

LGS EXECUTIVE COMMITTEE AGENDA

Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.

REGULAR MEETING

March 30, 2017

1:00 p.m. or immediately following the preceding meeting,
whichever is earlier

**Dublin Civic Center
Regional Meeting Room**
100 Civic Plaza
Dublin, CA 94568

1. CALL TO ORDER / ROLL CALL

2. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Executive Committee (EC) on a non-agenda item, the EC may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the EC's general policy is to refer items to staff for attention, or have a matter placed on a future EC agenda for a more comprehensive action or report.

3. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.

- A. Approval of **November 17, 2016** Minutes *Action*
- B. Acceptance of LGS Position Listings
- C. Approval of Regularly Scheduled Meetings Calendar
- D. Approval of Payments and Deposits made November 2016 through February 2017

4. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through February 2017 *Information*

5. OLD BUSINESS

Recess to Closed Session

- 1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): One potential case.

Reconvene Regular Meeting

- A. Report from Closed Session *Information*

6. NEW BUSINESS

- A. Authorize New Audit Services Firm Contract *Action*

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

- A. Executive Director: May meeting – possible conflict
- B. Members:

7. ADJOURN

The next Regular Meeting will take place on May 18, 2017 at 1:00 p.m. in Larkspur.

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**LOCAL GOVERNMENT SERVICES AUTHORITY
EXECUTIVE COMMITTEE MINUTES
NOVEMBER 17, 2016**

The Local Government Services Authority held a regular meeting of the Executive Committee on November 17, 2016 at the Yountville Community Center Art Room. The meeting was called to order at 10:47 a.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Steve Rogers, Chair
Dan Schwarz, Member
Ken Nordhoff, Member
Julie Carter, Alternate Member

Absent Members: Mike Garvey, Member

Other Attendees: Richard Averett, Executive Director
Jennifer Bower, Director of Administrative Services
Jeff Kise, Finance & Operations Manager
Fran Robustelli, Walnut Creek ACM

2. PUBLIC COMMENT – None

3. APPROVAL OF CONSENT AGENDA

- A. Approval of **September 15, 2016** Minutes
- B. Approval of LGS Position Listings
- C. Approval of Regularly Scheduled Meetings Calendar
- D. Approval of Payments and Deposits made September 2016 through October 2016
 - Action:** Moved and seconded (Nordhoff/Carter) to approve consent agenda.
 - AYES:** Rogers, Nordhoff, Schwarz, Carter
 - NOES:** None
 - ABSTAIN:** None

4. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through September 2016
Executive Director Averett reviewed the preliminary year-to-date financial reports, noting the loss is attributable to the CalPERS audit of LGS and its impact on our largest client. Therefore, cost control measures are being implemented to slow the trajectory, and provide more time to resolve the CalPERS audit and resulting issues.
- B. Approval of Independently Audited FY2016 Audited Financial Statements
 - Action:** Moved and seconded (Carter/Schwarz) to approve Audited FY2016 Financial Statements.
 - AYES:** Rogers, Nordhoff, Schwarz, Carter
 - NOES:** None
 - ABSTAIN:** None

5. OLD BUSINESS

Recess to Closed Session 10:52 a.m.

- 1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): One potential case.

Reconvene Regular Meeting 11:42 a.m.

- A. Report from Closed Session – The Chair reported that no action was taken.

6. NEW BUSINESS

A. Approval of Auditor RFP and Authorization to Issue RFP

Action: Moved and seconded (Carter/Nordhoff) to approve Auditor RFP and Authorization to Issue RFP.

AYES: Rogers, Nordhoff, Schwarz, Carter

NOES: None

ABSTAIN: None

7. EXECUTIVE DIRECTOR, COMMITTEE, MSA AND MEMBER REPORTS

A. Executive Director: briefly discussed likely JPA activity over the next 12 months.

B. Members: requested more discussion/planning regarding long-term JPA activity.

8. ADJOURNMENT – The meeting adjourned at 11:45 p.m. The next regular meeting is scheduled for February 16, 2017 at 1:00 p.m. in Dublin.

LGS Position Listings

Base Department	Job Title	Status	Fulltime
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Program Advisor		1
6040-000 - TAM-General Hours	Administrative Support		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	CEO - Urban		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Advisor		1
6040-000 - TAM-General Hours	Technical Assistant		1
		FTE	9
		Employee Count	9

TO: EXECUTIVE COMMITTEE **EC Meeting: 3-30-2017**
FROM: TIFFANY BURAGLIO, Executive Assistant **Item: 3C**
SUBJECT: EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETINGS

Meeting Schedule

The following are regularly scheduled meetings for the upcoming years, along with special topics to be discussed. Quarterly meetings are conducted in person at a Member Agency site on the third Thursday of the month, starting at 1:00 p.m. unless noted below.

