



CITY OF GRAND JUNCTION/MESA COUNTY, COLORADO

CONTRACT

This CONTRACT made and entered into this 6th day of November, 2015 by and between the City of Grand Junction, a government entity in the County of Mesa, State of Colorado, hereinafter in the Contract Documents referred to as the "Owner" and Haynie & Company, PC, hereinafter in the Contract Documents referred to as the "Contractor."

The Contractor shall perform the work set forth and described by the Solicitation Documents and known as Financial Audit Services RFP4091-15-SH.

The total amount of the Contract shall not exceed \$32,000.00 paid by the Owner. The Contractor shall be paid in accordance with the fee schedule set forth in the Solicitation Documents incorporated by this reference. To receive payment, Contractor must submit invoices for work completed.

The Contractor shall be paid as follows:

2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	Grand Total
\$32,000.00	\$32,000.00	\$32,300.00	\$32,300.00	\$32,700.00	\$161,300.00

The amount of the Contract Price is and has heretofore been appropriated by the Owner for the use and benefit of this Project. The Contract Price shall not be modified except by Change Order or other written directive of the Owner. The Owner shall not issue a Change Order or other written directive which requires additional work to be performed, which work causes the aggregate amount payable under this Contract to exceed the amount appropriated for this Project, unless and until the Owner provides Contractor written assurance that lawful appropriations to cover the costs of the additional work have been made.

Contract Administrator for the Owner is Sonya Evans.

Contract Administrator for the Contractor is Ty Holman and/or Nick Warnick.

The term of this Contract shall be from January 1, 2016 to December 31, 2016. Upon mutual agreement, this contract may be renewed up to four additional one year periods.

Contractor shall provide the insurance bonds and indemnities required in the Solicitation Documents.

Contract Documents: It is agreed by the parties hereto that the following list of instruments, drawings, and documents which are attached hereto, bound herewith, or incorporated herein by reference constitute and shall be referred to either as the "Contract Documents" or the "Contract", and all of said instruments, drawings, and documents taken together as a whole constitute the Contract between the parties hereto, and they are fully a part of this agreement as if they were set out verbatim and in full herein:

The order of contract document governance shall be as follows:

- a. The body of this contract agreement
- b. Solicitation Documents for the Project; **RFP-4091-15-SH Financial Audit Services**
- c. Contractors Response to the Solicitation

IN WITNESS WHEREOF, City of Grand Junction, Mesa County, Colorado, has caused this Contract to be subscribed and sealed and attested in its behalf; and the Contractor has signed this Contract the day and the year first mentioned herein.

CITY OF GRAND JUNCTION/MESA COUNTY, COLORADO

DocuSigned by:
 By: Tim Moore
 Title: EBD12C1A40E3494...

11/6/2015 | 08:17 MT
 Date

ATTEST:

DocuSigned by:
 By: Sonya Evans
 Title: 6AEEE3B0F7F7407...

Haynie & Company, PC

DocuSigned by:
 By: Mike Warrick
 Title: A6C1E55FC2164DC...

11/5/2015 | 13:41 MT
 Date

ATTEST:

DocuSigned by:
 By: Ty Holman
 Title: 37D1C099AD814EA...



Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

November 30, 2015

The Honorable Mayor and the City Council
City of Grand Junction
Attn: Sonya Evans
250 North 5th Street
Grand Junction, CO 81501

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide City of Grand Junction, Colorado for the year ended December 31, 2015. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City of Grand Junction, Colorado as of and for the year ended December 31, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Grand Junction, Colorado's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Grand Junction, Colorado's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis.
- 2) Schedules of funding progress

We have also been engaged to report on supplementary information other than RSI that accompanies City of Grand Junction, Colorado's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and individual nonmajor fund financial statements and schedules.
- 2) Fiduciary funds combining statements.
- 3) Component unit financial statements.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the third paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with laws, regulations, and the provisions of contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- If necessary, internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our single audit. Our reports will be addressed to the Board of Directors of City of Grand Junction, Colorado. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the single audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3)

misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Department and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement,

we will perform tests of City of Grand Junction, Colorado's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of *Government Auditing Standards'* major programs. The purpose of these procedures will be to express an opinion City of Grand Junction, Colorado's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's

responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on the mutually agreed-upon date.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Our audit will be in conformity with the Colorado Local Government Audit Law (C.R.S. 29-1-601, et seq.). The scope of the audit will include the books and records of all the funds of City of Grand Junction, Colorado. Colorado law requires the following illegal alien provisions:

We certify that we will comply with the provisions of CRS 8-17.5-101 et seq. We shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Haynie & Company, that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this contract. We represent, warrant, and agree that we (i) have verified that we do not employ any illegal aliens, through participation in the E-Verify Program administered by the Social Security Administration and the Department of Homeland Security, or (ii) otherwise will comply with the requirements of CRS 8-17.5-102(2)(b)(I). We will comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment. If Haynie & Company fails to comply with any requirement of this provision or CRS 8-17.5-101, et seq., City of Grand Junction, Colorado may terminate this contract for breach of contract, and Haynie & Company shall be liable for actual and consequential damages to the City of Grand Junction, Colorado and the City of Grand Junction, Colorado shall report such violation to the Colorado Secretary of State, as required by law.

If Haynie & Company obtains actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with an illegal alien, we will:

- a. Notify the subcontractor and the City of Grand Junction, Colorado within three days that we have actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- b. Terminate the subcontract with the subcontractor if within three days of receiving the notice required pursuant to sub-paragraph (a) above, the subcontractor does not stop employing or contracting with the illegal alien, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Nick Warnick is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit in April 2016 and to issue our reports in June 2016.

Our fee for these services, including expenses, will be \$32,000.

City of Grand Junction, Colorado

November 30, 2015

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Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel to complete the requested information in the "Audit Organizer" furnished, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Grand Junction, Colorado and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Haynie & Co

RESPONSE:

This letter correctly sets forth the understanding of City of Grand Junction, Colorado.

By: *Quyllis Norris*

Title: *Mayor*

Date: *12/15/15*




System Review Report

To the Officers of Haynie & Company PC and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Haynie & Company PC. (the firm) applicable to non-SEC issuers in effect for the year ended October 31, 2013. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Haynie & Company PC applicable to non-SEC issuers in effect for the year ended October 31, 2013, 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*. Haynie & Company PC has received a peer review rating of *pass*.


KerberRose SC
January 13, 2014



**Request for Proposal
RFP-4091-15-SH**

FINANCIAL AUDIT SERVICES

RESPONSES DUE:

September 22, 2015 prior to 2:30 P.M.
250 N. 5th Street
City Clerk's Office, Room #111
Grand Junction, CO 81501

PURCHASING REPRESENTATIVE:

Susan Hyatt
Senior Buyer
susanh@gjcity.org
970-244-1513

This solicitation has been developed specifically for a Request for Proposal intended to solicit competitive responses for this solicitation, and may not be the same as previous City of Grand Junction/Mesa County solicitations. All offerors are urged to thoroughly review this solicitation prior to submitting. Submittal by **FAX IS NOT ACCEPTABLE** for this solicitation.

REQUEST FOR PROPOSAL

Financial Audit Services

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- 2.0 General Contract Terms and Conditions**
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- 6.0 Evaluation Criteria and Factors**
- 7.0 Solicitation Response Form**

REQUEST FOR PROPOSAL
RFP-4091-15-SH
Financial Audit Services

SECTION 1.0: ADMINISTRATIVE INFORMATION & CONDITIONS FOR SUBMITTAL

1.1 Issuing Office: This Request for Proposal (RFP) is issued for the City of Grand Junction (Owner) on behalf of the Financial Operations Department. All contact regarding this RFP is directed to:

RFP QUESTIONS:

Susan Hyatt, Senior Buyer

susanh@gjcity.org

1.2 Purpose: The purpose of this RFP is to obtain proposals from qualified professional firms to provide Financial Audit Services.

1.3 The Owner: The Owner is the City of Grand Junction, Colorado and is referred to throughout this Solicitation. The term Owner means the Owner or his authorized representative.

