

Submitted by Macias Gini & O'Connell LLP

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July 1, 2025



Table of Contents

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Town of Westlake, TX

Executive Summary	1
License to Practice in Texas	3
Qualifications and Experience of the Firm	5
Qualifications and Experience of Partners and Auditing Staff	15
Similar Engagements with Other Entities	28
Scope and Audit Approach	30
Proposed Schedule	49
Other Information and Concluding Remarks	51
Cost of Services Schedule	55



July 1, 2025

Cayce Lay Lamas, Director of Finance Town of Westlake, TX

VIA EMAIL: claylamas@westlaketx.gov

Dear Cayce Lay Lamas:

Macias Gini & O'Connell LLP (MGO) is excited about the opportunity to present our proposal to provide Independent Audit Services for the Town of Westlake and related entities (collectively referred to as the Town). With nearly 40 years of service to state and local governments, we are dedicated to supporting your mission with unwavering commitment. As we look ahead to the upcoming fiscal year and beyond, we are eager to leverage our experience and resources to help enhance Town's operational efficiency and financial accountability.

Experience and Knowledge

MGO was founded on serving state and local government entities. The Town requires a firm with trained governmental resources who proactively identify issues, solutions, and best practices in governmental accounting and financial reporting.

Knowing you and building trust

You are unique. You have your own specific story, values, and priorities. Everything we do begins by developing a clear understanding of your operating environment. From that foundation, we will develop a tailored strategy that considers the full spectrum of your financial and compliance matters. We are committed to providing the desired services identified in the RFP and completing all deliverables on a timely basis.

Thank you for reviewing our proposal and exploring our service capabilities, governmental and technical knowledge, qualifications, and most of all, our desire to exceed your expectations. Please give me a call at +1 (925) 395-2808 or email at DBullock@mgocpa.com with any comments or questions.

Sincerely yours,

David Bullock, CPA

Partner

Executive Summary

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Why MGO?

We're committed to service excellence

At MGO, our core values are central to everything we do, and chief among them is the simple mandate to Go Beyond. But what does that mean for you?

It means that our commitment to your success goes far beyond fulfilling our responsibilities as an independent auditor. When you work with MGO, you will enjoy a collaborative relationship with highly skilled professionals who focus on exceeding your expectations through straight talk (another of our values), proactive problem solving, flexibility, and an unwavering dedication to meeting your deadlines — no excuses.

We're passionate about open communication

Effective listening, straight talk, and frequent status check-ins are the foundation of MGO's engagements. As experienced practitioners, we recognize that collaboration and two-way communication are vital to the success of our projects, so we prioritize ongoing conversations, gathering important information about your expectations and objectives, keeping the Town up to date on the status of our work, and adjusting our activities based on the feedback we receive.

Weekly status reports are a standard element of our project management methodology, and include details about work conducted to date, work to be conducted in the next two weeks, and issues that require stakeholders' attention. Additionally, your MGO project manager will bring any emerging issues to your immediate attention as they occur.

We are here to guide, support, and grow with you

We aim to be business advisors and look beyond audits to understand the broader mission and operational goals of your organization. Whether you are a government agency or a nonprofit, we help you navigate complex regulations, optimize funding strategies, and improve financial transparency. Our integrated approach means we're not just solving today's problems—we're helping you plan for long-term impact and sustainability. We bring insights that support better decision-making, stronger stakeholder trust, and more efficient use of resources.

As a global team of more than 500 financial service professionals, we stand ready to serve you through a wide range of professional services tailored to meet the diverse needs of our clients*. These include:

Assurance and	Governance, Risk, and	Management Consulting	Forensic Accounting and
Attestation	Compliance		Litigation Support
 Audits and examinations Performance audits Agreed-upon procedures Cost allocation 	 Internal audit Anti-money laundering Entity-wide risk assessment Construction audit 	 Revenue optimization Marketing assessment Operational alignment analysis Policies and procedures 	Fraud investigationsVendor auditsLitigation supportEmployee investigations

^{*} subject to independence considerations

License to Practice in Texas

mgo.

License to Practice in Texas

MGO and all key professional staff assigned to the engagement are properly licensed to practice in the state of Texas.

Our firm's license is presented below.



Qualifications and Experience of the Firm

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Qualifications and Experience of the Firm

Founded in 1987, in Sacramento, California, Macias Gini & O'Connell LLP (MGO) is one of the fastest growing certified public accounting firms in the United States. MGO combines deep industry experience with well-established accounting and advisory solutions to deliver tangible results. Our clients range from global aerospace and technology leaders to innovative startups and nonprofit organizations — from the largest government entities in the country, to the biggest names in entertainment. MGO is a nationwide public accounting firm. We have a staff of more than 500 professionals. Our people are here to serve you, in real-time, around the clock, with 13 offices throughout the United States.



Our state and local government industry practice is one of the largest in the country, offering significant resources to serve this highly complex sector. As the professional service provider for numerous public agencies throughout the country, we take our commitment to "good government" seriously and work hard to establish collaborative relationships with our clients, deliver valuable insights and outcomes in every engagement, and implement innovative practices to improve service delivery. Our experience encompasses working with cities, counties, state agencies, special districts, private firms, and the world's largest public pension system. In addition to general-purpose units of government, we serve districts, authorities, boards, and finance divisions.

At MGO, we're committed to serving our clients and the profession through active engagement with national standards setters. Our participation in these groups helps us stay ahead of regulatory changes, keep our clients informed, and provide critical guidance and counsel on technical matters and other emerging issues.

MGO today

years of experience

500+ professionals ready to serve

36 +languages spoken natively U.S. cities with offices

Partners

Assurance professionals represent one-third of our talent. Our State and Local Government practice includes 40 supervisory personnel (supervisors through partners) with an average tenure of 25 years for partners, 11 years for management personnel, and five years for supervisors.

Approximately 90 associates and senior associates comprise our staffing pool, wherein practitioners rotate through the various industries MGO serves. We believe exposure to a variety of industries and diverse experiences early in our team members' public accounting careers will further enable them to choose the career path that best aligns with their interests and become adept in helping our clients succeed. Our longtenured team is a testament to this philosophy and strengthens MGO's ability to maintain project continuity.



Leading the way

MGO consistently ranks among the top 100 CPA firms in the nation and named one of the fastest growing accounting firms in the country. To achieve that recognition, we apply speed and focus when working with our clients to meet project deadlines and objectives. We are entrepreneurial and fast-moving, but we never lose our focus on serving you.

FAST FACTS

#53
Top 100 Firms
Accounting Today | 2025

#7
Firm in the West
Accounting Today | 2025

#50
Top 100 Firms
Inside Public Accounting | 2025

We have hundreds of U.S. employees and four offices in India allowing for time shifted work. As a result, our clients enjoy all the benefits of a mid-sized firm, including responsiveness to clients and the ability to move resources quickly, where they are needed most. Our firm's ability to be nimble allows MGO to complete the work on a timely basis. It's this extra mile that separates MGO from the rest of the pack.

We scale to meet you where you are. Our service professionals bring considerable experience to multistate and multinational enterprises — including those planning to become one. And because your focus is on growth and expansion, that's our emphasis too. Across more than 30 years of service, we've helped thousands of clients address their most challenging operational and governance needs.

Investment in your community

Our expansion into Texas marks a significant milestone in our firm's growth journey. As part of our long-term strategic vision, we have established a dedicated office in Austin and a team of two dozen professionals across the state. This reflects our deep commitment to serving Texas-based entities with the same level of excellence, insight, and integrity that has defined our work elsewhere. With our existing experience and proven track record, we are well-positioned to support the unique needs of Texas municipalities.

The Town will be primarily served by professionals from our Austin and San Francisco bay area offices. All professional staff assigned to the Town's engagement are employed full-time. Please refer to page 34 for staff levels and hours assigned to this engagement.

We look forward to becoming an integral part of the Texas business community and to building lasting relationships grounded in trust, collaboration, and results.

Thought leadership

MGO is proud to be listed as a top accounting firm by *Accounting Today*, *Inside Public Accounting*, and several other notable industry publications. Because of our long-term involvement and national and state liaisons, we are the firm positioned to keep you up to date on changing accounting and auditing standards — and we will.

As a thought leader in the government industry, MGO regularly speaks at and attends various professional associations and governmental agencies, including:

- Government Financial Officers Association of Texas
 - o 2024 Fall Conference
 - Tales from the Crypt: Lessons Learned from the Haunting of Leases and SBITA
 - 2024 Spring Conference
 - o 2023 Fall Conference
- California Society of Certified Public Accountants (CalCPA)
 - o 2024 Annual Government & Accounting Conference
 - Leases and SBITA
- California Society of Municipal Finance Officers (CSMFO)
 - o 2025 Conference in San Jose
 - Single Audit Update
 - 2024 Conference in Disneyland
 - There's a Storm Brewin' in the Financial Reporting Landscape
- California State Association of County Auditors
 - o 2024 Fall Conference
 - 2024 Spring Conference
 - GASB 100, 101, and 102 Practical Applications
- MGO's Annual Client Training
 - o Approximately 800-1,000 attendees each year
- Specific client trainings
 - Texas: City of Houston
 - California: City and County of San Francisco; City of San José;
 County of Santa Clara; Metropolitan Water District; Port of San Diego

Articles

- Preparing Your Government for GASB 103 Compliance
- Planning Government's Energy Tax Credits for 2025+
- <u>4 Strategies to Keep Your Government Resilient in Uncertain Times</u>
- How Transformation Improves Government Efficiency
- How to Build a Broader Risk View for Your Government
- Revolutionizing Your Risk Strategy: ERM for Modern Government
- How Your Government Internal Audit Team Can Prepare to Meet New Global Standards

NATIONAL AUDIT AND ACCOUNTING STANDARDS AND EMERGING ISSUES

MGO thought leaders who are helping shape national professional standards will lead your proposed engagement.



GASB 101 and Compensated Absences: What Your Government Needs to Know



How Prioritizing Governance, Risk, and Compliance Builds Trust in Your Government



OMB's Temporary Pause on Federal Financial Assistance: Detailed Implications for CFOs

Dedicated experience in state and local government practice

Our firm's state and local government industry practice offers unsurpassed resources in serving this complex sector, with professionals dedicated to year-round service. When it comes to auditing large, complex agencies, MGO's experience is among the best.

Our firm has extensive experience working with public agency clients on operational, performance, compliance, and financial engagements. Our clients choose us because we combine the skills, personality, attentiveness, and caring of a local firm with the breadth of services you expect from a national and international firm. We strive to exceed client expectations for timely communications.

City Governments

- **Albany**
- Antioch
- Arvin
- **Barstow**
- Beaumont
- Berkeley
- Chico
- Chowchilla
- Compton
- Covina
- Cupertino
- Elk Grove
- **Encinitas**
- **Fort Bragg**
- **Foster City**
- Fremont
- Fresno
- Galt

- Glendora
- Hawaiian Gardens
- Hesperia
- **Huntington Beach**
- Inglewood
- Irvine
- La Habra
- Lake Forest
- La Mesa
- La Mirada
- Lodi
- Long Beach
- Los Altos
- Los Angeles
- Modesto
- Monrovia
- Moorpark
- Morgan Hill

- **Mountain View**
- Needles
- Oakland
- Palo Alto
- Pasadena
- Pleasant Hill
- Pleasanton
- Riverside
- Rohnert Park
- **Rolling Hills Estates**
- Roseville
- Sacramento
- San Carlos
- San Diego
- San Francisco
- San José
- Santa Ana
- Santa Barbara

- Santa Monica
- Santa Rosa
- Sebastopol
- Simi Valley
- South El Monte
- Stockton
- Sunnyvale
- **Temple City**
- Tustin
- **Union City**
- Vacaville
- Ventura
- Vernon
- **West Sacramento**
- Winters
- Woodland
- Yorba Linda

County Governments

- Alameda
- **Butte**
- Contra Costa
- El Dorado
- Fresno
- Glenn

- Los Angeles
- Merced
- Napa
- Orange
- Placer Riverside
- Sacramento
 - San Diego
 - San Francisco

San Bernardino

- San Mateo
- Santa Clara
- Sonoma
- **Stanislaus**
- Tulare
- Tuolumne
- Ventura
- Yolo



QUALIFICATIONS AND EXPERIENCE OF THE FIRM

To further illustrate our background and experience auditing government entities with similar scope of services requested by Town, the table below summarizes a representative listing of our significant general purpose governmental clients.