Date	EXEC COMM	BOARD	Special Topics	Location	Notes
2017					
March 30 (Thursday)	RGS LGS	MSA RGS LGS		Dublin	Rescheduled from Feb. 16, 2017
May 18 (Thursday)	RGS LGS	MSA	FY18 Budget & MSA rates; Admin & Financial Policies, Personnel Rules, Regulations & Policies, Exec Dir Compensation Committee	Larkspur	
August 17 (Thursday)	RGS LGS	RGS LGS MSA	Election of Officers (all)	Walnut Creek	
November 16 (Thursday)	RGS LGS	MSA	FY17 Audited Financial Statements; Strategic Planning and Agency 5-Year Goals	Yountville	
2018					
February 15 (Thursday)	RGS LGS	MSA		Dublin	
May 17 (Thursday)	RGS LGS	MSA	FY19 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years), Personnel Rules, Regulations & Policies, Exec Dir Compensation Committee	Larkspur	
August 16 (Thursday)	RGS LGS	RGS LGS MSA	Election of Officers (all)	Walnut Creek	
November 15 (Thursday)	RGS LGS	MSA	FY18 Audited Financial Statements; Strategic Planning and Agency 5-Year Goals	Yountville	
2019					
February 21 (Thursday)	RGS LGS	MSA		Dublin	

TO: EXECUTIVE COMMITTEE **EC Meeting: 03-30-2017**
FROM: Richard Averett, CFO **Item: 3D**
SUBJECT: PAYMENTS AND DEPOSITS – NOVEMBER 2016 THROUGH FEBRUARY 2017

RECOMMENDATION

Review and approve expenditures made by the JPA for the period indicated.

BACKGROUND

The Executive Committee reviews and approves expenditures made by the JPA on a quarterly basis. This approval process is a component of JPA internal controls. Deposit history is also included in the list.

The following procedures are being implemented to maintain effective internal controls.

1. Invoices are received by staff.
2. JPA staff review invoices for accuracy and assignment to correct general ledger accounts.
3. The Executive Director or designee reviews, prints and signs/authorizes checks. All payments, including electronic payments, are reviewed by the Executive Director in a weekly disbursement report submitted by the Finance Department. This report contains all disbursements from the previous week. Information provided includes: date of transaction, amount, vendor or recipient, method of payment, identity of first and second staff approvers, and check or journal number.
4. All payments are brought to the next regular meeting of Executive Committee (or Board of Directors) meeting for review and approval.

FISCAL IMPACT

The net impact of all payments and deposits made this period maintains a minimal bank cash balance consistent with meeting funding obligations, while maximizing interest earnings in the Rabobank money market account, in the Local Agency Investment Fund (LAIF) investment pool and in the CalTrust medium term and short term investment pools. Staff seeks to minimize bank charges at all times.

The fiscal impact of approving the attached list of expenditures is included in the approved budget or in subsequently approved action by the Board/Executive Committee.

Local Government Services
Transaction Detail by Account
November 2016 through February 2017

