

AGENDA

Independent Taxpayer Oversight Committee

April 15, 2021 – 4:00 pm

Join the meeting virtually at:

<https://us02web.zoom.us/j/85387878931>

+16699009128,,85387878931# US (San Jose)

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

1. Call to order.
2. Review and approve minutes from the March 18, 2021 meeting.
3. Discuss interview with Brown Armstrong CPAs regarding financial audit services for fiscal year ending June 30, 2021 with an option to extend up to two additional years.
4. Review Fiscal Year 2021-22 draft budget tables.
5. Discuss criteria/process for reviewing consulting contracts.
6. Executive Director summary of the April STA Board meeting and any current initiatives.
7. Comments from the public

Agenda Item #2

Meeting Minutes

To: ITOC Committee Members
From: Tim Jones, ITOC Staff
Re: March 18, 2021 ITOC Meeting Minutes

Attendees:

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

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

Meeting called to order at 4:05 pm and adjourned at 5:45 pm

Agenda Item #2

- Reviewed and approved February 18, 2021 meeting minutes.

Agenda Item #3

- Received input regarding the Sacramento County capital project on Hazel Ave. between Hwy 50 and Folsom Blvd. Reporting on the project was by Steve White, Division Chief, Design Division, and Rick Carter, Principal Civil Engineer, Transportation Planning and Programs, both with the Sacramento County.

Agenda Item #4

- Reviewed the proposals submitted in response to an RFP for financial audit services beginning with fiscal year ending June 30, 2021 with an option to extend for an additional two fiscal years.
 - There were four proposers – Vasquez and Company, Richardson and Company, Brown Armstrong CPAs, and Crowe LLP.
 - All the firms were qualified in terms of experience. However, the STA Ordinance limits using a single audit firm to three consecutive years, so Crowe LLP was disqualified since it just completed financial audits for three consecutive fiscal years, the last for fiscal year ending June 30, 2020.
 - Low bid was Vasquez and Company, but there was concern about their bid which was about 20% lower than the next lowest bid, suggesting the firm may not have a complete understanding of the scope of services necessary to complete the audit. The firm did not include the number of staff hours it estimated were necessary to complete the audit.

- The next lowest bid was Richardson and Company; however, Richardson has performed many audits for the STA over the years, the last three-year cycle of which it completed for the fiscal year ending June 30, 2017. Richardson has performed well in the past, but the ITOC wants a “fresh set of eyes” on STA’s financial statements.
- Therefore, the ITOC asked STA staff to interview the next lowest bidder, Brown Armstrong CPAs and report back during the April meeting.

Agenda Item #5

- Reviewed budget-to-actual reports for Q2 FY 2021
 - The most notable item was sales tax revenue came in \$7.4 million (11.1%) higher than budgeted. Even more notable is that the budgeted revenue was based on pre-COVID projections.
 - The committee requested that STA staff refrain from presenting budget-to-actual documents to the STA Governing Board until after they have been reviewed by the ITOC.

Agenda Item #6

- Committee member Beth Tincher is moving out of state, so her last meeting with the ITOC will be in April 2021.
- The committee requested that STA staff post a notice of the vacancy on the STA and ITOC websites to recruit a replacement.

Agenda Item #7

- No comments on the updated Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) rates.

Agenda Item #8

- The Executive Director summarized two key items on STA’s Governing Board meeting in March.
 - Since the effort to pursue a sales tax measure was repealed in July 2020 due to the pandemic and other factors, there is renewed interest in determining whether enough voters countywide are supportive of a new tax measure.
 - To determine the amount of support, staff requested, and the STA Governing Board approved, pursuing a polling firm to conduct that effort this summer. As such, an RFP is in development and the estimated cost is \$50,000.
 - STA was approached by Caltrans to garner support for its application for Infrastructure for Rebuilding America (INFRA) grant funding. Caltrans has plans to construct managed lanes on I-5 north of the I-5/US50 interchange. The STA Governing Board approved supporting the project which is currently in the environmental phase and programmed to be completed in spring 2025.

Agenda Item #9

- Comments from the public
 - Roger Martinez, CPA with Vasquez and Company LLP joined the meeting as his firm submitted a proposal for financial audit services. He had no comments.