Representative list of governmental agencies audited by MGO

Cities	Fiscal Year of Most Recent Audit	ACFR (GFOA Certificate)	Single Audit	Pension, OPEB and Other Benefit Plans	Successor Agencies	Hospitals	Airports/ Seaports	Water/ Sewer/ Power Utilities	LTF, TDA, or Other Grant Audits	Appropriations Limit AUP
Fremont	2024	✓	✓						✓	✓
Los Angeles	2024	✓	✓	*1	✓		*1	✓		✓
Mountain View	2023	✓	✓					✓	✓	✓
Oakland	2024	✓	✓	✓	✓		✓	✓	✓	✓
Palo Alto	2024	✓	✓				✓	✓	✓	✓
Sacramento	2024	✓	✓	✓				✓		
San Diego	2023	✓	✓	✓	✓			✓		✓
San Francisco	2024	✓	✓	✓	✓	✓	*2	✓	✓	✓
Pleasant Hill	2024	✓	✓						✓	✓
San José	2024	✓	✓	✓	✓		✓	✓	✓	✓
Santa Rosa	2024	✓	✓	✓	✓		✓	✓	✓	✓
Sunnyvale	2022	✓	✓					✓	✓	✓

Counties	Fiscal Year of Most Recent Audit	ACFR (GFOA Certificate)	Single Audit	Pension, OPEB and Other Benefit Plans	Successor Agencies	Hospitals	Airports/ Seaports	Water/ Sewer/ Power Utilities	LTF, TDA, or Other Grant Audits	Appropriations Limit AUP
Alameda	2024	✓	✓	*1	*1	*1			✓	
Contra Costa	2024	✓	✓	*1	✓	✓			✓	✓
Los Angeles	2024	✓	✓	*1		✓			✓	✓
Sacramento	2024	✓	✓	✓	✓		✓	✓	✓	✓
San Diego	2023	✓	✓	✓				✓	✓	✓
San Mateo	2024	✓	✓	*1		✓	✓		✓	✓
Santa Clara	2024	✓	✓		_	✓	✓	_	✓	✓
Tuolumne	2022	✓	✓				✓	✓	✓	✓

^{*1 –} Audited by other auditors and included in the financial reporting entity.



^{*2 –} Airport was audited by other auditors and included in the financial reporting entity. Seaport was audited by MGO.

Extensive public housing authority knowledge

MGO has audited numerous public housing authorities, including San Francisco Housing Authority, Housing Authority of Portland, Oakland Housing Authority, and Sacramento Housing and Redevelopment Agency. Over the years, we've provided support and guidance through some of the most challenging and exciting financial events at these authorities.

Our engagement team is familiar with the accounting of property disposition and have provided guidance to several authorities in this area. Furthermore, we have audited many of the component units of the public housing authorities, including partnerships and nonprofit public benefit corporations.

MGO has worked closely with HUD's analyst to discuss and resolve any HUD REAC submission comments. MGO has audited and prepared the electronic attestation to the HUD Real Estate Assessment Center on the Financial Data Schedules as to its fair presentation in relation to audited basic financial statements for the following governmental engagements:

- Benicia Housing Authority
- County of San Diego Housing Authority
- Garden Grove Housing Authority
- Home Forward (Housing Authority of Portland)
- Housing Authority of the City of Encinitas
- Housing Authority of the City of Los Angeles
- Housing Authority of the County of Santa Clara
- Oakland Housing Authority
- **Orange County Housing Authority**
- Pleasanton Housing Authority
- Sacramento Housing and Redevelopment Agency
- San Diego County Housing and Community Development
- San Francisco Housing Authority
- Santa Rosa Housing Authority

MGO's extensive experience in auditing public housing authorities will provide unique insight into the more complex financial accounting and reporting issues that Texas Student Housing may encounter - not to mention our depth of knowledge with federal compliance audits and HUD programs.



Helping organizations build ideas, people, and communities

Executives face a variety of unique challenges including escalating costs, rapidly evolving regulatory requirements and growing pressures for transparency and sustainability. But, rapid change can also signal unexpected opportunities.

When you work with MGO, your mission is our mission

Since our inception, MGO has served nonprofit organizations by providing assurance and advisory services to support compliance, operational effectiveness, and fiscal transparency. Our professionals combine industry experience with clear, straightforward advice that helps our clients navigate their toughest financial and operational challenges. We'll keep you and your team apprised of new developments and evolving compliance standards so you can spend less time worrying about regulatory requirements and more time focusing on your mission.

Our in-depth experience in single audits, financial statement audits, and a wide range of consultative support services helps organizations like the Westlake Academy Foundation identify opportunities for improvement while addressing their most pressing operational and compliance challenges — on time and within budget. The case study below highlights one example of our work with a nonprofit organization.

Financial Repo	orting and Accounting Support for a Nonprofit
Background	One of the nation's largest nonprofit organizations failed to close their books for more than a year following a change in their accounting system in July 2022. After the departure of key financial personnel, including the controller and CFO, the organization was left without complete financial statements and was at risk of losing critical funding.
Challenge	The organization needed immediate intervention to close their books, complete their FY2023 audit, and maintain compliance with regulatory requirements — including single audit compliance standards. With no trial balance available and basic accounting processes like bank reconciliations left undone, MGO was engaged to help restore order to their financial operations.
Approach	MGO's team developed a comprehensive roadmap to address the crisis. The team began by creating detailed account-by-account action plans with specific deadlines to guide the recovery process. Working systematically, the team reconstructed financial records while establishing new accounting procedures and controls. Throughout the engagement, MGO's professionals served as audit liaison while simultaneously closing the books, providing technical support and documentation for auditors. The team also assisted in interviewing and hiring a new accounting team to support long-term stability.
Value to our client	The team successfully closed FY2023 books and secured an unqualified audit opinion with no adjusting entries – a remarkable achievement given the complexity of the situation. By meeting regulatory reporting requirements, the organization maintained its essential funding and preserved crucial relationships. The establishment of proper accounting procedures and a qualified accounting team positioned the organization for future success. With MGO providing continued consulting support, the organization now has a strong foundation for sustainable financial management.

Providing our most recent peer review report

External quality control reviews

MGO's commitment to performing quality assurance work has been recognized by our clients and national standards setters. Under AICPA and *Government Auditing Standards*, public accounting firms are required to undergo a peer review of their accounting and auditing practice every three years by an independent firm.

The quality of our State and Local Government industry practice is evident from the results of our most recent peer review, which assessed the firm's system of quality control for accounting and auditing. The engagements selected for review included those performed under *Government Auditing Standards* (GAS), encompassing compliance audits under the Single Audit Act.

Firms can receive a rating of pass, pass with deficiency(ies), or fail. MGO received the highest-level rating of **pass**. The results of this and prior peer reviews provide independent validation of our commitment to providing quality assurance services. Please refer to our 2024 Peer Review Report presented on the following page.

The results of this and prior peer reviews provide independent validation of our commitment to providing quality assurance services.

Disciplinary action

There have been no disciplinary actions taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

Results of federal and state quality control field and desk reviews

The State Controller's Office of the state of California routinely conducts desk reviews of single audit reports submitted as part of its role as the pass-through grantor agency of federal awards to local governments. Most of the firm's reports are accepted without further action. A small number of reports may require clarification or resubmission to correct minor items identified during the reviews. However, none of these instances required any additional audit procedures or resulted in the rejection of audit reports.





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Report on the Firm's System of Quality Control

September 17, 2024

To the Partners of Macias, Gini & O'Connell LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Macias, Gini & O'Connell LLP (the firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

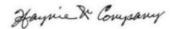
Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Macias, Gini & O'Connell LLP, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended March 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Macias, Gini & O'Connell LLP has received a peer review rating of pass.





Qualifications and Experience of Partners and **Auditing Staff** mgo.

Principal supervisory and management staff assigned to the engagements

We have assembled a group of key professionals who possess a firm grasp of Towns's operations as well as the maturity, experience, and confidence required for this engagement. The engagement team represents a strong, balanced blend of talent, professional skills, and industry experience that are most critical to working effectively with you. Each of our key engagement team members possesses experience in the following:

- Generally Accepted Auditing Standards (AICPA)
- Generally Accepted Government Auditing Standards (GAGAS)
- Governmental Accounting Standards Board (GASB)
- Office of Management and Budget Uniform Guidance (UG)

All team members are experienced in government accounting and auditing, conducting single audits, and preparing or assisting in the preparation of the basic financial statements and award-winning ACFRs. The team was designed with the most complementary skill sets and experience in providing state and local government assurance services as well as experience performing compliance audits. The continual involvement and immediate access to partners, directors, and the engagement team always provides the Town access to the decision makers and utilizes the full range of our resources. We are committed to conducting the audits and meeting all the Town's requirements.

Engagement leadership

As the lead partner, **David Bullock** will be responsible for maintaining overall audit quality and delivery of client service. He will coordinate with the audit team and monitor the progress of individual audits to maintain the timely and successful completion of the Town's audits.

Technical review and quality control team

MGO's quality control process includes a technical reviewer who will consult regularly with the engagement team and the Town management to meet the highest level of technical and professional standards. **Annie Louie** will serve as the technical review partner and be responsible for confirming our audits are performed in accordance with firm quality control policies and professional auditing standards.

KEY TEAM MEMBERS

David Bullock, CPA ENAGEMENT PARTNER

Annie Louie, CPA, CGMA, CISA TECHNICAL REVIEW PARTNER

Corbitt Nixon, CPA
SENIOR MANAGER

Kylie Perez, CPASUPERVISOR

Availability of key personnel

MGO understands engagement partners, directors, managers, other supervisory staff, and professionals may change due to personnel leaving the firm, promotions, or reassignments to other offices. We have a track record with our clients, demonstrating significant MGO partner participation to facilitate seamless transitions.

Our firm's policy is to have our leadership team and subject matter professionals very involved during your audits. This approach provides you with continuous access to individuals who are very knowledgeable about your operations throughout the duration of our professional contract. Clients are often impressed by the depth of knowledge our staff demonstrates and the level of assistance they provide in keeping them updated on changes in the government finance area.

QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Continuing Professional Education (CPE)

Be Relentless About Improvement. It's one of our Fundamentals, and it's well-aligned with the accounting profession's CPE requirements.

We expect our staff to maintain an up-to-date awareness and understanding of the ever-changing criteria and related applications affecting complex organizations. In compliance with auditing standards generally accepted in the United States of America, our firm administers a program to confirm all professional staff meet or exceed the profession's CPE requirements. Since governmental entities constitute a large portion of MGO's client base, we are also well-aware of the strict educational guidelines required by *Government Auditing Standards*. All members of the audit team have satisfied these requirements, having at least 80 hours of continuing professional education every two years, of which 24 must directly relate to the government environment and to government accounting and auditing standards.