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>	
110060 - Rabobank Checking								
	General Journal	11/04/2016	1249	10/31/16 net pay		-38,719.41	-38,719.41	
	General Journal	11/07/2016	1250	10/31/16 payroll taxes & fees		-13,547.15	-52,266.56	
	General Journal	11/10/2016	1251	10/31/16 UTC 457 contributions		-4,218.00	-56,484.56	
	General Journal	11/14/2016	1262	10/31/16 PERS R Classic contribution Confirm #1000780941		-8,701.90	-65,186.46	
	General Journal	11/21/2016	1262	11/15/16 net pay		-35,459.78	-100,646.24	
	General Journal	11/22/2016	1261	11/15/16 payroll taxes & fees		-11,369.79	-112,016.03	
	General Journal	11/25/2016	1260	11/15/16 UTC 457 contributions		-4,218.00	-116,234.03	
	General Journal	11/30/2016	1269	11/15/16 PERS R Classic contribution Confirm #1000787097		-8,063.71	-124,297.74	
	Deposit	11/30/2016		Deposit		116,234.03	-8,063.71	
	General Journal	12/06/2016	1273	11/30/16 net pay		-35,973.84	-44,037.55	
	General Journal	12/07/2016	1272	11/30/16 payroll taxes & fees		-11,675.40	-55,712.95	
	General Journal	12/12/2016	1271	11/30/16 UTC 457 contributions		-4,218.00	-59,930.95	
	General Journal	12/14/2016	1274	11/30/16 PERS R Classic contribution Confirm #1000793111		-8,260.82	-68,191.77	
	General Journal	12/21/2016	1284	12/15/16 net pay		-40,959.32	-109,151.09	
	General Journal	12/22/2016	1285	12/15/16 payroll taxes & fees		-15,171.54	-124,322.63	
	General Journal	12/27/2016	1290	12/15/16 UTC 457 contributions		-4,218.00	-128,540.63	
	General Journal	12/28/2016	1291	12/15/16 PERS R Classic contribution Confirm #1000797862		-8,425.60	-136,966.23	
	Deposit	12/31/2016		Deposit		136,966.23	0.00	
	General Journal	01/06/2017	1292	12/31/16 net pay		-35,494.50	-35,494.50	
	General Journal	01/09/2017	1293	12/31/16 payroll taxes & fees		-13,522.52	-49,017.02	
	General Journal	01/11/2017	1304	12/31/16 UTC 457 contributions		-5,155.50	-54,172.52	
	General Journal	01/17/2017	1320	12/31/16 PERS R Classic contribution Confirm #1000806447		-8,261.07	-62,433.59	
	General Journal	01/20/2017	1305	1/15/17 net pay		-34,469.41	-96,903.00	
	General Journal	01/23/2017	1306	1/15/17 payroll taxes & fees		-11,159.92	-108,062.92	
	General Journal	01/25/2017	1315	1/15/17 UTC 457 contributions		-5,155.50	-113,218.42	
	Deposit	01/25/2017		Deposit		113,218.42	0.00	
	General Journal	01/31/2017	1318	1/15/17 PERS R Classic contribution Confirm #1000813034		-7,998.22	-7,998.22	
	General Journal	01/31/2017	1318	1/15/17 PERS R Survivor 59 contribution Confirm #1000813034		-516.00	-8,514.22	
	General Journal	02/06/2017	1316	1/31/17 net pay		-36,915.47	-45,429.69	
	General Journal	02/07/2017	1317	1/31/17 payroll taxes & fees		-12,180.62	-57,610.31	
	General Journal	02/10/2017	1319	1/31/17 UTC 457 contributions		-5,155.50	-62,765.81	
	General Journal	02/15/2017	1321	1/31/17 PERS R Classic contribution Confirm #1000819511		-8,523.92	-71,289.73	
	General Journal	02/22/2017	1344	2/15/17 net pay		-35,563.87	-106,853.60	
	General Journal	02/23/2017	1345	2/15/17 payroll taxes & fees		-11,638.95	-118,492.55	
	General Journal	02/27/2017	1346	2/15/17 UTC 457 contributions		-5,155.50	-123,648.05	
	General Journal	02/28/2017	1347	2/15/17 PERS R Classic contribution Confirm #1000825458		-8,261.08	-131,909.13	
	Deposit	02/28/2017		Deposit		123,648.05	-8,261.08	
						<u>-8,261.08</u>	<u>-8,261.08</u>	
	Total 110060 - Rabobank Checking						<u>-8,261.08</u>	<u>-8,261.08</u>
	TOTAL					<u>-8,261.08</u>	<u>-8,261.08</u>	

TO: EXECUTIVE COMMITTEE
FROM: Jefferson Kise, Finance Manager
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 3-30-2017
Item: 4A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through February 2017, and are attached for review.

ANALYSIS

All reports are draft and unaudited. Accruals for earned but not paid leave time are posted to the financials monthly. When cash is received on an advanced billing, it is posted to the deferred revenue liability account. Upon invoicing for services rendered the deferred revenue is reversed and revenue is recognized. There is no impact on net position of the agency.

Fiscal-year-to-date (FYTD), net income for the JPA was negative \$489,845. Sharply reduced client revenue because of CalPERS actions and related increased legal costs and professional services in response to the on-going CalPERS investigation, are the primary causes of this negative FYTD performance. Through the same period, net equity for the JPA was \$236,391, which is below the target balance of \$500,000. As a result of CalPERS audits of LGS' largest client and then of LGS, the Agency lost its largest single source of revenue in the latter months of fiscal year 2016. RGS is continuing to adjust to the decreased LGS revenue, of which a part was used to pay for RGS administrative services to LGS. RGS is continuing to adding new work in rebuilding revenues, while taking steps to limit administrative expenses.