1.4 Compliance: All participating Offerors, by their signature hereunder, shall agree to comply with all conditions, requirements, and instructions of this RFP as stated or implied herein. Should the Owner omit anything from this packet which is necessary to the clear understanding of the requirements, or should it appear that various instructions are in conflict, the Offeror(s) shall secure instructions from the Purchasing Division prior to the date and time of the submittal deadline shown in this RFP.

1.5 Submission: Please refer to section 5.0 for what is to be included. Each proposal shall include **One (1) hard copy and one (1) electronic copy on CD or USB Flash Drive**, placed in a sealed envelope and marked clearly on the outside **“RFP-4091-15-SH Financial Audit Services.”** **THE ELECTRONIC COPY SHALL BE AN EXACT REPRODUCTION OF THE ORIGINAL DOCUMENT(S) PROVIDED. ALL SECTIONS SHALL BE COMBINED INTO A SINGLE PDF DOCUMENT.** **The electronic copy shall be the official document.** For proper comparison and evaluation, the Owner requests that proposals be formatted as directed in Section 5.0 “Preparation and Submittal of Proposals.” Submittals received that fail to follow this format may be ruled non-responsive.

1.6 Altering Proposals: Any alterations made prior to opening date and time must be initialed by the signer of the proposal, guaranteeing authenticity. Proposals cannot be altered or amended after submission deadline.

1.9 Withdrawal of Proposal: A proposal must be firm and valid for award and may not be withdrawn or canceled by the Offeror prior to the sixty-first (61st) day following the submittal deadline date and only prior to award. The Offeror so agrees upon submittal of their proposal. After award this statement is not applicable.

- 1.10 Acceptance of Proposal Content:** The contents of the proposal of the successful Offeror shall become contractual obligations if acquisition action ensues. Failure of the successful Offeror to accept these obligations in a contract shall result in cancellation of the award and such vendor shall be removed from future solicitations.
- 1.11 Exclusion:** No oral, telegraphic, or telephonic proposals shall be considered.
- 1.12 Addenda:** All Questions shall be submitted in writing to the appropriate person as shown in Section 1.1. Any interpretations, corrections and changes to this RFP or extensions to the opening/receipt date shall be made by a written Addendum to the RFP by the City Purchasing Division. Sole authority to authorize addenda shall be vested in the City of Grand Junction Purchasing Representative. Addenda will be issued electronically through the City's website at www.gjcity.org by selecting the Bids link, and Bidnet at www.rockymountainbidsystem.com. Offerors shall acknowledge receipt of all addenda in their proposal.
- 1.13 Exceptions and Substitutions:** All proposals meeting the intent of this RFP shall be considered for award. Offerors taking exception to the specifications shall do so at their own risk. The Owner reserves the right to accept or reject any or all substitutions or alternatives. When offering substitutions and/or alternatives, Offeror must state these exceptions in the section pertaining to that area. Exception/substitution, if accepted, must meet or exceed the stated intent and/or specifications. The absence of such a list shall indicate that the Offeror has not taken exceptions, and if awarded a contract, shall hold the Offeror responsible to perform in strict accordance with the specifications or scope of work contained herein.
- 1.14 Confidential Material:** All materials submitted in response to this RFP shall ultimately become public record and shall be subject to inspection after contract award. "Proprietary or Confidential Information" is defined as any information that is not generally known to competitors and which provides a competitive advantage. Unrestricted disclosure of proprietary information places it in the public domain. Only submittal information clearly identified with the words "**Confidential Disclosure**" and placed in a separate envelope shall establish a confidential, proprietary relationship. Any material to be treated as confidential or proprietary in nature must include a justification for the request. The request shall be reviewed and either approved or denied by the Purchasing Supervisor. If denied, the proposer shall have the opportunity to withdraw its entire proposal, or to remove the confidential or proprietary restrictions. Neither cost nor pricing information nor the total proposal shall be considered confidential or proprietary.
- 1.15 Response Material Ownership:** All proposals become the property of the Owner upon receipt and shall only be returned to the proposer at the Owner's option. Selection or rejection of the proposal shall not affect this right. The Owner shall have the right to use all ideas or adaptations of the ideas contained in any proposal received in response to this RFP, subject to limitations outlined in the section 1.12 entitled "Confidential Material". Disqualification of a proposal does not eliminate this right.
- 1.16 Minimal Standards for Responsible Prospective Offerors:** A prospective Offeror must affirmably demonstrate their responsibility. A prospective Offeror must meet the following requirements:

- Have adequate financial resources, or the ability to obtain such resources as required.
- Be able to comply with the required or proposed completion schedule.
- Have a satisfactory record of performance.
- Have a satisfactory record of integrity and ethics.
- Be otherwise qualified and eligible to receive an award and enter into a contract with the Owner.

1.17 Open Records: Proposals shall be received and publicly acknowledged at the location, date, and time stated herein. Offerors, their representatives and interested persons may be present. Proposals shall be received and acknowledged only so as to avoid disclosure of process. However, all proposals shall be open for public inspection after the contract is awarded. Trade secrets and confidential information contained in the proposal so identified by offer as such shall be treated as confidential by the Owner to the extent allowable in the Open Records Act.

1.18 Sales Tax: City of Grand Junction/Mesa County is, by statute, exempt from the State Sales Tax and Federal Excise Tax; therefore, all fees shall not include taxes.

SECTION 2.0: GENERAL CONTRACT TERMS AND CONDITIONS

2.1. Acceptance of RFP Terms: A proposal submitted in response to this RFP shall constitute a binding offer. A acknowledgment of this condition shall be indicated on the Letter of Interest or Cover Letter by the autographic signature of the Offeror or an officer of the Offeror legally authorized to execute contractual obligations. A submission in response to the RFP acknowledges acceptance by the Offeror of all terms and conditions including compensation, as set forth herein. An Offeror shall identify clearly and thoroughly any variations between its proposal and the Owner's RFP requirements. Failure to do so shall be deemed a waiver of any rights to subsequently modify the terms of performance, except as outlined or specified in the RFP.

2.2. Execution, Correlation, Intent, and Interpretations: The Contract Documents shall be signed in not less than triplicate by the Owner (Owner) and Contractor. Owner will provide the contract. By executing the contract, the Contractor represents that he/she has visited the site, familiarized himself with the local conditions under which the Work is to be performed, and correlated his observations with the requirements of the Contract Documents. The Contract Documents are complementary, and what is required by any one, shall be as binding as if required by all. The intention of the documents is to include all labor, materials, equipment and other items necessary for the proper execution and completion of the scope of work as defined in the technical specifications and drawings contained herein. All drawings, specifications and copies furnished by the Owner are, and shall remain, Owner property. They are not to be used on any other project, and with the exception of one contract set for each party to the contract, are to be returned to the owner on request at the completion of the work.

2.3. Permits, Fees, & Notices: The Contractor shall secure and pay for all permits, governmental fees and licenses necessary for the proper execution and completion of the work. The Contractor shall give all notices and comply with all laws, ordinances, rules, regulations and orders of any public authority bearing on the performance of the

work. If the Contractor observes that any of the Contract Documents are at variance in any respect, he shall promptly notify the Owner in writing, and any necessary changes shall be adjusted by approximate modification. If the Contractor performs any work knowing it to be contrary to such laws, ordinances, rules and regulations, and without such notice to the Owner, he shall assume full responsibility and shall bear all costs attributable.

- 2.4. Responsibility for those Performing the Work:** The Contractor shall be responsible to the Owner for the acts and omissions of all his employees and all other persons
- 2.5. Changes in the Work:** The Owner, without invalidating the contract, may order changes in the work within the general scope of the contract consisting of additions, deletions or other revisions. All such changes in the work shall be authorized by Change Order and shall be executed under the applicable conditions of the contract documents. A Change Order is a written order to the Contractor signed by the Owner issued after the execution of the contract, authorizing a change in the work or an adjustment in the contract sum or the contract time.
- 2.6. Minor Changes in the Work:** The Owner shall have authority to order minor changes in the work not involving an adjustment in the contract sum or an extension of the contract time and not inconsistent with the intent of the contract documents.
- 2.7. Amendment:** No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting contract. All amendments to the contract shall be made in writing by the Owner Purchasing Division.
- 2.8. Assignment:** The Offeror shall not sell, assign, transfer or convey any contract resulting from this RFP, in whole or in part, without the prior written approval from the Owner.
- 2.9. Compliance with Laws:** Proposals must comply with all Federal, State, County and local laws governing or covering this type of service and the fulfillment of all ADA (Americans with Disabilities Act) requirements.
- 2.10. Confidentiality:** All information disclosed by the Owner to the Offeror for the purpose of the work to be done or information that comes to the attention of the Offeror during the course of performing such work is to be kept strictly confidential.
- 2.11. Conflict of Interest:** No public official and/or Owner employee shall have interest in any contract resulting from this RFP.
- 2.12. Contract:** This Request for Proposal, submitted documents, and any negotiations, when properly accepted by the Owner, shall constitute a contract equally binding between the Owner and Offeror. The contract represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral, including the Proposal documents. The contract may be amended or modified with Change Orders, Field Orders, or Addendums.
- 2.13. Project Manager/Administrator:** The Project Manager, on behalf of the Owner, shall render decisions in a timely manner pertaining to the work proposed or performed by the

Offeror. The Project Manager shall be responsible for approval and/or acceptance of any related performance of the Scope of Services.

