



CITY OF KING

212 S. Vanerhurst Ave, King City, CA 93930
Phone: (831) 386-5920 Fax: (831) 674-5265

REQUEST FOR PROPOSAL

PROFESSIONAL AUDITING SERVICES

CITY OF KING FINANCE DEPARTMENT

Mike Howard, Director of Finance
212 S Vanderhurst Ave – King City, California 93930

(831) 386-5920
e-mail address: mhoward@kingcity.com

Proposals Due By:
12:00 Noon
Friday, May 29, 2020

RFP Available online at:
www.kingcity.com

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CITY OF KING REQUEST FOR PROPOSAL PROFESSIONAL AUDITING SERVICES

INTRODUCTION

The City of King is requesting qualified public accounting firms to submit proposals to audit the City's financial statements for the three (3) fiscal years beginning with the year ending June 30, 2020, with the option of extending the contract for two (2) additional one-year periods, at the City's sole discretion. These audits are to be performed in accordance with generally accepted auditing standards, *Governmental Auditing Standards* issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Additional information is found in the Scopes of Services (Attachment II).

Background Information

The City of King is a general law city incorporated in 1911. In June 2010, the voters of the City approved a Charter, which gives the City Council greater self-rule. The City currently serves a population of approximately 14,500, located in Southern Monterey County. The City operates under a council-manager format of government which consists of a Mayor, Mayor Pro-Tem, three Councilmembers and the City Manager. The positions of Mayor and Mayor Pro-Tem are rotated among the elected Councilmembers.

In addition to its function as the governing body of the City, the City Council acts as the governing body for other separate entities: King City Financing Authority. The City's management also has custodial, accounting and financial reporting responsibilities for the Successor Agency to the City of King Community Development Agency. There is no requirement for separate financial reporting for these separate entities with one exception.

Official accounting records are on-site in the Finance Department, while some supporting information may be located in other departments within the City. King City uses the Tyler Fund Balance accounting software.

Relevant operational detail for conducting the independent financial audit is provided as follows:

1. The Finance Department consists of the Contract Finance Director, and one 50% (.50) staff members responsible for accounting and financial reporting, budgeting, payroll, accounts payable, revenue recording, banking, and treasury investment. Revenues are collected at various locations throughout the City and recorded into Tyler Fund Balance by finance department personnel.

2. City Funds and Account Groups are as follows:
 - a. General Fund (1)
 - b. Special Revenue Funds (22)
 - c. Enterprise Funds (2)
 - d. Agency Funds (2)

3. The City, organized into eight departments (Administration, Finance and Budget, Community Development, Recreation, Police, Fire, Engineering, and Public Works), provides a full range of municipal services. In addition, the City has component units including the Successor Agency and King City Financing Authority. Public Safety Fire services are volunteer fire protection with one (1) full-time administrative employee.

4. The City’s total expected payroll for the year ended June 30, 2020 is approximately \$3 million, covering 93 budgeted full-time, part-time, and volunteer positions. The total municipal budget for the 2019-20 fiscal year is approximately \$14 million.

For further information, City’s past two years AFRs’ and current and last year adopted budget are located on the City’s website at: <https://kingcity.com>

The Bryant Jolley, CPA firm served as the City’s auditor in the past years.

Project Schedule

RFP Issued	Friday, April 24, 2020
Questions Due	Friday, May 8, 2020
Responses to questions provided by	Friday, May 15, 2020
Submittals Due	Friday, May 29, 2020, 12:00 p.m.
Staff Review	June 1, 2020 to June 5, 2020
Presentations/Interview	Week of June 8, 2020
City Council review/approval	Tuesday, June 23, 2020
Implementation begins	Monday, July 06, 2020

Response Submittal

Interested firms shall submit three (3) copies of the proposal **no later than May 29, 2020 at 12:00p.m.** No late submittals will be accepted. “City of King 2020 Professional Auditing Services RFP” must be clearly marked on the outside of the envelope:

Submit Proposal to:
 City of King
 Finance Director
 212 S Vanderhurst Avenue
 King City, CA 93930

Additionally, one electronic copy of the proposal shall be sent to mhoward@kingcity.com by 12:00p.m. on May 29, 2020 for a proposal to be considered.