Finally, in November the Inter-JPA admin fee allocation was changed from an Operating income basis to a gross revenue basis, because allocation by operating income when experiencing operating losses produced allocations inconsistent with the policy intent. This change to a gross revenue basis is producing results consistent with the intent of the policy. Allocation methodology policy will be reviewed with the next annual update of administrative and financial policies.

Local Government Services
Profit & Loss
July 2016 through February 2017

	<u>Jul 16</u>	<u>Aug 16</u>	<u>Sep 16</u>	<u>Oct 16</u>	<u>Nov 16</u>
Ordinary Income/Expense					
Income					
440301 · Client Billings	182,730	194,184	193,130	204,847	159,620
480000 · Miscellaneous	342	3,295	2,310	1,502	1,454
Total Income	<u>183,072</u>	<u>197,479</u>	<u>195,440</u>	<u>206,349</u>	<u>161,074</u>
Gross Profit	183,072	197,479	195,440	206,349	161,074
Expense					
511010 · Salaries - Regular	112,661	115,810	116,703	134,193	103,619
511072 · Salaries non-billable	9,459	-4,322	7,420	-18,106	6,080
512002 · Medicare Employer Expense	1,610	1,656	1,663	1,918	1,477
512004 · Employee Assistance Program	72		36		33
512005 · Health Insurance Expense	12,497	12,497	12,497	12,497	10,822
512006 · Dental Insurance Expense	1,276	1,276	1,276	1,141	1,141
512007 · Vision Insurance Expense	203	203	203	176	176
512008 · Life Insurance Expense	196	196	197	188	179
512009 · Long Term Disability Expense	224	224	225	214	203
512010 · Stars 401A Expense	29	29	29	15	
512012 · Calpers Retirement Expense	22,766	23,711	25,714	24,346	21,667
512014 · Short Term Disability Expense	191	191	191	181	171
512015 · Unemployment Insurance Expense					
512018 · FSA Health & Day Care Expense	57	42	43	43	
512019 · Employee Expense Allowances	400	400			
520107 · APS (ADP) Payroll Fees	203	203	203	203	192
520109 · Communications - Employee Reimb	342		286		
520204 · Printing & Postage	782	2,496			
520302 · Legal Services	23,324	4,867	29,434	18,412	16,506
520320 · Professional Services	5,000	4,500	5,750	7,500	
520503 · Conferences & Meetings			229		
520803 · Travel Reimbursement			466		
520805 · Supplies and Meals			105		
522798 · Miscellaneous Expense					
529997 · Administrative Services - RGS	26,929	25,000	79,034	92,590	55,201
Total Expense	<u>218,221</u>	<u>188,979</u>	<u>281,704</u>	<u>275,511</u>	<u>217,467</u>
Net Ordinary Income	-35,149	8,500	-86,264	-69,162	-56,393
Other Income/Expense					
Other Expense					
529994 · Allowed OPEB / HRA Expense	20,333	20,833	20,833	20,833	20,833
529998 · Allocated Admin. Services	64,826	29,786	123,449	100,642	66,876
529999 · Allocated Unbillable Expenses	-64,826	-29,786	-123,449	-100,642	-66,876
Total Other Expense	<u>20,333</u>	<u>20,833</u>	<u>20,833</u>	<u>20,833</u>	<u>20,833</u>
Net Other Income	<u>-20,333</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-20,833</u>	<u>-20,833</u>
Net Income	<u><u>-55,482</u></u>	<u><u>-12,333</u></u>	<u><u>-107,097</u></u>	<u><u>-89,995</u></u>	<u><u>-77,226</u></u>