- 2.14. Contract Termination:** This contract shall remain in effect until any of the following occurs: (1) contract expires; (2) completion of services; (3) acceptance of services or, (4) for convenience terminated by either party with a written *Notice of Cancellation* stating therein the reasons for such cancellation and the effective date of cancellation at least thirty days past notification.
- 2.15. Employment Discrimination:** During the performance of any services per agreement with the Owner, the Offeror, by submitting a Proposal, agrees to the following conditions:
- 2.15.1.** The Offeror shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, disability, citizenship status, marital status, veteran status, sexual orientation, national origin, or any legally protected status except when such condition is a legitimate occupational qualification reasonably necessary for the normal operations of the Offeror. The Offeror agrees to post in conspicuous places, visible to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- 2.15.2.** The Offeror, in all solicitations or advertisements for employees placed by or on behalf of the Offeror, shall state that such Offeror is an Equal Opportunity Employer.
- 2.15.3.** Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- 2.16. Immigration Reform and Control Act of 1986 and Immigration Compliance:** The Offeror certifies that it does not and will not during the performance of the contract employ illegal alien workers or otherwise violate the provisions of the Federal Immigration Reform and Control Act of 1986 and/ or the immigration compliance requirements of State of Colorado C.R.S. § 8-17.5-101, *et.seq.* (House Bill 06-1343).
- 2.17. Ethics:** The Offeror shall not accept or offer gifts or anything of value nor enter into any business arrangement with any employee, official, or agent of the Owner.
- 2.18. Failure to Deliver:** In the event of failure of the Offeror to deliver services in accordance with the contract terms and conditions, the Owner, after due oral or written notice, may procure the services from other sources and hold the Offeror responsible for any costs resulting in additional purchase and administrative services. This remedy shall be in addition to any other remedies that the Owner may have.
- 2.19. Failure to Enforce:** Failure by the Owner at any time to enforce the provisions of the contract shall not be construed as a waiver of any such provisions. Such failure to enforce shall not affect the validity of the contract or any part thereof or the right of the Owner to enforce any provision at any time in accordance with its terms.
- 2.20. Force Majeure:** The Offeror shall not be held responsible for failure to perform the duties and responsibilities imposed by the contract due to legal strikes, fires, riots,

rebellions, and acts of God beyond the control of the Offeror, unless otherwise specified in the contract.

- 2.21. Indemnification:** Offeror shall defend, indemnify and save harmless the Owner, State of Colorado, and all its officers, employees, insurers, and self-insurance pool, from and against all liability, suits, actions, or other claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person, persons, or property on account of any negligent act or fault of the Offeror, or of any Offeror's agent, employee, subcontractor or supplier in the execution of, or performance under, any contract which may result from proposal award. Offeror shall pay any judgment with cost which may be obtained against the Owner growing out of such injury or damages.
- 2.22. Independent Firm:** The Offeror shall be legally considered an Independent Firm and neither the Firm nor its employees shall, under any circumstances, be considered servants or agents of the Owner. The Owner shall be at no time legally responsible for any negligence or other wrongdoing by the Firm, its servants, or agents. The Owner shall not withhold from the contract payments to the Firm any federal or state unemployment taxes, federal or state income taxes, Social Security Tax or any other amounts for benefits to the Firm. Further, the Owner shall not provide to the Firm any insurance coverage or other benefits, including Workers' Compensation, nor mally provided by the Owner for its employees.
- 2.23. Nonconforming Terms and Conditions:** A proposal that includes terms and conditions that do not conform to the terms and conditions of this Request for Proposal is subject to rejection as non-responsive. The Owner reserves the right to permit the Offeror to withdraw nonconforming terms and conditions from its proposal prior to a determination by the Owner of non-responsiveness based on the submission of nonconforming terms and conditions.
- 2.24. Ownership:** All plans, prints, designs, concepts, etc., shall become the property of the Owner.
- 2.25. Oral Statements:** No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in this document and/or resulting agreement. All modifications to this request and any agreement must be made in writing by the Owner.
- 2.26. Patents/Copyrights:** The Offeror agrees to protect the Owner from any claims involving infringements of patents and/or copyrights. In no event shall the Owner be liable to the Offeror for any/all suits arising on the grounds of patent(s)/copyright(s) infringement. Patent/copyright infringement shall null and void any agreement resulting from response to this RFP.
- 2.27. Remedies:** The Offeror and Owner agree that both parties have all rights, duties, and remedies available as stated in the Uniform Commercial Code.
- 2.28. Venue:** Any agreement as a result of responding to this RFP shall be deemed to have been made in, and shall be construed and interpreted in accordance with, the laws of the City of Grand Junction, Mesa County, Colorado.

- 2.29. Expenses:** Expenses incurred in preparation, submission and presentation of this RFP are the responsibility of the company and can not be charged to the Owner.
- 2.30. Sovereign Immunity:** The Owner specifically reserves its right to sovereign immunity pursuant to Colorado State Law as a defense to any action arising in conjunction to this agreement.
- 2.31. Public Funds/Non-Appropriation of Funds:** Funds for payment have been provided through the City of Grand Junction/Mesa County budget approved by the City Council/Board of County Commissioners for the stated fiscal year only. State of Colorado statutes prohibit the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. Therefore, anticipated orders or other obligations that may arise past the end of the stated City of Grand Junction/Mesa County fiscal year shall be subject to budget approval. Any contract will be subject to and must contain a governmental non-appropriation of funds clause.
- 2.32. Collusion Clause:** Each Offeror by submitting a proposal certifies that it is not party to any collusive action or any action that may be in violation of the Sherman Antitrust Act. Any and all proposals shall be rejected if there is evidence or reason for believing that collusion exists among the proposers. The Owner may or may not, at the discretion of the Owner Purchasing Representative, accept future proposals for the same service or commodities for participants in such collusion.
- 2.33. Gratuities:** The proposer certifies and agrees that no gratuities, kickbacks or contingency fees were paid in connection with this contract, nor were any fees, commissions, gifts or other considerations made contingent upon the award of this contract. If the proposer breaches or violates this warranty, the Owner may, at their discretion, terminate this contract without liability to the Owner.
- 2.34. Safety Warranty:** Offeror also warrants that the services performed shall conform to the standards declared by the US Department of Labor under the Occupational Safety and Health Act of 1970.
- 2.35. OSHA Standards:** All Offerors agree and warrant that services performed in response to this invitation shall conform to the standards declared by the US Department of Labor under the Occupational Safety and Health Act of 1970 (OSHA). In the event the services do not conform to OSHA Standards, the Owner may require the services to be redone at no additional expense to the Owner.
- 2.36. Performance of the Contract:** The Owner reserves the right to enforce the performance of the contract in any manner prescribed by law or deemed to be in the best interest of the Owner in the event of breach or default of resulting contract award.
- 2.37. Benefit Claims:** The Owner shall not provide to the Offeror any insurance coverage or other benefits, including Worker's Compensation, normally provided by the Owner for its employees.
- 2.38. Default:** The Owner reserves the right to terminate the contract immediately in the event the Offeror fails to meet delivery or completion schedules, or otherwise perform in

accordance with the accepted proposal. Breach of contract or default authorizes the Owner to purchase like services elsewhere and charge the full increase in cost to the defaulting Offeror.