Any requests for clarification or other questions concerning this RFP must be submitted via email to Mike Howard (as shown below) no later than May 8, 2020. Responses to all questions will be provided to all know interested parties by Friday May 15, 2020.

Mike Howard, Finance Director
Email:mhoward@kingcity.com

General Requirements

The City of King reserves the right to reject any or all responses, to waive any informality in any responses, and to select the vendor that best meets the City's needs.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.) unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

All property rights, including publication rights of all reports produced by respondents in connection with services performed under this agreement will be vested in the City. In addition, respondents will not publish or release any of the results of its examination without the express written permission of the City.

Responses must be submitted no later than the date and time stated on this RFP. Responses shall be reviewed and rated as set forth in the Selection Process section of this RFP. The City will then determine which firm best meets the City's requirements.

During the evaluation process, the City reserves the right (where it may serve the City's best interest) to request additional information or clarification from respondents. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process. Accommodations will be made for telephonic or virtual presentations/interviews should the City still be subject to State, County or local Shelter In Place and Social Distancing requirements.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal as submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right to negotiate final pricing with the most qualified firm. The City may invite selected firms to meet with the evaluation team on or around the week of June 8, 2020, at no additional cost to the City.

The City's standard Contract Services Agreement is included as Attachment I. Upon award of the contract, it is expected that the successful proposer will accept the Agreement terms and conditions

“as is” without modification. All respondents shall confirm in their proposals that they are willing to enter into the City’s standard Agreement or alternatively, shall note any desired contract modifications at the time of the submittal of their proposals.

Any costs incurred in the preparation of the response, presentation to the City, travel in conjunction with such presentations, or samples of items shall be the responsibility of the respondent. The City assumes no responsibility and no liability for costs incurred by respondents prior to issuance of a contract.

The proposer shall furnish the City with such additional information as the City may reasonably require.

PROPOSAL REQUIREMENTS

The City requests responses be organized in a logical format that is relevant to these services. The responses shall also be concise, excluding excessive or irrelevant material.

Personnel - This section shall identify the Partner, Manager, and other key personnel and any subconsultants assigned to the services. Provide information on the training, government auditing experience, and specialized skills of each person.

Company Background - Firms must provide the following information regarding the organization:

- Name
- Street Address
- City, State, Zip Code
- Corporate Structure
- State/Country of Incorporation
- Website
- License #
- Contact Information

In addition, please include the size of the firm, the size of the firm’s governmental audit staff, and the location of the office from which the work on this engagement will be performed.

Firms should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office’s Government Auditing Standards. Firms should provide an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in California.

Firms shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm with state regulatory bodies or professional organizations, as well as any pending or settled litigation, during the past three years.

Peer Review - Firms shall submit a copy of its most recent quality control review. Quality control reviews older than 3 years will not be considered.

Audit Approach - The proposal should set forth a detailed work plan, including an explanation of the audit methodology for providing the services required in this RFP. Include a proposed timeline for the fiscal year 2019-20 audit.

References - For the firm's office that will be assigned responsibility for the audit, provide a list of the most significant engagements performed in the last five years that are similar to the engagement described in this Request for Proposal. Indicate the scope of work, dates, engagement partners, total hours and contact information for the client.

Cost Summary - The Cost Summary should contain, itemized pricing for each of the five potential fiscal years. The total maximum annual price should contain all direct and indirect costs, including out-of-pocket expenses. Please use the Cost Summary (Attachment III) to submit pricing. In your proposal, please indicate any specific costing elements such as footnote disclosures that impact the overall cost, such as preparation of GASB 68 reporting.

The proposal should include the anticipated number of hours and distribution by staff classification. The proposal should also include a schedule of rates by professional staff classifications for audit services and consulting services. Please indicate if your proposal includes a "not to exceed" quote.

Signature - The response shall be signed by an official authorized to bind the firm and shall contain a statement to the effect that the proposal is valid for ninety (90) days.

