

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE



Request for Proposal to Conduct an Examination of Annual Financial Statements

February 3, 2014

COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE

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COUNTY OF SACRAMENTO

REQUEST FOR PROPOSAL TO CONDUCT AN EXAMINATION OF ANNUAL FINANCIAL STATEMENTS

Section I - Introduction and General Information

You are invited to submit a proposal for furnishing independent audit services to the County of Sacramento (County). The purpose of these audit services will be:

- To express an opinion on the fairness of the presentation of the County's basic financial statements and the combining and individual fund financial statements as included in the County's Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles for the fiscal years ending June 30, 2014, 2015, and 2016. The auditor will not be required to audit the introductory or the statistical sections of the report.
- To perform a single audit in accordance with the Single Audit Act of 1996 and the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations* and to submit to the County a report on internal control advising of opportunities observed during the audit for improvements in internal control, as well as any material weaknesses identified as a result of understanding and assessing the control risk.
- To perform a review of the County's Appropriations Limit (GANN Limit) set by Article XIII B of the State Constitution (Proposition 111).
- To express an opinion on the fairness of the presentation of the following entities financial statements: Sacramento County Public Financing Authority, Tobacco Securitization Authority, Sacramento County Tobacco Securitization Corporation, First 5 Commission, Solid Waste Authority and the Sacramento Central Groundwater Authority.
- Provide Independent Accountant's Report for the District Attorney's Office Department of Insurance grants (Automobile Insurance Fraud Program Organized Automobile Fraud Activity Interdiction "Urban Grant" and the Worker's Compensation Insurance Fraud Program).
- To express an opinion on the fairness of the presentation of the financial statements of the: Sacramento Regional County Sanitation District, County Sanitation District No. 1, Sanitation District Financing Authority, Capital Southeast Connector JPA, and the Sacramento Area Flood Control Agency, who will also require all the elements included above, except the peer review, as these entities are not part of the County's reporting entity. The Sacramento Regional County Sanitation District and the Sacramento Area Flood Control Agency each may require a single audit under the Single Audit Act of 1996 and OMB Circular A-133

- Provide Independent Accountants report on management's assertion that the County of Sacramento Treasurer complied with the investment requirements presented in Article 6 Sections 27130 through 27137 of the California Government Code, the Sacramento County Annual Investment Policy for the Pooled Investment Fund, and the Governing Investment Policy for the Non-Pooled Investment Fund.
- The Sacramento County Airport System requires a separate auditor's report pertaining to compliance with requirements and internal controls associated with the Passenger Facility Charge program.
- Provide Independent Auditor's Reports on Compliance with Bond Covenants for Sacramento County Airport System Enterprise Fund, Solid Waste Enterprise Fund, Water Agency Enterprise Fund, Metro Air Park Community Facilities District, Laguna Stonelake Community Facilities District No. 1, Park Meadows Community Facilities District, and North Vineyard Station Community Facilities District
- Perform a peer review of the Department of Finance, Auditor-Controller Division, Internal Audits Unit function as required by generally accepted governmental audit standards for the three-year period ending June 30, 2015.
- Perform consent reviews and provide comfort letters relating to current and future financing arrangements by the County.

We are requesting each firm provide the Department of Finance, Auditor-Controller Division, with one proposal. *Section V – Proposal Requirements*, addresses the required items and inclusions for submitting a proposal. As outlined in "A", Item 16, each proposal should include, but not be limited to, a bid for **PART ONE** through **PART EIGHT** for fiscal years ending June 30, 2014, 2015 and 2016. The required forms to include with your submission is identified as **Attachment 1, Schedule of Estimated Hours and Maximum Fees** for fiscal years ending June 30, 2014, 2015, and 2016.

Sacramento County is a Charter County. The Governing body is a five-member Board of Supervisors. The Board is responsible for the executive and legislative activities of the County. A County Executive is appointed by and reports to the Board. Organizational units of county government are under the direction of elected officials or appointed Department/Agency heads.

The Director of Finance, an appointed official, reports to the Chief Deputy County Executive of the County. Accounting records for the County and financial statements for the Comprehensive Annual Financial Report (CAFR) are maintained and prepared by the Department of Finance, Auditor-Controller Division. Financial Statements for the Solid Waste Authority are prepared by the Department of Waste Management and Recycling. Financial Statements for the Sacramento Area Flood Control Agency and Capital Southeast Connector JPA are prepared by the Department of Finance, Auditor-Controller Division. Financial statements for the Sacramento Central Groundwater Authority are prepared by the Department of Water Resources. Financial statements related to Sacramento Regional County Sanitation District, County Sanitation District No. 1 and the Sanitation District Financing Authority are prepared by the Department of Water Quality. Financial statements related to the Sacramento County Public Financing Authority, Tobacco Securitization Authority, and Sacramento County Tobacco Securitization Corporation are prepared by the Department of Finance, Auditor-Controller Division. Financial Statements related to the First 5 Commission are prepared by First 5 Commission staff. Financial Schedules for the District Attorney's Department of Insurance grants are prepared by District Attorney staff.

In past years, the County's financial statements have been audited by independent public accounting firms. A copy of the CAFR for the fiscal year ended June 30, 2013 and Single Audit for the fiscal year ended June 30, 2012, can be found at <http://www.finance.saccounty.net/AuditorController/Pages/AuditorRpts.aspx>. The following documents will be furnished to the proposer upon request: Single Audit Report, Management Letter, and GANN Appropriations Limit report. Should you like a hard copy of the CAFR for the fiscal year ended June 30, 2013, or any other earlier year, please contact Ben Lamera, Assistant Auditor-Controller, at (916) 874-7450. In addition, Sacramento County Public Financing Authority, Tobacco Securitization Authority, Sacramento County Tobacco Securitization Corporation, Treasury Oversight, First 5 Commission, District Attorney Department of Insurance grants, Department of Water Resources Proposition 10 grant funding, Sacramento Central Groundwater Authority, Sacramento Flood Control Agency, County Sanitation District No. 1, Sacramento Regional County Sanitation District, Sanitation District Financing Authority and the Capital Southeast Connector JPA have previously been audited by independent public accounting firms resulting in unqualified opinions. The Solid Waste Authority audits for the years ending June 30, 2008 through June 30, 2013 are currently in progress. Copies of the above mentioned financial statements may also be obtained by contacting Ben Lamera.

The County of Sacramento adheres to the accounting principles, standards, and procedures prescribed by the State Controller's Office as set forth in its manual *Accounting Standards and Procedures for Counties* which, in turn, conforms to the generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB).

A. GENERAL INSTRUCTIONS AND CONDITIONS

1. Schedule of Events

ACTIVITY	DATE
RFP Release to Vendors	February 3, 2014
Last Day for RFP Interpretation	February 14, 2014
Proposals Due (No later than 3 p.m.)	March 14, 2014
Vendor Interviews (if required)	March 24 through 26, 2014
Completion of RFP Evaluation and Vendor Notification of Tentative Selection	March 31, 2014
Anticipated Contract Execution	April 22, 2014
Initial Operation Capability	April 22, 2014

2. Inquiries

All inquiries concerning this request for proposal must be submitted in writing to:

**BEN LAMERA, ASSISTANT AUDITOR-CONTROLLER
DEPARTMENT OF FINANCE
COUNTY OF SACRAMENTO
700 H STREET, ROOM 3650
SACRAMENTO, CALIFORNIA 95814**

Email: LAMERAB@SACCOUNTY.NET

Requests for interpretation must be received no later than **February 14, 2014**.

Responses to these requests will be mailed to all receivers of this RFP.

3. Ambiguity – Conflict or Other Errors in RFP

If a bidder discovers any ambiguity, conflict, discrepancy, omission or other error in the RFP, the bidder shall immediately notify the County of such error in writing and request modification or clarification of the document. Modifications will be made by issuing a revision and will be given by written notice to all parties who have been furnished with the RFP, without divulging the source of the request for same.

If a bidder fails to notify the County prior to the date and time fixed for submission of proposals of an error, or an error that reasonably should have been known, the proposal shall be submitted at the bidders own risk, and if awarded the contract, the bidder shall not be entitled to additional compensation or time by reason of the error or its later correction. The County may also modify the RFP prior to the date and time fixed for submission of proposals, by issuance of a revision to all parties who have received the RFP.

4. Submission of Proposal

a. Number of Copies

Six (6) hard copies of the proposal must be submitted, typed double-spaced. To facilitate the evaluation process, also submit the electronic file of the proposal on CD (scanned for detection of any viruses) in a Word 2010 (or compatible) format.

b. Master Copy

One of the six hard copies of the proposal shall be clearly marked “**MASTER COPY**.” If discrepancies between two or more copies of the proposal are found, the master copy will provide the basis for resolving such discrepancies.

c. Proposal Preparation Cost

Costs for developing proposals are entirely the responsibility of the bidders and shall not be chargeable to the County of Sacramento.

d. Signature of Proposal

A transmittal letter, which shall be considered an integral part of the proposal, shall be signed by an individual who is authorized to bind the bidder contractually. If the bidder is a corporation, the legal name of the corporation shall be provided together with the signature of the officers authorized to sign on behalf of the corporation. If the bidder is a partnership, the true name of the firm shall be provided with the signature of the partner or partners authorized to sign. If the bidder is an individual, that individual shall sign. If signature is by an agent, other than an officer of a corporation or a member of a partnership, a power of attorney or an equivalent document must be submitted to the County prior to the submission of the proposal or with the proposal. Signatures on original documents must be in blue ink.

e. Delivery of Proposal

Address the proposal to:

**BEN LAMERA, ASSISTANT AUDITOR-CONTROLLER
DEPARTMENT OF FINANCE
COUNTY OF SACRAMENTO
700 H STREET, ROOM 3650
SACRAMENTO, CALIFORNIA 95814**

The proposal must be placed in a sealed envelope and plainly marked "COUNTY OF SACRAMENTO, REQUEST FOR PROPOSAL TO CONDUCT AN EXAMINATION OF ANNUAL FINANCIAL STATEMENTS." The proposal must be received in the Department of Finance by **3:00 p.m. on March 14, 2014**

f. Proposal Obligation

The contents of the proposal and any clarification thereto submitted by the successful bidder shall become part of the contractual obligation and incorporated by reference into the ensuing contract.

g. Implied Requirements

Products and services not specifically mentioned in this RFP, but which are necessary to provide the functional capabilities described by the bidder, shall be included in the bid.

