

**FIRST AMENDMENT TO CONSULTANT AGREEMENT  
MAZE & ASSOCIATES ACCOUNTANCY CORPORATION**

This FIRST AMENDMENT TO AGREEMENT is entered into and becomes effective on \_\_\_\_\_ (Effective Date), by THE CITY OF MORGAN HILL, a municipal corporation, ("CITY") and, MAZE & ASSOCIATES ACCOUNTANCY CORPORATION, a California Corporation ("CONSULTANT").

**RECITALS**

The following recitals are a substantive part of this Agreement:

1. This First Amendment to Agreement is entered into based upon City of Morgan Hill City Council approval on \_\_\_\_\_.
2. The CITY and CONSULTANT entered into that "Consultant Agreement" made as of June 11, 2015, for consultant services for a maximum compensation of ONE HUNDRED FIVE THOUSAND ONE HUNDRED SEVENTY THREE AND NO/100 Dollars ("CONSULTANT AGREEMENT"). The CONSULTANT AGREEMENT is attached as Exhibit "A" to this Agreement.

**AGREEMENT**

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Amendments:** All terms and conditions of the CONSULTANT AGREEMENT, as amended, as attached as Exhibit "B," shall remain in full force and effect; except that the following amendments shall be made as set forth below:

A. Paragraph 3 shall be amended by adding the following:

"The services to be performed by CONSULTANT shall consist of the following additional scope of work as further described in Exhibit "A".

B. Paragraph 4.1 shall be amended and replaced in its entirety by the following:

"4.1. Amount. Compensation under this Agreement shall not exceed ONE HUNDRED EIGHTEEN THOUSAND TWO HUNDRED SIXTY FOUR AND NO/100 Dollars (\$118,264.00).

2. **Conflicts.** In the event of a conflict between the terms and provisions of this First Amendment to Agreement and the terms and provisions of the CONSULTANT AGREEMENT, the terms of this First Amendment to Agreement shall govern and control.

TWO SIGNATURES ARE REQUIRED FOR CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; **AND**  
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

CITY OF MORGAN HILL

\_\_\_\_\_  
City Clerk

Date: \_\_\_\_\_

\_\_\_\_\_  
City Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM:

**MAZE & ASSOCIATES ACCOUNTANCY  
CORPORATION**

\_\_\_\_\_  
City Attorney

Date: \_\_\_\_\_

\_\_\_\_\_  
By:

Title: \_\_\_\_\_

Print Name and Title of Signer.

If Corporate: Chairman, President or  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
By:

Title: \_\_\_\_\_

Print Name and Title of Signer.

If Corporate: Secretary, Assistant  
Secretary, Chief Financial Officer or  
Assistant Treasurer

Date: \_\_\_\_\_

## **Exhibit B**

### **Additional Scope of Work**

I. GASB 68 for Cost-Sharing Plan (Safety):

Prepare the required accounting and reporting information for the cost-sharing plans, including calculating the employer-specific amounts for:

- Difference in proportions in deferred inflows/outflows for all the tiers
- Difference in proportions for Net Pension Liability for all the tiers
- Difference contribution and proportionate share of contributions
- The layers of unamortized deferred inflow/outflow for the above items
- The journal entries and GASB 34 adjustments required
- Calculation and worksheet will be provided to management for review and approval

II. Transportation Development Act (TDA) Report

If required, an audit of the TDA activity including an opinion of fair presentation in accordance with GAAP and compliance with applicable program guidelines.