Overview and Scope of Services

The request for Proposals is for Professional Auditing Services as set forth in Attachment II – Scope of Services.

Selection Process

Staff will review the proposals and make a recommendation to the City Council for review (tentatively scheduled for June 9, 2020). The City intends to evaluate the proposals based upon the data presented in response to the RFP. The following general selection criteria will be used to evaluate each proposal:

1. Ability to meet service requirements; understanding the needs and requirements of the City; scope and services offered.
2. Experience, qualifications and knowledge of key personnel; references for similar work completed within the last three years. (Particular emphasis will be placed in the area of customer support.)
3. Proposed pricing.
4. Completeness of responses to the Request for Proposals

Attachment I

**CITY OF KING
CONTRACT PRPROFESSIONAL SERVICES AGREEMENT**

THIS CONTRACT PROFESSIONAL SERVICES AGREEMENT (herein “Agreement”) is made and entered into on _____, 2020, by and between the CITY OF KING, a municipal corporation (“City”) and _____ (herein “Consultant”).

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Consultant shall perform the work or services set forth in the “Scope of Services” attached hereto as Exhibit “A” and incorporated herein by reference. Consultant warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 California Labor Law. If the Scope of Services includes any “public work” or “maintenance work,” as those terms are defined in California Labor Code section 1720 *et seq.* and California Code of Regulations, Title 8, Section 16000 *et seq.*, and if the total compensation is \$1,000 or more, Consultant shall pay prevailing wages for such work and comply with the requirements in California Labor Code section 1770 *et seq.* and 1810 *et seq.*, and all other applicable laws.

1.4 Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.5 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the “Special Requirements” attached hereto as Exhibit “B” and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit “B” and any other provisions of this Agreement, the provisions of Exhibit “B” shall govern.

2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference, but not exceeding the maximum contract amount of \$ _____ (Dollars) (“Contract Sum”).

2.2 Invoices. Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City’s Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is

certifying compliance with all provisions of the Agreement. The invoice shall contain all information specified in Exhibit “C”, and shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, City will use its best efforts to cause Consultant to be paid within forty five (45) days of receipt of Consultant’s correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by the City of any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of Five Thousand Dollars (\$5,000) or in the time to perform of up to ninety (90) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. No claim for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the “Schedule of Performance” attached hereto as Exhibit “D” and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the

Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding _____ years from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D"). [The City may, in its sole discretion, extend the Term for ____ additional one-year terms.]

4. COORDINATION OF WORK

4.1 Representative of Consultant. _____ is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Consultant and any authorized agents shall be under the exclusive direction of the representative of Consultant. Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, and shall keep City informed of any changes.

4.2 Contract Officer. _____ [or such person as may be designated by the City Manager] is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith ("Contract Officer").

4.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 Independent Consultant. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth. Consultant shall perform all services required herein as an independent contractor of City with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. Without limiting Consultant's indemnification of City, and prior to commencement of any services under this Agreement, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

(a) General liability insurance. Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO “insured contract” language will not be accepted.

(b) Automobile liability insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Services to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

(c) Professional liability (errors & omissions) insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the services required by this Agreement.

(d) Workers’ compensation insurance. Consultant shall maintain Workers’ Compensation Insurance (Statutory Limits) and Employer’s Liability Insurance (with limits of at least \$1,000,000).

(e) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

(f) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit “B”.

5.2 General Insurance Requirements.

(a) Proof of insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by City’s Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

(b) Duration of coverage. Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Services hereunder by Consultant, its agents, representatives, employees or subconsultants.

(c) Primary/noncontributing. Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for

the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

(d) City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(e) Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or that is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VI (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

(f) Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(g) Enforcement of contract provisions (non-estoppel). Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

(h) Requirements not limiting. Requirements of specific coverage features or limits contained in this section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

(i) Notice of cancellation. Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.

(j) Additional insured status. General liability policies shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

(k) Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.

(l) Separation of insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

(m) Pass through clause. Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.

(n) Agency's right to revise specifications. The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

(o) Self-insured retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by City.