Financial Audit Services Proposer Analysis

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

BROWN ARMSTRONG

Certified Public Accountants

SACRAMENTO TRANSPORTATION AUTHORITY TECHNICAL PROPOSAL

TO PROVIDE FINANCIAL AUDIT SERVICES

March 1, 2021

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

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BROWN ARMSTRONG

Certified Public Accountants

Cover Letter

March 1, 2021

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

Dear Mr. Jones;

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

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

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

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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

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

STOCKTON OFFICE

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

WWW.BACPAS.COM

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

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

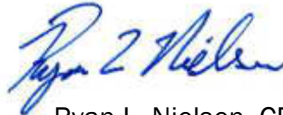
I certify that the requirements of the project as described in the RFP have been reviewed, all addenda have been received, and I have conducted all necessary due diligence to confirm material facts upon which this proposal is based.

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

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

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Ryan L. Nielsen, CPA
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

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

Title of person signing on behalf of the corporation: Partner

5.1 Approach

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

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

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

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

Planning

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

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

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

Analytical Procedures

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

Evaluation of Internal Control in Connection with the Financial Statement Audit

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

TECHNICAL PROPOSAL

Sacramento Transportation Authority

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

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

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

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

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

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

Final Audit Plan

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

Final Field Work

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

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

Final Review

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

Completion of the Audit

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

TECHNICAL PROPOSAL

Sacramento Transportation Authority

Proposed Schedule of Work and Deadlines

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

TECHNICAL PROPOSAL

Sacramento Transportation Authority

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

Brown Armstrong's Response to the COVID-19 Pandemic

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

5.2 Discussion of Issues

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

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

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

5.3 Firm Information

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

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

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

5.3.1 Legal Name of Firm

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

5.3.2 Location(s) and Telephone Number(s)

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

Bakersfield Office

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

Fresno Office

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

Stockton Office

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

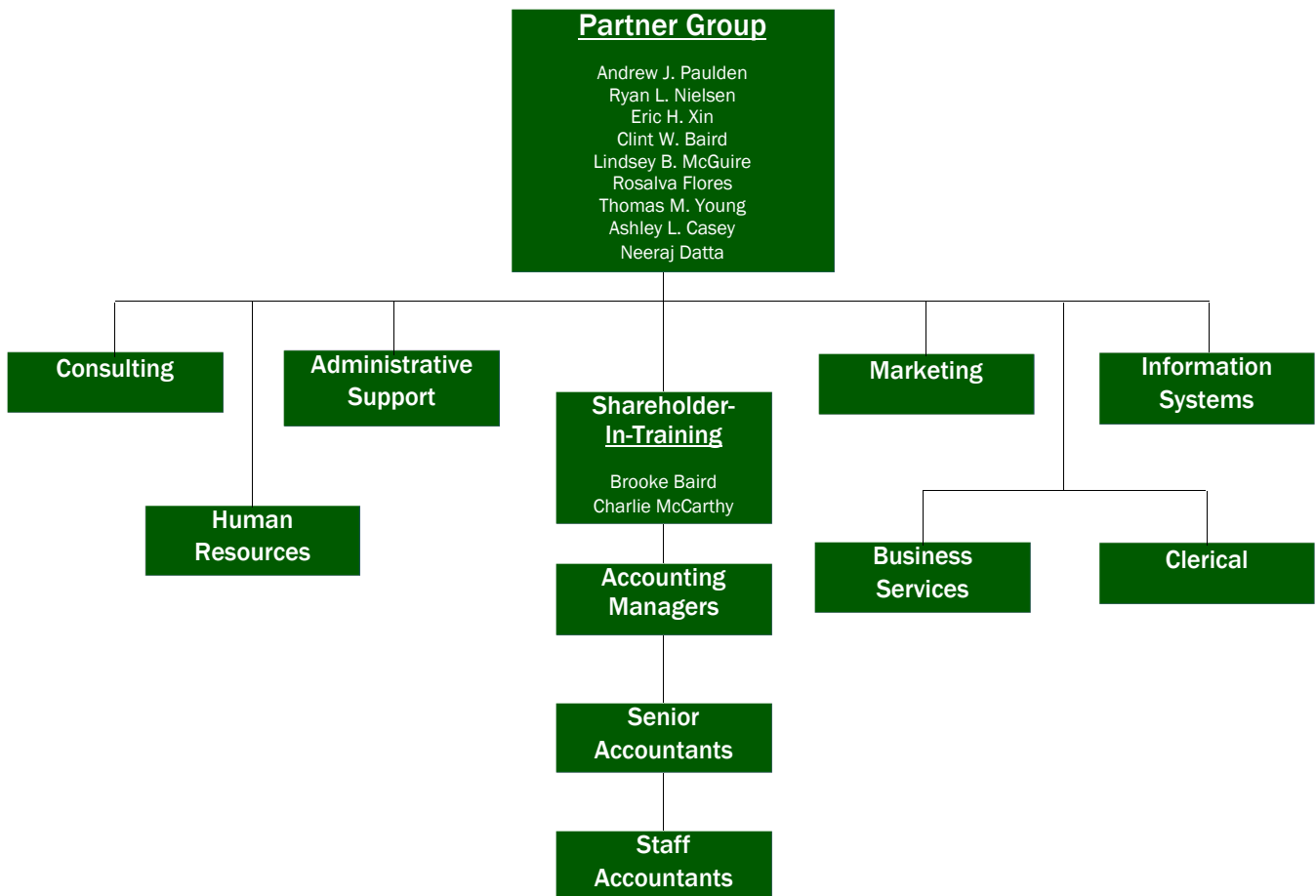
5.3.3 Date Firm Established

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

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

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

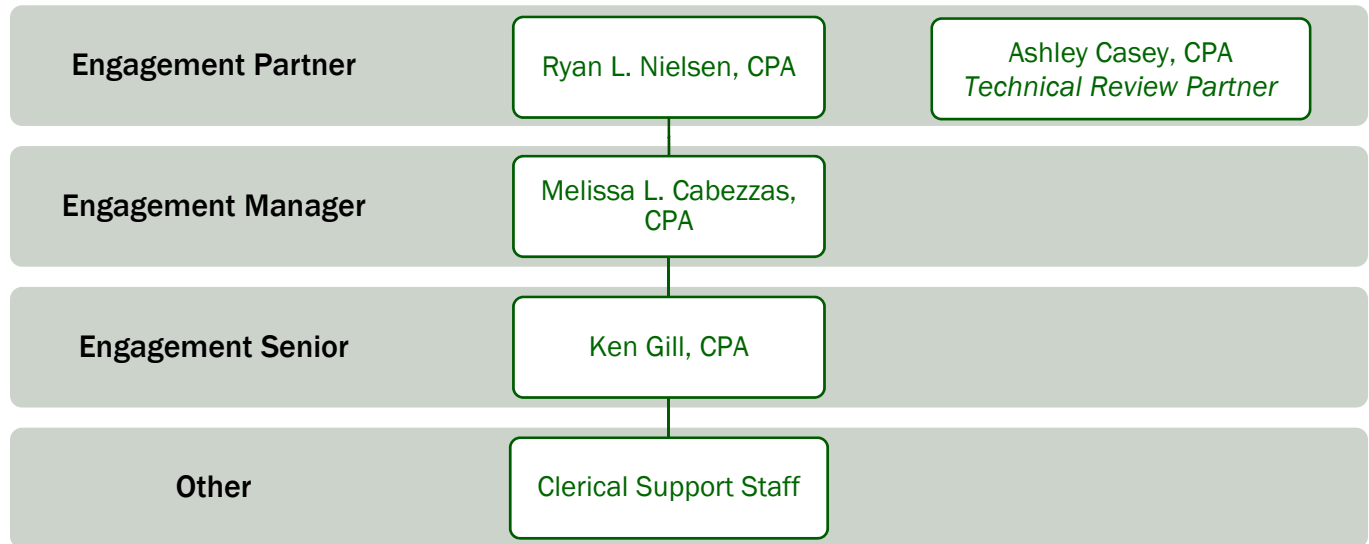
5.3.5 Firm Organization Chart



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

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

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



5.3.7 Types of Services Normally Provided By Sub Consultants

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

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

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

Riverside Transit Agency

Project Description and Location
Scope of Work

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

Total Value of Services Performed (per year) \$80,000
Budget Performance 100%
Schedule Performance On-time
Key Personnel Involved Ryan L. Nielsen
Melissa Cabezzas