Our audit team receives their CPE from both in-house and commercially certified CPE training courses. Over the years, our staff has attended numerous qualifying CPE classes for governmental training related to the Government Finance Officers Association (GFOA), governmental accounting, auditing, and financial reporting, governmental internal control, GASB updates, single audit updates, and self-study coursework.

We know consistency matters

Staffing continuity is important in delivering efficient, effective services to our clients, and we work hard to attract and retain high-caliber professionals with the experience, skills, and passion to help you achieve your goals. Our firm keeps human care at the center of everything we do, providing everyone with the opportunity to thrive and defining a culture based on trust and mutual respect.

That said, while we work very hard to minimize staff turnover, sometimes it's unavoidable. If changes need to be made to your engagement team, we'll inform you right away. Then we'll hold internal meetings to support a smooth transfer of knowledge and responsibilities and meet with your management and stakeholders as necessary. You won't be billed for any additional training time required to transition new engagement team members.

Resumes of the engagement team are presented on the following pages.





David G. Bullock, CPA

Leader Engagement Partner

DBullock@mgocpa.com

+1 (925) 395-2808

Education and certifications

- California State University, San Jose, B.S. in Business Administration with a concentration in Accounting
- Certified Public Accountant, California

Associations

- American Institute of Certified **Public Accountants**
- California Society of CPAs
- Association of Government Accountants, Silicon Valley Chapter
- GASB Sales and Pledges Task Force
- **GFOA Special Review Committee**

Proposed role and responsibilities

- Manage project timeline and client expectations
- Lead and coordinate the overall delivery of the audit and technical assistance
- Lead project strategy and planning efforts
- Work closely with management
- Available throughout the year to proactively identify issues

How I deliver value to you

As the head of our State and Local Government practice, I offer financial services to some of the largest governmental organizations across the country. I stay at the forefront of our field through active thought leadership, regularly speaking and conducting training on specialized government accounting topics and working closely with the Governmental Accounting Standards Board (GASB).

My experience

As an MGO team member since 1996, I have experience providing highly technical accounting and financial advisory services to both private and public sector clients. My current engagements include leading the federal compliance audit for several large state agencies, counties, cities, and special districts; and my experience also extends to consulting and attestation engagements, such as GASB implementation, contract and grant compliance, and forensic examination projects.

In addition to client service, I serve on various technical committees, offer training to MGO personnel and clients, and conduct annual lectures on a variety of accounting and audit related topics for associations and organizations. Drawing on my extensive experience, in-depth understanding of government accounting, and commitment to staying ahead of industry trends, I deliver tailored solutions to help your organization achieve its financial management and compliance objectives.

Representative client experience:

City governments and related entities

- Fremont
- Palo Alto
- San Francisco San José

- **Mountain View**
- Pleasant Hill Rohnert Park
- Santa Rosa

- Oakland Los Angeles
- San Diego
- Sunnyvale
- **County governments and related entities**
- Alameda
- Sacramento
- San Mateo

- Contra Costa
- San Diego San Francisco
- Santa Clara

- Los Angeles
- Sonoma

Other governmental agencies

- Burbank-Pasadena-Glendale Airport Authority
- California Public Employees' Retirement System (CalPERS)
- El Paso Metropolitan Planning Organization
- Metropolitan Water District of Southern California
- Port of Oakland (including the Oakland International Airport)
- San Francisco Bay Area Rapid Transit District (BART)
- San José Mineta International Airport
- State of California, federal compliance audits



QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Relevant continuing professional education:

Government-specific courses

- Testing Fund Balance & Net Position for Governmental Entities
- Government Audit Workpaper Documentation/Best Practices
- Planning for Governmental Audits
- Overview of Governmental Accounting and Auditing
- Single Audit Completion
- The New GASBs and You
- Review of SLG Engagement Materiality Documentation & Orb Planning Q&A Office Hour
- MGO State and Local Government Training Session 3 of 3: IT and Cybersecurity
- MGO State and Local Government Training Session 2 of 3: Implementation of New Standards
- MGO State and Local Government Training Session 1 of 3: Technical Update
- IT Audit Overview
- 2023 OMB Compliance Supplement and Single Audit Update
- June 2023 GAAC Meeting
- 2023 Annual Required GAQC Webcast
- Governmental Accounting & Auditing Virtual Conference
- LeaseQuery GASB Summit
- RSM Orb CaseWare Training
- February 2023 GAAC Meeting
- 2023 CSMFO Annual Conference
- 2023 CSMFO Annual Conference
- Government Audit and Accounting Committee various technical topics
- Accounting & Reporting Managers Conference Speaker: GASB Update
- Accounting & Reporting Managers Conference Fall 2022
- EQCR Update
- 116th Annual Conference Austin, TX
- Government Audit and Accounting Committee various technical topics
- 2022 MGO SLG Client Training Session 2: Looking Ahead at GASB
- Accounting & Reporting Managers Conference Speaker: GASB River Run
- Accounting & Reporting Managers Conference Spring 2022
- 2022 Annual Required GAQC Webcast
- 2022 SACA Conference
- Reporting Improvements
- GASB 87/Lease implementation
- SAS 134/140
- Government Audit and Accounting Committee various technical topics
- GASB's Lease Standard: Are You Ready?
- Government Audit and Accounting Committee various technical topics
- QM1 and IAASB1 Overview Training
- MGO 2021 Single Audit Training Updates and Current Developments
- 2021 MGO Client Training Day
- Government Audit and Accounting Committee various technical topics
- MGO Presents: American Rescue Plan Act
- Preparing for Lease Accounting Under GASB 87
- Preparing for Lease Accounting Under GASB 87
- 2022 CSMFO Annual Conference Speaker: Insights from Lease Implementation
- 2022 CSMFO Annual Conference
- Government Audit and Accounting Committee various technical topics
- 2020 Compliance Supplement and COVID-19 Single Audit Implications
- MGO 2020 Sacramento Client Training
- CSMFO Conference 1/29 1/30/2020



QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Other relevant courses

- Internal Inspections & Peer Review 2024
- 2024 Annual Partner Summit
- 2024 SLG University Annual Client Training
- CaseWare TB Imports
- Engagement Letter and Terms of Condition Training
- MGO 2023 Annual Quality Control Monitoring & QMS Update
- MGO Annual Independence Training Firmwide
- CPA Ethics California
- IT Considerations in a Financial Statement Audit Part 6
- 2022 QMS Review, Annual Inspection and Monitoring Review
- Internal Control Review Part 3
- Internal Control Review Parts 1 and 2
- 116th Annual Conference Austin, TX Fraud Prevention in Treasury Operations
- 2022 SACA Conference Cybersecurity and Fraud Protection
- MGO's ESG Introduction and Overview Day 2
- MGO's ESG Introduction and Overview Day 1
- New SAS 134/141 Updates
- Peer review and monitoring update
- SLG Industry Update
- 2022 CSMFO Annual Conference Cyber Security: Growing Risks and Preventing Attacks Against Your Organization
- Accountancy Laws, Ethics, Taxes and Financial Reporting Review: Ethics
- Accountancy Laws, Ethics, Taxes and Financial Reporting: Regulatory Review
- The CalCPA Capitol Beat: An Insider View of the 2020 California Ballow Webcast
- Governmental Accounting and Auditing Committee Meeting
- GAAP Update
- MGO 2020 Firmwide Independence Training
- Governmental Accounting and Auditing Committee Meeting
- Firmwide Remote Support Training: Webex
- Governmental Accounting and Auditing Conference
- Governmental Accounting and Auditing Committee Meeting



Annie Louie, CPA, CGMA, CISA

Technical Review Partner

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Education and certifications

- University of California, Berkeley, B.A., Economics; Minor in Business Administration
- Certified Public Accountant, California
- **Chartered Global Management** Accountant
- **Certified Information Systems** Auditor®

Associations

- American Institute of Certified **Public Accountants**
- California Society of CPAs
- AGA (San Francisco Chapter, past director of communications)
- Information Systems Audit and **Control Association**
- **Government Finance Officers** Association's Special Review Committee for Annual Comprehensive Financial Report Awards (former member)
- Golden Gate University School of Accounting Advisory Board

Proposed role and responsibilities

- Consult with the engagement partner on technical accounting and auditing issues, including audit risk assessments
- Responsible for staying current on the engagement process
- Participate in client discussions about complex technical issues
- Review selected audit workpapers and reports for compliance with financial reporting, compliance, and auditing standards
- Available throughout the year to consult on technical accounting and reporting

How I deliver value to you

Drawing on my broad experience in the public sector to customize each engagement to your specific requirements, I adeptly lead the planning and fieldwork for all your projects — whether it's financial and compliance audits, reviews of government entities, or pension plans.

My experience

Leveraging more than 20 years of experience providing assurance and consulting services to the public sector, I specialize in value-added audit engagements that deliver confidence to regulators and constituencies and provide practical recommendations to improve your operational efficiencies. From monitoring the engagement budget and due dates, reviewing engagement documentation, and applying all engagement standards, I am with you every step of the way.

Passionate about growth in the state and local government industry, I conduct training programs on a variety of accounting, audit, and financial reporting topics for cities and counties. Throughout my career, I have developed a unique curriculum and trained project managers on the Single Audit Act requirements.

I began my career at MGO as an intern and am proud to be with the firm today. My passion is for working with you to find the best, most efficient solutions to your problems.

Representative client experience:

City governments and related entities

- Oakland
- San Francisco
- San José

County governments and related entities

Alameda

Contra Costa

- San Francisco
- San Mateo
- Santa Clara

Tuolumne

Other governmental agencies

Contra Costa Transportation Authority

- Housing Authority of the City and County of San Francisco
- **Metropolitan Transportation Commission**
- Oakland Alameda County Coliseum Authority
- Port of Oakland
- Port of Stockton
- San Francisco Bay Restoration Authority
- San Francisco County Transportation Authority
- San Mateo County Flood and Sea Level Rise Resiliency District
- San Mateo County Inmate Welfare Trust Fund
- San Mateo County Joint Powers Financing Authority
- State of California federal compliance audit

QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Relevant continuing professional education:

Government-specific courses

- 2022 Compliance Supplement and Single Audit Update
- 2022 MGO SLG Client Training Session 1: The Digital Enemy
- 2022 MGO SLG Client Training Session 2: Looking Ahead at GASB
- 2022 MGO SLG Client Training Session 3: Embracing Emerging Technology
- 2022 MGO SLG Client Training Session 4: ESG & SLG
- 2023 MGO Single Audit Training
- 2024 Compliance Supplement Update
- 2024 SLG University Annual Client Training
- BDO Quarterly Government Accounting and Auditing Update Q2 2023
- BDO Quarterly Government Accounting and Auditing Update Q4
- EQCR Update
- Ethics And Conduct Requirements for State and Local Governments Accountants and Auditors
- GASB 2023: Grant Revenue for Governments Audit Approach & Documentation Considerations
- GASB 2024: State of the Government Industry Update
- GASB 87/Lease Implementation
- Government Audit Workpaper Documentation/Best Practices
- Governmental Financial Reporting Anatomy of the ACFR
- MGO State and Local Government Training Session 1 of 3: Technical Update
- MGO State and Local Government Training Session 2 of 3: Implementation of New Standards
- MGO State and Local Government Training Session 3 of 3: IT and Cybersecurity
- New GSA Federal Audit Clearinghouse and Related Auditor Tips
- NFP 2022: Group Audit Considerations for Governments
- Planning for Governmental Audits
- Quarterly Government Accounting and Auditing Update Q4
- Review of SLG Engagement Materiality Documentation & Orb Planning Q&A Office Hour
- Single Audit Compliance Considerations
- Single Audit Planning Considerations and Documentation
- Single Audit Documentation Training 2024
- Single Audit Planning Training 2023
- State Controller's Conference with County Auditors
- Testing Fund Balance & Net Position for Governmental Entities