5. Withdrawal of Proposal

The Bidder may withdraw a proposal by submitting a written request for its withdrawal to

Ben Lamera, Assistant Auditor-Controller, and signed by the bidder or an authorized agent at any time prior to the proposed submission deadline. The bidder may thereafter submit a new proposal prior to the deadline.

6. Status of Proposal

a. Disposition of Proposal

All proposals become the property of the County and will not be returned to the bidder.

b. Disclosure of Proposal Content and Trade Secrets

All proposals received by the County shall be considered “Public Record” as defined by California Government Code Section 6252. This definition reads as follows:

“...“Public records” includes any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. “Public records” in the custody of, or maintained by, the governor’s office means any writing prepared on or after January 6, 1975.”

Each proposal submitted is public record and is therefore subject to inspection by the public per California Government Code Section 6253. This section states that “every citizen has a right to inspect any public record.”

COUNTY will not exclude any proposal or portion of a proposal from treatment as a public record except in the instance that it is submitted as a “Trade Secret” as defined by the California Government Code. Information submitted as proprietary, confidential or under any other such term that might suggest restricted public access will not be excluded from treatment as public record.

“Trade Secrets” as defined by California Government Code Section 6254.7 are deemed not to be public record. This section defines Trade Secrets as:

“...“Trade Secrets,” as used in this section, may include, but are not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within a commercial concern who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it.”

Information identified by the bidder as “Trade Secret” will be reviewed by the County’s legal counsel to determine conformance or non-conformance to this definition. Examples of material not considered to be Trade Secrets are pricing, cover letter, promotional materials, etc. Such material should be submitted in a separate binder not marked “Trade Secret”.

INFORMATION WHICH IS PROPERLY IDENTIFIED AS TRADE SECRET AND CONFORMS TO THE ABOVE DEFINITION WILL NOT BECOME PUBLIC RECORD. THE COUNTY WILL SAFEGUARD THIS INFORMATION IN AN APPROPRIATE MANNER.

Information identified by the bidder as Trade Secret and determined not to be in conformance with the California Government Code definition shall be separated from the proposal. Such information will be returned to the bidder at the bidder's expense upon written request.

Trade Secrets must be submitted in a separate binder plainly marked "Trade Secrets."

The County shall not in any way be liable or responsible for the disclosure of any proposals or portions thereof, if they are not (1) submitted in a separate binder which is plainly marked "Trade Secret" on the outside; or (2) if disclosure is required under the provision of law or by Order of Court.

Bidders are advised that the County does not wish to receive Trade Secrets and that bidders are not to supply Trade Secrets except when they are absolutely necessary.

In the event any information is considered confidential pursuant to the foregoing, and any person makes a request for disclosure of such information, the County shall notify the bidder submitting such information that such a request has been made. Unless the bidder immediately agrees to assume the defense of such request and pay all costs associated therewith (including any attorney's fees which might be awarded to the prevailing party) the County shall have no further obligation to the bidder to retain the information as confidential. Further, the bidder shall expressly agree to indemnify the County against any costs resulting from nondisclosure of the information by executing a written indemnification agreement to be provided to the bidder by the County upon the bidder's request. Further, the County has sole discretion to make any final determination as to whether or not it will assert a claim of confidentiality on behalf of the proposer if the disclosure of such information is requested by a third party.

7. Contractual Development

If it accepts a proposal, the County intends to enter into a contractual agreement with the bidder to provide audit services. Contract discussion and negotiation may follow selection of the apparent successful bidder. The content of the RFP and successful bidder's proposal will become an integral part of the contract, but may be modified by the provision of the contract.

8. Term of Agreement

Although the term of the proposed agreement is for only three years, the County may retain the independent auditor for an additional two fiscal years if their work is satisfactory and there are no major revisions to the scope of the work. The fee for additional years would be based on the contract fee for the current year adjusted for inflation.

9. Termination

- a. County may terminate an awarded Contract without cause upon thirty (30) days written notice to the other party. Notice shall be deemed served on the date of mailing. If notice of termination for cause is given by County to Contractor and it is later determined that Contractor was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to this paragraph (a).
- b. County may terminate an awarded Contract for cause immediately upon giving written notice to Contractor should Contractor materially fail to perform any of the covenants contained in an awarded Agreement in the time and/or manner specified. In the event of such termination, the County may proceed with the work in any manner deemed proper by the County. If notice of termination for cause is given by County to Contractor and it is later determined that the Contractor was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to paragraph (a) above.
- c. County may terminate or amend an awarded Contract immediately upon giving written notice to Contractor, if advised that funds are not available from external sources for an awarded Contract or for any portion hereof, or if funds in the County's yearly proposed and final budget are not appropriated by the County for an awarded Contract or any portion hereof.
- d. If an awarded Contract is terminated under paragraph (a) or (c) above, Contractor shall not be reimbursed or compensated in any way.
- e. Contractor shall not incur any expenses under an awarded Contract after notice of termination and shall cancel any outstanding expenses obligations to a third party that Contractor can legally cancel.
- f. Upon such termination, Contractor agrees to turn over to County everything in its possession or control pertaining to the services performed by Contractor within seven days of receipt of Notice of Termination by the non-terminating party.
- g. County reserves the right to discontinue services when those services are no longer needed or whenever they are not satisfactory to County. Upon such termination, the Contractor agrees to turn over to the County everything in its possession or control pertaining to the services performed by the Contractor immediately upon receipt of Notice of Termination.
- h. If the contractor terminates their relationship with a subcontractor, then County is not obligated to procure a subcontractor replacement. There is no implied obligation on the County's part.

10. Performance Standards

Contractor's employees shall perform its services under an awarded contract in accordance with the professional standards applicable to auditor services.

11. Independent Contractor

- a. It is understood and agreed that Contractor (including the Contractor's employees) is an independent Contractor and that no relationship of employer-employee exists between the parties hereto. Contractor's assigned personnel shall not be entitled to any benefits payable to employees of County. County is not required to make any deductions or withholdings from the compensation payable to Contractor under the provisions of this agreement; and as an independent Contractor, the Contractor hereby indemnifies and holds County harmless from any and all claims that may be made against the County based upon any contention by any third party that an employer-employee relationship exists by reason of this agreement.
- b. It is further understood and agreed by the parties hereto that Contractor in the performance of its obligation hereunder is subject to the control or direction of County as to the designation of tasks to be performed, the results to be accomplished by the services hereunder agreed to be rendered and performed, and not the means, methods, or sequence used by Contractor for accomplishing the results.
- c. If, in the performance of this agreement, any third persons are employed by Contractor, such person shall be entirely and exclusively under the direction, supervision, and control of Contractor. All terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Contractor, and the County shall have no right or authority over such persons or the terms of such employment.
- d. It is further understood and agreed that as an independent contractor and not an employee of County, neither the Contractor nor Contractor's assigned personnel shall have any entitlement as a County employee, right to act on behalf of County in any capacity whatsoever, as agent, nor to bind County to any obligation whatsoever. Contractor shall not be covered by worker's compensation; nor shall Contractor be entitled to compensated sick leave, vacation leave, retirement entitlement, participation in group health, dental, life and other insurance programs, or entitled to other fringe benefits payable by County to employees of the County.
- e. The Contractor must issue W-2 (Wage and Tax Statement) and 941 (Employer's Quarterly Federal Tax Return) Forms for income and employment tax purposes for all of the Contractor's employees under the terms and conditions of any resulting contract.
- f. The Contractor must certify that it has fully complied with all applicable state and federal reporting requirements relating to employment reporting for its employees, and that it has fully complied with all lawfully served wage and earnings assignment orders and notices of assignment and will continue to maintain compliance.

12. Benefits Waiver

If Contractor is unincorporated, Contractor acknowledges and agrees that Contractor is not entitled to receive the following benefits and/or compensation from County: medical, dental, vision and retirement benefits, life and disability insurance, sick leave, bereavement leave, jury duty leave,

parental leave, or any other similar benefits or compensation otherwise provided to permanent civil service employees pursuant to the County Charter, the County Code, the Civil Service Rule, the Sacramento County Employees' Retirement System and/or any and all memoranda of understanding between County and its employee organizations. Should Contractor or any employee or agent of Contractor seek to obtain such benefits from County, Contractor agrees to indemnify and hold harmless County from any and all claims that may be made against County for such benefits.

13. Disputes

In the event of any dispute arising out of or relating to an awarded an awarded contract, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between themselves. If the dispute cannot be resolved by mutual agreement, nothing herein shall preclude either party's right to pursue remedy or relief by civil litigation, pursuant to the laws of the State of California.

14. Successors And Waivers

The contract between County and Contractor shall bind the successors of Sacramento County and the Contractor in the same manner as if they were expressly named. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach, or condition precedent or any other right hereunder.

B. EVALUATION AND SELECTION PROCESS

1. Evaluation Process

The proposals will be evaluated in detail. Additional information may be sought from bidders. Bidders may be asked to present and explain their proposals at management and technical levels. The proposal which then appears functionally most favorable will be compared to other proposals for cost purposes. This analysis will examine differences in costs and benefits. Cost-differences must be justified by the value of greater benefits.

Upon selection of a bidder, contract negotiations will be started as soon as possible. If a contract for any reason cannot be negotiated, another bidder may be selected.

a. Evaluation Criteria

An objective evaluation procedure will be utilized to assist in the comparative analysis of alternatives and the selection process. The procedure will enable evaluators to assign points to each of the criteria used for evaluation in accordance with its relevant importance. Section VIII details the evaluation criteria.

b. Evaluation committee

The evaluation will be performed by a committee composed of representatives of the Director of Finance, the Chief Deputy County Executive for Municipal Services, the Chief Deputy County Executive for Internal Services and a representative from outside the County. The

committee may require representatives of the bidder to provide written clarifications of their proposals. It is anticipated that vendor interviews, if necessary, with the evaluation committee members will be held **March 24 through March 26, 2014**. The assessment of points shall be based upon the professional judgment of the evaluation committee from their reviews of the documentation provided in the proposals and any clarification thereto.