Sub Consultants Involved None

Napa Valley Transportation Authority

Project Description and Location
Scope of Work

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

Total Value of Services Performed (per year) \$44,000
Budget Performance 100%
Schedule Performance On-time
Key Personnel Involved Ryan L. Nielsen
Melissa Cabezzas

Sub Consultants Involved None

Golden Empire Transit District

Project Description and Location
Scope of Work

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

Total Value of Services Performed (per year) \$31,000
Budget Performance 100%
Schedule Performance On-time
Key Personnel Involved Ryan L. Nielsen
Melissa Cabezzas

Sub Consultants Involved None

San Joaquin Council of Governments

Project Description and Location
Scope of Work

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

Total Value of Services Performed (per year) \$180,000
Budget Performance 100%
Schedule Performance On-time
Key Personnel Involved Ryan L. Nielsen
Melissa Cabezzas

Sub Consultants Involved None

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

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

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

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

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

Stanislaus Council of Governments

Project Description and Location
Scope of Work
Dates of Service
Address

Contact

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

San Joaquin Council of Governments

Project Description and Location
Scope of Work

Dates of Service
Address

Contact

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

Fresno Council of Governments

Project Description and Location
Scope of Work
Dates of Service
Address

Contact

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TECHNICAL PROPOSAL

Sacramento Transportation Authority

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

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

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

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

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

Transit Entity Experience

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

TDA Experience

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

5.4 Cost Proposal

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

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

Rates for Additional Professional Services

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

Manner of Payment

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

Exhibit I

Engagement Team Resumes



RYAN NIELSEN

ENGAGEMENT PARTNER, CPA

EDUCATION

California State University, Bakersfield, 2003

Graduated Magna Cum Laude

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

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.bacpas.com

EMAIL:
rn Nielsen@bacpas.com

BACKGROUND

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

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

EXPERIENCE

Special Districts

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

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

Transits

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

ROLES AND RESPONSIBILITIES

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



ASHLEY CASEY

TECHNICAL REVIEW PARTNER,
CPA

EDUCATION

California State University, Chico, 2007

Bachelor of Science Degree
in Business Administration,
Option in Accounting

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.bacpas.com

EMAIL:
acasey@bacpas.com

BACKGROUND

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

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

EXPERIENCE

Cities

City of Visalia
City of Chowchilla
City of Tulare

Retirements

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

Special Districts

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

Transits

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

ROLES AND RESPONSIBILITIES

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



MELISSA CABEZZAS

ENGAGEMENT MANAGER, CPA

EDUCATION

California State University, Bakersfield
2008

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

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.bacpas.com

EMAIL:
mcabezzas@bacpas.com



BACKGROUND

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

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

EXPERIENCE

Cities

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

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

Counties

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

County of Santa Barbara
County of Stanislaus
County of Tulare

Special Districts

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

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

Transits

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

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

ROLES AND RESPONSIBILITIES

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

Continuing Professional Education***Relevant Education Listed****Ryan Nielsen, CPA**