(p) Timely notice of claims. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

(q) Additional insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

5.3 Indemnification. To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, invitees, or any individual or entity for which Consultant is legally liable ("indemnitors"), or arising from Consultant's or indemnitors' reckless or willful misconduct, or arising from Consultant's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, except claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions. The indemnity

obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Consultant shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the “books and records”), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

6.3 Confidentiality and Release of Information.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than the City without prior written authorization from the Contract Officer.

(b) Consultant shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered “voluntary” provided Consultant gives the City notice of such court order or subpoena.

(c) If Consultant provides any information or work product in violation of this Agreement, then the City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, caused by or incurred as a result of Consultant’s conduct.

(d) Consultant shall promptly notify the City should Consultant be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder. The City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with the City and to provide the City with the opportunity to review any response to discovery requests provided by Consultant.

6.4 Ownership of Documents. All studies, surveys, data, notes, computer files, reports, records, drawings, specifications, maps, designs, photographs, documents and other materials

(the “documents and materials”) prepared by Consultant in the performance of this Agreement shall be the property of the City and shall be delivered to the City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by the City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Moreover, Consultant with respect to any documents and materials that may qualify as “works made for hire” as defined in 17 U.S.C. section 101, such documents and materials are hereby deemed “works made for hire” for the City.

7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Monterey, State of California. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Northern District of California.

7.2 Disputes; Default. In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue any legal action under this Agreement.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days’ written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days’ written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder

except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit "C". In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Consultant. If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

8. MISCELLANEOUS

8.1 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class

8.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

8.3 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of King, 212 S Vanderhurst Ave, King City, CA 93930, and in the case of the Consultant, to the person(s) at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

8.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the

parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

8.5 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

8.6 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.7 Attorneys' Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

8.8 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

8.9 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

8.10 Warranty & Representation of Non-Collusion. No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5. Consultant warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Consultant further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official,

officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Consultant is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Consultant's Authorized Initials _____

8.11 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[Signatures On The Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

CITY OF KING, a municipal corporation

Mike LeBarre, Mayor

ATTEST:

Steven Adams, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Roy C. Santos, City Attorney

CONSULTANT:

By: _____
Name:
Title:

By: _____
Name:
Title:

Address: _____

Two corporate officer signatures required when Consultant is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF MONTEREY

On _____, 2020 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

CAPACITY CLAIMED BY SIGNER		DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/>	INDIVIDUAL	_____
<input type="checkbox"/>	CORPORATE OFFICER	TITLE OR TYPE OF DOCUMENT

	TITLE(S)	
<input type="checkbox"/>	PARTNER(S)	_____
<input type="checkbox"/>	LIMITED	NUMBER OF PAGES
<input type="checkbox"/>	GENERAL	_____
<input type="checkbox"/>	ATTORNEY-IN-FACT	
<input type="checkbox"/>	TRUSTEE(S)	_____
<input type="checkbox"/>	GUARDIAN/CONSERVATOR	DATE OF DOCUMENT
<input type="checkbox"/>	OTHER _____	_____

SIGNER IS REPRESENTING:
 (NAME OF PERSON(S) OR ENTITY(IES))

_____ SIGNER(S) OTHER THAN NAMED ABOVE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF MONTEREY

On _____, 2020 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

CAPACITY CLAIMED BY SIGNER

DESCRIPTION OF ATTACHED DOCUMENT

- INDIVIDUAL
 - CORPORATE OFFICER
- _____
- TITLE(S)