2.39. Multiple Offers: Proposers must determine for themselves which product to offer. If said proposer chooses to submit more than one offer, THE ALTERNATE OFFER must be clearly marked "Alternate Proposal". The Owner reserves the right to make award in the best interest of the Owner.

2.40. Cooperative Purchasing: Purchases as a result of this solicitation are primarily for the Owner. Other governmental entities may be extended the opportunity to utilize the resultant contract award with the agreement of the successful provider and the participating agencies. All participating entities will be required to abide by the specifications, terms, conditions and pricings established in this Proposal. The quantities furnished in this proposal document are for only the Owner. It does not include quantities for any other jurisdiction. The Owner will be responsible only for the award for our jurisdiction. Other participating entities will place their own awards on their respective Purchase Orders through their purchasing office or use their purchasing card for purchase/payment as authorized or agreed upon between the provider and the individual entity. The Owner accepts no liability for payment of orders placed by other participating jurisdictions that choose to piggy-back on our solicitation. Orders placed by participating jurisdictions under the terms of this solicitation will indicate their specific delivery and invoicing instructions.

2.41. Definitions:

2.41.1. "Consultant" refers to the person, partnership, firm or corporation entering into an Agreement with the Owner for the services required and the legal representatives of said party or the agent appointed to act for said party in the performance of the service(s) contracted for.

2.41.2. "Offeror" refers to the person or persons legally authorized by the Consultant to make an offer and/or submit a bid (fee) proposal in response to the Owner's RFP.

2.41.3. The term "Work" includes all labor necessary to produce the requirements by the Contract Documents, and all materials and equipment incorporated or to be incorporated in such construction.

2.41.4. "Owner" is the City of Grand Junction/Mesa County, Colorado and is referred to throughout the Contract Documents. The term Owner means the Owner or his authorized representative. The Owner shall, at all times, have access to the work wherever it is in preparation and progress. The Contractor shall provide facilities for such access. The Owner will make periodic visits to the site to familiarize himself generally with the progress and quality of work and to determine, in general, if the work is proceeding in accordance with the contract documents. Based on such observations and the Contractor's Application for Payment, the Owner will determine the amounts owing to the Contractor and will issue Certificates for Payment in such amounts, as provided in the contract. The Owner will have authority to reject work which does not conform to the Contract documents. Whenever, in his reasonable opinion, he considers it necessary or advisable to insure the proper implementation of the intent of the Contract Documents, he will have authority to require the Contractor to stop the

work or any portion, or to require special inspection or testing of the work, whether or not such work can be then be fabricated, installed, or completed. The Owner will not be responsible for the acts or omissions of the Contractor, and sub-Contractor, or any of their agents or employees, or any other persons performing any of the work.

2.41.5. “Contractor is the person or organization identified as such in the Agreement and is referred to throughout the Contract Documents. The term Contractor means the Contractor or his authorized representative. The Contractor shall carefully study and compare the General Contract Conditions of the Contract, Specification and Drawings, Scope of Work, Addenda and Modifications and shall at once report to the Owner any error, inconsistency or omission he may discover. Contractor shall not be liable to the Owner for any damage resulting from such errors, inconsistencies or omissions. The Contractor shall not commence work without clarifying Drawings, Specifications, or Interpretations.

2.41.6. “Sub-Contractor is a person or organization who has a direct contract with the Contractor to perform any of the work at the site. The term sub-contractor is referred to throughout the contract documents and means a sub-contractor or his authorized representative.

2.42. Public Disclosure Record: If the bidder has knowledge of their employee(s) or sub-Bidders having an immediate family relationship with a Owner employee or elected official, the bidder must provide the Purchasing Representative with the name(s) of these individuals. These individuals are required to file an acceptable “Public Disclosure Record”, a statement of financial interest, before conducting business with the Owner.

2.43. Keep Jobs in Colorado Act: Contractor shall be responsible for ensuring compliance with Article 17 of Title 8, Colorado Revised Statutes requiring 80% Colorado labor to be employed on public works. Contractor shall, upon reasonable notice provided by the Owner, permit the Owner to inspect documentation of identification and residency required by C.R.S. §8-17-101(2)(a). If Contractor claims it is entitled to a waiver pursuant to C.R.S. §8-17-101(1), Contractor shall state that there is insufficient Colorado labor to perform the work such that compliance with Article 17 would create an undue burden that would substantially prevent a project from proceeding to completion, and shall include evidence demonstrating the insufficiency and undue burden in its response.

Unless expressly granted a waiver by the Owner pursuant to C.R.S. §8-17-101(1), Contractor shall be responsible for ensuring compliance with Article 17 of Title 8, Colorado Revised Statutes requiring 80% Colorado labor to be employed on public works. Contractor shall, upon reasonable notice provided by the Owner, permit the Owner to inspect documentation of identification and residency required by C.R.S. §8-17-101(2)(a).

2.43.1. "Public works project" is defined as:

- (a) any construction, alteration, repair, demolition, or improvement of any land, building, structure, facility, road, highway, bridge, or other public improvement suitable for and intended for use in the promotion of the public health, welfare, or safety and any maintenance programs for the upkeep of such projects

- (b) for which appropriate or expenditure of moneys may be reasonably expected to be \$500,000.00 or more in the aggregate for any fiscal year
- (c) except any project that receives federal moneys.

SECTION 3.0: INSURANCE REQUIREMENTS

3.1 Insurance Requirements: The selected Firm agrees to procure and maintain, at its own cost, policy(s) of insurance sufficient to insure against all liability, claims, demands, and other obligations assumed by the Firm pursuant to this Section. Such insurance shall be in addition to any other insurance requirements imposed by this Contract or by law. The Firm shall not be relieved of any liability, claims, demands, or other obligations assumed pursuant to this Section by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types.

Firm shall procure and maintain and, if applicable, shall cause any Subcontractor of the Firm to procure and maintain insurance coverage listed below. Such coverage shall be procured and maintained with forms and insurers acceptable to The Owner. All coverage shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by the Firm pursuant to this Section. In the case of any claims-made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage. Minimum coverage limits shall be as indicated below unless specified otherwise in the Special Conditions:

(a) Worker Compensation insurance to cover obligations imposed by applicable laws for any employee engaged in the performance of work under this Contract, and Employers' Liability insurance with minimum limits of:

FIVE HUNDRED THOUSAND DOLLARS (\$500,000) each accident,
FIVE HUNDRED THOUSAND DOLLARS (\$500,000) disease - policy limit, and
FIVE HUNDRED THOUSAND DOLLARS (\$500,000) disease - each employee

(b) General Liability insurance with minimum combined single limits of:

FIVE HUNDRED THOUSAND DOLLARS (\$500,000) each occurrence and
FIVE HUNDRED THOUSAND DOLLARS (\$500,000) per job aggregate.

The policy shall be applicable to all premises and operations. The policy shall include coverage for bodily injury, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, products, and completed operations. The policy shall include coverage for explosion, collapse, and underground hazards. The policy shall contain a severability of interests provision.

(c) Comprehensive Automobile Liability insurance with minimum combined single limits for bodily injury and property damage of not less than:

FIVE HUNDRED THOUSAND DOLLARS (\$500,000) each occurrence and
FIVE HUNDRED THOUSAND DOLLARS (\$500,000) aggregate

This policy shall provide coverage to protect the contractor against liability incurred as a result of the professional services performed as a result of responding to this Solicitation.

With respect to each of Consultant's owned, hired, or non-owned vehicles assigned to be used in performance of the Work. The policy shall contain a severability of interests provision. The policies required by paragraphs (b), and (c) above shall be endorsed to include the Owner and the Owner's officers and employees as additional insureds. Every policy required above shall be primary insurance, and any insurance carried by the Owner, its officers, or its employees, or carried by or provided through any insurance pool of the Owner, shall be excess and not contributory insurance to that provided by Consultant. No additional insured endorsement to any required policy shall contain any exclusion for bodily injury or property damage arising from completed operations. The Consultant shall be solely responsible for any deductible losses under any policy required above.