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

Ashley Casey, CPA

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

EXHIBITS

Sacramento Transportation Authority

Melissa Cabezzas, CPA

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

Ken Gill, CPA

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

Exhibit II

External Quality Control Review Report



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

REPORT ON FIRM’S SYSTEM OF QUALITY CONTROL

June 27, 2019

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

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

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

Firm’s Responsibility

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

Peer Reviewer’s Responsibility

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

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

Required Selections and Considerations

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

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

Opinion

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



Watson Coon Ryan, LLC

EXHIBITS

Sacramento Transportation Authority

Exhibit III

Summary of Recent Governmental Experience

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

General Fund Budget - Revenue, Appropriations, and Fund Balance

Description	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change from FY 2021	Change in Percent
Revenues						
Sales Tax	\$131,591,165	\$133,513,377	\$136,302,000	\$143,670,000	\$10,156,623	7.61%
SCTMFP Fees *	7,551,556	6,000,000	7,000,000	7,154,000	1,154,000	19.23%
Interest and Other	4,379,064	4,000,000	250,000	250,000	(3,750,000)	-93.75%
SacMetro FSP/CVR-SAFE **	2,703,639	4,351,113	3,157,441	4,131,411	(219,702)	-5.05%
Total Revenues	\$146,225,424	\$147,864,490	\$146,709,441	\$155,205,411	\$7,340,921	4.96%
Appropriations						
Administration	1,108,589	581,544	627,650	780,277	198,733	34.17%
FSP	2,658,784	3,247,315	3,176,852	3,617,748	370,433	11.41%
Contributions to Measure A Entities:						
Ongoing Allocations	103,808,302	105,321,537	108,520,975	114,376,015	9,054,478	8.60%
Capital Improvement Program (CIP)	20,410,835	29,625,296	26,357,588	35,835,679	6,210,383	20.96%
Total Appropriations	\$127,986,509	\$138,775,692	\$138,683,065	\$154,609,719	\$15,834,027	11.41%
Other Financing Sources (Uses)						
Transfers Out (to the Debt Service Fund)	(22,360,669)	(22,108,139)	(19,227,850)	(19,554,302)	2,553,837	-11.55%
Total Financing Sources (Uses)	(\$22,360,669)	(\$22,108,139)	(\$19,227,850)	(\$19,554,302)	\$2,553,837	-11.55%
Net Increase (decrease) in Fund Balance	(4,121,754)	(13,019,341)	(11,201,474)	(18,958,610)	(5,939,269)	45.62%
Beginning Fund Balance	47,877,833	48,852,801	43,756,079	32,554,605	(16,298,196)	-33.36%
Ending Fund Balance	\$43,756,079	\$35,833,460	\$32,554,605	\$13,595,995	(\$22,237,465)	-62.06%
Fund Reserve***	2,000,000	2,000,000	2,000,000	2,000,000	-	0.00%
Ending Fund Balance Less Reserve	\$41,756,079	\$33,833,460	\$30,554,605	\$11,595,995	(\$22,237,465)	-65.73%

* Sacramento Countywide Transportation Mitigation Fee Program

** Sacramento Metropolitan Freeway Service Patrol/Captial Valley Regional Service Authority for Freeways and Expressways

*** Includes \$1.8 million for the General Fund and \$200,000 for administration

Administration Budget - Revenue, Appropriations, and Fund Balance

Description	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change from FY 2021	Change in Percent
Revenues						
Sales Tax*	\$969,170	\$983,436	\$1,004,133	\$1,058,819	\$75,382	7.67%
Interest and Other	55	50	50	50	-	0.00%
Total Revenues	\$969,225	\$983,486	\$1,004,183	\$1,058,869	\$75,382	7.66%
Appropriations						
Salaries and Benefits	548,146	462,324	471,104	528,507	66,183	14.32%
Rent	18,507	30,820	30,820	36,258	5,438	17.64%
Conferences and Travel	2,104	2,600	1,625	4,875	2,275	87.50%
Insurance	7,022	7,150	7,308	8,288	1,138	15.91%
Professional Services	430,719	32,500	73,419	157,500	125,000	384.62%
ITOC	92,826	35,750	34,450	34,450	(1,300)	-3.64%
Other Operating Expenditures	9,264	10,400	8,924	10,400	-	0.00%
Total Appropriations	\$1,108,589	\$581,544	\$627,650	\$780,277	\$198,733	34.17%
Net Increase (decrease) in Fund Balance	(139,364)	401,942	376,533	278,592	(123,350)	-30.69%
Beginning Fund Balance	861,894	764,141	722,530	1,099,063	334,922	43.83%
Ending Fund Balance	\$722,530	\$1,166,083	\$1,099,063	\$1,377,655	\$211,572	18.14%
Fund Reserve	100,000	200,000	200,000	200,000	-	0.00%
Ending Fund Balance Less Reserve	\$622,530	\$966,083	\$899,063	\$1,177,655	\$211,572	21.90%