Other relevant courses

- 2024 Annual Partner Summit
- 2024 Compliance Supplement Update
- 2024 Encore: Overcoming Change Leadership Obstacles
- 2025 Open Enrollment
- 4015H: California Ethics Regulatory Review Course
- Addressing Multi-Cloud Security Compliance Puzzle Using Shared Tooling
- Al Strategy for Accounting Firms Navigating the Future
- Al Summit: Al in Tax Strategy Current Trends and Future Directions
- AI Summit: Cyber Security and Risk Management + AI
- Al Summit: Driving Innovation and Transformation at BDO
- Annual Independence Training
- Audit Risk Assessment: The Do's and Don'ts, Part 1
- Bridging the Gap between Understanding and Applying Data Analytics
- CaseWare TB Imports
- CISO & CIO Metrics for the Board & Changes to EU Cybersecurity Requirements
- Cloud Enablement & Maintaining FedRAMP Compliance with Continuous Monitoring
- Cloud Native Security and Transforming Security Operations Center by Deploying an MDR Solution



QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Relevant continuing professional education (continued):

- Cloud Perimeters and Continuous Security
- Coaching Form in Quantum
- Coffee and Conversations with Scharrell Jackson
- Competencies at MGO
- Compliance Training
- Controlling Privacy and the Use of Data Assets
- Cyber Insurance & Managing Supply Chain Risk
- Cybersecurity
- Digital Trust and How to Reduce Software, Hardware & Cloud Costs
- Document Excellence with DataSnipper
- Engagement Letter and Terms of Condition Training
- Engagement Management Part I
- Ethics and Conduct Requirements for State and Local Governments Accountants and Auditors Day 2
- Everything about Document Matching
- Financial Statement Fraud
- From Green & Sustainable IT to Net Zero What IT/IS Professionals Should Know and Contribute
- How to Reduce Turnover by Getting Ahead of Staff Burnout
- IDEA Overview Series 2021 Idea Overview Session 1: Populating Data into IDEA
- Impact of AI
- Impacts of SAS 145
- ISACA Research Survey 11/28/2023
- IT Audit Overview
- IT Audit SOC Report Evaluations
- IT General Controls and Application Controls
- Jurisdictions Training
- Keeping a Safe Workplace: Violence Awareness and Prevention, Part 1 & 2
- LGBTQ+ Inclusion & Affirmation in the Workplace
- Lunch & Learn: CaseWare Analytics Review
- Managing Performance Through Roundtables Session 1 & 2
- MGO 2023 Annual Quality Control Monitoring & QMS Update
- MGO 2023 Retreat: Day 1 The MGO Digital Strategy ThinkTank
- MGO Annual Independence Training Firmwide
- MGO Approach for Journal Entry Testing
- New Insights for Cybersecurity from a Statistical Model that Can Forecast Data Breach
- Performance Management at MGO
- Preparing for the AI Future at MGO
- Preventing Discrimination & Harassment: CA Managers V4.1
- Privacy Laws and Compliance Essentials
- Reliable Cybersecurity and Modernizing Security Goals
- Risky Relationships: A Holistic View of Third-Party Risk Management
- RSM Orb CaseWare Training
- SAS 134/140
- Security Tools Are Out, The Security Stack Is In & Blockchain Audit
- SOX & IT Audit Readiness
- Systemic Risk Trends and Cloud Security Challenges
- Thanks for the Feedback: Lessons in Giving and Receiving Feedback
- What's Your Firm's WoW Factor?



Corbitt Nixon, CPA

Senior Manager

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Education and certifications

- University of Houston Clear Lake – Master of Science, Accounting
- University of Central Florida -Bachelor of Science, Interdisciplinary Studies, Economics, Legal Studes, and Political Science
- Certified Public Accountant, Texas

Associations

 American Institute of Certified Public Accountants

Proposed role and responsibilities

- Assist engagement partner in planning, controlling, reviewing, and evaluating fieldwork
- Consult with audit team on issues and progress of fieldwork
- Manage the day-to-day execution of the audit activities and direct task accomplishments and monitor progress
- Report to the partners regarding audit and technical matters
- Review audit documentation for significant audit areas
- Communicate with executive management regarding audit progress

How I deliver value to you

With a strong track record in delivering thorough, efficient audit and assurance services, I am committed to consistently exceeding client expectations while driving measurable value across engagements. I provide forward-thinking oversight for audit teams and work closely with stakeholders to uncover operational efficiencies, proactively manage financial risk, and capitalize on strategic insights that enhance decision-making. My focus is on building and leading strong, agile teams and helping clients achieve their financial reporting objectives by strengthening internal controls to support long-term organizational success.

My experience

I have more than eight years of experience in auditing that includes roles in both public sector organizations and professional services firms — so I understand my clients' point of view. As a senior manager, I provide leadership and guidance for team members performing various auditing and financial reporting tasks for governmental clients. In previous roles, my work included performing single audits, assisting clients in the implementation of new accounting standards, preparing complex financial reports, and leading audit engagements from start to finish.

At MGO, I focus on reviewing audit work and deliverables, preparing workpapers, performing tests of details and analytical reviews, and providing training and coaching to enhance the team's professional capabilities. By proactively engaging with clients throughout the year to understand their business goals and challenges, I demonstrate MGO's dedication to service excellence and deliver business insights through thoughtful review, analysis, and discussion.

Representative client experience:

City governments and related entities

- Friendswood, TX*
- Galveston, TX*
- Sugar Land, TX*

- Albany, CA*
- Del Rey Oaks, CA*
- Suisun, CA*

Other governmental agencies

- Chico Area Recreation and Park District*
- City of San Francisco Japan Center Garage Corporation
- Gulf Coast Water Authority*
- West Valley Sanitation District*

^{*}Prior to joining MGO

QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Relevant continuing professional education:

Government-specific courses

- 2025 SLG University
- 2024 Uniform Guidance Revisions and Template Updates
- 2023 Compliance Audit Update
- 2022 Annual Independence Training
- 2022 Compliance Audit Update
- Common audit deficiencies: Governmental audits
- Fraud in the Public Sector
- Accounting for Revenues in Government (Emphasis on Non-Exchange Transactions)
- GASB 101: Compensated Absences
- Latest Developments in Governmental Accounting and Auditing (GVAA)
- GFM 2.0 Template Case Study Accounts Receivable
- Yellow Book Independence
- Major Program: Assessing Direct and Material Compliance Requirements
- Not-for-profit Accounting and Tax Updates 2023
- Higher Education Technical Update 2023
- Evaluating the Effectiveness of Not-For-Profit Entities

Other relevant courses

- Keeping a Safe Workplace: Violence Awareness and Prevention, Part 1
- Keeping a Safe Workplace: Violence Awareness and Prevention, Part 2
- The MGO Way
- Performance Management at MGO
- Competencies at MGO
- General Ethics: Meeting Your Texas Requirement (ETTX)
- Enterprise risk management: Building an effective ERM governance structure
- The Essence of the Value Architect
- Accounting and Auditing Revenue
- Accounting for and Auditing Complex Investments
- Assurance Town Hall December
- Assurance Town Hall July
- Advanced Assurance Academy Required
- Advanced Assurance Academy Elective: Problem Solving
- Advanced Assurance Academy Elective: Emotional Intelligence
- The Value Chat Process
- Preventing Workplace Harassment 2024 U.S.
- A CPA's Guidebook to Ethical Behavior: A CPE Ethics Course for Texas CPAs
- Value Architect Summit 2022
- Advanced Assurance Academy-General Session 1
- Advanced Assurance Academy-General Session 2
- Advanced Assurance Academy-General Session 3



Kylie Perez, CPA

Supervisor

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Education and certifications

- Auburn University, Auburn, Alabama, Master of Accountancy
- Texas Tech University, Lubbock, Texas, B.B.A. Accounting
- Certified Public Accountant, Texas

Associations

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants

Proposed role and responsibilities

- Plan and coordinate logistics of audit work, such as status meetings and document requests with client contacts
- Communicate with clients throughout the engagement
- Prepare, review, and update audit plan with engagement partner
- Supervise staff performing audit work, assist with questions that arise during the audit work and review staff work
- Perform substantive and analytical procedures and document the results for complex financial statement areas
- Review financial statements
- Research issues as directed by the team or engagement partner

How I deliver value to you

I have the ability to hit the ground running for your organization, providing the insights you need to navigate the complexities of public sector audits.

My experience

With more than five years of public sector accounting experience including state and local government, independent school districts, and nonprofit organizations, I have conducted direct examinations and audits under the requirements of federal single audit requirements and Texas state audit regulations. I understand the unique challenges you face and am here to help you reach your assurance and attestation goals.

Prior to joining the MGO team in 2023, I served as an audit supervisor at a regional Texas firm.

Representative client experience:

Cities governments and related entities

- Duncanville *
- Houston *

County governments and related entities

- King County*
- Lubbock County*
- Santa Clara
- San Mateo

Other governmental agencies

- Big Spring Independent School District *
- El Paso Metropolitan Planning Organization
- Lubbock Independent School District*
- Oakland Housing Authority
- Port of Oakland

Non-profit organizations

- Economic Opportunity Advancement Corporation
- Southwest Minority Supplier Development Council

*Prior to joining MGO

QUALIFICATIONS AND EXPERIENCE OF PARTNERS AND AUDITING STAFF

Relevant continuing professional education:

Government-specific courses

- 2023 OMB Compliance Supplement and Single Audit Update
- 2024 SLG University Annual Client Training
- Auditing Internal Controls Over UG Compliance
- Evaluating Findings and Reporting in a Single Audit
- GAQC 2023 Auditing State and Local Governments Lightning Round
- Government Audit Workpaper Documentation/Best Practices
- Governmental Financial Reporting Anatomy of the ACFR
- Hot Topics in Auditing Pandemic Funding
- Planning for Governmental Audits
- Single Audit Compliance Considerations
- Single Audit Planning Considerations and Documentation
- Single Audit Completion
- Single Audit Fundamentals Part 1: What is a Single Audit?
- Single Audit Fundamentals Part 2: Major Program Determination
- Single Audit Fundamentals Part 3: Compliance Requirements and Internal Control over Compliance
- Single Audit Planning Training 2023
- Testing Fund Balance & Net Position for Governmental Entities
- The Ins and Outs of Major Program Determination
- The New GASBs and You
- What Federal Agencies Are Finding in Single Audit QCRs

Other relevant courses

- 2024 MGO CORE Assurance Training Level 4
- 2025 Open Enrollment
- Accounting Update 2025
- Annual Independence Training
- Ask the A&A Experts
- Audit Risk Assessment: The Do's and Don'ts, Parts 1 and 2
- Audit Sampling, Part 1: Introduction to Basic Sampling Concepts and Terms
- Auditing Update 2025
- CaseWare TB Imports
- Coaching Form in Quantum
- Competencies at MGO
- Engagement Economics
- Engagement Management Part I and II
- Ethics With a Dash of Courage
- How to Make the Most of Your Audit?
- Internal Inspections & Peer Review 2024
- Leases (Topic 842) Parts 1 and 2
- Lessons in Giving and Receiving Feedback [FutureReady Core Curriculum]
- Managing Performance Through Roundtables Sessions 1 and 2
- AuditWatch University Level 3 & 4: Custom Training
- AuditWatch University: Beyond In-Charge Taking the Next Steps
- MGO Approach for Journal Entry Testing
- Not-for-Profit Industry Developments for 2023
- Performance Management at MGO
- Preparing for the AI Future at MGO
- SOC Report Evaluations



Similar Engagements with Other Entities 'mgo.

