



Revised

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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**ORIGINATING SECTION:** ADMINISTRATIVE SERVICES

**CONTACT:** OSBORN SOLITEI

**AGENDA DATE:** May 15, 2019

**ITEM NO. 8a**

**SUBJECT:** Amendment to External Auditor's Services Agreement

**SUMMARY:**

- The Agency is “...committed to providing a reliable supply of high-quality water and effective flood-control system...we develop and manage our water resources in a **fiscally responsible**, innovative, proactive, and environmentally sensitive way”. In managing our financials responsibility, the Agency contracts with an external audit firm (Maze & Associates) to perform audit services at the end of every fiscal year. The external audit provides independent assurance of the full disclosure of the financial condition of the Agency and promotes public confidence in the Agency.
- As a result of the external auditor's unmodified opinion (“clean opinion”), the Agency has received the Government Finance Officers Association (GFOA) Certificate of Achievement in Excellence for Financial Reporting for its Comprehensive Annual Financial Report (CAFR) two years in a row. This esteemed recognition and the Agency's prudent financial performance earned the Agency very strong credit ratings which has help reduce costs to rate payers.
- Following a competitive bidding process, Maze & Associates was awarded a contract in 2015 to provide external auditor services for fiscal years ending June 30, 2015 through June 30, 2019 in an amount not-to-exceed \$115,401.
- The additional services within the scope of the agreement have increased the cost of audit services and include the following:
  - The Comprehensive Annual Financial Report preparation and printing
  - New Governmental Accounting Standards Board (GASB) implementations
    - GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.*
    - GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
  - The State Controller's Reporting for the Livermore Valley Water Financing Authority
  - ~~Credit Card Agreed-Upon Procedures~~
- Staff has reviewed the 2019 Engagement Letter and Fee Schedule provided by Maze & Associates and has determined that an amendment to the agreement is required to complete services necessary for the audit of the fiscal year ending June 30, 2019.

- The table below summarizes the Maze & Associates contract for audit years 2015 through 2018 and lists the audit services necessary for the fiscal year 2019 audit.

**Maze & Associates Contract for Audit Services for FY 2015 through FY 2019**

Audit Year	Basic Financial Statement Report and Agency SCO	CAFR	GASB 68/71/75	State Controller's Report for LVWFA	Single Audit Report	Total
Year 1: FY 2014-15	\$ 17,920	\$ 2,200				\$ 20,120
Year 2: FY 2015-16	\$ 18,547	\$ 2,200	\$ 850			\$ 21,597
Year 3: FY 2016-17	\$ 19,197	\$ 2,277	\$ 700			\$ 22,174
Year 4: FY 2017-18	\$ 19,869	\$ 2,352	\$ 1,400	\$ 1,500	\$ 3,991	\$ 29,112
<b>Total Contract Spent-to-Date through Fiscal Year 2018</b>						<b>\$ 93,003</b>
<b>Year 5: Audit Services for FY 2018-2019</b>						
Basic Financial Statement Report and Agency State Controller's Office (SCO) Report						\$ 20,564
Comprehensive Annual Financial Report (CAFR)						\$ 2,500
Assistance with Governmental Accounting Standards Board (GASB) Pronouncements No. 68 and 75						\$ 1,900
State Controller's Office (SCO) Report - Livermore Valley Water Financing Authority (LVWFA)						\$ 1,500
Single Audit Report (if needed)						\$ 4,131
10% Contingency						\$ 3,660
<b>Total Audit Services for FY 2018-2019</b>						<b>\$ 34,255</b>
<b>Total Five-Year Contract Amount</b>						<b>\$ 127,258</b>
<b>Current Five-Year Contract Not-to-Exceed Amount</b>						<b>\$ 115,401</b>
<b>Additional Audit Services</b>						<b>\$ 11,857</b>

- Staff recommends increasing the existing agreement in the amount of \$11,857 to a new agreement not-to-exceed amount of \$127,258 (includes a 10% contingency).

**FUNDING:**

- Funds for these services are available in Fund 100 – Water Enterprise Operations and Fund 200 – Flood Protection Operations.

**RECOMMENDED ACTION:**

- Adopt the attached resolution authorizing the General Manager to execute an amendment with Maze & Associates for a new agreement amount not-to-exceed \$127,258.

**ATTACHMENTS:**

- Resolution
- 2019 Engagement Letter Fee Schedule

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY  
SECONDED BY

**Amendment to External Auditor's Services Agreement**

WHEREAS, an external audit provides independent assurance of the full disclosure of the financial condition of Zone 7 and promotes public confidence; and

WHEREAS, Maze & Associates was selected through competitive bidding process to provide external auditor services for fiscal years ending June 30, 2015 through June 30, 2019; and

WHEREAS, additional audit services such as the Comprehensive Annual Financial Report, new Governmental Accounting Standards Board implementations and the annual State Controller's Report for the Livermore Valley Water Financial Authority which are within the current scope of the agreement have increased the cost of audit services for the Agency; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Zone 7 of Alameda County Flood Control & Water Conservation District does hereby authorize the General Manager to negotiate and execute an amendment to the agreement with Maze & Associates for external auditor services for \$11,857, which includes 10% contingency, increasing the total agreement to a not-to-exceed amount of \$127,258.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution Adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on May 15, 2019.

By: \_\_\_\_\_  
President, Board of Directors

**Zone 7 Water Agency Engagement Letter  
Fees Attachment  
June 30, 2019**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

	<u>2019</u>
Basic Financial Statements & MOIC	\$20,564
Single Audit	<u>4,131</u>
	<u>\$24,695</u>
CAFR Preparation & Printing Assistance	\$2,500
SCO – LVWFA	1,500
Assistance with GASB 68 & 75	<u>1,900</u>
Total	<u><u>\$30,595</u></u>

**PDF Copies of Reports** – scanned copies of the above reports are available upon request at no charge. These scanned copies (300 dpi) are not high quality and the file sizes may be large, depending on the length of the report. **If you intend to post the CAFR to your website, we do not recommend using the scanned copies to do so.** If you would like a higher quality PDF file, we have listed three options below. Please contact us for more information on the specifics of these options. **Please contact us if you would like us to prepare one of the following three options** for your CAFR, or if you'd like a quote for the preparation of a file for another type of report. In addition, should you decide on one of the following options, please let us know at least a week in advance.

1. INDIVIDUAL PDF CAFR PAGES - \$210
2. WEB PDF CAFR - \$785
3. CAMERA READY PDF CAFR - \$1,100

**Additional Services** - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the Agency require assistance beyond audit services we will provide a cost estimate before proceeding.