



September 4, 2024

Venus Rodriguez, Finance Officer
City of Merced
678 W 18th Street
Merced, California

Dear Ms. Rodriguez

Thank you for giving Eide Bailly the opportunity to propose on professional auditing services for the City of Merced (City) Bureau of State and Community Corrections (BSCC) Proposition 64, Cohort 2 Grant audit. We have provided similar services in the government industry for more than 70 years. We're confident the local team assigned to the engagement has the qualifications to serve the City because of following reasons:

Extensive Government Industry Experience: We're active in the government industry and stay abreast of current issues impacting the industry and grow our knowledge by attending Government Accounting Standards Board (GASB) meetings, workshops and trainings, as well as understanding California laws and regulations. As a valued client, you'll experience:

- **Local Office Presence with National Resources:** While you'll be served by professionals in our California offices, you'll also have access to resources of a national firm, including more than 3,000 professionals.
- **Proactive Communication:** Your service team will keep you informed of changes affecting your City.
- **Partner Involvement:** You can anticipate partner and senior staff involvement not only during the audit engagement, but throughout the year as issues, questions and complications arise.

We Understand Governments

Our firm's Government Industry Group has more than 275 full-time professionals who share information, learn from others, and stay up to date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the firm. The government industry represents one of Eide Bailly's largest niche areas — with more than 1,300 government clients firmwide. We provide audit and advisory services for a variety of cities, counties, water districts, colleges and universities, fire relief agencies, housing authorities, school districts, state agencies, and tribal entities. Through serving these clients, our professionals have gained focused expertise in the government industry and will provide you with comprehensive and effective outsourced accounting and financial management services.

At a Glance

GOVERNMENT



70+
YEARS EXPERIENCE



1,300+
INDUSTRY CLIENTS



275+
DEDICATED STAFF



\$28.8 BILLION ANNUAL
AVERAGE IN SINGLE AUDITS

What inspires you, inspires us. | eidebailly.com

▶▶▶▶ **Thought Leadership:** We are leaders in the government industry, offering valuable perspectives beyond our core strength of accounting and tax compliance. We are business advisors who want to help guide the strategy and operations of your organization, and we will make sure you feel connected and understand the process. We work closely together to deliver valuable service from people who understand your needs.

▶▶▶▶ **Compliance Audit Experience**

Our experience providing compliance audits includes performing audits on the California First 5 Commissions, Single Audits related to federal expenditures, and audits on grants provided by various departments of the State of California.

Our Service Approach

Our staff is passionate about their work and your success. We'll customize our approach to meet your needs.

We understand that the City needs their BSCC Prop 64 grant audited in accordance with generally accepted auditing principles (GAAS), *Government Auditing Standards*, and requirements provided by the BSCC.

COMPLIANCE AUDIT FIELDWORK

Phase I: Risk Assessment and Planning

This phase encompasses the planning and risk assessment of your grant agreement. The planning phase sets the tone as well as set the stage for an efficient and effective audit. We will work closely with management to properly identify the direct and material compliance requirements.

Phase II: Testing

After performing the risk assessment and planning, we will:

- Obtain the process and controls related to the direct and material compliance areas identified during planning. The controls for each area need to address the five components of Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Select samples for control and compliance testing.
- Perform control testing for effectiveness and compliance testing of selected transactions.
- Report material weaknesses or material noncompliance to management.
- Hold periodic status meetings and discuss potential findings with management while auditors are in the field.

Phase III: Reporting

Once the above steps are completed, we will:

- Draft the grant report, independent auditor's report, and the *Government Audit Standards* report over internal control over financial reporting and compliance;
- Hold an exit conference with management and key grant personnel.

Your Service Team

We understand personal service is important to our clients. You'll work with a team that has extensive knowledge and experience in your industry. **James Ramsey** will lead the team and serve as Engagement Partner; **Layla Elsumeri** will be the Manager responsible for coordinating the work and providing technical expertise. These professionals bring strong credentials and a desire to work with the City. If awarded this engagement, these individuals will serve as your primary contacts. We'll complement the project team with additional resources as necessary.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team, including partners, directors and senior-level staff. We'll get to know you and your staff and take the time to understand your specific challenges and opportunities. We deliver honest and insightful advice beyond what is normally experienced in the public accounting industry.

Timeliness

We will meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We'll work closely with your management team to customize our outsourced and managed services to your needs.

Hourly Rates

Our fees will be based on the various levels of responsibility and specific skill sets required to perform the work. Eide Bailly is conscious of our clients' desire to achieve results at a reasonable cost, and we are mindful of that when choosing which level of staff to assign to an engagement. If the scope of work is determined to be significantly different than anticipated, we will communicate with the City prior to undertaking additional tasks so that there are no surprises.

We only bill for work that we have provided. We propose a **time and material cost proposal with a not-to-exceed \$15,000**. All costs associated with the engagement deemed necessary to perform the services proposed would be included.