2. Right of Rejection

The County reserves the right to reject any or all proposals.

Section II - Scope of Examination

For each of the following items, please separately identify the hours and fees (actual costs, not to exceed), on **Attachment 1, Schedule of Estimated Hours and Maximum Fees** for fiscal years ending June 30, 2014, 2015, and 2016.

Each audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth by the United States Government Accountability Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1996, and the provisions of OMB Circular-A133.

The County requires a management letter for certain audits. The auditor shall prepare a management letter each year for each audit, if the County deems it appropriate.

If it should be necessary for the County to request the auditor to render any additional services to either supplement the services requested in this RFP 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 contractual agreement or in an amendment to the agreement between the County and the contractor. Any such additional work agreed to between the County and the contractor shall be performed at the same rates set forth in **Attachment 1, Schedule of Estimated Hours and Maximum Fees** for fiscal years ending June 30, 2014, 2015, and 2016.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the Director of Finance. No extended services will be performed unless they are authorized in a contractual agreement or in an amendment to the agreement.

A. The auditor is to perform audits on the components described below of Sacramento County:

1. The basic financial statements included in the Comprehensive Annual Financial Report (CAFR), as defined by the Governmental Accounting Standards Board (GASB). The auditor shall also express an opinion on the basic financial statements included in the CAFR. Expression of a separate opinion on the combining of individual funds is not required. The Introductory and Statistical Sections of the CAFR are unaudited.

The funds included in the examination are all County funds required to be included within the reporting entity. These funds are governed by the County Board of Supervisors and include:

- a. County General Fund (Major Fund)
- b. Special Revenue Funds
- c. Debt Service Funds
- d. Capital Projects Funds
- e. Proprietary Funds
- f. Internal Services Funds
- g. Trust and Agency Funds

The County retains the right to make minor additions and/or deletions to the funds listed.

The County has been responsible for preparing the CAFR including all financial statements and footnotes in prior years. The County has one major governmental fund, General Fund, and three major business type (enterprise) funds-airport, solid waste and water agency. In the past, the three enterprise funds had separate CAFR's prepared; those funds will **NO LONGER** produce separate CAFR's but will need to be audited as major funds.

2. The auditors will, in conjunction with the County's CAFR, perform an audit and issue a report of the County's federal financial assistance programs in accordance with the Single Audit Act of 1996 and OMB Circular A-133. For the fiscal year ended June 30, 2012, the County's Single Audit received a qualified opinion. The June 30, 2013 audit is currently in progress.

The California State Controller is the County's cognizant agency and will carry out the oversight responsibilities. All audit activities, including planning, testing, and reporting should be coordinated with the County and the State Controller's Office.

3. A separate CAFR is NOT required for the Airport Enterprise Fund. However, this fund will need to be audited as a major enterprise fund.

In addition, a separate report which expresses an opinion on the adequacy of procedures used to receive, hold and use Passenger Facility Charge (PFC) revenue is needed. Further, the auditor must express an opinion on whether the quarterly report required by the Aviation Safety and Capacity Expansion Act fairly represents the new transactions with the PFC account.

Also, the Airport System requires a separate report on compliance with bond covenants for their Series 2008-Airport System Senior Revenue Bonds, Series 2008-Airport System Subordinate and PFC Revenue Refunding Bonds, Series 2009-Airport System Senior Revenue Bonds, Series 2009-Airport System Subordinate and PFC/Grant Revenue Bonds, and Series 2010-Airport System Senior Revenue Bonds.

The Airport System operates as an Enterprise Fund. The Airport System was created by Sacramento Code in 1963 and is responsible for planning, developing, operating, and maintaining the Sacramento International Airport, Executive Airport, Mather Airport, and Franklin Field. The Sheriff's Department provides security and parking control to the International Airport and is totally reimbursed from the Airport Enterprise Fund.

The accounting records are maintained by the Airport System within the Sacramento County accounting system. The Airport Enterprise Fund is managed by Mr. John Wheat, Director, Sacramento County Airport System.

4. A separate CAFR is NOT required for the Solid Waste Enterprise Fund. However, this fund will need to be audited as a major enterprise fund.

The Solid Waste Enterprise Fund is operated by the Waste Management and Recycling Department within Municipal Services. The Department is responsible for the operations, maintenance, and development of the County's Waste Management System.

The Department is managed by Mr. Paul Philleo, Director, Department of Waste Management and Recycling.

5. A separate CAFR is NOT required for the Water Agency Enterprise Fund. However, this fund will need to be audited as a major enterprise fund.

Additional procedures need to be performed for the Proposition 10 grant funding related to the assertions and disclosures specific to the receipt and expenditure of First 5 Commission (Commission) funds used for the Water Fluoridation Project. On January 1, 2008, the Commission entered into a contract with the Sacramento County Department of Water Resources (DWR) to provide grant funding from Proposition 10 in order to pay the capital and associated costs for the design, purchase and installation of fluoridation systems to bring the documented benefits of optimally fluoridated water supplies to the thousands of children ages zero to five and their families in the area defined as Zone 41. Provisions of the contract require that DWR submit to the Commission an annual financial and compliance audit conducted by an independent auditor. (No separate report on these procedures is required.)

Zone 40 of the Sacramento County Water Agency (Zone 40) was created in May 1985 by the Water Agency Board. Zone 41 of the Sacramento County Water Agency (Zone 41) was created in June 2000 and is the successor of the Sacramento County Water Maintenance District. Zone 40 provides for construction of major water supply treatment, transmission, and distribution facilities in portions of unincorporated Sacramento County and portions of the cities of Elk Grove and Rancho Cordova. Zone 41 is the retail service provider delivering safe and continuous potable water to discrete service areas in portions of unincorporated Sacramento County and portions of the cities of Elk Grove and Rancho Cordova. In July of 2000, Zone 40 and Zone 41 were combined into a single entity, the Sacramento County Water Agency Enterprise Fund. This entity is considered a blended component unit in the County's CAFR.

The five members of the Board of Supervisors act ex-officio as the Board of Directors, which oversees the operation of the Water Agency. The Agency is operated by the County Department of Water Resources as a self-sufficient enterprise, and is managed by Mr. Michael Peterson, Director, Department of Water Resources. In addition, the Agency contracts with Sacramento County for its employees. The accounting records are maintained by DWR within the Sacramento County accounting system.

6. A separate opinion will be required for the Sacramento County Public Financing Authority.

The Sacramento County Public Financing Authority (Authority) was created by a Joint Exercise of Powers Agreement (Agreement) effective as of November 25, 2003, between Sacramento County (County) and the Sacramento Housing and Redevelopment Agency (Agency). The County Board of Supervisors (Board) sits as the Board of Directors of the Authority. The Authority was created for the purpose of obtaining financing for various designated redevelopment and housing projects in the

greater Sacramento area. The Authority meets the criteria set forth in accounting principles generally accepted in the United States of America as a blended component unit of the County because the governing body is the same as the County, and otherwise meets the criteria set forth by generally accepted accounting principles because of the financial benefit/burden relationship of their activities.

The accounting records are maintained by the Department of Finance, Treasury Division, which is managed by Julie Valverde, Director.

7. A separate opinion will also be required for the financial statements of the Sacramento Regional County Sanitation District.

The District is governed by a twelve-member Board of Directors comprised of all five members of the Sacramento County Board of Supervisors and six representatives, one each from the cities of Sacramento, Citrus Heights, Folsom, Elk Grove, Rancho Cordova, and West Sacramento, and one member from the Yolo County Board of Supervisors. In addition, the District contracts with Sacramento County for its employees.

The District was formed in 1974, to provide a consolidated response to scientific and environmental challenges of wastewater conveyance, treatment, and disposal. Beginning in July 1975, annual operation and maintenance costs for waste treatment were regionalized; the underlying County sanitation and sewer districts, the City of Folsom, and the City of Sacramento continue to operate and maintain their own waste collection systems.

Single audits of federal financial assistance were completed for the Sacramento Regional County Sanitation District (District) in fiscal years ended June 30, 2012, and 2013. The District received federal financial assistance of \$693,405 for fiscal year ended June 30, 2013, from the U.S. Department of Energy (passed through from Sacramento Municipal Utilities District (SMUD)). For fiscal year ended June 30, 2012, the District received federal financial assistance of \$945,569 from the U.S. Department of Energy (passed through from SMUD). The District does not expect to receive federal financial assistance in the fiscal year ending June 30, 2014, sufficient to require a single audit, but in subsequent fiscal years the District expects federal funding to increase to levels that will again require single audits.

The accounting records are maintained by the District within the Sacramento County accounting system. The Sacramento Regional County Sanitation District is managed by the Board of Directors through the Chief Deputy County Executive, Rob Leonard, and the Director of the Department of Water Quality, Mr. Prabhakar Somavarapu, who acts ex-officio as district engineer.

8. A separate opinion will be required on the financial statements of the Sacramento Area Flood Control Agency (SAFCA). SAFCA was created effective January 1, 1990, pursuant to California Government Code Section 6500 and the provisions of a Joint Exercise of Powers Agreement. Parties to this agreement are the City of Sacramento, County of Sacramento, Reclamation District No. 1000, American River Flood Control District, County of Sutter, Sacramento County Water Agency, and Sutter County Water Agency.

SAFCA was formed to plan, coordinate, and finance regional flood protection improvements in the Sacramento area. SAFCA is governed by a Board of Directors which is composed of five members from the Sacramento County Board of Supervisors, three members from the Sacramento City Council, two trustees from the American River Flood Control District, two trustees from Reclamation District No. 1000, and one member from the Sutter County Board of Supervisors. In addition, SAFCA contracts with Sacramento County and City of Sacramento for its employees.