**CONSULTANT AGREEMENT  
MAZE & ASSOCIATES ACCOUNTANCY CORPORATION**

THIS AGREEMENT is entered into and becomes effective on 6/11/15 (Effective Date), by and between the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and MAZE & ASSOCIATES ACCOUNTANCY CORPORATION, a California corporation ("CONSULTANT") hereinafter referred to collectively as "Parties." In consideration of the promises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. **City Authority.** This Agreement is entered into pursuant to action of the Morgan Hill City Council taken on May 6, 2015.
2. **Term of Agreement.** This Agreement shall cover services rendered from the Effective Date of this Agreement until March 31, 2018 at which time CONSULTANT'S services shall be completed. The City Manager is authorized to extend the term of this Agreement for a maximum period of two years. Any such extension shall be in writing and signed by both Parties to this Agreement.
3. **Scope of Service.** The services to be performed by CONSULTANT shall be annual auditing and financial reporting services as further described in **Exhibit A**.
4. **Compensation.** CONSULTANT shall be compensated as follows:
  - 4.1. **Amount.** \$105,173.00. Total compensation under this Agreement shall not exceed ONE HUNDRED FIVE THOUSAND ONE HUNDRED SEVENTY THREE AND NO/100 dollars and shall be billed based on the rate and basis set forth in **Exhibit B**.
  - 4.2. **Billing.** CONSULTANT shall provide CITY with a monthly invoice containing the dated, detailed, and itemized descriptions of all services performed and expenses incurred (if such expenses are reimbursable pursuant to Exhibit B) by CONSULTANT. Any rate charged shall be prorated where services are interrupted or not provided for any rate period (for example, any monthly rate charge should be prorated when services were interrupted or provided for only part of the month). For services billed on an hourly rate, the minimum unit of billed time shall not exceed one tenth of one hour. CITY shall pay for services and expenses (if so provided in Exhibit B) up to the limit of compensation set forth above, that in the CITY's judgment were necessary and reasonable. Services for work performed and expenses incurred in excess of the total compensation set forth in paragraph 4.1 above shall be at no cost to CITY.
5. **Termination.** CITY or CONSULTANT shall have the right to terminate this Agreement, without cause, by giving thirty (30) days' written notice or less under urgent circumstances. Upon such termination, CONSULTANT shall submit to CITY an itemized statement of services performed for which compensation has not been paid. CITY may require CONSULTANT to complete certain work product or documents and CONSULTANT shall deliver to CITY all documents in its possession without additional compensation to CONSULTANT. The CITY Manager of CITY is authorized to terminate this AGREEMENT on behalf of CITY.
6. **Performance of Work.** CONSULTANT represents that it is qualified by virtue of experience, training, education, and expertise to accomplish these services. Services shall be performed by CONSULTANT in accordance with professional practices in a manner consistent with a level of care, competence and skill exercised by qualified members of the CONSULTANT'S profession. By delivery of completed work, CONSULTANT certifies that the work conforms to the requirements of this Agreement and

all applicable federal, state and local laws. If CONSULTANT desires to leave or store any of CONSULTANT's equipment at a CITY site while CONSULTANT is performing work or service pursuant to this Agreement, CONSULTANT will first obtain the consent of CITY's City Manager, or his delegate, to do so, and any such storage shall occur only in the manner and location allowed by such CITY official and entirely at CONSULTANT's sole risk.

7. **Insurance Requirements.**

7.1. **Commencement of Work.** CONSULTANT shall not commence work under this Agreement until it has obtained CITY approved insurance. For general liability insurance policies, CONSULTANT shall provide CITY, prior to commencement of work, with a separate endorsement which states that the policy contains the following language:

- The CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers are named as additional insureds; and,
- the insurer waives the right of subrogation against CITY and CITY'S elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers; and,
- insurance shall be primary non-contributing.

CONSULTANT shall furnish CITY with copies of all policies or certificates subject to this Agreement, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY.

7.2. **Workers' Compensation Insurance.** CONSULTANT and all subcontractors shall maintain Workers' Compensation Insurance, as required by law.

7.3. **Insurance Types and Amounts.** CONSULTANT shall maintain comprehensive general liability insurance; professional errors and omissions liability insurance (required for professional and technical service consultants only); and automobile insurance each with policy limits of at least \$1,000,000 per occurrence for general liability, \$1,000,000 per accident for automobile liability and \$1,000,000 per claim for professional errors or omissions (for professional and technical service consultants only).

7.4. **Acceptability of Insurers.** All insurance required by this Agreement shall be carried only by responsible insurance companies licensed and admitted, or otherwise legally authorized to carry out insurance business, in California with a current A.M. Best's rating of no less than A:VII.

8. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

9. **Compliance with Law.** CONSULTANT and its officers, employees, agents, and subcontractors shall comply with all applicable laws, ordinances, administrative regulations, and permitting requirements in carrying out their obligations under this Agreement. CONSULTANT and its officers, employees, agents, and subcontractors covenant there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, sexual orientation, national origin, mental disability, physical disability, medical condition, or ancestry, in any activity pursuant to this Agreement.

10. **Independent Contractor.** CONSULTANT is an independent contractor and not an agent or employee of CITY.

11. **Confidentiality.** All data, documents, or other information received by CONSULTANT from CITY or prepared in connection with CONSULTANT'S services under this Agreement are deemed confidential and shall not be disclosed to any third party by CONSULTANT without prior written consent by CITY.

12. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

13. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of CONSULTANT is as follows:

Maze & Associates Accountancy Corporation  
Certified Public Accountants  
3478 Buskirk Avenue Suite 125  
Pleasant Hill CA 94523

Address of CITY is as follows:

Assistant City Manager for	with a copy to:
Administrative Services	City Clerk
City of Morgan Hill	City of Morgan Hill
17575 Peak Avenue	17575 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

14. **Licenses, Permits and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits and licenses to the extent required by ordinances, codes and regulations of the federal, state and local government.

15. **Maintenance of Records.**

15.1. **Maintenance.** CONSULTANT shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and CITY rules and ordinances related to services provided under this Agreement. CONSULTANT shall maintain records for a period of at least 3 years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the 3 year period, then CONSULTANT shall retain said records until such action is resolved.

15.2. **Access to and Audit of Records.** The CITY shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONSULTANT and its subcontractors related to services under this Agreement. Pursuant to Government Code Section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the Parties to this Agreement may be subject, at the request of the CITY or as part of any audit of the CITY, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.

15.3. Ownership of Work Product. All documents or other information developed or received by CONSULTANT for work performed under this Agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

16. Familiarity with Work. By executing this Agreement, CONSULTANT represents that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

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

18. No Assignment. Neither this Agreement nor any portion shall be assigned by CONSULTANT, without prior written consent of CITY.

19. Attorney Fees. In any legal action, dispute or arbitration arising out of or relating to this Agreement, the prevailing party shall be entitled to an award of its reasonable attorney fees, costs and expenses incurred.

20. Defense and Indemnification.

20.1. Defense and Indemnification. CONSULTANT shall, to the fullest extent permitted by law, indemnify, defend and hold harmless CITY, its elected or appointed officials, boards, agencies, officers, agents, employees, and volunteers ("INDEMNITEES") from and against any and all claims, liabilities, expenses, liens, or damages of any nature, including liability for bodily injury, property damage or personal injury, and including reasonable attorneys' fees and expenses, that arise out of, pertain to, or relate to the performance of this Agreement or the failure to comply with any obligations contained in this Agreement by CONSULTANT, and/or its agents, officers, employees, subcontractors, or independent contractors ("CLAIM").

20.2. Exceptions. CONSULTANT is not required to indemnify INDEMNITEES against liability for bodily injury, property damage or personal injury, or any other loss, damage or expense arising from the sole negligence or willful misconduct of the CITY.

20.3. Not limited by insurance. The indemnity, defense and hold harmless provisions of this Agreement apply to all CLAIMS alleged against an INDEMNITEE, regardless of whether any insurance policies are applicable. Policy limits do not act as a limitation upon the amount of indemnification or defense to be provided by CONSULTANT.

20.4. Right to Offset. CITY shall have the right to offset against any compensation due CONSULTANT under this Agreement any amount due CITY from CONSULTANT as a result of CONSULTANT's failure to pay CITY promptly any indemnification arising under this Section (20) and any amount due CITY from CONSULTANT arising from CONSULTANT's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.

20.5. Interpretation. This Section shall constitute an agreement or contract of indemnity, incorporating the interpretations under California Civil Code Section 2778. It is expressly understood and agreed that the obligation of the CONSULTANT to indemnify the INDEMNITEE shall

be as broad and inclusive as permitted by the laws of the State of California and shall survive termination of this Agreement.

21. **Entire Agreement; Modification; Conflicting Provisions.** This Agreement constitutes the entire Agreement between the Parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by a subsequent mutual written agreement executed by CITY and CONSULTANT. If the provisions contained in the main body of this Agreement conflict with any provision contained in an exhibit to this Agreement, the provisions of the main body of this Agreement shall govern and control over any provision contained in an exhibit to this Agreement.

22. **Governing Law and Venue.** This Agreement shall be construed in accordance with the laws of the State of California. This Agreement was entered into and is to be performed in the County of Santa Clara. Any action or dispute arising out of this Agreement shall only be brought in Santa Clara County.

23. **Interpretation.** This Agreement is a negotiated document and shall be deemed to have been drafted jointly by the Parties, and no rule of construction or interpretation shall apply against any particular Party based on a contention that the Agreement was drafted by one of the Parties including, but not limited to, California Civil Code § 1654, the provisions of which are hereby waived. This Agreement shall be construed and interpreted in a neutral manner.

24. **Preservation of Agreement.** If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the rest of the Agreement shall remain in full force and effect and shall in no way be affected or invalidated.