Local Government Services
Profit & Loss
July 2016 through February 2017

	<u>Dec 16</u>	<u>Jan 17</u>	<u>Feb 17</u>	<u>TOTAL</u>
Ordinary Income/Expense				
Income				
440301 · Client Billings	149,189	167,671	154,290	1,405,661
480000 · Miscellaneous	1,502	1,502	1,357	13,264
Total Income	<u>150,691</u>	<u>169,173</u>	<u>155,647</u>	<u>1,418,925</u>
Gross Profit	150,691	169,173	155,647	1,418,925
Expense				
511010 · Salaries - Regular	112,791	105,086	101,642	902,505
511072 · Salaries non-billable	-5,641	5,924	6,923	7,737
512002 · Medicare Employer Expense	1,611	1,500	1,450	12,885
512004 · Employee Assistance Program		33	33	207
512005 · Health Insurance Expense	10,822	11,130	11,131	93,893
512006 · Dental Insurance Expense	1,141	1,111	1,111	9,473
512007 · Vision Insurance Expense	176	176	176	1,489
512008 · Life Insurance Expense	180	181	181	1,498
512009 · Long Term Disability Expense	203	204	204	1,701
512010 · Stars 401A Expense				102
512012 · Calpers Retirement Expense	22,148	21,929	21,231	183,512
512014 · Short Term Disability Expense	171	171	171	1,438
512015 · Unemployment Insurance Expense	2,057	526		2,583
512018 · FSA Health & Day Care Expense	45	45	283	558
512019 · Employee Expense Allowances				800
520107 · APS (ADP) Payroll Fees	190	375	439	2,008
520109 · Communications - Employee Reimb				628
520204 · Printing & Postage		1,057		4,335
520302 · Legal Services	603	15,559		108,705
520320 · Professional Services	7,900	4,000	4,000	38,650
520503 · Conferences & Meetings				229
520803 · Travel Reimbursement				466
520805 · Supplies and Meals				105
522798 · Miscellaneous Expense				
529997 · Administrative Services - RGS	51,444	39,852	34,631	404,681
Total Expense	<u>205,841</u>	<u>208,859</u>	<u>183,606</u>	<u>1,780,188</u>
Net Ordinary Income	-55,150	-39,686	-27,959	-361,263
Other Income/Expense				
Other Expense				
529994 · Allowed OPEB / HRA Expense	20,833	2,042	2,042	128,582
529998 · Allocated Admin. Services	62,994	73,089	-521,663	
529999 · Allocated Unbillable Expenses	-62,994	-73,089	521,663	
Total Other Expense	<u>20,833</u>	<u>2,042</u>	<u>2,042</u>	<u>128,582</u>
Net Other Income	-20,833	-2,042	-2,042	-128,582
Net Income	<u><u>-75,983</u></u>	<u><u>-41,728</u></u>	<u><u>-30,001</u></u>	<u><u>-489,845</u></u>

Local Government Services
Balance Sheet
As of February 28, 2017

	Feb 28, 17
ASSETS	
Current Assets	
Checking/Savings	
110060 · Rabobank Checking	-8,261
Total Checking/Savings	-8,261
Accounts Receivable	
131320 · Accounts Receivable - Trade	173,730
Total Accounts Receivable	173,730
Other Current Assets	
143006 · Due from RGS	1,760,995
150006 · Prepaid Expenses	22,328
150007 · Prepaid Insurance	8
Total Other Current Assets	1,783,331
Total Current Assets	1,948,800
Other Assets	
170000 · Deferred Outflows	669,082
Total Other Assets	669,082
TOTAL ASSETS	2,617,882
 LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100*OE · Payroll Liabilities	0
214071 · Claims Reserve Payable MSA	1,292,649
221001 · Calpers Retirement Liab	8,394
221003 · 457/401A Retirement Liab	5,155
221006 · FSA Health & Day Care	237
221015 · Health Insurance Liability	-1,158
221016 · Long Term Disability Liability	-20
221017 · Short Term Disability Liability	-10
221023 · Dental Insurance Liability	-380
221024 · Vision Insurance Liability	-223
221025 · Life Insurance/AD&D Liability	-13
221028 · Misc Benefits Liability	13
221029 · Garnishments	539
230060 · Accrued Salaries, Wages & Taxes	43,653
240010 · Deferred Revenue	140,000
240011 · Refundable Deposits	0
250001 · Accrued Vacation	144,946
250002 · Contra Vacation, Sick and Admin	0
Total Other Current Liabilities	1,633,782
Total Current Liabilities	1,633,782
Long Term Liabilities	
260003 · Health Reimbursement Account	-3,668
270000 · Net Pension Liability	560,643
280000 · Deferred Inflows	190,734
Total Long Term Liabilities	747,709
Total Liabilities	2,381,491
Equity	
32000 · Retained Earnings	-84,664
370000 · Fund Bal Unreserved/Unrestrictd	1,334,881
380000 · Prior Period Adjustment	-523,981
Net Income	-489,845
Total Equity	236,391
TOTAL LIABILITIES & EQUITY	2,617,882

TO: EXECUTIVE COMMITTEE
FROM: JEFFERSON KISE, Finance & Operations Manager
SUBJECT: PROPOSALS FOR INDEPENDENT AUDIT SERVICES

EC Meeting: 3-30-2017
Item: 6A

RECOMMENDATION

Approval of Executive Director’s contract with a firm for audit services consistent with the Agency’s auditor rotation policy for an independent auditor and the award date contained in the RFP.