SECTION 4.0: SPECIFICATIONS/SCOPE OF SERVICES

- 4.1. General/Background:** The City of Grand Junction is a home rule municipal corporation located in Mesa County, Colorado on the western slope of the Rocky Mountains, midway between Denver, Colorado and Salt Lake City, Utah. This municipality has been in existence since 1885. The policies of the City are established through ordinance and resolution by a seven person elected council. The City Council appoints a City Manager who functions as the chief operation officer of the City. Grand Junction serves Western Colorado and Eastern Utah as a regional hub for commercial and retail business, higher education, medical services, and recreational opportunities. It is the County Seat and is the largest city on the western slope with a population of approximately 61,000 within city limits and 150,000 county-wide. The city has approximately 700 Full Time Equivalent (FTE) positions.

More detailed information on the government and its finances can be found in prior years Comprehensive Annual Financial Reports (CAFR). Electronic copies of the financial reports for prior fiscal years can be found on the City's website at http://www.gjcity.org/Budget_and_Accounting.aspx.

The City has received the Governmental Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the past thirty years including 2013 and expects to receive the award for its 2014 CAFR and for the entire term of this arrangement.

- 4.2. Financial Software:** The City utilizes the New World Logos Financial, Payroll and Human Resources software packages.
- 4.3. Term of Contract:** This contract shall be for an audit of the City's financial statements for fiscal year January 1 through December 31, 2015. The City reserves the right to renew this contract for four (4) additional one year periods annually upon review and recommendation of the Financial Operation Director, the satisfactory negotiation of terms, and the annual availability of budget appropriation.
- 4.4. Scope of Work:** The City of Grand Junction is soliciting a firm to audit the City's financial statements and express an opinion as to the compliance of those statements

with generally accepted accounting principles that apply to government entities. The financial statements to be subjected to audit are those contained in the City's Comprehensive Annual Financial Report (CAFR).

The examination shall include a compliance audit of federal funds in accordance with the Office of Management and Budget's (OMB's) Circular A-133 and the Single Audit Act of 1984 for year one and Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in subsequent years, as applicable. The City typically has between one and three A-133 audits per year.

The examination shall also cover all City funds and any component or related entities which may exist at the time of the audit. At present the City's funds include, although the audit may not be limited to, the following:

Governmental Funds

General

Special Revenue Funds

Enhanced 911

Visitor and Convention Bureau

Community Development Block Grant

Parkland Expansion

Conservation Trust

Capital Projects Funds

Sales Tax Capital Improvement

Storm Drainage Improvement

Major Capital Improvement

Street Improvement

Debt Service Funds

General Debt Service

Ridges Debt Service

GJ Public Finance Corp Debt Service

Parkway Debt Retirement

Permanent Fund

Cemetery Perpetual Care

DDA Funds

DDA Operations Special Revenue

DDA Capital Improvements

DDA TIF Debt Service

Enterprise Funds

Water

Solid Waste

Two Rivers Convention Center

Golf

Parking

Irrigation

Internal Service Funds

Information Technology

Equipment

Self Insurance
Communication Center
Facilities

Fiduciary Funds

School District Private Purpose Trust
PIAB Agency Fund
General Trust
Rimrock Agency Fund
DDA BID Agency Fund
Police Old Hire Pension Trust
Fire Old Hire Pension Trust

City of Grand Junction/Mesa County Joint Sewer System

- 4.5. Nature of Services:** The audit shall be performed in accordance with generally accepted auditing standards as advocated by the American Institute of Certified Public Accountants and include financial and appropriate compliance matters as contained in the Charter, Code, Ordinances and Resolutions of the City of Grand Junction, and any applicable state and federal regulations.

The auditor shall be responsible for ensuring the City's financial statements conform to the requirements for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

As part of performing the audit, it is expected that the audit manager, partner or other qualified staff will be available as necessary during the year at no additional charge for advice and discussion on accounting, standards interpretation, and internal control matters concerning the City. This interaction usually takes place by telephonic/electronic communication.

The current auditor has been contracted for the past 20+ years, and has been invited to submit a response to this RFP. The City issues a competitive proposal every five years. The audit fees last year were \$27,900. No material adjusting entries have been required in the past few years. There has not been any significant turnover in the finance/accounting positions in the past year, nor has there been any fraud. There was nothing unusual about the past audit.

- 4.6. Reporting Requirements:** In connection with the audit engagement, the auditors shall provide the following separate reports. The respective reports will be addressed to the Honorable Mayor and City Council:

4.6.1 A report of examination of the financial statements stating the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards will be provided. This report must include an opinion as to whether the statements conform to generally accepted accounting principles. A signed copy of the opinion plus a signed electronic copy will be required by the City.

4.6.2 A report on internal control and compliance in accordance with the standards for financial and compliance audits contained in the Standards of Audits of Government Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office. Findings of ineligible expenditures must be

represented in enough detail for City management to be able to clearly understand them.

4.6.3 A letter to management containing comments on compliance, recommendations for improvements, and any other comments deemed pertinent by the auditors and recommendations affecting the financial statements and internal control.

4.7 Reports to be Issued: Following completion of the audit of the year's financial statements, the auditor shall submit to the City of Grand Junction the following reports:

4.7.1 Independent Auditor's Report on financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components, each major fund and the aggregate remaining fund information of the City of Grand Junction and the City of Grand Junction/Mesa County Joint Sewer System in conformity with generally accepted accounting principles.

4.7.2 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

4.7.3 A report on compliance with applicable laws and regulations.

4.7.4 Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

4.7.5 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.

4.7.6 Schedule of Findings and Questioned Costs.

4.7.7 Summary Schedule of Prior Audit Findings.

4.7.8 A management letter, with appropriate recommendations, commenting on material weaknesses in internal accounting control, reportable conditions, and identifying possible noncompliance with finance related legal provisions.

4.7.9 Independent Auditor's Report on Other Supplemental Information regarding receipts and expenditures for roads, bridges and streets.

4.7.10 Form SF-FAC, Data Collection Form for Report on Audits of States, Local Governments and Non-Profit Organizations.

4.7.11 Irregularities and illegal acts. Auditors are required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

4.7.11.1 City of Grand Junction City Council

4.7.11.2 City Attorney

4.7.11.3 City Manager

4.7.11.4 Financial Operations Director

4.7.11.5 Any required oversight body or grantor

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

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

- 4.7.11.7 Non-reportable conditions by the auditors shall be reported in a separate letter to City Management and shall be referred to in the report(s) on internal controls.
- 4.7.11.8 The report on compliance shall include all material instances of noncompliance. All nonmaterial instances on noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

4.8 Special Considerations: The City of Grand Junction will write, print and send its comprehensive annual financial report (CAFR) to the Government Finance Officers Association (GFOA) of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide minimal assistance to the City of Grand Junction to meet the requirements of that program.

The City of Grand Junction currently anticipates that it will prepare one or more official statements in connection with the sale of debt securities which will contain the general purpose financial statements and the auditor's report. The auditor shall be required, if requested by the fiscal advisor and/or underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".

The schedule of federal financial assistance and related auditor's report, as well as the reports on internal control structure and compliance, are to be issued as part of the comprehensive annual financial report.

The statement of receipts and expenditures for roads, bridges and streets and related auditor's reports are to be issued as part of the comprehensive annual financial report.

4.9 Working Paper Retention and Access to Working Papers: All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years unless the firm is notified in writing by the City of Grand Junction the need to extend the retention period. The auditor shall be required to make working papers available, upon request, to the City of Grand Junction as part of an audit quality review process.

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

4.10 Timing, Location and Conduct of Audit Work: The City expects to receive, prior to January 15 of each year, a list of schedules to be prepared and other items required for the audit.

Pre-closing, interim, tests and procedures shall be conducted at a mutually agreeable time.

The final on audit will be scheduled for the final weeks of April on City premises. The City will provide space deemed adequate to efficiently conduct the audit. Historically, one (1) lead auditor and 2-3 additional auditors are needed for 1-2 weeks.

Adjusted Trial balance figures are required by May 15. Prior to completion of the onsite audit, the auditor will meet with the Finance Supervisor to review adjusting journal entries and any adjustments or concerns that might affect the completion of the financial statements.

Report completion and an exit conference are required by no later than June 15 of each year (July 1 for the City of Grand Junction/Mesa Joint Sewer System).

The Financial Operations Department staff and responsible management personnel will be available during the audit to assist the audit firm by providing information, documentation, explanations and agreed upon schedules. The creation of confirmations will be the responsibility of the audit firm.