Similar Engagements with Other Entities

The following is a list of significant engagements performed in the last three years that are similar to the engagements described in this request for proposal. All the Annual Comprehensive Financial Reports were awarded the GFOA Certificate of Achievement and were prepared in conformance with GAAP requirements.

Client Name	CITY OF PALO ALTO
Point of Contact	Kiely Nose, Director of Administrative Services Department / CFO +1 (650) 838-2801 kiely.nose@cityofpaloalto.org
Scope of Services	Financial and compliance audit and attestation services, including the Annual Comprehensive Financial Report, Single Audits, Appropriations Limit Agreed-Upon Procedures, State Controller's Office Annual Financial Transactions Reports, Transportation Development Act Funds, Cable Television Franchise Receipts and Disbursements Report, Palo Alto Library Bond Fund, Palo Alto Public Improvement Corporation (including federal and state tax returns) and the Regional Water Quality Control Plant.
Dates of Service	Fiscal year 2010 to current
Total hours	1,000+
Engagement Partner(s)	David Bullock, Benjamin Lau

Client Name	CITY OF FREMONT
Point of Contact	David Persselin, Finance Director +1 (510) 494-4631 dpersselin@fremont.gov
Scope of Services	Financial and compliance audit and attestation services, including the Annual Comprehensive Financial Report, Single Audits, Transportation Development Act Funds, Measures B, BB, F Funds and Appropriations Limit Agreed-Upon Procedures.
Dates of Service	Fiscal year 2012 to current
Total hours	750+
Engagement Partner(s)	Annie Louie, David Bullock

Client Name	CITY OF OAKLAND
Point of Contact	Stephen Walsh, Controller (510) 238-4906 swalsh@oaklandca.gov
Scope of Services	Financial and compliance audit and attestation services, including the Annual Comprehensive Financial Report, Single Audits, retirement plan, various audits of local measures (e.g., sales tax, bond funds) and state or local grants, Successor Agency to Redevelopment Agency, Seaport, and international airport (including Passenger Facility Charges and Customer Facility Charges).
Dates of Service	Fiscal year 2003 to present
Total hours	2,000+ (excluding participation of local business enterprises)
Engagement Partner(s)	Annie Louie, David Bullock, Benjamin Lau



Scope and Audit Approach

mgo.

Our holistic approach on assurance services

In today's marketplace, organizations face a wide range of unprecedented challenges and opportunities — from rapidly evolving business models and competitive pressures to increasingly complex regulatory demands. Stake-holders and investors demand access to clear information on operational performance, transactions, markets, and inherent risks. Ultimately, objective, dependable assurance and audit services fuel clarity and confidence.

MGO has developed a holistic approach to assurance services, tailored to the unique needs of each client. Our process begins by developing a clear understanding of your distinct objectives, requirements, and the scope of your operating environment. From there, we combine extensive industry knowledge with optimized tools and methodologies to develop a program plan that meets the diverse needs of regulators, stakeholders, and your management team.



In the next five to 10 years, assurance and audit services will bear little resemblance to what has historically been defined as audit. Data analytics, artificial intelligence, and massive databases of detailed industry information will play an important role in the formation of a dramatically different approach to assurance and audit services. Private and public enterprises are re-thinking traditional notions of risk management and financial controls. MGO is at the forefront of driving change as we deliver meaningful insights and practical tools that help minimize risk and drive growth.

You will directly benefit from:

- Effective project management that focuses on clear communication to ensure milestones are met and expectations are aligned.
- Scalable and efficient approach that optimizes resources to focus on areas of concern.
- ISO 27001 certification that validates we have the necessary security systems, controls, and procedures in place when handling the County's information.

Delivering service excellence through partnership with you

Our philosophy for a successful audit engagement is based on planning, organization, communication, and coordination between the two parties responsible for the completion of the audit: MGO and the Town. We will meet with the appropriate management personnel on a regular basis to report on the progress of our audit and on any preliminary findings. We ask that the Town communicate any foreseeable delays in the delivery of accounting records, draft financial statements, or other documents needed to complete the audit as soon as possible.

To eliminate surprises, we will address up front all key accounting and reporting issues which could affect our audit opinion. We are confident that proper planning, timely communication, and the prompt resolution of reporting issues will lead to an efficient audit and timely reporting.

Project management and communication

Our audit methodology is built on our extensive understanding of governmental agencies.

Structured approach

Designing an efficient and effective audit is dependent on an early and accurate risk assessment. Every entity we audit is unique, and obtaining a strong understanding of your operations is essential to tailoring our services to your entity's unique risks and needs, to avoid a "one-size-fits-all" approach. Our approach focuses on significant hands-on involvement of experienced professionals to promote a strong understanding of the relevant financial statement and control risks. Our audit methodology has been specifically designed to be flexible and scalable so that your engagement team can incorporate its understanding of your entity into the audit approach to appropriately size our efforts to your entity.



Our engagement management is driven by the development of our audit work plan and timeline, which establishes critical audit objectives and completion dates. Our management team guides the execution of our audits, providing accountability against key milestones established based on the audit work plan and timeline. We have a structured approach, which prioritizes procedures in the most effective and efficient manner, focusing on predictability of the timing of completion. In the event of any changes in the overall audit work plan or timeline, we will openly communicate with Town management throughout the course of our audits.

Effective communication

At MGO, we believe that frequent communication is paramount to the success of the audit engagement. We frequently communicate with key management personnel through our long-standing practice of weekly status meetings in which we report on the progress of our audit and any preliminary findings. Our status meetings have set agendas focusing on accountability to timelines, open audit issues/questions, potential audit adjustments, and preliminary findings and observations.

These meetings are scheduled in advance with appropriate members of management and staff and are effective in monitoring expectations and avoiding last-minute surprises. Furthermore, we view auditing as a continuous process and are available year-round to provide feedback and assist management with any questions and concerns.

Proposed segmentation of the engagement

At MGO, we recognize how critically important it is to honor our commitments and complete all audit tasks and deliverables correctly and on time. Toward that end, we will coordinate the timing of our audit procedures with management to minimize disruption to your operations and meet our agreed-upon reporting deadlines.

Collaboration and frequent communication are central to our engagement philosophy, and a critical factor in fostering a strong relationship, so we welcome your involvement in the planning process and throughout our work for the Town. Once the engagement is underway, we will monitor our team's progress closely to support timely financial reporting.

Our audit approach consists of the following phases:

Audit Phases

Planning

Meet with representatives of governing bodies and management of the Town and related entities

Gather information and perform risk assessment procedures

Develop audit strategies

Prepared-by-client list provided to Town management

Interim Fieldwork

Gain and document understanding of significant transaction cycles and internal controls

Perform risk assessment on financial and compliance audits

Obtain and review SOC 2 Type 2 reports for significant service organization activities, where applicable

Test operating effectiveness of selected controls over significant transaction cycles

Conduct preliminary compliance testing, with a focus on non-financial areas (e.g., eligibility testing)

Conduct IT-specific audit procedures

Evaluate interim results and refine audit plans

Final Fieldwork

Conduct substantive procedures on financial statements and disclosures

Complete compliance testing

Evaluate audit evidence and review draft reports

Discuss results with management

Completion

Report issuances

Presentation of audit results to the governing body

Level of staff efforts

MGO's risk-based audit approach provides significant flexibility in our audit plans. We understand the resources required to perform the PHA's audits and have estimated the hours of participation for the scope of services requested:

	Town ACFR	Academy AFR	Foundation AFR	Texas Student Housing	Grand Total				
Planning and Interim Fieldwork									
Partners	12	4	2	2	20				
Senior Managers	16	6	3	3	28				
Supervisors and Senior Associates	24	10	6	6	46				
Staff Associates	40	20	9	9	78				
Subtotal	92	40	20	20	172				
Year-End Fieldwork									
Partners	12	4	2	2	20				
Senior Managers	16	12	6	6	40				
Supervisors and Senior Associates	40	25	12	12	89				
Staff Associates	80	55	35	35	205				
Subtotal	148	96	55	55	354				
Completion									
Partners	12	4	4	4	24				
Senior Managers	8	4	3	3	18				
Supervisors and Senior Associates	16	6	3	3	28				
Staff Associates	8	8	4	4	24				
Administrative Support	2	1	1	1	5				
Subtotal	46	23	15	15	99				
Total Estimated Hours									
Partners	36	12	8	8	64				
Senior Managers	40	22	12	12	86				
Supervisors and Senior Associates	80	41	21	21	163				
Staff Associates	128	83	48	48	307				
Administrative Support	2	1	1	1	5				
Grand Total	286	159	90	90	625				

Our general audit methodology

Our audit approach is built upon our extensive experience serving governmental entities and focuses our efforts on the areas of greatest audit risk, minimizing the burden on your staff. Professionals with direct experience auditing port authorities and retirement funds lead all phases of our audit. This section further describes our approach to the services we will provide to Town and details of our framework for planning and performing the audit, illustrated below.



01

Terms of engagement

We will audit Town's financial statements and related notes, and conduct an audit of the schedules of employer allocations and pension amounts by employer. Our audits will be performed in accordance with generally accepted auditing standards and *Government Auditing Standards*.

To accomplish this goal with minimal disruption to you, it is imperative that communications are continuous and timely, especially if obstacles occur or if any issues arise. We need to work as a team to accomplish our mutual goal, and we will co-develop a work plan that takes needs, timing, and expectations from both perspectives into account.

02

Information gathering

The key element in effective audit planning is a thorough understanding of Town's operations. This includes the operating environment, internal accounting control structure, organizational structure, and governing legislation. Our experience with entities like Town supports our understanding of these elements and our ability to quickly identify the nature of significant account balances and transaction classes, assess risk, and design audit tests. Information gathering to support this understanding includes the following procedures:

Documenting Town's organizational structure, including areas of operational significance and any recent changes.

- Identifying relevant laws, regulations, and/or accounting and financial reporting requirements.
- Identifying noteworthy investments and transactions.
- Reviewing the minutes of governing bodies and supporting committees.
- Evaluating 's accounting controls over critical transaction streams.
- Meeting with representatives of oversight bodies, as appropriate, to acquire additional knowledge about governance activities and areas of risk.



Strategy and planning

Based on gathered information, the engagement team will develop audit plans that align with and respond to the areas we have identified as areas of risk as it relates to the financial reporting processes. During this process, we will:

- Assess the risk of improper financial statement presentation by evaluating the financial reporting process and related internal controls (please refer to the next section for a detailed discussion of risk assessment and controls testing activities).
- Continually reassess Town's processes as we become aware of additional risk areas.
- Develop audit procedures to address our risk assessments.

04

Audit execution

Based on the information gathered in the risk assessment process, we will:

- Perform tests on the general internal controls.
- Utilize analytical procedures to identify unusual or unique transactions and balances, and to determine if those amounts are properly recorded in the financial statements.
- Implement audit procedures that govern key financial transaction streams. As exceptions become known, we will verify that our understanding is correct and upon concurrence and communicate the information to appropriate auditee personnel.