* .75% of the net sales tax revenue is available for administration

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Beginning Fund Balance	42,545,332	32,215,628	13,054,297	12,189,388	6,838,275	5,448,652
Revenue Assumptions:	-	-	-	-	-	-
Sales Tax	136,302,000	143,670,000	149,991,000	155,747,000	161,243,000	166,488,000
Off the top	2,417,541	2,494,168	2,559,906	2,619,769	2,676,927	2,731,475
Net Sales Tax Available to CIP	133,884,459	141,175,832	147,431,094	153,127,231	158,566,073	163,756,525
Sales tax CIP allocation	27,781,025	29,293,985	30,591,952	31,773,900	32,902,460	33,979,479
Debt Service (net of swap interest)	18,753,141	18,751,637	18,754,387	18,759,542	18,755,266	18,753,137
Sales tax pay go	9,027,884	10,542,348	11,837,565	13,014,358	14,147,194	15,226,342
SCTMFP	7,000,000	6,132,000	6,267,000	6,405,000	6,546,000	6,690,000
Release 2012 bond reserve	-	-	5,654,407	-	-	-
Net Available for Expenditure	58,573,216	48,889,976	36,813,269	31,608,747	27,531,469	27,364,994
Expenditure Assumptions	-	-	-	-	-	-
California DOT:	-	-	-	-	-	-
I-5 Elk Grove	10,000,000	6,000,000	5,400,000	-	-	-
I-5 Carpool Lanes US 50 - I-80	-	-	-	4,000,000	7,000,000	10,500,000
Hwy 50 HOV	3,500,000	3,500,000	2,700,000	1,000,000	1,000,000	-
Capital SouthEast Connector	4,300,000	3,794,692	2,269,345	2,000,000	2,000,000	2,891,062
City of Citrus Heights:	-	-	-	-	-	-
Greenback Lane	-	600,000	-	-	-	-
Sunrise Blvd.	-	-	-	300,000	-	-
Antelope Rd.	-	-	-	300,000	-	-
City of Rancho Cordova	2,756,887	-	-	-	-	-
City of Sacramento:	-	-	-	-	-	-
Intermodal	445,112	1,500,000	2,000,000	5,000,000	-	-
Richards/I-5	700,589	700,589	700,589	700,589	2,500,000	5,000,000
County of Sacramento:	-	-	-	-	-	-
Bradshaw Rd. Phase 2	-	-	3,300,000	-	-	-
Folsom Blvd.	500,000	4,097,000	100,000	100,000	1,500,000	-
Greenback Lane Phase 1	300,000	600,000	600,000	1,365,000	1,400,000	-
Hazel Ave. Phase 1	2,500,000	5,732,409	-	-	-	-
Hazel Ave. 50 to Folsom	250,000	1,200,000	1,500,000	3,000,000	4,546,828	5,000,000
Madison Ave. Phase 1	400,000	400,000	600,000	1,176,406	1,300,000	4,000,000
South Watt Phase 1	130,000	400,000	3,000,000	3,269,488	-	-
Sunrise - Jackson to Grant Line	75,000	225,000	377,000	1,723,000	-	-
Watt Ave. - Antelope to Cap City	500,000	1,250,000	1,240,958	-	-	-
Smart Growth Incentive Program	-	5,835,989	835,989	835,989	835,989	835,989
Total Expenditures	26,357,588	35,835,679	24,623,881	24,770,472	22,082,817	28,227,051
Fund Balance Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Ending Fund Balance	30,215,628	11,054,297	10,189,388	4,838,275	3,448,652	(2,862,057)

Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP)