The report format will be similar to reports issued for the year ended December 31, 2014. The City will draft the comprehensive annual financial report and financial statements. The auditor will be responsible for proofing the typed reports. The City will be responsible for printing and binding the reports. The auditor will be responsible for providing sufficient sheets of firm letterhead for printing report and opinion pages.

4.11 Federal and State Financial Assistance: As part of the Single Audit Act, all Federal and State Financial Assistance received by the City must be audited. During the year(s) to be audited the City expects to receive financial assistance in the form of federal and state grants. An increase in federal programs is likely in the future.

4.12 Pension Plans: The City participates in five (5) defined contribution benefit plans covering various groups of employees. The City also participates in two (2) defined benefit agent multiple-employer pension plans.

4.13 Other Post Employment Benefit Plans: The City offers an employee retirement health benefit plan that provides affordable health care coverage to its retirees, with 15 years of service or more, from age 50-65 when Medicare eligibility begins.

4.14 Component Units: The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Boards Codification of Government Accounting and Reporting Standards, Section 2100. Using these criteria, management of the City has identified the Downtown Development Authority for inclusion in the City's financial statements.

4.15 Joint Ventures: The City participates in a joint venture with other governments, the City of Grand Junction/Mesa County Joint Sewer System.

4.16 RFP Tentative Time Schedule:

- Request for Proposal available on or about August 24, 2015
- Inquiry deadline, no questions after this date September 10, 2015 at noon
- Submittal deadline for proposals September 22, 2015
- Owner evaluation of proposals Sept 23 – Oct 9, 2015
- Final selection October 12, 2015
- Contract execution October 21, 2015
- Work begins no later than January 1, 2016

4.17 Questions Regarding Scope of Services:

Susan Hyatt, Senior Buyer
susanh@gjcity.org

SECTION 5.0: PREPARATION AND SUBMITTAL OF PROPOSALS

Submission: Each proposal shall include **One (1) hard copy** and **one (1) electronic copy on USB Flash Drive or CD**, placed in a sealed envelope and marked clearly on the outside “**Financial Audit Services RFP-4091-15-SH**”. **The electronic copy shall be an exact reproduction of the original documents provided. All sections shall be combined into a SINGLE PDF DOCUMENT. The electronic copy shall be the official document.** Offerors are required to indicate their interest in this Project, show their specific experience and address their capability to perform the Scope of Services in the Time Schedule as set forth herein. For proper comparison and evaluation, the Owner requests that proposals be formatted **A to G**. Proposals must contain all of the following information to satisfy the requirements of this RFP:

- A. Cover Letter:** Cover letter shall be provided which explains the Firm’s interest in the project. The letter shall contain the name/address/phone number of the person who will serve as the firm’s principal contact person with Owner’s Contract Administrator and shall identify individual(s) who will be authorized to make presentations on behalf of the firm. The statement shall bear the signature of the person having proper authority to make formal commitments on behalf of the firm. By submitting a response to this solicitation the Contractor agrees to all requirements herein.
- B. Qualifications/Experience/Credentials:** Proposers shall provide their qualifications for consideration as a contract provider to the Owner and include prior experience in similar projects. Provide an affirmative statement that is independent of the City of Grand Junction as defined by generally accepted auditing standards/the U.S. General Accounting Office’s government Auditing Standards (2003). List and describe the firm’s professional relationships involving the City of Grand Junction or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. Provide names, titles and responsibilities of key personnel who will be responsible for the management and design of this project. Include qualifications, experience of each, and length of time with the company. Provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in Colorado.
- C. Strategy and Implementation Plan:** Describe your (the firm’s) interpretation of the Owner’s objectives with regard to this RFP. Describe the proposed strategy and/or plan for achieving the objectives of this RFP. The Firm may utilize a written narrative or any other printed technique to demonstrate his/her ability to satisfy the Scope of Services. The narrative should describe a logical progression of tasks and efforts starting with the initial steps or tasks to be accomplished and continuing until all proposed tasks are fully described and the RFP objectives are accomplished.
- D. References:** Provide a list and description of other financial audit services provided by your firm or by key personnel that are similar or pertinent. Provide a minimum of three (3) **references** with names, addresses and telephone numbers that can attest to your experience.
- E. Fee Proposal:** The fee proposal shall contain all pricing information relative to performing the audit as described in this request for proposals. The total **All-Inclusive**

Maximum Price per annum for the years ending 2015, 2016, 2017, 2018,2019 and is to contain all direct and indirect costs, including out of pocket expenses.

- F. **Capacity:** Address your firm's capacity and depth to complete the Financial Audit Services as outlined.
- G. **Additional Data (optional):** Provide any additional information that will aid in evaluation of your qualifications with respect to this project.

SECTION 6.0: EVALUATION CRITERIA AND FACTORS

- 6.1 Evaluation:** An evaluation team shall review all responses and select the proposal or proposals that best demonstrate the capability in all aspects to perform the scope of services and possess the integrity and reliability that will ensure good faith performance.
- 6.2 Intent:** Only respondents who meet the qualification criteria will be considered. Therefore, it is imperative that the submitted proposal clearly indicate the firm's ability to provide the services described herein.

Submittal evaluations will be done in accordance with the criteria and procedure defined herein. The Owner reserves the right to reject any and all statements. The following parameters will be used to evaluate the submittals (in no particular order of priority):

- Responsiveness of submittal to the RFP
- Understanding of the project and the objectives
- Experience
- Necessary resources
- Strategy & Implementation Plan
- Required skills
- Demonstrated capability
- References
- Fees

The Owner will undertake negotiations with the top rated firm and will not negotiate with lower rated firms unless negotiations with higher rated firms have been unsuccessful and terminated.

- 6.3 Oral Interviews:** The Owner may invite the most qualified rated proposers to participate in oral interviews.
- 6.4 Award:** The contract shall be awarded to the firm deemed most qualified to perform the scope of services based on the project team qualifications, prior experience working together, approach to the project, ability to complete the project in the necessary time frame, location of firm and workforce, and references. Firms shall be ranked or disqualified based on the criteria listed in Section 6.2. The Owner reserves the right to consider all of the information submitted and/or oral presentations, if required, in selecting the project Contractor. The lowest cost proposal does not guarantee that a firm shall be selected. The City reserves the right to consider all of the information submitted in making the award.

**SECTION 7.0: SOLICITATION RESPONSE FORM
RFP-4091-15-SH "Financial Audit Services"**

Year	All-Inclusive Maximum Price
2015	\$
2016	\$
2017	\$
2018	\$
2019	\$
Grand Total for 5 years	\$

Attach additional pages as needed to show direct and indirect costs and out of pocket expenses.

The Owner reserves the right to accept any portion of the work to be performed at its discretion

The undersigned has thoroughly examined the entire Request for Proposals and therefore submits the proposal and schedule of fees and services attached hereto.

This offer is firm and irrevocable for sixty (60) days after the time and date set for receipt of proposals.

The undersigned Offeror agrees to provide services and products in accordance with the terms and conditions contained in this Request for Proposal and as described in the Offeror's proposal attached hereto; as accepted by the Owner.

Prices in the proposal have not knowingly been disclosed with another provider and will not be prior to award.

- Prices in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition.
- No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- The individual signing this proposal certifies that he/she is a legal agent of the offeror, authorized to represent the offeror and is legally responsible for the offer with regard to supporting documentation and prices provided.
- Direct purchases by the City of Grand Junction are tax exempt from Colorado Sales or Use Tax. Tax exempt No. 98-903544. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices
- Direct purchases by Mesa County are tax exempt from Colorado Sales or Use Tax. Tax exempt #98-04241. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices.
- Prompt payment discount of _____ percent of the net dollar will be offered to the Owner if the invoice is paid within _____ days after the receipt of the invoice. Payment Terms _____.

RECEIPT OF ADDENDA: the undersigned Contractor acknowledges receipt of Addenda to the Solicitation, Specifications, and other Contract Documents.

State number of Addenda received: _____.