Discuss our observations and findings

At regular intervals throughout the execution of the audit, we will meet with stakeholders to discuss our observations, explore their validity, and collaborate to identify the root cause of confirmed deficiencies. When observations are not substantiated, we will fall back to the information gathering phase, expand our perspective on the facts, and retest controls and/or applicable audit areas.

05

Form our opinion

At the conclusion of the audit effort and considering all relevant factors and discussion, the engagement partners and senior manager will review and verify that Town's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

- The engagement's technical reviewer will also examine the reports to confirm that our assessment is accurate, unbiased, objective and thoroughly documented.
- MGO will issue our opinions upon completion of our reporting process, including receipt of the management representation letter.

Our approach on IT audits

With technology playing a vital role in the day-to-day operations, it is essential to review the systems that have significant impact over the financial reporting process to rely on the output from the system.

Information technology general controls (ITGC) considerations are divided into the following subsections:

- Organization and operation Identification and evaluation of the operational structure to determine
 whether there is adequate segregation of duties and functions. Additionally, our tools will assist in
 verifying whether personnel qualifications and controls confirm an effective functioning of the Town's
 information technology resources. This includes reviewing backup procedures for all critical files.
- **Systems development maintenance and documentation** Determination and evaluation on whether there are procedures to confirm the development of new systems, as well as maintenance and changes to existing systems, are appropriately authorized, tested, and implemented. Also, a determination of whether appropriate documentation exists for the applications.
- Access to systems and information Assessment of the Town's internal controls to verify the database, application, and client layers are only accessed by authorized personnel. Additionally, an assessment is made of the financial management applications to verify they electronically enforce proper segregation of duties and maintain the accuracy and integrity of the financial information.
- **Hardware and systems software** Determination of whether hardware controls provided by the equipment vendor are used appropriately and whether systems software is subjected to the same control procedures as those applied to changing, testing, and implementing applications.
- Communications Determination and evaluation of the communications hardware, software, and related controls to confirm all data are authorized, accurately transmitted, reviewed, and sufficiently protected.

As part of the audit, we consider the Town's ITGC and design audit procedures to assess our level of reliance on the systems integral to the Town's financial reporting process. Areas of review may include:

- Main systems interfacing with separate systems have a significant impact on financial reporting.
- Consistently applied predefined business rules that perform complex calculations in processing large volumes of transactions or data.
- Reporting IT events to management.
- Risk assessment for IT resources.
- Access controls and other security measures.
- Controls over the acquisition, implementation, and use of computer programs and data files.
- Controls over the operation of computer programs.
- Controls to protect the equipment from environmental hazards and/or unauthorized persons.
- Backup and disaster recovery methods.

SCOPE AND AUDIT APPROACH

ITGC approach

To conduct our ITGC assessment, MGO will perform the following:

- Determine whether sufficient controls are in place to protect the integrity and reliability of financial data.
- Determine the capability of the core financial management system in carrying out financial data processing.
- Conduct a walk-through evaluation of the physical security of the information systems.
- Test the general user access control and backup policy for the core financial management information system.

Application controls approach

Application controls confirm the integrity and availability of the application's associated data. Proper application controls can significantly reduce the risks and threats to the information underlying financial statements. To perform the most effective and efficient financial statements audits, it is necessary to understand the control environment over existing application controls, which help reduce the risk of material misstatements in financial reporting, whether caused by errors or fraud.

Our audit approach will involve assessing the internal controls of the Town's significant financial applications to identify key risks and the corresponding controls, and where appropriate, testing those controls. This approach will enhance the coverage of financial data and typically reduce the need for you to provide supporting documents.

Examples of application controls include completeness, and validity checks as well as identification, authentication, authorization, input controls, and forensic controls, among others.

Areas for consideration

Potential areas for consideration of evaluation and testing of application controls include:

- General ledger
- Cash receipts
- Procurement and the master vendor file
- Payroll and human resources
- Cash disbursement
- Financial reporting model

The decision on which applications to evaluate and the scope of testing of controls will be based on our preliminary evaluation of the Town's risk assessments and existing controls.



Assessing control risk

During the strategy and planning phase of the audit, we will consider the Town's internal controls over financial reporting and compliance to determine the audit procedures that are appropriate for our objectives.





Risk Assessment

In Step 1, we will perform a financial statement risk assessment and refine our audit plan, roles and responsibilities, and communication protocols collectively with the engagement team members and the Town's stakeholders.

Activities

- Identify financial reporting risks (including fraud) via brainstorming sessions and interviews.
- Determine financial statement account risks by analyzing quantitative and qualitative factors, including the review of interim financial statements (as available) and budget documents.
- Identify relevant assertions and related risks.
- Review and evaluate the Town's internal control system and risk assessment process to determine the level of risk and effectiveness of mitigating controls.
- Establish status reporting and communication protocols.
- Develop audit plans.

02

Entity-Level Controls Assessment

The objective of Step 2 is to evaluate the Town's entity-level control environment and information technology general controls (ITGCs) using the widely accepted COSO evaluation framework. Although not directly involved in the processing of transactions, these pervasive controls can have a significant impact on the financial reporting process.

Activities

Identify elements of COSO that are appropriate for the Town's internal control system

- Perform a comprehensive review of relevant ITGCs.
- Document and test entity-level controls via walkthroughs, interviews, and detailed testing.
- Identify and test general controls over information technology systems upon which other significant application controls are dependent.
- Prepare summary of entity-level controls (including IT).
- Report key findings and discuss remediation steps.



Transaction-Level Control Assessment

During Step 3, the engagement team will identify significant financial reporting and compliance controls for higher risk areas, assess whether controls are appropriately designed to mitigate the identified risks, and evaluate whether controls are operating effectively.

Activities

- Identify key financial reporting controls
- Perform walkthroughs to assess design effectiveness and document results
- Evaluate the risk of control failure, considering factors such as:
- Complexity of organizational structures
- Frequency of changes in processes or regulations
- Staff turnover rates
- Segregation of duties
- Reliance on manual processes
- Effectiveness of monitoring and review mechanisms
- Develop and evaluate risk and control matrices for all key risks related to control points
- Assess the design of controls

04

Testing and Reporting

The final stage of our internal controls approach involves developing and executing a test plan for transaction-level key controls. The nature, timing, and extent of testing is correlated with the risk of control failure as determined in Step 3.

Activities

- Develop testing strategy and plan for key controls, including the nature, timing, and extent
 of testing
- Execute testing and summarize results
- Evaluate whether controls are operating effectively
- Investigate root cause(s) of control weaknesses
- Design substantive tests for account balances based on control testing results

Sampling approach

Audit sampling involves applying an audit procedure to less than 100% of the items in an account balance or class of transactions to evaluate the overall value or accuracy of the balance or class.

Attribute sampling is a statistical sampling method that is used to test the effectiveness of internal controls. A sample of transactions or items is selected and evaluated to determine whether a specific attribute, such as compliance with policies, is present or absent.

Substantive test sampling is a technique for estimating the extent of monetary misstatement in a class of transactions or balances. Sometimes called variable sampling, it can also be used to estimate the value of a population. This method is typically used to determine if a balance is materially misstated.

MGO follows the AICPA's audit standards and guidance for audit sampling, and our teams typically utilize sampling techniques in the following areas, among others:

- Testing acquisition and disposal of capital assets
- Testing an accrual of disbursements and receipts after year-end for proper cut-off
- Tests of controls over selected significant transaction streams
- Testing the accuracy of workers' compensation claims files
- Testing the accuracy of census data files related to pension and other post-employment benefits

Appropriate use of sampling requires significant auditor judgment. For example, auditors should:

- Consider alternative audit approaches in addition to sampling
- Carefully define the population and the sampling item
- Assess the overall risk level for related control, analytical procedures, and risk assessment activities
- Determine materiality as a basis for calculating the tolerable misstatement (error)
- Select items for 100% examination
- Carefully determine the sample size, considering factors such as:
- Expected misstatements (errors) to be found
- The effect of other tests on the account being tested

MGO encourages the use of statistical sampling whenever practical, especially for substantive tests. We use the statistical sampling technique called Stratified Random Sampling (SRS) and typically begin by removing all individually significant items from the population for 100% examination before selecting a sample.

In summary, our sampling procedures include the following steps:

- Define the objective
- Define the population and the sampling unit
- Define tolerable misstatement
- Remove items for 100% examination
- Specify the desired level of sampling assurance and the acceptable risk of over auditing
- Estimate the expected (anticipated) misstatement
- Determine the sample size
- Select the sample
- Examine the sample items and evaluate the sample results



Analytical procedures

Auditing standards require the use of analytical procedures during the planning and overall review stages. Analytical procedures are typically used during the planning, execution, and final review stages, to help auditors determine whether the financial information in scope is reasonable in the context of other financial and non-financial information. For example, analytical procedures can be helpful in:

Substantive Analytical Procedures (SAPs)

SAPs essentially involve comparing an amount in the financial statements with what we would expect it to be, based on our knowledge of the organization and other audit evidence.

- Surfacing amounts that appear unusual, indicating the possibility of a material misstatement. This might cause the audit team to plan for more rigorous and extensive audit procedures in the area where unusual amounts were noted.
- Identifying important evidence during audit execution, to support observations, findings and ultimately, the audit opinion.
- Assessing the reasonableness of financial statements.
- Driving the final review and highlighting changes to financial statements that were made due to adjustments during the audit

Preliminary analytical reviews assist us in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidence related to specific account balances or classes of transactions. To accomplish this, we focus on enhancing our understanding of the client's business and the transactions and events that have occurred since the last audit date, and identifying areas that may represent specific or higher risks.

Our work will normally cover a comparison of:

- Actual expenditures to budget for administrative expenses.
- Current year operating results and financial position with the prior year.
- Key financial and operating ratios with the prior year, the industry, and with each other (for example, investment returns with benchmarks, average benefit per retiree, etc.).
- Relationships among elements of financial information within the period.
- Relevant non-financial information (for example, number of employees, square footage, etc.). (for example, numbers of active and retired members, etc.).

Substantive analytical procedures (SAPs) involve comparing financial amounts with our expectations based on our knowledge of the organization and other audit evidence.

- Using data mining software such as IDEA Data Analysis Software (IDEA) to extract data and prepare analyses on which we will concentrate.
- Determining whether there is a valid relationship between the items being compared (for example, between interest and interest-bearing balances).
- Disaggregating information to compute ratios, percentages, and amounts for different funds/plans, membership, and/or benefit types separately.
- Using pivot tables to identify unusual or unexpected trends.



SCOPE AND AUDIT APPROACH

Using IDEA enables the audit team to summarize and stratify data to help identify the risk of fraud in financial statements. The following are just a few examples of fraud tests that can be performed with IDEA:

- Summarizing 100% of general ledger detail (as opposed to a sample) to identify unusual balances (for example, a high number of debits to sales or revenues, or a high number of credits to expense accounts)(for example, a high number of debits to contributions, or a high number of credits to benefit payment accounts).
- Stratifying samples among high- and low-dollar value populations for better audit coverage using IDEA scripts.
- Performing analytical procedures using disaggregated data (for example, revenue by month and by function during the current and prior reporting periods) (for example, contributions by month and by employer during the current and prior reporting periods).
- Extracting information to uncover possible fraud (for examples, searching a vendor list for similar names but different addresses could uncover potential fraud by an employee who has access to cash disbursements and maintains the vendor list for check payments)(for example, the ability to search a member list to find similar names, but different addresses could uncover potential fraud by an employee who has access to benefit disbursements and maintains the member list for payments).
- Isolating debits and credits in an account or group of accounts to help facilitate a more detailed analysis.