//

//

//

//

//




25. **Authority to Execute.** Those individuals who are signing this Agreement on behalf of entities represent and warrant that they are, respectively, duly authorized to sign on behalf of the entities and to bind the entities fully to each and all of the obligations set forth in this Agreement.

**IN WITNESS THEREOF**, these Parties have executed this Agreement on the day and year shown below.

AS SET FORTH IN CA. CORP. CODE § 313, TWO SIGNATURES ARE REQUIRED FOR CALIFORNIA CORPORATIONS:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND  
(2) SECRETARY, ASSISTANT SECRETARY, CHIEF FINANCIAL OFFICER OR ASSISTANT TREASURER.

ATTEST:

  
City Clerk/Deputy City Clerk

*fw* Michelle Wilson

Print Name

Date:

06/19/15

APPROVED AS TO FORM:

  
City Attorney

*fw* Renee Gurza

Print Name

Date:

06/24/15

CITY OF MORGAN HILL

  
City Manager

Steve Rymer

Print Name

Date:

6/11/15

MAZE & ASSOCIATES ACCOUNTANCY CORPORATION

By:

Title:

  
Katherine Yuen, Vice President

Print Name and Title of Signer.

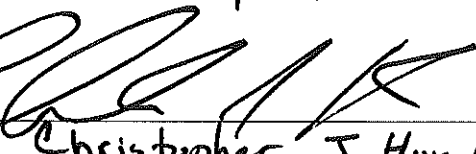
If Corporate: Chairman, President or Vice President

Date:

5/22/15

By:

Title:

  
Christopher J. Hund

C.O.O.

Print Name and Title of Signer.

If Corporate: Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer

Date:

5/22/15

EXHIBIT A

SCOPE OF WORK

(ii NATURE OF SERVICE REQUIRED: A THROUGH G)

During this process, the City of Morgan Hill reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Morgan Hill, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process—almost certainly by telephone.

The City of Morgan Hill reserves the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is 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 submitted and confirmed in the contract between the City of Morgan Hill and the firm selected.

It is anticipated the selection of a firm and approval by City Council will be completed on **Wednesday, April 15, 2015**. Following notification of the selected firm the next day, it is expected a contract will be executed between both parties by **Wednesday, April 22, 2015**.

B. Terms of Engagement

A five-year contract is contemplated: three (3) years initially, with the option to renew for two (2) subsequent years, subject to annual review and recommendation of the City Manager, satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), concurrence of the City Council and annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The City of Morgan Hill desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the combining and individual fund, account group financial statements, and supporting schedule. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report.

The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the basic financial statements.

B. Auditing Standards to be Followed

To meet 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 for financial audits set forth in the U.S. Government Accountability Office's (GAO) Government Auditing Standards (July 2011 Revision), the provisions of the Single Audit Act Amendments of 1996 and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements of the City and the Corporation Yard Commission (bi-annual for the latter, in odd-numbered years) in conformity with generally accepted accounting principles
2. A report on the City's compliance with the Gann appropriation limit
3. A Single Audit report
4. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
5. A report on compliance with applicable laws and regulations.
6. An "in-relation-to" report on the schedule of federal financial assistance.
7. A report on the internal control structure used in administering federal financial assistance programs.
8. A report on compliance with general and specific requirements related to major and non-major federal financial assistance programs.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The reports on compliance shall include all instances of noncompliance.

*Irregularities and illegal acts.* Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:

Steve Tate, Mayor  
Michael Roorda, Treasurer  
Steve Rymer, City Manager  
Cindy Murphy, Assistant City Manager, Administrative Services

D. Special Considerations

1. As required by Statement No. 14 of the Governmental Accounting Standards Board (GASB), the City's financial statements include its component units. These component units are the Corporation Yard Commission (discretely presented), the Morgan Hill Wastewater Financing Corporation (blended), and the Morgan Hill Financing Authority (blended).
2. The City of Morgan Hill will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its financial reporting award program. The auditor selected will be expected to prepare the CAFR in relation to the award checklist to ensure compliance with the award program.
3. It is anticipated that the City of Morgan Hill will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report therein. The auditor shall be required, if requested by the financial advisor and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
4. The City of Morgan Hill has determined that the U.S. Department of Housing and Urban Development will function as the cognizant agency in accordance with the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

5. The schedules of federal financial assistance and related auditors' report, as well as the reports on compliance and internal controls, are not to be included in the comprehensive annual financial report, but are to be issued separately.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Morgan Hill of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designee:

City of Morgan Hill  
U.S. Department of Housing and Urban Development  
U.S. Government Accountability Office  
Parties designated by the Federal or State governments or by the City of  
Morgan Hill as part of an audit quality review process  
Auditors or entities of which the City of Morgan Hill is a subrecipient of  
grants  
State of California, Office of the State Controller

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

F. Preparation of the Comprehensive Annual Financial Report

The audit firm will prepare the Comprehensive Annual Financial Report, including notes, with copies and distribution done by the City. The City will prepare transmittal letter, MD&A and the statistical section. It is expected the report will be provided to the City in printable PDF format. Any supporting Word and Excel documents will also be provided for the City's records.