It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

 Company Name – (Typed or Printed)

 Authorized Agent/Title – (Typed or Printed)

 Authorized Agent Signature

 Phone Number

 Address of Offeror

 State and Zip Code

 E-mail Address of Agent

 Cell Phone Number



ADDENDUM NO. 1

DATE: September 10, 2015
FROM: City of Grand Junction Purchasing Division
TO: All Offerors
RE: RFP-4091-15-SH Financial Audit Services

Firms responding to the above referenced solicitation are hereby instructed that the requirements have been clarified, modified, superseded and supplemented as to this date as hereinafter described.

- 1. Question:** "Were there any additional billings to the City outside of the audit fee for fiscal years 2014, 2013 and 2012?" – **No.**
- 2. Question:** "We would also like to verify that the audit fee for 2014 was \$27,900 and what the fees were for 2013 and 2012?" - **Audit fee for 2014 is confirmed at \$27,900. The fees were the same for 2013 and 2012.**
- 3. Question:** "Have there been any major events/transactions that have occurred during 2015 that would have an impact on the financial statement audit?" - **No, nothing of significance.**
- 4. Question:** "What areas would the city like to see additional guidance or additional training?" - **Please see Section 4 for Scope of Services.**
- 5. Question:** "In regards to the City and Mesa County Joint Sewer System, which organization is responsible for the accounting and does the auditor have access to all the financial detail?" - **Please see Section 4.4 and 4.15. The City of Grand Junction is the fiscal agent for the joint sewer system and the awarded auditor will have access to all financial details, which are kept in the New World Logos Financial system.**
- 6. Question:** "In regards to the Downtown Development Authority (DDA), as the City is presenting it as a component unit, is the City responsible for the financial accounting of DDA or is this done in a separate system?" - **Please see Section 4.4 and 4.14. The City of Grand Junction is the fiscal agent for the DDA and the awarded auditor will have access to all financial details, which are kept in the New World Logos Financial system.**

7. **Question:** “Is the City able to provide a Trial Balance in Excel, to include groupings to allow the auditor to agree subtotals to the CAFR?” - **Yes.**
8. **Question:** “What level of access does the auditor have to the City’s financial system, New World Logos Financial?” - **The awarded auditor will be given a sufficient level of access to the City’s financial system, as needed.**

The original solicitation for the project noted above is amended as noted.

All other conditions of subject RFP remain the same.

Respectfully,

Susan Hyatt
Senior Buyer
City of Grand Junction, Colorado



Haynie & Company
Certified Public Accountants
& Management Consultants



CITY OF GRAND JUNCTION

RFP-4091-15-SH

Financial Audit Services

For the Years Ending December 31, 2015 – 2019

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

September 22, 2015

City of Grand Junction
City Clerk's Office, Room #111
250 N. 5th Street
Grand Junction, CO 81501

Thank you for the opportunity to submit this proposal to the City of Grand Junction (the City) for the years ending December 31, 2015 through 2019. We understand the work to be done includes annual audits of the City's comprehensive annual financial report and related compliance audits, in accordance with Single Audit standards.

Haynie & Company has a large governmental audit practice and currently serves over 50 local governments from our offices in Littleton and Loveland, Colorado, in addition to our Utah offices. We also have extensive experience in a number of other areas including Single Audit, affordable housing, non-profit and SEC. Our collective experience in these areas makes the firm one of the best knowledge pools for providing audit and advisory services.

We believe that our proposal will demonstrate our unique qualifications to be your auditors and advisors. We offer the highest level of professionals with many years of experience in audit and advisory services who will meet the needs of the City.

We believe the audit process can be one in which we work together to accomplish your needs and benefit the City. We look forward to demonstrating our abilities and sharing a mutually-beneficial relationship with you.

If you have any questions about this proposal, please contact Nick Warnick or Ty Holman at 303-734-4800, at the Littleton office address above or email them at NickW@HaynieCPAs.com or TyH@HaynieCPAs.com. Should you desire, we would be happy to meet with you in the near future to discuss our proposal in greater detail.

Sincerely,

Nick Warnick, CPA

Qualifications/Experience/Credentials

Firm Qualifications

Haynie & Company is a Professional Corporation that began in 1960 and has since grown into a reputable regional firm, with offices located in Littleton and Loveland, Colorado; Salt Lake City and Ogden, Utah; and an affiliate firm in Newport Beach, California. On November 1, 2007, the Littleton, Colorado CPA firm of Mason Russell West, LLC (MRW) merged with and changed their name to Haynie & Company. MRW was founded in 1989 as a continuation of a firm dating back to the 1950's and has been involved in governmental accounting since its inception. With a firm-wide total of nearly 80 professionals and support staff, 9 of whom perform governmental audits on a regular basis, we offer the City of Grand Junction the experience and expertise of a leading regional firm, combined with the attention and focus of a dedicated local firm.



We have developed a strong network of professional affiliations, including our membership in PrimeGlobal. PrimeGlobal is the third largest association of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe. We are also members of the American Institute of Certified Public Accountants, the Colorado Society of Certified Public Accountants, the Utah Association of Certified Public Accountants, the AICPA Governmental Audit Quality Center, the Special District Association of Colorado and the California Society of Certified Public Accountants.

There are significant reasons why we believe we offer distinctive services:

- We are a leader in the Colorado, Utah, and Southern California areas in providing audit and consulting services in the governmental and not-for-profit arenas.
- We offer a broad-based management consulting practice composed of highly experienced not-for-profit and governmental professionals to supplement our audit. They are ready to assist in virtually any management, operations, or financial area.
- The service team we have selected — from supervisory senior to partner — has more than fifty years of combined experience serving audit clients. We are immediately committed to meet all of your service needs in a timely manner and on a continuing long-term basis. We have well-trained staff who have excellent credentials and have demonstrated the ability to effectively manage and control large accounting and consulting engagements. We commit to you that our work will always be efficient and to the highest professional standards.
- We currently represent and perform audits, consulting, accounting and reporting assistance for nearly 50 governmental entities in Colorado. We have more than 50 years of experience in auditing governmental entities which are comparable in complexity to the City.

- The Littleton office will be the primary office to perform the work on this audit with support from our other locations.
- We have 9 staff members qualified and experienced in working with various governmental, Single Audit and other areas related to governmental entities.
- We will take a “business approach” to your audit that will minimize insignificant matters and maximize constructive suggestions.

Our firm recognizes that we are in a personal service industry and accordingly, we are committed to the development of meaningful professional relationships with our clients. We understand that proper client service is based upon mutual trust and confidence. We maintain private lines to our key people so that our clients can always gain access to them.

Independence – Haynie & Company and its personnel are independent of the City of Grand Junction as defined by generally accepted auditing standards and the U.S. General Accounting Office’s *Government Auditing Standards*.

Conflict of Interest – Haynie & Company has not previously performed any work for the City of Grand Junction or any of its component units and, therefore, has no conflict of interest regarding this proposed engagement.

Licensing – Haynie & Company and all key engagement personnel are properly licensed in Colorado and there are no disciplinary actions against us currently, nor any in the past three years. All professional staff are current with their continuing professional education.

Quality Control – Haynie & Company meets the external quality control review requirements contained in the current U.S. General Accounting Office’s *Government Auditing Standards*. A copy of our firm’s most recent Peer Review Report is included as Attachment 2. That quality control review included a review of specific government engagements.

Audit Team

All key personnel that would be involved in your audit have been with Haynie & Company for a minimum of five years. We anticipate that approximately four professional staff would be involved in the City’s audit on a full-time basis, with part-time support from five additional staff members, as needed.

Our audit engagement team would consist of the following key individuals, with other experienced staff included. Beginning on the next page is information on the experience and expertise of these individuals.

**Nick Warnick, CPA – Partner**

Nick Warnick is a graduate of Brigham Young University with a Masters degree in accounting. Nick is a member of the American Institute of Certified Public Accountants (AICPA) and Colorado Society of Certified Public Accountants (CSCPA). Nick joined Haynie & Company in 2007 and works in the Littleton, Colorado office with various types of clients including governmental, not-for-profit, HUD and private. These clients operate in a variety of practice areas including not-for-profit, governmental, mining, manufacturing, broker/dealer, recreation and real estate. Before joining Haynie, Nick was a manager with Ernst and Young in Denver, Colorado, where he worked for five years in a variety of areas including healthcare, financial services, insurance, technology, manufacturing, and professional services, including experience in consolidations, mergers, acquisitions and SEC reporting. Nick also worked with Western Union, a public company in the financial services industry, as a senior manager with the internal audit team.