Obtaining audit evidence is a cumulative process, and we recognize that a single SAP may not provide sufficient assurance that an amount is fairly stated. However, when we apply a series of SAPs to an amount stated in the financial statements, and in each case our conclusion indicates that the procedure provides evidence consistent with our expectations, we obtain a degree of assurance that the amount is validly stated.

Overall analytical review helps us assess the conclusions reached and evaluate the overall financial statement presentation. We use a wide variety of analytical procedures for this purpose. This review generally includes reading the financial statements and notes, considering the adequacy of evidence gathered in response to unusual or unexpected balances identified during the planning of the audit or throughout the audit, and examining any unusual or unexpected balances or relationships that were not previously identified.

Results of an overall review may indicate that additional evidence may be needed, and in that event, we will conduct additional analyses and/or testing to further inform our observations, findings, and opinions.



Data analytics

For years, most firms' audit approach has remained the same, with little to no focus on innovative techniques that might make the process more effective, timely, accurate or efficient. But over the past 15 years, MGO has been actively involved in reviewing and developing enhanced approaches to drive the future of auditing. These activities have allowed us to enhance our own processes and techniques to produce more efficient and cost-effective audits.

Intelligent automation

Intelligent automation solutions such as DataSnipper simplify processes, improve operational efficiencies, and enhance the accuracy of our audits. Our audit teams leverage DataSnipper's features, such as table snips, document matching, form extraction, and comparison of financial reports to automate menial tasks at scale, which means our professionals can spend more time examining discrepancies and less time reviewing documents and files.

Applying data science

With the application of data science, we can consider potential financial scenarios and develop expectations that allow us to accurately pinpoint exceptions in [Client Short Name]'s financial environment - thus providing a higher level of reliance that audit objectives are being accomplished.

Instead of just comparing preliminary financial data with prior year information during the audit planning stage, we delve into operational activities at the transaction level. By applying substantive data mining procedures, we summarize information to identify patterns, trends, and anomalies. This analytical approach helps develop tailored audit procedures focused on high-risk areas, enhancing the audit process's effectiveness and efficiency.

Using data mining software such as IDEA allows us to evaluate large subsets of data for reasonableness and quickly identify outliers. To illustrate, the following are just two of the many significant audit areas where we apply data mining and analytical procedures on 100% of the population:

To illustrate, the following are just two of the many significant audit areas where we apply data mining and analytical procedures on 100% of the population:

Key Areas for the Use of Data Analytics

<u>Payroll</u>

- Examine payment frequency for transactions occurring prior to or after the fiscal period, transaction volume by day of the week, pay periods, and month.
- Examine top paid employees by department.
- Review weekend transactions for anomalies.
- Identify ghost employees by comparing actual payments with HR records.
- Perform trend analysis of overtime by departments.
- Examine large or unusual transactions exceeding planning norms.

<u>Vendor payments</u>

- Examine vendors with large or unusual amounts disbursed during the year.
- Identify potential conflict of interest by matching employee master file with vendor master file using common fields (such as address or name).
- Identify new vendors added to the master file and examine any unusually large payments.
- Identify payments to inactive or seldom used vendors.
- Perform fraud risk assessment through Benford's Law Analysis.
- Identify checks issued on holidays or weekends.

Laws and regulations approach

When planning and performing audit procedures, as well as evaluating and reporting the results, we must recognize the potential for an illegal act to materially impact the financial statements.

Laws and regulations vary considerably in their relationship to the financial statements:

- Direct and material effect on financial statements We consider laws and regulations that directly and
 materially impact the determination of financial statement amounts. For example, escheat or unclaimed
 property laws may affect recorded liabilities and revenues, and applicable laws and regulations may
 influence the amount of revenue accrued under government contracts. However, we assess such laws or
 regulations based on their known relationship to audit objectives tied to financial statement assertions,
 rather than from a legal standpoint.
- Indirect effect on financial statements The Town may be affected by numerous other laws and regulations, such as those related to occupational safety and health, equal employment, and other violations. These laws and regulations pertain more to operational aspects than to financial and accounting aspects, and their impact on financial statements is indirect. We typically do not have a sufficient basis to recognize potential violations of these laws. Their indirect financial effect usually arises from the need to disclose a contingent liability due to allegations or findings of illegality.

Normally, our audit does not include procedures specifically designed to detect illegal acts that indirectly affect the financial statements. However, the following procedures, performed for the purpose of forming an opinion on the financial statements, may bring possible illegal acts to our attention:

- Familiarity with the legal operational framework applicable to the Town and its operations.
- Inquiring with management and the Town's legal counsel about the accounting for and disclosure of loss contingencies.
- Asking management about laws and regulations that could have a significant impact on the Town's operations.
- Discussing with management the policies and procedures in place for identifying, evaluating, and accounting for litigation, claims, and assessments.
- Inspecting relevant documentation and correspondence with licensing or regulatory authorities.
- Obtaining written confirmation from management confirming they have disclosed all known events involving possible illegal acts, along with any actual or potential consequences which may arise.

Approach to be taken in drawing audit samples for compliance testing

Our sampling considerations for tests of compliance are similar to those used for tests of financial amounts, except the population and resulting sample sizes may be primarily driven by the size of the population being tested.

The AICPA's *Government Auditing Standards and Single Audits – Audit Guide* provides interpretative guidance for designing an audit approach that incorporates audit sampling to achieve audit objectives related to both compliance and internal control over compliance in a compliance audit or program-specific audit conducted in accordance with the Uniform Guidance.



Identification of anticipated potential audit problems

We will assist management in identifying and resolving audit issues early in the annual audit process for matters affecting given fiscal years. Our relationships with government agencies like the Town and standards setting bodies such as GASB and the AICPA, provides MGO direct access to decisions makers that can and will provide perspective to the Town as management navigates paths to resolution. We believe these relationships will benefit the Town as another tool and resource to provide timely financial reporting.

Our approach on resolving potential issues

We provide service that emphasizes responsive and year-round attention. We will work closely with you, placing special emphasis on staying actively involved in understanding all significant financial and reporting matters.

Through collaborative planning, we seek the Town's input on relevant business risks, service expectations, timing, and communication preferences. The Town will receive periodic status reports and timely updates on audit progress, including any potential issues. Our approach to resolving issues begins with verifying that all facts and circumstances are thoroughly considered by involving management from the finance department (audit liaison) and other relevant departments. Our partners and directors will be actively engaged, providing direct access to decision-makers, and collaborating with you to resolve any issues. Additionally, as we identify opportunities for the Town to improve controls, operational, or reporting, we will bring them to your attention with meaningful observations and recommendations.

Our clients choose us for our professional culture, distinctive style, and values which set us apart from competitors. MGO blends the skills, personality, and attentiveness of a local firm with the breadth of services offered by a national firm. This means you get national firm experience while enjoying the personalized service of a regional firm.



Audit and other resource tools

Automated e-audit and workpaper management software Engagement resource tools, utilized to document work results and facilitate our in-depth quality control review, are integral to a successful audit. MGO uses an automated electronic audit (e-audit) tool specifically designed for government financial statement and federal compliance audits, in conjunction with our secure document management system. It is a powerful trial balance and engagement workflow tool that not only automates assessment of financial statements and workpapers but also provides a means of managing and performing audit engagements in a completely paperless environment, while maintaining the highest levels of quality. It automates the dissemination of data from trial balance to workpapers, confirming accuracy throughout each engagement, and facilitates trend and ratio analyses to focus audit efforts.



Benefits include:

- **Efficient and effective workflow** With powerful document management, real-time collaboration, direct scanning, online review, efficient clean-up, sophisticated lockdown, and advanced roll-forward, our e-audit tools enable us to work smarter and faster.
- Engagement standardization Integrated knowledge coach modules and tools provide built-in
 industry-specific checklists, audit programs, and practice aids. These tools tailor workpapers based
 on gathered information, accumulate identified risks, and automatically flow information between
 workpapers.
- **Enhanced review and audit processes** With history tracking, milestone creation, issue/review notes, diagnostics, a full annotation system, and online signoffs, the review and audit process are achieved entirely on-screen, with little need for paper.

Data collection and workflow management

To provide the most cost effective and efficient audit for our clients, MGO has made a significant commitment to utilizing leading-edge technology in the audit process, including in-house cloud servers which allow our teams and our clients to access shared documents in real-time throughout the engagement. We will work together using a Citrix ShareFile® portal that permits secure content collaboration and file sharing to support all document-centric tasks and workflow needs.

Citrix ShareFile is SSAE 16 certified and utilizes SSL/TLS 256-bit encryption, so data is maintained with a very high level of security. In accordance with our data retention policy, ShareFile information will be retained for 60 days after the engagement is completed. Upon reaching the time limit, the data is removed, and information is not recoverable.

Data extraction and analysis

In addition to performing data analysis in Excel, we also utilize interactive data extraction and analysis (IDEA)—a statistical data analysis tool that quickly analyzes 100% of your data and accelerates performing data analytics to enable faster and more effective audits. It can combine and compare related data sets; statistically sample and stratify data sets; identify gaps or duplicate records; and identify anomalies using various built-in techniques, such as Benford's Law.

SCOPE AND AUDIT APPROACH

Quality control process

MGO's mission is to enable us to provide outstanding service to our clients, be responsive to our community, and succeed on our pillar of quality and integrity. Our professionals are the most important component of the quality service we provide, and it is essential that we support them with a system of quality controls to help foster their success.

MGO's quality control requires a systematic review of all work, with increasing levels of scrutiny based on our assessment of risk. Our quality control system also mandates a concurring review of the reports prior to issuance. As indicated in our proposal, our firm specializes in auditing state and local government agencies. Only qualified, experienced professionals will be assigned to the Town's engagement. They will provide you with personalized, professional, and timely service. Our firm's policy is to have our management personnel very involved during the Town's audit. This policy will provide you with a professional team experienced in government operations throughout the duration of our professional contracts with the Town.

Our internal quality control system involves ongoing review throughout the engagement to determine conceptual soundness and the technical accuracy of working papers. This continuous quality control system helps confirm that deliverables are provided to the client as scheduled. Additionally, we participate in an external quality control review program by an unaffiliated firm at least once every three years.



Proposed Schedule

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PROPOSED SCHEDULE

Proposed engagement timeline

At MGO, we recognize how critically important it is to honor our commitments and complete all audit tasks and deliverables correctly and on time. Toward that end, we will coordinate the timing of our audit procedures with management to minimize disruption to your operations and meet our agreed-upon reporting deadlines.

We are committed to delivering the Town's various reports in accordance with the Town's timeline as presented in the Entity Schedules section of the RFP.

Collaboration and frequent communication are central to our engagement philosophy, and a critical factor in fostering a strong relationship, so we welcome your involvement in the planning process and throughout our work for the Town. Once the engagement is underway, we will monitor our team's progress closely to support timely financial reporting. Our detailed oversight plan to monitor and communicate progress throughout the audit process incorporate the following considerations.

Personnel – All personnel are evaluated prior to assignment to an engagement to determine they have the proper skills, knowledge, training, and capacity to serve the client. Personnel are assigned and reserved through a central scheduling module, and engagement budgets are compared to scheduling to confirm proper resources have been identified.