On June 20, 1991, the SAFCA Board of Directors passed a resolution forming the SAFCA Flood Control Operations Assessment District No. 1. The Sacramento Area Flood Control Agency Act granted SAFCA the ability to levy and collect assessments, and to pay for administrative, operations, and maintenance costs. This district operates within SAFCA's boundaries and is governed by the same Board of Directors.

On September 21, 1995, the SAFCA Board of Directors passed Resolution 95-112, forming the SAFCA North Area Local Project Capital Assessment District No. 2 and authorizing the issuance of bonds of \$84,345,000.

SAFCA received federal financial assistance of \$65,947 for the fiscal year ended June 30, 2008, and \$4,100,000 for the fiscal year ended June 30, 2009 from the Army Corps of Engineers. If SAFCA receives federal funds in future years, SAFCA may require an audit in accordance with the Single Audit Act of 1996 and OMB Circular A-133.

The accounting records are maintained by the Agency within the Sacramento County accounting system. SAFCA is managed by Mr. Richard Johnson, Executive Director, under direction by SAFCA's Board of Directors.

9. A separate opinion will be required on the financial statements of the County Sanitation District No. 1.

The County Sanitation District No. 1 was formed in 1978 by the consolidation of four sewer maintenance districts and six county sanitation districts which provided sewer services to portions of the Cities of Sacramento and Folsom, as well as urban unincorporated areas of Sacramento. The County Sanitation District No. 1 was formed for the purpose of planning, designing, constructing, and operating collection system services within its service area. The County Sanitation District No. 1 is governed by a Board of Directors which is comprised of the Sacramento County Board of Supervisors and representatives from the cities of Sacramento, Folsom, Citrus Heights, Elk Grove, and Rancho Cordova. In addition, the District contracts with Sacramento County for its employees.

The accounting records are maintained by the District within the Sacramento County accounting system. The County Sanitation District No.1 is operated by the Water Quality Department within Municipal Services and is managed by Mr. Prabhakar Somavarapu, District Engineer.

10. A separate opinion will be required on the financial statements of the Capital Southeast Connector Joint Powers Authority (Connector JPA). The Connector JPA was created in December 2006, when the Cities of Elk Grove, Folsom, Rancho Cordova, El Dorado and Sacramento County collaborated

to form a joint powers authority to proceed with planning, environmental review, engineering design, and development of the Elk Grove-Rancho Cordova-El Dorado Connector Project. The Connector JPA assumed responsibility for the project from the Sacramento Area Council of Governments, which oversaw the project through its early stages.

According to the agreement that formed the Connector JPA, it is administered by a Board of Directors consisting of five directors appointed by each member agency from its governing body (i.e., city council or board of supervisors). Each director serves at the pleasure of the appointing member agency. The Connector JPA is managed by Tom Zlotkowski, Executive Director.

The accounting records of the Connector JPA are maintained by the Department of Finance, Auditor-Controller Division, Municipal Accounting Services unit, which is managed by Julie Valverde, Director

11. A separate Independent Accountant's Report will be required for management's assertion that the County of Sacramento Treasurer complied with the investment requirements presented in Article 6 Sections 27130 through 27137 of the California Government Code, the Sacramento County Annual Investment Policy for the Pooled Investment Fund and the Governing Investment Policy for the Non-Pooled Investment Fund.

The accounting and investment records are maintained by the Department of Finance, Treasury and Investment Divisions, which is managed by Julie Valverde, Director.

12. A separate opinion will be required on the financial statements of the Tobacco Securitization Authority (Authority) of Northern California. The Authority is a public entity legally separate and apart from the County, and is considered a blended component unit of the County. The Authority was created by a Joint Powers Agreement effective July 2001, between the County and the County of San Diego. The bylaws of the Authority require that an independent financial audit be performed.

The accounting records are maintained by the Department of Finance, Treasury Division, which is managed by Julie Valverde, Director.

13. A separate opinion will be required on the financial statements of the Sacramento County Tobacco Securitization Corporation (Corporation). The Corporation was incorporated August 21, 2001. It is a non-profit public benefit organization as defined by United States Internal Revenue Code Section 501(c)(3). The Corporation meets the criteria for inclusion as a blended component unit of the Authority because of the financial benefit/burden relationship of their activities. The Corporation obtained its funding from the County through its rights to receive tobacco settlement revenues via a loan from the Authority. The bylaws of the Corporation require that an independent financial audit be performed.

The accounting records are maintained by the Department of Finance, Treasury Division, which is managed by Julie Valverde, Director.

14. Separate opinions will be required on the financial statements of the District Attorney- Department of Insurance grant funding. The Office of the District Attorney (DA) has been receiving funding

from the California Department of Insurance since the mid 1990's for various insurance fraud activities. The three grants that the DA receives are the Automobile Insurance Fraud Program, the Organized Automobile Fraud Activity Interdiction "Urban Grant" Program, and the Workers' Compensation Insurance Fraud Program. The purpose of these programs is as follows: The Automobile Insurance Fraud Program is to provide for enhanced investigation and prosecution of automobile insurance fraud and economic car theft cases. The Organized Automobile Fraud Activity Interdiction "Urban Grant" Program is to provide for enhanced investigation and prosecution of automobile insurance fraud cases in an urban setting. The Workers' Compensation Insurance Fraud Program is to provide for enhanced investigation and prosecution of workers' compensation insurance fraud cases

The accounting records are maintained by the DA's office within the Sacramento County accounting system. The Department is managed Ms. Jan Scully, the elected District Attorney.

15. A separate opinion will be required on the financial statements of the First 5 Sacramento Commission. On October 5, 1999, the Board of Supervisors established the First 5 Commission (Commission) through the adoption of Ordinance SCC-1154. The Commission is an agency of the County of Sacramento. As such, it is included within the County's financial reporting entity as a blended component unit. State law requires that the Commission have an independent audit of its financial activities.

The accounting records are maintained by the Commission within the Sacramento County accounting system. The Commission is governed by a seven member commission and the Executive Director is Ms. Toni Moore.

16. A separate opinion will be required on the financial statements of the Sacramento Regional Solid Waste Authority (SWA). The SWA was created in 1992 and is authorized to regulate solid waste issues in the City of Sacramento and the unincorporated area of the County. SWA is a Joint Powers Authority funded by franchise fees. Terms of the joint powers agreement require an annual audit pursuant to the requirements of California Government Code Section 6505.

The accounting records are maintained by the Department of Waste Management and Recycling within the Sacramento County accounting system. The SWA is governed by a Board of Directors consisting of elected officials from the City of Sacramento and the unincorporated area of Sacramento County, and is managed by Mr. Paul Philleo, General Manager/ Engineer.

17. A separate opinion will be required on the financial statements of the Sacramento County Sanitation Districts Financing Authority (Authority). The Authority was established on October 1, 1993, by a joint powers agreement between Sacramento Regional County Sanitation District and the County Sanitation District No. 1 (now Sacramento Area Sewer District), as authorized by the California Government Code. Terms of the joint powers agreement requires an annual audit pursuant to the requirements of California Government Code Section 6505.

The accounting records are maintained by the Sacramento Regional County Sanitation District within the Sacramento County accounting system. The Authority is governed by a Board of

Directors consisting of elected officials from the City of Sacramento and the unincorporated area of Sacramento County and is managed by Mr. Prabhakar Somavarapu, District Engineer.

18. A separate opinion will be required for the financial statements of the Sacramento Central Ground Water Authority (SCGA). On August 29, 2006, the Board of Supervisors approved the creation of the Sacramento Central Groundwater Authority, a Joint Powers Authority comprised of the City of Elk Grove, City of Folsom, City of Rancho Cordova, City of Sacramento, and the County of Sacramento. Under the terms of the Joint Powers Agreement, an independent annual audit of the Authority's finances is required.

The accounting records are maintained by the Department of Water Resources within the Sacramento County accounting system. The SCGA is governed by a sixteen member Board of Directors consisting of representatives from nine public agencies, two private water purveyors, one representative of agricultural interests, one representative of agricultural-residential groundwater users, one representative of commercial/industrial self-supplied groundwater users, one representative of conservation landowners and one representative of public agencies that are self-supplied groundwater users. The SCGA is managed by Michael Peterson, Director, Water Resources.

19. It is possible that during the period of the contract, the Sacramento County Grand Jury may request certain operations of the County be reviewed by the auditor, as described in California Penal Code Section 925. Please include in your bid (as described in *Section V – Proposal Requirements*, Section A, Item 16), the hourly rate and fees to be charged should this additional service be requested.
20. The auditors will annually perform a review of the County's Appropriations Limit (GANN Limit) set by Article XIII B of the State Constitution (Proposition 111). This article requires that the annual calculation of the limit be reviewed as part of the annual financial audit. The review will include the following procedures: 1) determine that the limitation is calculated in accordance with guidelines provided by the California County Accounting Standards and Procedures Committee; and, 2) determine that the current appropriation limit adopted by the County Board of Supervisors is calculated in accordance with these guidelines and the appropriation limits required by Article XIII B of the California Constitution.
21. The County currently requires a separate auditor report on compliance with bond covenants for Metro Air Park Community Facilities District, Laguna Stonelake Community Facilities District, Park Meadows Community Facilities District, and North Vineyard Station Community Facilities District.
22. The County also anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the financial statements and the auditor's report thereon. The auditor shall be required, if requested by the County and our fiscal advisor and/or underwriter, to perform a "consent review" and/or issue any necessary "comfort letters."

Section III - Report Requirements

A. CAFR and Single Audit

1. Independent Auditors' Report on the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information which collectively comprise the County's basic financial statements. **NOTE: An additional separate opinion on the basic financial statements, notes, and required supplementary information (RSI), will be required for incorporation into any offering statements.**

Ben Lamera, Assistant Auditor-Controller, will be the County's coordinator for the audit of the CAFR and will handle all contacts required by the auditors with County departments.

A draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 31**.