Revenue, Appropriations, and Fund Balance

Description	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimate	FY 2022 Proposed	Change from FY 2021
Revenues					
Fees	\$7,551,556	\$6,000,000	\$7,000,000	\$7,154,000	\$1,154,000
Interest	381,228	250,000	75,000	75,000	(175,000)
Total Revenues	\$7,932,784	\$6,250,000	\$7,075,000	\$7,229,000	\$979,000
Appropriations					
Caltrans	937,911	1,250,000	1,883,549	-	(1,250,000)
Capital SouthEast Connector	7,144,332	6,374,314	4,300,000	2,000,000	(4,374,314)
Citrus Heights	-	-	-	600,000	600,000
Rancho Cordova	1,569,163	1,650,982	2,756,887	-	(1,650,982)
Sacramento City	193,614	800,000	1,145,701	2,200,589	1,400,589
Sacramento County	1,867,750	-	4,655,000	5,000,000	5,000,000
Smart Growth Incentive Program	-	-	-	5,835,989	5,835,989
Total Appropriations	11,712,770	10,075,296	14,741,137	15,636,578	5,561,282
Net Increase (decrease) in Fund Balance	(3,779,986)	(3,825,296)	(7,666,137)	(8,407,578)	(4,582,282)
Beginning Fund Balance	21,083,317	16,917,566	17,303,331	9,637,194	(7,280,372)
Ending Fund Balance	\$17,303,331	\$13,092,270	\$9,637,194	\$1,229,616	(\$11,862,654)

Measure A Program Revenue and Appropriation Summary (in 000's)

Fiscal Year	Sales Tax Revenue	SCTMFP	Bonds Issued	Total Sources	Ongoing Allocations*	CIP **	Debt Service Net***	Total Uses
2010	\$81,414	\$3,074	\$318,300	\$402,788	\$64,929	\$209,223	\$11,426	\$285,578
2011	87,299	2,334	-	89,633	69,622	49,025	16,182	134,829
2012	92,240	2,957	-	95,197	73,563	35,957	14,836	124,355
2013	97,390	3,176	58,853	159,419	77,670	16,917	15,687	110,273
2014	100,063	3,541	-	103,604	79,802	17,124	16,231	113,157
2015	105,564	4,624	-	110,188	84,189	20,233	15,797	120,218
2016	110,708	4,364	-	115,072	88,291	26,206	17,218	131,714
2017	116,878	7,848	-	124,726	93,212	16,697	18,999	128,908
2018	119,188	7,622	-	126,810	95,054	13,250	19,491	127,794
2019	131,757	7,552	-	139,309	105,078	10,706	17,403	133,186
2020	131,591	7,552	-	139,143	104,946	20,411	18,739	144,095
2021	136,302	7,000	-	143,302	108,703	26,358	18,753	153,813
2022	143,670	6,132	-	149,802	114,579	35,836	18,752	169,166
2023	149,991	6,267	5,654	161,912	119,620	24,624	18,754	162,998
2024	155,747	6,405	-	162,152	124,210	24,770	18,760	167,740
2025	161,243	6,546	-	167,789	128,593	22,083	18,755	169,431
2026	166,488	6,690	-	173,178	132,776	28,227	18,753	179,757
2027	171,483	6,837	-	178,320	136,760	23,836	18,753	179,349
2028	177,012	6,987	-	183,999	141,169	25,102	18,757	185,029
2029	182,719	7,141	-	189,860	145,721	6,746	34,739	187,206
2030	188,610	7,298	-	195,908	150,419	24,955	35,894	211,267
2031	194,691	7,459	-	202,150	155,269	18,936	35,885	210,090
2032	187,771	7,623	-	195,394	149,750	17,136	35,937	202,823
2033	184,768	7,790	-	192,558	147,355	15,417	35,938	198,710
2034	193,272	7,962	-	201,234	154,137	6,336	35,997	196,470
2035	200,965	8,137	-	209,102	160,272	8,567	36,006	204,845
2036	207,357	8,316	-	215,673	165,370	14,086	36,066	215,522
2037	213,930	8,499	-	222,429	170,612	10,086	36,071	216,769
2038	220,711	8,686	-	229,397	176,020	4,836	36,122	216,978
2039	170,780	8,877	-	179,657	136,199	5,317	36,117	177,633
Total	\$4,581,602	\$195,294	\$382,807	\$5,159,704	\$3,653,887	\$779,001	\$726,817	\$5,159,705

* Ongoing allocations as required under the Measure A Ordinance

** CIP expenditures include those funded with revenue anticipation notes issued in 2006 and 2007 totaling \$183 million

*** Net of interest rate swap revenue