TITLE OR TYPE OF DOCUMENT

- PARTNER(S) LIMITED
- GENERAL

NUMBER OF PAGES

- ATTORNEY-IN-FACT
 - TRUSTEE(S)
 - GUARDIAN/CONSERVATOR
 - OTHER _____
- _____

DATE OF DOCUMENT

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

SIGNER(S) OTHER THAN NAMED ABOVE

Attachment II

Scope of Services

The City's goal is to provide the public and its constituents with a financial statement that gives complete, accurate and understandable information about the City's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Annual Financial Report - Audit the Basic Financial Statements of the City to obtain reasonable assurance about whether the financial statements are free from material misstatement. Express an opinion on the fair presentation of the City's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in conformity with generally accepted accounting principles. The Auditor shall also be responsible for performing certain limited procedures involving management's discussion and analysis (MD&A) and the required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
2. Single Audit Act Report (if required) – The audit firm will perform a single audit on the expenditures of federal grants in accordance with the provisions of the Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and render the appropriate audit reports on Internal Control over Finance Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, and internal Control over Compliance. The single audit report prepared and published by the audit firm will include appropriate schedule of expenditures and material weaknesses and follow up on prior audit findings where required. If the City does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly. Additionally, the audit firm will submit the required information to the Federal Audit Clearinghouse.
3. GASB 68 – The firm selected is expected to provide journal entries required to comply with Governmental Accounting Standards Board Statement No. 68.
4. Management Letter – The firm will issue a separate “management letter” that includes recommendations for improvement in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. The management letter shall be addressed to the City Manager. Prior to its release, City staff shall be given an opportunity to review and comment.
5. Updates – The firm selected is expected to keep the City abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The firm is also expected to provide advice to City staff related to the proper accounting treatment for transactions as needed and without additional costs.
6. Other – The firm selected will prepare the Comprehensive Annual Financial Report (CAFR) and the statistical sections as well as the Single Audit Report (if needed). The firm will also be asked to prepare the Cities State Controller's Office Financial Transaction Report (FTR). The firm

selected may also be asked to examine other reports or perform other services as required. The scope and compensation for any such request would be negotiated between the City and the Auditor.

Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants
- The standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
- The provisions of the Federal Single Audit Act
- The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

Reports to be Issued

Following completion of the audit and preparation of the fiscal year's financial statements and special purpose audits, the Auditor shall issue:

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below: a. Basic Financial Statements for the City; b. Single Audit Report
2. A report based on the internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on the compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133 and on the schedule of expenditures of federal awards. Also included would be a schedule of findings and questioned costs associated with federal awards.
4. A Management Letter setting forth recommendations (as applicable) for improvements in the City's internal control, accounting procedures, and any other significant observations.
5. Reports to and communication with those charged with governance, as required by auditing standards.
6. Auditors shall be required to make immediate, written notification to the City Council, City Manager, and City Attorney of all irregularities and illegal acts or indications of illegal acts of which they become aware.
7. Any other reports that may become required as a result of a change in accounting standards or new pronouncements that become effective during the term of the engagement.

Other Communications

The Auditor shall make all communications to the City required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- The Auditor's responsibility under generally accepted auditing standards.
- Significant accounting policies.
- Management judgment and accounting estimates.
- Significant audit adjustments.
- Other information in documents containing audited financial statements.
- Disagreements with management.
- Management consultation with other accountants.
- Major issues discussed with management prior to retention.
- Difficulties encountered in performing the audit.
- Errors, irregularities, and illegal acts.

The Auditor must be available to present the audit plan prior to beginning field work. In addition, the Auditor must be available to present all final reports to City management, Budget Committee and the City Council as requested at no additional costs.

Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the auditor's expense, for a minimum of five years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of the need to extend the retention period. The work papers are subject to review by Federal and state agencies and other individuals designated by the City. Accordingly, the work papers will be made available upon request.

In addition, the firm will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

Journal Entries

All adjusting journal entries made by the independent auditors must be discussed and explained to the designated Finance Department personnel prior to recording. They should be in a format that shows the lowest level of posting detail needed for data entry in the general ledger system.

Attachment III

Cost Summary

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by City of King, the firm referenced below hereby submits the following cost proposal:

		<u>Year Ended June 30th</u>				
		2020	2021	2022	2023	2024
Basic Reports to Be Issued						
	City Audit, including AFR and Related Reports					
	Total					
Additional Audit Reports To Be Requested At City Option						
	Single Audit and Related Reports					
	Annual Report of City Financial Transactions to State Controller					
	Total					

Please include an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

	Hours Billing Rate	Estimated Number of Hours	Estimated Charges
Partners			
Mangers			
Senior Accountant			
Staff Accountant			
Clerical/Support Staff			
Other			

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, authorized to sign a contract with the City, for the services identified in the Request for Proposals.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____