2. For purposes of this RFP, assume that the County has **12 major programs** that will need to be audited. As part of the Single Audit requirements of the Single Audit Act of 1996, the following will be required:
 - a. The Single Audit reports shall state the audit was made in accordance with provisions of the Single Audit Act of 1996.
 - b. Single audit reporting shall include:
 - Schedule of Expenditures of Federal Awards with accompanying notes
 - Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards Board.
 - Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program, Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133
 - Schedule of Findings and Questioned Costs
 - c. The auditors shall prepare a schedule of findings and questioned costs. This schedule should meet the requirements of the Single Audit Act and summarize all instances of non-compliance with laws and regulations noted during the auditors' examination. It should also identify the total amounts of costs questioned, if any, by federal financial assistance program, for each instance of non-compliance. It should be noted that the County's Single Audit for the fiscal year ended June 30, 2012 received a qualified opinion.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **March 31**.

4. The County's federal programs are administered by various departments and each department maintains detailed accounting records of the individual grants and programs supporting the centralized records maintained by the Department of Finance, Auditor-Controller Division. Staff within the Auditor-Controller Division coordinate the collection of financial data related to grants from the operating departments, utilizing a questionnaire which is to be provided by the vendor..

Ben Lamera, Assistant Auditor-Controller, is the County's single audit representative and will act as liaison with the cognizant agency and the auditor coordinating the County's Single Audit related activities.

5. The auditors will report to the Director of Finance on the progress of their examination and their findings and conclusions. The auditors will meet on a regular basis with the Department's staff to discuss preliminary audit findings.
6. Prior to issuing their final reports, the auditors will meet with representatives of the Director of Finance and the affected departments concerning specific findings and recommendations.
7. Specific format and single audit requirements should be coordinated with the County's cognizant agency.

B. Airport Enterprise Fund

1. The auditors shall provide:
 - a. Independent Auditor's Reports and Schedules of Expenditures of Passenger Facility Charges.
 - b. Independent Auditor's Report on Schedules of Net Revenues, Debt Service, and Rate Covenant Calculations for Airport System Revenue Bonds.
2. The Sacramento County Airport System will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for inclusion in the County's CAFR.
3. The Independent Auditor's Report on Schedules of Net Revenues, Debt Service and Rate Covenant Calculations for Airport System Revenue Bonds is to be delivered on or before **December 15**. The Independent Auditor's Reports and Schedule of Expenditures of Passenger Facility Charges is to be delivered on or before **December 15**.
4. Although the Airport Enterprise Fund receives federal financial assistance, it is the intention of the County to have all federal compliance requirements addressed in the single audit.

C. Solid Waste Enterprise Fund

1. The auditors shall provide:
 - a. The Independent Auditor's Report on Compliance with Bond Covenants.

2. Department of Waste Management and Recycling will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for the Solid Waste Enterprise Fund's inclusion in the County's CAFR.
3. Although the Solid Waste Enterprise Fund may receive federal financial assistance, it is the intention of the County to have all federal compliance requirements addressed in the single audit.

E. Water Agency Enterprise Fund

1. The auditors shall provide:
 - a. The Independent Auditor's Report on Compliance with Bond Covenants.
2. Department of Water Resources staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for the inclusion in the County's CAFR.
3. Although the Water Agency Enterprise may receive federal financial assistance, it is the intention of the County to have all federal compliance requirements addressed in its single audit.

F. Sacramento County Public Financing Authority

1. The auditors shall provide:
 - a. The auditors' report.
 - b. A report on internal controls, compliance and other matters.
2. Department of Finance, Auditor-Controller staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for the inclusion in the County's CAFR.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

G. Sacramento Regional County Sanitation District

1. The auditors shall provide:
 - a. The auditors' report;
 - b. A report on internal controls, compliance and other matters; and,
 - c. The Independent Auditor's Report on Compliance with Bond Covenants.

2. Department of Water Quality staff will prepare financial statements, notes disclosures, and other related documents as required for the Regional Sanitation District's CAFR.
3. In conjunction with Sacramento Regional County Sanitation District's financial audit, perform an audit and issue the reports on federal financial assistance programs in accordance with the Single Audit Act of 1996 and OMB Circular A-133, if assistance amounts meet federal thresholds.
4. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

H. Sacramento Area Flood Control Agency

1. The auditors shall provide:
 - a. The auditors' report;
 - b. A report on internal controls, compliance and other matters; and,
 - c. The Independent Auditor's Report on Compliance with Bond Covenants.
2. Department of Finance, Auditor-Controller, Municipal Accounting Services will prepare the financial statements, note disclosures, any required supplementary information, other related documents as required, and the Schedule of Federal Financial Assistance.
3. If necessary, in conjunction with SAFCA's financial audit, perform an audit and issue the reports on federal financial assistance programs in accordance with the Single Audit Act of 1996 and OMB Circular A-133, if assistance amounts meet federal thresholds.
4. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

I. County Sanitation District No. 1

1. The auditors shall provide:
 - a. The auditors' report;
 - b. A report on internal controls, compliance and other matters; and,
 - c. The Independent Auditor's Report on Compliance with Bond Covenants.
2. Department of Water Quality staff will prepare financial statements, notes disclosures, and other related documents as required for the County Sanitation District No. 1's CAFR.

3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

J. Capital Southeast Connector JPA

1. The auditors shall provide:
 - a. The auditors' report;
 - b. A report on internal controls, compliance and other matters; and,
 - c. The Independent Auditor's Report on Compliance with Bond Covenants.
2. Department of Finance, Auditor-Controller, Municipal Accounting Services will prepare the financial statements, note disclosures, any required supplementary information, other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

K. Treasury Oversight

1. The auditors shall provide:
 - a. The Independent Accountant's Report;
2. Department of Finance, Treasury and Investment Divisions will provide/prepare the necessary accounting and investment documentation.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft of the Independent Accountant's Report. The final report is to be delivered on or before **August 30**.

L. Tobacco Securitization Authority

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. Department of Finance, Auditor-Controller staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for the inclusion in the County's CAFR.

3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **September 5**.

M. Sacramento County Tobacco Securitization Corporation

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. Department of Finance, Auditor-Controller staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **September 5**.

N. District Attorney Department of Insurance Grant Audits

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. District Attorney staff will prepare a financial package that will include financial schedules and other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial schedules. The final report is to be delivered on or before **November 1**.

O. First 5 Commission

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. First 5 Commission staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required for the inclusion in the County's CAFR.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **September 30**.

P. Solid Waste Authority

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. Department of Waste Management and Recycling staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **March 31**.

Q. Sanitation District Financing Authority

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. Department of Water Quality staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

Sacramento Central Groundwater Authority

1. The auditors shall provide:
 - a. The auditors' report; and,
 - b. A report on internal controls, compliance and other matters.
2. Department of Water Resources staff will prepare a financial package that will include financial statements, notes disclosures, and other related documents as required.
3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **February 28**.

R. Sacramento County Appropriations Limit

1. The auditors' report on their review of the County's Appropriations Limit set by Article XIII B of the State Constitution (Proposition 111).
 2. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft. The final report is to be delivered on or before **December 20**.
- S. Metro Air Park Community Facilities District, Laguna Stonelake Community Facilities District No. 1, Park Meadows Community Facilities District, and North Vineyard Station Community Facilities District
1. The auditors shall provide:
 - a. The Independent Auditor's Report On Compliance with Bond Covenants.
 2. Department of Finance, Auditor-Controller, Municipal Accounting Services will provide the necessary documents as required to complete these reviews.
 3. A discussion draft shall be issued fifteen (15) days prior to the final report issue date. The auditors' staff shall be available to resolve areas of concern relative to the discussion draft and/or financial statements. The final report is to be delivered on or before **December 20**.

Section IV - County Support and Assistance

A. General

Preliminary to, and throughout the engagement, the County proposes to make available support personnel to provide assistance for tasks such as identifying locations of required records and supporting information, obtaining listings, and such other tasks that will serve to expedite the conduct of the engagement as deemed reasonable and necessary by the County.

B. CAFR and Single Audit

In the past years, the County environment included a team of accountants preparing the CAFR from information downloaded from the County accounting system into a financial reporting application. This team includes professional managers and accountants within the Department of Finance and assistance from other professional accountants that reside in County departments.

This financial reporting system provides adjusted trial balances, lead schedules, integrated adjusting journal entries, and financial statements. Footnotes related to the financial statements will be prepared by staff of the Department of Finance, Auditor-Controller Division.

The Internal Audits Unit of the Department of Finance, Auditor-Controller Division, will make any applicable audit information available to assist in the planning and performance of the audit. **Five hundred hours** of internal audit time will be made available to assist in the performance of the audit. The proposal should include how the hours of internal audit time will be utilized, and dollar credit against the total fee based on this service provided. The Internal Audits Unit has performed this service annually for our outside auditors.

N. Technology Assistance

Ben Lamera, Assistant Auditor-Controller, will coordinate with the auditor and the Department of Technology for system documentation and explanations. The auditor will be provided computer time and the use of the County of Sacramento's computer software. The auditor will be given access only to the software programs currently in use by Sacramento County which are necessary to conduct and complete fieldwork only during the period of the engagement.

O. Office Space

Reasonable office space, desks, tables, and chairs will be provided as deemed necessary by the County.

Section V - Proposal Requirements

A. The proposal submitted by the bidder shall specifically address the following items:

1. Address and telephone number of the firm's office in or nearest to Sacramento, California. If other offices will be servicing or partially servicing this engagement, also provide the address(es) and telephone number(s) of the other office(s).
2. Name of firm's representative designated as the contact person.
3. Name of engagement partner and manager, if different from representatives designated as the contact persons.
4. A statement of your firm's background and experience in providing auditing and management consulting services to large governmental organizations.
5. A declaration of your firm's ability and willingness to commit and maintain staffing, both number and level, to successfully conclude an engagement, and a list of other audit clients scheduled to work that might impact staffing on our engagement.
6. Names of key individuals to be assigned to the engagement in the respective specialties considered necessary to undertake and complete the examination. A statement of the qualifications of the key individuals so identified, including their expertise in the auditing of large governmental units, auditing in general, and any specialized expertise such individuals might have which is applicable to this engagement.
7. A statement of the ability to staff the engagement locally, i.e., the availability of staff in a local office with requisite qualifications and experience in the respective areas of specialization required to successfully complete the engagement.
8. A statement of the education and training program provided to, or required of, the staff identified for participation in the engagement, particularly with reference to governmental accounting and auditing, governmental practices and procedures, and governmental affairs.
9. A statement of arrangement that your firm has with regard to liaison with or access to offices of the State and Federal governments for the purpose of obtaining prompt response to inquiries arising from technical or procedural questions developed in the course of the examination. This statement should include your approach to the audits required by the Single Audit Act of 1996, and extent of coordination with the County's cognizant agency.
10. A summary of current insurance coverage showing compliance with the County's insurance requirements for consultants as stated in Attachment 2 of this document.
11. A completed Contractor Certificate of Compliance Form, included as Attachment 3 of this document.