BACKGROUND

The current auditor, Marta & Associates, has performed the Agency’s independent audit for the last four years. Staff issued an RFP for a new firm on November 28, 2016, with a deadline for submission of December 23, 2016. The RFP was posted on the JPA’s website and sent to auditors receiving positive comments in a CSMFO survey of 40 firms. Four responses were received. The successful proposer will conduct the FY 2017 Audit. The contract period is three years with the option to extend two additional years.

ANALYSIS

Of the four proposals received, two were ranked highest based on scoring and references. Staff developed a scoring sheet to evaluate each RFP response. Based on the scoring sheet results, staff identified the two best candidates and conducted 3 reference checks on each and interviewed the audit partner at each firm. Those two firms - Badawi & Associates and Maze & Associates – also received favorable comments from RGS Finance advisors who had worked with one or both firms.

COMMENTS BY REFERENCES

Badawi & Associates	Maze & Associates
The district has been with Badawi for 7 years, and compliments their communication during and outside of the audit period. Badawi is proactive in notifying clients about the impact of upcoming rules and regulations changes. The audit work was thoughtfully spread between the Interim period and the final audit period, and the senior audit staff earns great praise. There was no trouble with lost documents, incomplete information requests or over-concentration of junior staff assigned.	Contact had three significant criticisms of Maze. He indicated having trouble with documents being lost which his staff would have to reproduce. He was frustrated by Maze’s cookie cutter approach where subsequent year’s audits didn’t reflect the lessons learned about the Agency. Finally, he was frustrated by ‘surprise findings’ where there was no opportunity to discuss concerns prior to them being included on a draft report. He felt Maze’s methodology is focused on cities and ACWA’s business is very different.
Despite being the sole audit partner in the firm, she found Ahmend Badawi very responsive. Likewise, she complimented the work of the senior audit staff. There was no trouble with lost documents, incomplete information requests or over-concentration of junior staff assigned.	Contact started half way through an audit and was not satisfied with the existing audit staff. In her first full audit with Maze she pushed to have quality staff assigned and has been satisfied ever since. She was happy with the partner and found them to be accessible and responsive. There was no trouble with lost documents, incomplete information requests or over-concentration of junior staff assigned.
Contact was very complimentary of Badawi. They have been through two audits with the firm and he characterized them as the smoothest audits of his career. This was despite year one having a complicated capital asset restatement and being the first year of GASB 68. He further complimented the ‘PBC’ list used to track the audit, and that Badawi’s document portal contains folders by topic so there’s no question about whether documents have been lost. There was no trouble with lost documents, incomplete information requests or over-concentration of junior staff assigned.	Contact had high praise for the audit partner and staff. He found them to be responsive, comprehensive and timely. There was no trouble with lost documents, incomplete information requests or over-concentration of junior staff assigned.

The other two firms who responded to the RFP were Brown Armstrong and Hudson Henderson & Co. Staff was concerned the Brown Armstrong team assigned to the JPA was made up of junior accountants, and there was no designated information technology testing resource. Hudson Henderson was at the other end of the scale; it is a 3-year-old firm with just five people, and the Hudson proposal did not score as well as the others.

The evaluation scoring sheet used reflected compliance with only those elements of the responses representing material compliance with RFP Submission Requirements. The table below summarizes the cost proposals from each submittal. The RFP is for audit services of RGS, LGS and MSA.

Respondent:	Badawi & Assoc	Brown Armstrong	Hudson Hendrson & Co	Maze & Assoc
Fiscal Year Bid				
FY 2017	\$25,230	\$28,880	\$26,280	\$28,510
FY 2018	\$25,960	\$28,880	\$26,280	\$29,651
FY 2019	\$26,790	\$28,880	\$26,280	\$30,836
Three Year Total	\$77,980	\$86,640	\$78,840	\$88,997
Evaluation Score (18 max)	17	16	14	17

Based upon staff’s evaluation of the RFP responses, qualifications, references, pricing and final score, the firm of Badawi & Associates was the highest ranked respondent.

FISCAL IMPACT

Funds for the annual audits were included in the RGS annual budget. Total fees for the FY2016 RGS, LGS and MSA audits were \$28,800 combined. The recommended firm’s price is approximately 10% under the current cost.