Hourly Rates

Staff Level	Hourly Rate
Partner	\$350
Manager	\$200
Staff Associates	\$90

Should additional services be requested, the standard billing rates would apply.

Out-of-Pocket Expenses

In addition to the professional fees listed above, you will be billed for actual out-of-pocket expenses such as travel time, mileage, lodging and meals. A 5% technology fee will also be applied to support and enhance the quality work we provide by investing in technology.

Value for Fees

Eide Bailly has established a reputation of providing quality work at a fair price. Our fees are based on the complexity of the issue and the experience level of the personnel necessary to address it. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would begin. In other words, there will be no hidden fees.

We Want to Work with You

We believe the qualifications of our firm merit serious consideration. You'll be a highly valued client, and we'd be proud to work with the City. Please contact us if you would like to discuss any aspect of this proposal.

Sincerely,



James Ramsey, CPA, CFE

Partner

916.999.8511 | jramsey@eidebailly.com

Attachment A: Leadership Team Profiles

JAMES W RAMSEY, CPA, CFE Partner

INSPIRATION: My favorite part of the job is developing relationships with my clients to the point where I am one of the first people they call when they identify a potential issue or opportunity and they want quality service to solve it.

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James works with government agencies providing accounting, assurance and advisory services. Prior to entering in public accounting, he worked for a medium-size City performing virtually all functions of the Finance Department at one point or another. Wanting to obtain his license, he went to public accounting and has conducted numerous financial and performance audits, including single audits and other attest engagements for various local agencies (counties, cities, special districts and State agencies/departments). He merges his City experience with his previous audit experience to provide added value to his current clients, whether they are audit or advisory clients. James also serves as an advisor to the Government Finance Officers Association (GFOA) Accounting, Auditing and Financial Reporting Committee (AAFRC). James also appears on firm webinars for both in-house staff and externally for clients, speaking on topics including reporting, single audit and updates to U.S. Generally Accepted Accounting Principles (GAAP).

When you work with James, you can expect him to take his time to fully understand your question/issue and develop a solution using a collaborative approach with you and others in your organization.

When not working, James unplugs by going on a long run on the American River Parkway in Sacramento or in the trails around Lake Tahoe.

Client Work

Provides audit and other assurance services to government and nonprofit clients of varying sizes.

Presents on upcoming changes and implementation of U.S. GAAP, U.S. GAAS and single audits.

Memberships

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Association of Certified Fraud Examiners

Government Finance Officers Association

Designation/Licensures

Certified Public Accountant

Certified Fraud Examiner

Education

Master of Accountancy - California State University, San Bernardino

Bachelor of Business Administration, Accounting - California State University, San Bernardino

GERRY BOAZ, CPA, CGFM, CGMA

Director

INSPIRATION: My nearly 30 years of service in the governmental accounting and audit sector gives me a wealth of knowledge and thought leadership that leads to tailored solutions that best meet our clients' needs. I measure client success by how much more efficiently effectively they serve their citizens based on those solutions.

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Based in Nashville, Tennessee, Gerry is a nationally recognized speaker, thought leader, and auditor with a wealth of government experience. He brings a unique perspective to the firm's clients as a former Technical Manager with the Tennessee Comptroller of the Treasury, Division of State Audit. For 24 years, he observed meetings of the Governmental Accounting Standards Board (GASB) on behalf of the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) and wrote detailed summaries of those meetings. He also served on various GASB project task forces and gave countless presentations on the GASB standards all across the United States. This gives him exceptional insight into the development of GASB standards, which allows him to help clients successfully implement those standards.

When you work with Gerry, you can expect an approach that focuses on your specific organization's needs and attributes. His impressive background and years of governmental accounting, auditing, and financial reporting experience gives him insights that he can share to enhance client compliance with applicable standards and help them achieve their goals of better serving their citizens.

Outside of work, Gerry enjoys golf and baseball.

Client Work

Gerry's primary areas of expertise include GASB implementation and research; internal control and risk assessment; financial reporting and analysis; internal audit; and financial and compliance audits, including audits of state agencies, colleges and universities, Annual Comprehensive Financial Report, and Single Audit.

Gerry works directly with the firm's clients to improve their organizational efficiency and effectiveness through digital transformation and automation and GASB statement implementation.

Memberships

American Institute of Certified Public Accountants (AICPA)

Association of Government Accountants (AGA)

Tennessee Government Finance Officers Association

Education

Bachelor of Arts, Accounting –
Murray State University,
Murray, KY

Community

Former Member, AICPA
Auditing Standards Board and
Audit Issues Task Force

Past National President and
Nashville Chapter President,
AGA

Member, AGA Financial
Management Standards Board

Former Member, various
NASACT and NSAA Committees

Former Member, GFOA CAAFR
Committee