Timelines – In conjunction with personnel scheduling, engagement timelines and milestones are developed, and calendar appointments are set with critical dates, including weekly client status meetings, draft, and deliverable due dates, expected review dates, and client meetings/presentations. The engagement manager/supervisor manages timelines and milestones.

Monthly billing – Contract terms and status are monitored by MGO leadership (CEO, CFO, service line leaders) and the engagement partner monthly as part of the month-end billing, closing, and financial reporting process. For fixed fee contracts, the percentage of completion is compared to the billing to confirm proper progress is being made on the engagements to meet expected timelines. If concerns are identified, an internal team meeting is called immediately, and solutions are discussed and executed.

Weekly internal management meetings – Engagement managers review employee time reports and compare results to the budget and adjust scheduling needs, as necessary.

Daily status checks – Supervisors communicate regularly with staff to determine assigned tasks are being completed and questions are answered in a timely manner. Status is measured against the project plan and budget. Issues are escalated as necessary to the engagement leadership.

Leadership presence – Partners and managers will dedicate a portion of their time to staff supervision, including providing appropriate on-site guidance during the audit. This hands-on approach facilitates immediate decision-making, fosters direct communication, and addresses any issues promptly.



Other Information and Concluding Remarks

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Information technology (IT) team

Managing emerging risks in information systems and the IT environment will become increasingly important to the Town's risk management processes. You will benefit from audit professionals who possess the knowledge and experience to help assess vulnerabilities, recommend best practices, and institute controls within the enterprise. As such, our team includes CISA-certified auditors who will examine the integrity and reliability of the financial system from different angles. In addition, we have direct access to internal IT professionals with indepth knowledge on various IT-related issues such as cybersecurity and controls affecting the IT environment.

The IT team will assist the audit team in identifying and addressing information risks that could result in significant misstatements or noncompliance. The team may also assist in identifying and testing general and application-level controls for information systems that are critical to financial reporting as well as the administration of and compliance with federal and state award programs.

Technical assistance and recommendations

We provide services that stress responsive, year-round attention. Close communication with our clients is one of our top service qualities. We will collaborate with you as business advisors, and we will place special emphasis on being actively involved in understanding all significant financial and reporting matters.

Through planning together, we will seek the Town's perspective on relevant business risks, service expectations, timing, and communication preferences. Senior leadership is actively involved in our services providing direct access to decision-makers and will work with you to resolve any issues. Furthermore, as we

become aware of opportunities for the Town to improve controls, operational, or reporting matters, we will bring them to your attention and provide meaningful observations and recommendations.

Implementation of GASB pronouncements

Accounting standards are becoming increasingly complex. Our partners are thought leaders that actively participate in professional standard-setting organizations such as the AICPA and the Governmental Accounting Standards Board (GASB). Our roles in these standard-setting bodies provide us with insights into the objectives of new accounting standards and allow us to be involved in the discussion of practical matters during the implementation period.

We routinely provide trainings on GASB pronouncements to prepare our clients for implementation, including organizing panel presentations with representatives from standard-setting bodies and our clients to provide insights and practical advice on how new accounting pronouncements may impact the operational processes as well as financial reporting. In addition, we may offer additional services beyond advising on financial reporting to assist our clients in adopting new standards.

GASB 103

Statement No. 103 - Financial *Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Town will need to evaluate its presentation of Management's Discussion and Analysis, the proprietary fund statement of revenues, expenses, and changes in fund net position, presentation of major component units, and budgetary comparison information - MGO can help you evaluate their impact.

OTHER INFORMATION AND CONCLUDING REMARKS

We will meet with you regularly to stay abreast of your service needs and special concerns; you can call upon us as a resource at any time. The Town is encouraged to contact us for professional accounting advice and to consult on unusual financial events throughout the year. You will not be charged for routine inquiries.

GFOA Certificate of Achievement Program experience

As outlined in this proposal, partners and staff assigned to your engagement are seasoned government auditors. Our reputation for quality is well established among governmental entities ranging from small municipalities and counties to some of the largest government organizations with budgets more than \$26 billion.

MGO is committed to excellence in financial reporting in our daily work as well as the industry level. In fact, members of the SLG practice and your engagement team have assisted in the Special Review Committee in reviewing Annual Comprehensive Financial Reports for the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.

To assist the Town in applying for the prestigious GFOA award, we will work with the Town throughout the audit to address any accounting and financial reporting issues, with the focus on new GASB pronouncements.

Considerations of program requirements take place throughout the audit. As comments on the prior year ACFR becomes available, we will review the comments and discuss any necessary changes with the Town in the current year ACFR. Upon receipt of the draft ACFR from the Town, we will utilize GFOA's Comprehensive General-Purpose Checklist to determine compliance with both generally accepted accounting principles and program policy as established by GFOA's Special Review Executive Committee and the GFOA Executive Board.

Please refer to the following links for the latest audited financial statements of a government entity audited by MGO:

- City and County of San Francisco <u>CCSF ACFR FY2024</u>
- City of Los Angeles City of LA ACFR FY2024
- City of Oakland <u>City of Oakland ACFR FY2024</u>
- City of San José <u>City of San Jose ACFR FY2024</u>
- City of Pleasant Hill <u>City of Pleasant Hill ACFR FY2024</u>
- City of Fremont <u>City of Fremont ACFR FY2024</u>
- City of Palo Alto <u>City of Palo Alto ACFR FY2024</u>
- County of Los Angeles <u>County of LA ACFR FY2024</u>



Protecting client data

MGO will abide by all of the Town's policies and expectations with respect to protecting the Town's information. Our teams follow the provisions of the AICPA Code of Professional Conduct, SOC2, ISO 27001, and applicable privacy regulations such as the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and the New York SHIELD Act to protect the confidentiality of client information throughout the performance of our audit work. Further, we have adopted appropriate internal policy documents and implemented security and privacy safeguards to protect any personal health information we gather and use in the performance of compliance audits, such as those involving covered entities as defined by the United States Department of Health and Human Services (HHS) under the Health Insurance Portability and Accountability Act of 2006 (HIPAA).

Whenever possible, we avoid obtaining and retaining personal identifiable information, or PII, such as social security numbers, birth dates and home addresses. During the planning stage of each engagement, we work with our clients and/or audit subjects to determine whether unique identifiers related to employees and program participants will be involved, and we take great care in protecting that information using a secure file share system and access controls. Further, MGO identifies and applies specific security requirements for protecting data backups based on different types of data: sensitive, confidential, and public. We also use secure transfer methods for off-site backup media and perform data backups at a defined frequency consistent with our recovery time objectives.

ISO 27001 certification

The ISO 27001 standard defines an information security management system (ISMS). It is the only auditable standard that addresses not just technical controls, but also the management of information security as a whole.

The management framework for implementing an ISMS is designed to protect all corporate data, including financial information, intellectual properties, employee details, and third-party information.



The ISO 27001 framework is part of the ISO 27000 family. This code of practice for information security management is based on 114 controls included in Annex A and expanded in ISO 27001. These controls serve as a guide for identifying, treating, and managing information security risks.

Below is a summary of the ISO/IEC 27001 controls:

- A.5 Information security policies
- A.6 Organization of information security
- A.7 Human resources security
- A.8 Asset management
- A.9 Access control
- A.10 Cryptography
- A.11 Physical and environmental security
- A.12 Operational security

- A.13 Communications security
- A.14 System acquisition, development, and maintenance
- A.15 Supplier relationships
- A.16 Information security incident management
- A.17 Information security aspects of business continuity management
- A.18 Compliance

All MGO systems, including network traffic, access control, and regulated change management, are monitored 24x7. In addition, periodic risk analysis, access review, and penetration testing are required to be conducted at least once a year. MGO staff are also required to attend security awareness training each quarter.



Cost of Services Schedule

mgo.

Professional fee philosophy

At MGO, we foster long-term client relationships by offering quality service at fair and competitive rates. Our not-to-exceed fee proposal is based on our understanding of the Town's business, its operations, and its challenges.

We based our estimate on the assumptions detailed below. Should any of these change during the engagement, we will meet with the responsible officials to discuss a potential fee adjustment and address problems encountered before any additional work is undertaken. Assumptions include:

- Adequate support, preparedness, and cooperation from management during each phase of the audit.
- No significant changes in key finance and/or the management personnel.
- No significant changes to existing GASB pronouncements, including the implementation of GASB
 Statements through number 104. If new pronouncements beyond GASB Statement No. 104 require
 significant implementation or additional audit procedures during our contract period, or if there is
 significant management turnover, our fees may require revision.
- Accounting records are in order and that all accrual adjustments necessary to present the financial statements in accordance with accounting principles generally accepted in the United States of America are completed by Town management.
- Requested information is provided in a timely manner, preferably in editable formats (Excel for financials, Word for other documents) and significant modification or manipulation is not required.

While we used the assumptions above to develop an estimate, we look forward to discussing alternative approaches that may better fit your intended scope and priorities.

MGO may, in its discretion, draw on resources of its subsidiaries, in each case within or outside the United States, in connection with the provision of its services. MGO has internal policies, procedures, and safeguards to protect the security and confidentiality of the client's information. MGO will be solely responsible for the provision of the services.

Our proposed billing rates and all-inclusive fees are summarized on the following page.

Total all-inclusive maximum price

The Town will have access to a high level of experience and specialized skills that cross multiple disciplines. Our professionals have a well-established reputation for their uncompromising dedication to responsive, value-added service. We believe our proposed fees accurately reflect the experience of the MGO team.

Please note, our ultimate acceptance of an agreement to perform the services described in this proposal is contingent upon the satisfactory completion of our investigatory client acceptance procedures.



COST OF SERVICES SCHEDULE

Our proposed all-inclusive fees and billing rates are summarized in the following tables.

Town of Westlake											
Deliverables		2024/25		2025/26		2026/27		2027/28		2028/29	
Town ACFR	\$	57,720	\$	59,450	\$	61,235	\$	63,070	\$	64,960	
Academy AFR	\$	29,810	\$	30,705	\$	31,625	\$	32,575	\$	33,550	
Foundation AFR	\$	16,940	\$	17,450	\$	17,975	\$	18,515	\$	19,070	
Foundation Form 990	\$	3,000	\$	3,090	\$	3,185	\$	3,280	\$	3,380	
Texas Student Housing	\$	16,940	\$	17,450	\$	17,975	\$	18,515	\$	19,070	
Total All-Inclusive Fees	\$	124,410	\$	128,145	\$	131,995	\$	135,955	\$	140,030	

	Rate per Hour									
Classification	2024/25		2025/26		2026/27		2027/28		2028/29	
Partners	\$	380	\$	390	\$	400	\$	410	\$	420
Directors	\$	315	\$	325	\$	335	\$	345	\$	355
Senior Managers	\$	280	\$	290	\$	300	\$	310	\$	320
Managers	\$	250	\$	260	\$	270	\$	280	\$	290
Supervisors and Senior Associates	\$	200	\$	205	\$	210	\$	215	\$	220
Experienced Associates	\$	160	\$	165	\$	170	\$	175	\$	180
Staff Associates	\$	130	\$	135	\$	140	\$	145	\$	150
Administrative Assistants	\$	100	\$	105	\$	110	\$	115	\$	120

Final word on fees

At MGO, we genuinely care about serving our clients and delivering an extraordinary experience. If you are currently weighing your options and have concerns about fees, we are happy to discuss the scope of our services with you. Our team goes above and beyond to achieve exceptional results, believing that success is about more than just completing a job. Let's talk about how we can work together to reach your financial goals.

MGO & You

We're excited to explore the opportunities.

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