12. A completed Affidavit of Non-Collusion, included as Attachment 4 of this document.
13. A security statement to limit use of information and data obtained from the County, that conforms to the Security Statement included as Attachment 5 of this document.
14. Annually, the County submits its CAFR to the Governmental Finance Officer's Association (GFOA) for a Certification of Achievement for Excellence in Financial Reporting, which we have received for twenty four (24) consecutive years. The proposal should contain a statement of the proposer's local experience in auditing a GFOA award-winning CAFR and any assistance available to the County in this endeavor.
15. A proposed timetable for conducting the CAFR and Single Audit. The timetable should contain anticipated dates that the work will be completed and should be classified by at least the following: Planning, Internal Control/Systems Evaluation, Compliance Testing, Substantive Testing (broken into major audit areas), Reporting and Wrap-up, and Single Audit. The timetable should contain estimated hours by major staff classification and should agree to the fee schedule for the financial audit (Part One), and single audit (Part Two) included in item 16.
16. For 2014-15 and 2015-16, the fee shall be based on the 2013-14 rates plus an inflation escalator as determined by the U.S. City Average Consumer Price Index as published by the Bureau of Labor Statistics - San Francisco, CA for the month of June of the year under audit rounded to the nearest 100's. Please submit **Attachment 1, *Schedule of Estimated Hours and Maximum Fees*** for fiscal years ending June 30, 2014, 2015, and 2016 that segregates your fee estimate into the following parts:

PART ONE: In connection with the opinion required for the CAFR, please provide the total estimated hours and maximum fee (a "not to exceed" amount) to complete the examination of the financial statements as included in the CAFR. This includes time to prepare and submit a final report on the examination and a management letter. When estimating the hours and fees, take into consideration the 500 hours of assistance from the Internal Audits Unit. In addition, the estimated fees necessary to provide an additional separate opinion on the basic financial statements, notes, and required supplementary information (RSI) necessary for incorporation into any offering statements. A statement describing expenses that might be incurred in addition to the hourly charge rates related the CAFR and management should be included.

PART TWO: The total estimated hours and maximum fee (a "not to exceed" amount) to complete the examination and to prepare and submit a final report for the compliance audit required by the Single Audit Act of 1996, and OMB A-133. A statement describing expenses that might be incurred in addition to the hourly charge rates related to the Single Audit should be included.

PART THREE: In connection with the separate opinions required of the Treasury Oversight, Tobacco Securitization Authority, Sacramento County Tobacco Securitization Corporation, District Attorney Department of Insurance Grant Audits, Department of Water Resources Proposition 10 grant funding, Sacramento Central Groundwater Authority, First 5 Commission, Sacramento County Public Financing Authority, Solid Waste Authority, Sacramento Regional

County Sanitation District, County Sanitation District No. 1, Sanitation District Financing Authority, Sacramento Area Flood Control Agency, and Capital South East Connector JPA, please provide the following information for each entity:

The total estimated hours and maximum fee (a “not to exceed” amount) for each fund to render a separate opinion and to prepare and submit a final report, a management letter and bond covenant letter (if necessary). A statement describing expenses that might be incurred in addition to the hourly charge rates related to each entity should be included.

PART FOUR: Total estimated hours and maximum fee (a “not to exceed” amount) to review the County’s Appropriation Limit set by Article XIII B of the State Constitution (Proposition 111).

PART FIVE: The Sacramento County Grand Jury may request certain operations of the County to be reviewed by the auditor, as described in Section 925 of the Penal Code. Identify the rate per hour for each classification of staff assigned to this function should the Grand Jury request service during the period of the contract.

PART SIX: Total estimated hours and maximum fee (a “not to exceed” amount) to provide the Independent Auditor’s Report on Compliance with Bond Covenants for Metro Air Park Community Facilities District, Laguna Stonelake Community Facilities District No. 1, Park Meadows Community Facilities District, and North Vineyard Station Community Facilities District.

PART SEVEN: The County anticipates over the course of the contract it will issue one or more official statements in connection with the sale of debt securities. The auditors may be requested to provide a comfort letter, consent review, or other work related to the issuance of revenue bonds or other financing instruments. Please include in this part of your proposal the maximum fee (a “not to exceed” amount) and rate per hour for each classification of staff involved in work of this nature.

PART EIGHT: Once every three years, the County is required to have an external peer review of the Department of Finance, Auditor-Controller Internal Audits Unit in accordance with generally accepted governmental auditing standards. It is the County’s intent to have its independent auditors perform this review for the three year period ending June 30, 2015. Please indicate your firm’s cost, if any, for providing this service to the County.

17. Describe your firm’s approach in working with clients to implement new GASB’s.
18. Describe how your firm addresses a decentralized organization in your audit process compared to a centralized organization.
19. A statement acknowledging all required reports in connection with the County financial audit and Single Audit must be submitted to the Director of Finance in final form by December 31 and March 31, respectively, following the end of the fiscal year being audited. The County reserves the right to extend either of these dates in response to unforeseen circumstances which could arise during the course of the audit.

20. In addition, the proposal should acknowledge final audit balances and footnotes for all required reports in connection with other additional audits will be submitted to the Department of Finance, Auditor-Controller Division, and appropriate operating departments by December 1, for inclusion in the CAFR. Final reports will be issued in accordance with Section 9 of the contract.
21. A statement that your firm's invoice will identify costs attributable to each audit. In addition, we request that the cost associated with the 'Single Audit' be broken out on the invoice so that we may charge appropriate budget units within the County for their share of the costs associated with this work.
22. A statement acknowledging that if your firm is awarded a contract, you will retain the audit work papers and related audit reports for a minimum period of five years, and understand that the County or its representatives, and staff of the State Controller's Office, are authorized to review any and all work papers.
23. An expression of your estimated space and equipment requirements. Please state the maximum number of desks/locations that you would need on-site in the office of the Department of Finance, Auditor-Controller Division and/or other County locations.
24. An expression of your ability to accomplish this engagement during normal office hours. During the period of September through December the County has six (6) scheduled holidays (Labor Day, Columbus Day, Veterans Day, Thanksgiving and the day after Thanksgiving, and Christmas Day). It is the County's intention to be closed during those days. These actual dates will be provided annually to the auditors.
25. In addition to the professional services previously mentioned, the County requests that the bidders provide twenty hours per year of continuing professional education (CPE) to the County's Internal Audits staff and professional accountants, as appropriate.
26. Bidders should submit a brief description of the CPE courses that will be made available.
27. The proposer shall provide three references from locally served governmental audit clients. It is the County's intention to verify these references prior to making final selection of the successful bidder. Please provide the name, address, telephone number, and contact person for each reference.
28. Any other information considered relevant to the proposal.
29. If your firm intends to subcontract for segments of the engagement, your proposal should be specific as to details, including the name of and principal office of any proposed subcontractors.
30. Your proposal should specifically address each of the mandatory elements listed in Section VIII of this proposal and demonstrate your firm's compliance with them.

Section VI - Submission of Proposals

- A. Proposals must be received by Ben Lamera, Assistant Auditor-Controller, 700 H Street, Room 3650, Sacramento, California, 95814, **no later than 3:00 p.m. on March 14, 2014.**
- B. A master copy (so marked) and five (5) copies of your proposal shall be delivered and should include the following:
 - 1. Title page must show the proposal's subject; the firm's name; the name, address, telephone number, fax number, and email address of the contact person(s); and date of proposal.
 - 2. Table of contents.
 - 3. A signed letter of transmittal briefly stating:
 - the proposer's understanding of the work to be performed
 - the commitment to perform the work within the time period
 - a statement why the firm believes itself to be best qualified to perform the engagement
- C. An electronic copy of the proposal on CD shall be delivered along with the hard copies of the proposal listed above in item B.
- D. All proposals shall be firm for a period of 75 days following the required date of submission.

Section VII - Litigation Status

- A. You are requested to furnish any information on the nature and magnitude of any litigation whereby, during the past two years, a court has ruled against your firm in any matter relating to its professional activities. In addition, you are asked to describe the nature, magnitude, and status of any litigation current or pending against your firm in any manner related to your professional activities.
- B. Recognizing the need to maintain confidentiality in this matter, you may provide this information in a separate letter directly to:

**BEN LAMERA
ASSISTANT AUDITOR-CONTROLLER
700 H STREET, ROOM 3650
SACRAMENTO, CA 95814**

- C. If you prefer to do so, this information on litigation may be included as part of your formal proposal.

Section VIII - Evaluation of Proposals

Proposals will be evaluated by the Evaluation Committee using the following criteria to determine the proposal which best meets the needs of the County.

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represents the principal selection criteria which will be considered during the evaluation process.

A. Mandatory Elements:

- 1. The audit firm is independent and licensed to practice in California.
- 2. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- 3. The firm has no conflict of interest with regard to any other work performed by the firm for the County.
- 4. The firm submits a copy of its most recent quality control review report and the firm has a record of quality audit work.
- 5. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

B. Technical Qualifications:

- 1. Expertise and experience
 - a. The firm's past experience and performance on comparable government engagements.
 - b. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - c. Ability of firm to provide continuing education to the Internal Audits Unit and other County professional accountants.

