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it.** Any consulting work you request will be performed at the same rates as our audit work.

If the Authority would like additional services, those can be evaluated and our standard billing rates would apply.

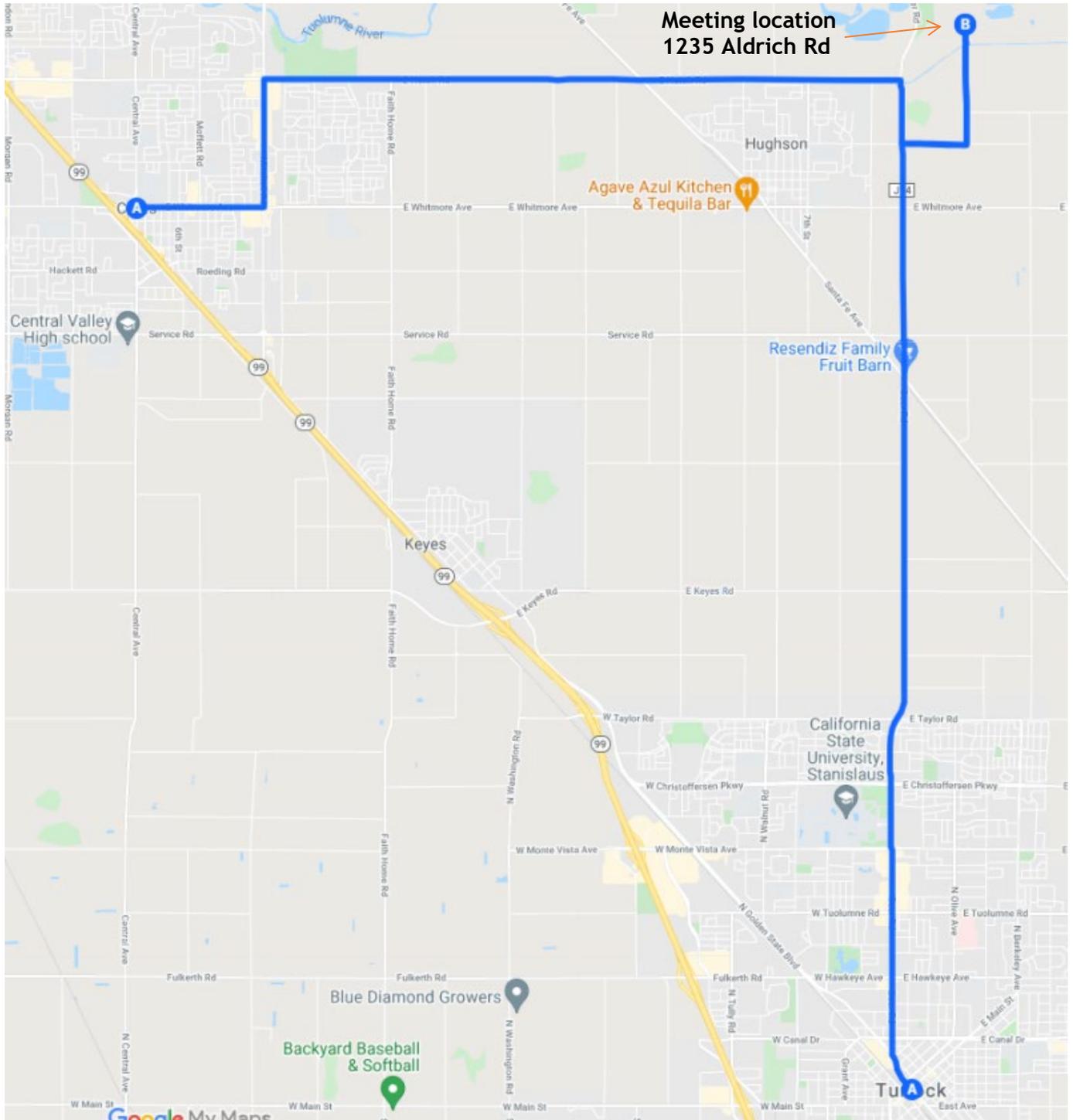


**ATTACHMENT B**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE  
2020-21 FINANCIAL STATEMENTS**

	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
Partners	3.5	325	325	1,138
Managers	14	207	207	2,898
Associates	45.5	95	95	4,323
Clerical	2	75	75	150
Other - Quality Reviewer	2	170	170	340
<b>Subtotal</b>	<b>67</b>			<b>8,848</b>
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF	67			
<b>TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR 2021-2022 AUDIT</b>				<b>8,848</b>

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### Step by step driving directions

Drive 9 mi, 17 minutes

**A** 2080 E Whitmore Ave, Ceres, CA 95307, USA

Head northeast on E Whitmore Ave toward 2nd St

0.997 mi

↶ Turn left onto Mitchell Rd

1.01 mi

↷ Turn right onto E Hatch Rd

4.99 mi

↷ Turn right onto Geer Rd

0.501 mi

↶ Turn left at the 1st cross street onto Fox Rd

0.503 mi

↶ Turn left onto Aldrich Rd

0.944 mi

**B** 1020 Aldrich Rd, Hughson, CA 95326, USA

Drive 9 mi, 19 minutes

**A** 200 E Main St, Turlock, CA 95380, USA

Head northwest on S Golden State Blvd toward E Main St

0.319 mi

↷ Slight right onto Geer RdPass by Round Table Pizza (on the right in 1.3 mi)

7.17 mi

↷ Turn right onto Fox Rd

0.503 mi

↶ Turn left onto Aldrich Rd

0.944 mi

**B** 1020 Aldrich Rd, Hughson, CA 95326, USA