G. Completion/Submission of Report of Financial Transactions to the State Controller's Office

The audit firm will complete the Report of Financial Transactions for the City based on the unaudited trial balance.

EXHIBIT B  
SEALED DOLLAR COST BID

**SEALED DOLLAR COST BID  
TO PROVIDE  
PROFESSIONAL AUDITING SERVICES  
FOR THE CITY OF MORGAN HILL**

**Submitted By**

**MAZE & ASSOCIATES  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523  
(925) 930-0902**

**Contact Persons**

**March 23, 2015**

**Mark Wong – e-mail address – [markw@mazeassociates.com](mailto:markw@mazeassociates.com)  
Katherine Yuen – e-mail address – [katheriney@mazeassociates.com](mailto:katheriney@mazeassociates.com)**



<b>SEALED DOLLAR COST BID</b>
-------------------------------

*Name of Firm*

**MAZE & ASSOCIATES**  
 3478 Buskirk Avenue, Suite 215  
 Pleasant Hill, CA 94523  
 (925) 930-0902

*Certification*

Mark Wong and Katherine Yuen are authorized to submit this proposal and negotiate and sign a contract with the City of Morgan Hill. Our offer is firm and irrevocable for a period of thirty days from the date of this proposal.

*Total All-inclusive Maximum Price*

Our Total All-Inclusive Maximum Prices for the services specified in the Request for Proposal for the fiscal year ending June 30, 2015 and subsequent four (4) years through June 30, 2019 are detailed at the end of this section.

Service Provided	Total Price FY 2015	Total Price FY 2016	Total Price FY 2017	Total Price FY 2018	Total Price FY 2019
Audit of City's Basic Financial Statements	\$26,435	\$27,228	\$28,045	\$28,886	\$29,753
Reports and Opinions	Included in above				
Preparation of CAFR	Included in above				
Audit of Corporation Yard (Odd # years)	1,795		1,903		2,017
Preparation of State Report of Financial Transactions	2,900	2,987	3,077	3,169	3,264
Single Audit Act (If applicable. Per tested program.)	2,875	2,961	3,050	3,142	3,236
Gann Appropriation Limit Report	620	639	658	678	698
Consultation (10 hrs./year)					
<b>GRAND TOTAL OF ALL SERVICES</b>	<b>\$34,625</b>	<b>\$33,815</b>	<b>\$36,733</b>	<b>\$35,875</b>	<b>\$38,968</b>

Our policy is to attempt to keep our clients fees constant after inflation. Therefore, the fees for years subsequent to 2015 have been adjusted by 3.0% per year.

<b>SEALED DOLLAR COST BID</b>
-------------------------------

*Rates by Partner, Supervisory and Staff; Times the Hours Anticipated for Each*

**CITY OF MORGAN HILL  
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES  
FOR THE AUDIT OF THE 2014/15 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	27.00	\$300	\$300	\$8,100
Manager	6.00	155	155	930
Supervisor	81.00	115	115	9,315
Associates	177.00	85	85	15,045
Administrative Staff	<u>19.00</u>	65	65	<u>1,235</u>
<b>Subtotal</b>	<u>310.00</u>			<u>34,625</u>
Out-of-pocket expenses: (1)				<u>          </u>
 Total for services described in RFP	 <u>310.00</u>			 <u>\$34,625</u>
 <b>TOTAL ALL-INCLUSIVE MAXIMUM PRICE</b>				 <u><u>\$34,625</u></u>

NOTES:

(1) Out of Pocket expenses such as meals, lodging and transportation are included in our price.

DID NOT USE

***Rates for Additional Services***

Any additional services will be performed and billed only on the City's prior authorization at our standard billing rates.

***Fees***

Our fees are firm fixed prices. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

***Manner of Payment***

Progress billings will be sent on the basis of actual hours work completed during the course of the engagement. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price.