2. Audit Approach

- a. Adequacy of proposed staffing plan for various segments of the engagement including the following:
 - (1) Assignment of work to ensure that the engagement is adequately supervised by the audit firm at all staff levels.
 - (2) Adequate estimate of the number of hours to complete the work.
 - (3) Appropriate timing of the work.
 - (4) Adequate assignment of staff and hours to each major phase of the audit.
 - (5) Description of approach to GASB implementations
 - (6) Audit process in decentralized versus centralized organization

C. Price:

1. Total fee estimate, as outlined in *Section V – Proposal Requirements*, “A”, Item 16.
2. Complete and include with your proposal **Attachment 1, Schedule of Estimated Hours and Maximum Fees** for fiscal years ending June 30, 2014, 2015, and 2016. This is to include the discount given for 500 hours of Internal Audit assistance.

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

Section IX - Progress Reports

It is expected that progress reports on the conduct of the work will be provided to the Director of Finance and to the Assistant Auditor-Controller not less than monthly during the course of the work. Either the Director of Finance, Assistant Auditor-Controller or the firm conducting the work may, with reasonable notice, request a meeting at any time during the course of the engagement.

Section X - Billing of Fees

Compensation for the conduct of the work will be paid monthly upon review and approval of invoices by the Department of Finance. Invoices must be substantiated with detailed itemization related to the specific audit being billed, actual dates of the billing period, total hours expended by classification of staff multiplied by the hourly billing rates as set forth.

- A. Separate and distinct invoices reflecting countywide financial audit activities and federal assistance audit activities related to the “single audit,” must be submitted to the Director of Finance. Invoices related to other required audits must be submitted to the appropriate operating department. All costs associated with the “single audit” must be broken out on the invoice so the Director of Finance can charge appropriate budget units within the County for their share of the costs associated with this work.

- B. Each monthly invoice submitted, when approved as to compliance with Director of Finance requirements, will be paid at a rate of 90%. The remaining 10% retained will be paid upon submittal and approval of a final invoice after all required reports and letters have been accepted by the County.

Section XI - Additional Data

- A. Other records and financial data necessary for the preparation of your proposal will be made available by the Director of Finance upon your request.

B. ANCILLARY REQUIREMENTS:

- 1. **CONFIDENTIALITY AND SECURITY** - Any Contractor engaging in any IT service for the County requiring them to come into contact with confidential County information will be required to hold confidential such confidential data made available to them. The Contractor must assure that all its employees and agents assigned to work at Sacramento County will learn and comply with the security policies and procedures in effect at Sacramento County throughout the term of their assignment to the County. Contractor is required to sign a security statement (Attachment 5). In addition, contractor's personnel may be required to pass a background check prior to performing any services detailed in this RFP.

Contractor shall access or handle restricted or confidential data only as required for performance of the assigned duties. Contractors shall disseminate such data only to personnel specifically authorized in writing by Sacramento County, and in no event shall the Contractor discuss or disseminate any data or information whatsoever, which relates to data accessed or handled as a result of an awarded contract, to any unauthorized person. Nor shall such data or information be used for any purpose except that purpose for which it was intended, as authorized or directed by Sacramento County. Violations by the Contractor and subcontractor may be prosecuted to the full extent allowed by law and the contractor's contract may be terminated.

- 2. **CONFLICT OF INTEREST** – Contractor, officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income which could be financially affected by or otherwise conflict in any manner or degree with the performance of services required under an awarded contract.
- 3. **NON-DISCRIMINATION** - Contractor shall not discriminate in the provision of services because of color, race, creed, national origin, religion, sex, sexual orientation, age, or physical or mental handicap in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2000D), the Americans with Disabilities Act (42 U.S.C. Section 12131 et seq.), and all other applicable laws and regulations requiring no discrimination. Contractor shall include this nondiscrimination provision in all subcontracts related to an awarded contract.

- A. Contractor agrees and assures County that Contractor and any subcontractors shall comply with all applicable federal, state, and local anti-discrimination laws, regulations, and ordinances and to not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment, employee or agent of County, or recipient of services contemplated to be provided

or provided under an awarded contract, because of race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, sex, sexual orientation, age (over 40), medical condition (including HIV and AIDS), or physical or mental disability. Contractor shall ensure that the evaluation and treatment of its employees and applicants for employment, the treatment of County employees and agents, and recipients of services are free from such discrimination and harassment.

- B. Contractor represents that it is in compliance with and agrees that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.), the Fair Employment and Housing Act (Government Code §§ 12900 et seq.), and regulations and guidelines issued pursuant thereto.
 - C. Contractor agrees to compile data, maintain records and submit reports to permit effective enforcement of all applicable anti-discrimination laws and this provision.
- 4. **INDEMNIFICATION** - The Contractor shall indemnify, defend and hold harmless Sacramento County, its officers, agents, and employees, from and against any and all claims, losses, liabilities, or damages, including payment of reasonable attorney's fees, arising out of or resulting from services provided by the Contractor, caused in whole or in part by any act or omission of the Contractor or anyone directly or indirectly hired or employed by the Contractor, regardless of whether caused in part by a party indemnified hereunder.
 - 5. **USE OF FUNDS** - It is understood and agreed that no funds provided by County pursuant to an awarded contract shall be used by Contractor for any political activity or political contribution.
 - 6. **SUBCONTRACTS, ASSIGNMENT**
 - A. Contractor shall obtain prior written approval from County before subcontracting any of the services delivered under an awarded contract. Contractor remains legally responsible for the performance of all contract terms including work performed by third parties under subcontracts. Any subcontracting will be subject to all applicable provisions of an awarded contract. Contractor shall be held responsible by County for the performance of any subcontractor whether approved by County or not. In addition, Contractor must provide a list of all proposed subcontractors in their RFP response. The County has the right to reject any contractor or subcontractor for any reason.
 - B. An awarded contract is not assignable by Contractor in whole or in part, without the prior written consent of County.
 - 7. **OWNERSHIP OF WORK** - The County is free to publish its audited financial statements (including the report of the independent auditor) as it deems appropriate (e.g., posted on the government's web site), without having to obtain prior permission from the Contractor.

SCHEDULE OF ESTIMATED HOURS AND MAXIMUM FEES**For Fiscal Year Ending June 30, 2014**

	HOURS	ACTUAL COSTS, NOT TO EXCEED
1 CAFR		\$
2 Single Audit		
3 Sacramento County Public Financing Authority		
4 Treasury Oversight		
5 Tobacco Securitization Authority		
6 Sacramento County Tobacco Securitization Corporation		
7 Additional Procedures for Department of Water Resources Proposition 10 Grant Funding		
8 District Attorney Department of Insurance Grants (3)		
9 First 5 Commission		
10 Sacramento Regional Solid Waste Authority		
11 Sacramento Central Ground Water Authority		
12 Sacramento Regional County Sanitation District		
13 Single Audit, if required		
14 Sacramento County Sanitation District #1		
15 Sacramento County Sanitation Districts Financing Authority		
16 Sacramento Area Flood Control Agency		
17 Single Audit, if required		
18 Capital South East Connector JPA		
19 Appropriation Limit Review (GANN Limit)		
20 Passenger Facility Charge (PFC) revenue report		
Bond Covenant Compliance Reports for:		
21 Airports		
22 Solid Waste		
23 Water Agency		
24 Metro Air Park CFD		
25 Laguna Stonelake CFD		
26 Park Meadows CFD		
27 North Vineyard Station CFD		
Subtotal		\$
Contract Credit - Use of County Internal Auditors - (CAFR and Single Audit)	500	
TOTAL		\$

SCHEDULE OF ESTIMATED HOURS AND MAXIMUM FEES**For Fiscal Year Ending June 30, 2015**

	HOURS	ACTUAL COSTS, NOT TO EXCEED
1 CAFR		\$
2 Single Audit		
3 Sacramento County Public Financing Authority		
4 Treasury Oversight		
5 Tobacco Securitization Authority		
6 Sacramento County Tobacco Securitization Corporation		
7 Additional Procedures for Department of Water Resources Proposition 10 Grant Funding		
8 District Attorney Department of Insurance Grants (3)		
9 First 5 Commission		
10 Sacramento Regional Solid Waste Authority		
11 Sacramento Central Ground Water Authority		
12 Sacramento Regional County Sanitation District		
13 Single Audit, if required		
14 Sacramento County Sanitation District #1		
15 Sacramento County Sanitation Districts Financing Authority		
16 Sacramento Area Flood Control Agency		
17 Single Audit, if required		
18 Capital South East Connector JPA		
19 Appropriation Limit Review (GANN Limit)		
20 Passenger Facility Charge (PFC) revenue report		
Bond Covenant Compliance Reports for:		
21 Airports		
22 Solid Waste		
23 Water Agency		
24 Metro Air Park CFD		
25 Laguna Stonelake CFD		
26 Park Meadows CFD		
27 North Vineyard Station CFD		
28 Internal Audit Peer Review		
Subtotal		\$
Contract Credit - Use of County Internal Auditors - (CAFR and Single Audit)	500	
TOTAL		\$

SCHEDULE OF ESTIMATED HOURS AND MAXIMUM FEES**For Fiscal Year Ending June 30, 2016**

	HOURS	ACTUAL COSTS, NOT TO EXCEED
1 CAFR		\$
2 Single Audit		
3 Sacramento County Public Financing Authority		
4 Treasury Oversight		
5 Tobacco Securitization Authority		
6 Sacramento County Tobacco Securitization Corporation		
7 Additional Procedures for Department of Water Resources Proposition 10 Grant Funding		
8 District Attorney Department of Insurance Grants (3)		
9 First 5 Commission		
10 Sacramento Regional Solid Waste Authority		
11 Sacramento Central Ground Water Authority		
12 Sacramento Regional County Sanitation District		
13 Single Audit, if required		
14 Sacramento County Sanitation District #1		
15 Sacramento County Sanitation Districts Financing Authority		
16 Sacramento Area Flood Control Agency		
17 Single Audit, if required		
18 Capital South East Connector JPA		
19 Appropriation Limit Review (GANN Limit)		
20 Passenger Facility Charge (PFC) revenue report		
Bond Covenant Compliance Reports for:		
21 Airports		
22 Solid Waste		
23 Water Agency		
24 Metro Air Park CFD		
25 Laguna Stonelake CFD		
26 Park Meadows CFD		
27 North Vineyard Station CFD		
Subtotal		\$
Contract Credit - Use of County Internal Auditors - (CAFR and Single Audit)	500	
TOTAL		\$

COUNTY OF SACRAMENTO INSURANCE REQUIREMENTS FOR CONTRACTORS

Without limiting CONTRACTOR's indemnification, CONTRACTOR shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the CONTRACTOR, its agents, representatives or employees. COUNTY shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the County Risk Manager, the insurance provisions in these requirements do not provide adequate protection for COUNTY and for members of the public, COUNTY may require CONTRACTOR to obtain insurance sufficient in coverage, form and amount to provide adequate protection. COUNTY's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

I. VERIFICATION OF COVERAGE

CONTRACTOR shall furnish the COUNTY with certificates evidencing coverage required below. **Copies of required endorsements must be attached to provided certificates.** The County Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the COUNTY and the general public are adequately protected. All certificates, evidences of self-insurance, and additional insured endorsements are to be received and approved by the COUNTY before performance commences. The COUNTY reserves the right to require that CONTRACTOR provide complete, certified copies of any policy of insurance offered in compliance with these specifications.

II. MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

- A. **GENERAL LIABILITY:** Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, Contractual, and Personal & Advertising Injury, without additional exclusions or limitations, unless approved by the County Risk Manager.
- B. **AUTOMOBILE LIABILITY:** Insurance Services Office's Commercial Automobile Liability coverage form CA 000.
 - 1. Commercial Automobile Liability: auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If there are no owned or leased vehicles, symbols "8" and "9" for non-owned and hired autos shall apply.
 - 2. Personal Lines automobile insurance shall apply if vehicles are individually owned.

- C. **WORKERS' COMPENSATION:** Statutory requirements of the State of California and Employer's Liability Insurance.
- D. **PROFESSIONAL LIABILITY** or Errors and Omissions Liability insurance appropriate to the CONTRACTOR's profession.
- E. **UMBRELLA** or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Commercial Automobile Liability, Employers' Liability, and any other liability coverage (other than Professional Liability) designated under the Minimum Scope of Insurance.

III. MINIMUM LIMITS OF INSURANCE

CONTRACTOR shall maintain limits no less than:

- A. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate:	\$2,000,000
Products Comp/Op Aggregate:	\$2,000,000
Personal & Adv. Injury:	\$1,000,000
Each Occurrence:	\$1,000,000
Fire Damage:	\$ 100,000

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project).

- B. Automobile Liability:
 - 1. Commercial Automobile Liability for Corporate/business owned vehicles including non-owned and hired, \$1,000,000 Combined Single Limit.
 - 2. Personal Lines Automobile Liability for Individually owned vehicles, \$250,000 per person, \$500,000 each accident, \$100,000 property damage.
- C. **WORKERS' COMPENSATION:** Statutory
- D. **EMPLOYER'S LIABILITY:** \$1,000,000 per accident for bodily injury or disease.
- E. **PROFESSIONAL LIABILITY OR ERRORS AND OMISSIONS LIABILITY:** \$1,000,000 per claim and aggregate.

IV. DEDUCTIBLES AND SELF-INSURED RETENTION

Any deductibles or self-insured retention that apply to any insurance required by this Agreement must be declared and approved by the COUNTY.

V. CLAIMS MADE PROFESSIONAL LIABILITY INSURANCE

If professional liability coverage is written on a Claims Made form:

- A. The "Retro Date" must be shown, and must be on or before the date of the Agreement or the beginning of Agreement performance by CONTRACTOR.
- B. Insurance must be maintained and evidence of insurance must be provided for at least one (1) year after completion of the Agreement.
- C. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the Agreement effective date, the CONTRACTOR must purchase "extended reporting" coverage for a minimum of one (1) year after completion of the Agreement.

VI. OTHER INSURANCE PROVISIONS

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

- A. All Policies:
 - 1. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII. The County Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the COUNTY and the general public are adequately protected.
 - 2. **MAINTENANCE OF INSURANCE COVERAGE:** The CONTRACTOR shall maintain all insurance coverages in place at all times and provide the COUNTY with evidence of each policy's renewal ten (10) days in advance of its anniversary date. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage, or reduced in limits, except after thirty (30) days' written notice for cancellation or sixty (60) days' written notice for non-renewal has been given to the COUNTY. For non-payment of premium 10 days' prior written notice of cancellation, certified mail, return receipt requested is required.

VII. COMMERCIAL GENERAL LIABILITY AND/OR COMMERCIAL AUTOMOBILE LIABILITY

- A. **ADDITIONAL INSURED STATUS:** The COUNTY, its officers, directors, officials, employees, and volunteers are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of the CONTRACTOR; products and completed operations of the CONTRACTOR; premises owned, occupied or used by the CONTRACTOR; or automobiles owned, leased, hired or borrowed by the CONTRACTOR. The coverage shall contain no endorsed limitations on the scope of protection afforded to the COUNTY, its officers, directors, officials, employees, or volunteers.
- B. **CIVIL CODE PROVISION:** 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 Subdivision (b) of Section 2782 of the Civil Code.
- C. **PRIMARY INSURANCE:** For any claims related to this Agreement, the CONTRACTOR's insurance coverage shall be endorsed to be primary insurance as respects the COUNTY, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, directors, officials, employees, or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.
- D. **SEVERABILITY OF INTEREST:** The CONTRACTOR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- E. **SUBCONTRACTORS:** CONTRACTOR shall be responsible for the acts and omissions of all its subcontractors and additional insured endorsements as provided by CONTRACTOR's subcontractor.

VIII. WORKERS' COMPENSATION

Workers' Compensation Waiver of Subrogation: The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the COUNTY, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the CONTRACTOR.

IX. PROPERTY

Course of Construction (COC) Waiver of Subrogation: Any Course of Construction (COC) policies maintained by the CONTRACTOR in performance of the Agreement shall contain the following provisions:

- 1. The COUNTY shall be named as loss payee.
- 2. The Insurer shall waive all rights of subrogation against the COUNTY.

Inland Marine Waiver of Subrogation: Any Inland Marine insurance policies maintained by the CONTRACTOR in performance of the Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the COUNTY.

X. NOTIFICATION OF CLAIM

If any claim for damages is filed with CONTRACTOR or if any lawsuit is instituted against CONTRACTOR, that arise out of or are in any way connected with CONTRACTOR's performance under this Agreement and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect COUNTY, CONTRACTOR shall give prompt and timely notice thereof to COUNTY. Notice shall be prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

COUNTY OF SACRAMENTO
CONTRACTOR CERTIFICATE OF COMPLIANCE FORM

WHEREAS it is in the best interest of Sacramento County that those entities with whom the County does business demonstrate financial responsibility, integrity and lawfulness, it is inequitable for those entities with whom the County does business to receive County funds while failing to pay court-ordered child, family and spousal support which shifts the support of their dependents onto the public treasury.

Therefore, in order to assist the Sacramento County Department of Child Support Services in its efforts to collect unpaid court-ordered child, family and spousal support orders, the following certification must be provided by all entities with whom the County does business:

CONTRACTOR hereby certifies that either:

- ☐ (a) the CONTRACTOR is a government or non-profit entity (exempt), or
- ☐ (b) the CONTRACTOR has no Principal Owners (25% or more) (exempt), or
- ☐ (c) each Principal Owner (25% or more), does not have any existing child support orders, or
- ☐ (d) CONTRACTOR'S Principal Owners are currently in substantial compliance with any court-ordered child, family and spousal support order, including orders to provide current residence address, employment information, and whether dependent health insurance coverage is available. If not in compliance, Principal Owner has become current or has arranged a payment schedule with the Department of Child Support Services or the court.

New CONTRACTOR shall certify that each of the following statements is true:

- a. CONTRACTOR has fully complied with all applicable state and federal reporting requirements relating to employment reporting for its employees; and
- b. CONTRACTOR has fully complied with all lawfully served wage and earnings assignment orders and notices of assignment and will continue to maintain compliance.

Note: Failure to comply with state and federal reporting requirements regarding a contractor's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment constitutes a default under the contract; and failures to cure the default within 90 days of notice by the County shall be grounds for termination of the contract. Principal Owners can contact the Sacramento Department of Child Support Services at (916) 875-7400 or (888) 271-3906, by writing to P.O. Box 269112, Sacramento, 95826-9112, or by E-mailing DCSS-BidderCompliance@SacCounty.net.

CONTRACTOR (Printed Name and Signature)

DATE

SUBMIT THIS SHEET AS PART OF YOUR PROPOSAL

COUNTY OF SACRAMENTO
AFFIDAVIT OF NONCOLLUSION:

The Bidder swears and deposes that he or she is the party making the foregoing proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization or corporation; that the proposal is genuine and not collusive for sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, south by agreement, communication or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company, association, organization, proposal depository or to any member or agent thereof to effectuate a collusive or sham proposal.

I HEREBY CERTIFY UNDER PENALTY OF PERJURY THAT THE ABOVE STATEMENTS ARE TRUE.

SIGNATURE

AUTHORIZED REPRESENTATIVE

PRINT OR TYPE NAME

TITLE

SUBMIT THIS SHEET AS PART OF YOUR PROPOSAL

COUNTY OF SACRAMENTO
SECURITY STATEMENT

Ms. Julie Valverde
Director of Finance
Department of Finance
700 H Street, Room 3650
Sacramento, CA 95814

Subject: Use of Confidential County Information

Contractor and all their agents and employees will respect and maintain strict confidentiality in the use of all data, including Protected Health Information, that Contractor's employees may gain access to for the purpose of preparing a response to Request for Proposal ("RFP") _____, the performance of any subsequent contract, and the time after the performance of any contract awarded as a result of this RFP process.

Information obtained from the County will be used only by authorized Contractor employees and for only those purposes for which the County provides the information. Those employees who handle the information will be notified of its strictly confidential nature. Contractor shall not publish, or disclose to any third party, documents, data or any confidential information relative to the work of the County without prior written consent of the County. This security provision shall survive the termination of the RFP process and any contract awarded to Contractor.

Sincerely,

Signature Block for Contractor Representative

Date

SUBMIT THIS SHEET AS PART OF YOUR PROPOSAL