**Ray Russell, Jr. CPA – Consulting Partner**

The consulting audit partner is Ray Russell Jr., CPA. Ray is an honors graduate with a degree in accounting from Angelo State University and has performed audits for non-profit and governmental entities since 1969. Ray has achieved the Certificate of Educational Achievement for the Governmental Accounting Principles and Financial Reporting program. He is a member of the Colorado Society of Certified Public Accountants (CSCPA), the American Institute of Certified Public Accountants and was the Treasurer of the Jackson 105 Fire Protection District (Douglas County) for many years. He is a past member of the CSCPA governmental accounting committee and is the past chair of the peer review board of the CSCPA and currently is a member of the report acceptance committee. He is also the chairman of PrimeGlobal's peer review committee. He is an associate member of the Colorado Special District Association and the Municipal Finance Officer's Association.

**Ty Holman, CPA – Audit Manager**

Ty is a graduate of Brigham Young University. He is a member of the American Institute of Certified Public Accountants (AICPA), and the Colorado Society of Certified Public Accountants (CSCPA). Ty worked with Ernst & Young and Great West Life and Annuity in Denver, Colorado prior to joining Haynie & Company in 2008. He has experience in a variety of areas, including SEC, governmental, not-for-profit, HUD and private clients in a number of industries. Ty's clients come from a variety of industries including, real estate, financial services, technology, professional services, hospitality, mining, special districts, cities, and not-for-profit entities. Ty has worked on many audits of governmental organizations.

C – Strategy and Implementation Plan

Haynie & Company has developed an approach for maximum audit effectiveness and efficiency that focuses on understanding the entity's operations and the risks it faces. In addition to understanding the accounting system and records of the entity, we focus on the objectives of the entity's management and the techniques used by management to evaluate operations in designing our audits. By using all of our assets, as well as tapping into the understanding of our clients, we will perform efficient audits and provide effective strategies and recommendations to improve the operations of the City. Our approach demonstrates our depth of experience and understanding of development and management activities, as well as reporting requirements.

Among the benefits you can expect from our audit approach are:

- A **well-planned, well-controlled** audit that employs communication and cooperation with our client's staff to produce a high-quality, efficient audit.
- An **insightful** presentation to the audit committee that focuses on significant issues with reasonable recommendations. This presentation will include any significant compliance or controls issues, along with other matters that may not be related to compliance or controls, such as, suggestions for improved efficiencies.
- An **innovative** style in which our partners, managers and staff will be involved year-round, actively seeking and communicating ways to help enhance the audit process and deepen our understanding of the City.

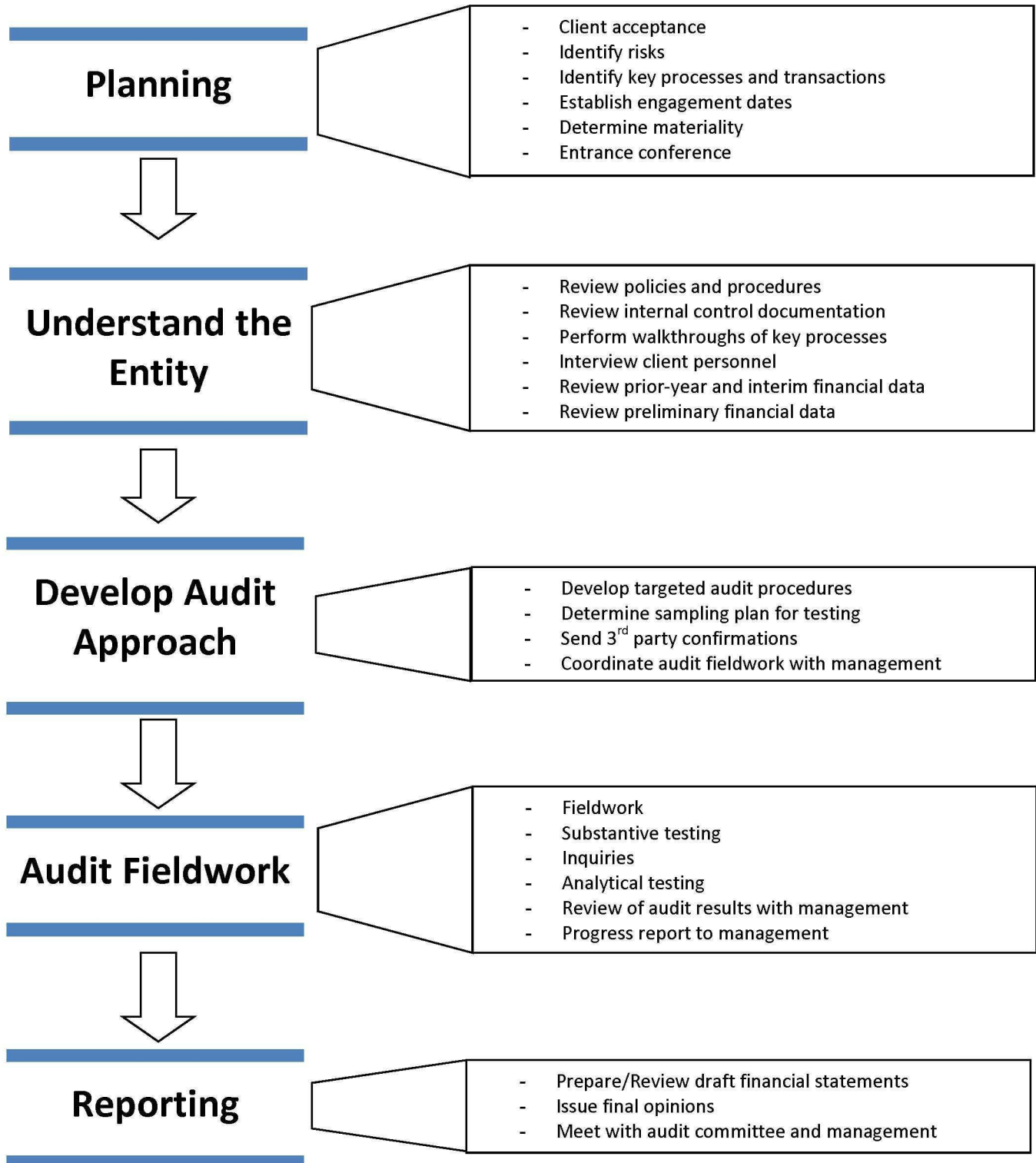
Our audit approach is typically divided into four phases: planning, interim fieldwork, year-end fieldwork, and reporting.

- **Planning** – In our view, the planning phase is a continuous process stretching from the initial planning and scheduling to the final issuance of the report, as the exact nature, timing and extent of our testing is constantly refined based on results from our testing and additional information we learn.
- **Interim fieldwork** – If it is determined to add to the audit efficiency, we will perform interim testing prior to year end. Generally during this phase, we perform most of our Single Audit compliance testing, document and test the accounting system and internal controls. We will at times perform some substantive testing of accounts where appropriate.

- **Year-end fieldwork** – This phase entails the bulk of our testing of financial statement account balances. Also, any open items from the interim fieldwork are addressed. Major federal programs are determined in accordance with the risk-based approach outlined in the Single Audit Act, and compliance testing wrapped up.
- **Reporting** – The auditor’s reports and audit committee presentation are drafted and reviewed with management. Upon approval by management, final versions of the reports are issued, and the Data Collection Form will be reviewed and approved for submission to the Federal Audit Clearinghouse.

The remainder of this page left intentionally blank

The chart below illustrates our audit process.



Haynie & Company's approach to audits of governmental entities is a highly tailored adaptation of our basic risk-based audit approach. These modifications serve two purposes: they streamline the audit procedures to make us more efficient; and, more importantly, they focus the audit procedures to make us more effective.

Sampling – If a Single Audit is required and it is determined to be beneficial and effective, some examples of Haynie & Company's typical planned methods for selecting transactions for sampling and anticipated sample sizes are as follows:

- *Accounts payable disbursements* – we will select a random sample of 40 checks paid during the year and vouch to the supporting documents – invoices, purchase orders, etc. This sample will be made from essentially all checks written during the year except for payroll.
- *Accounts receivable* – we will select a random sample of up to 40 accounts receivable and send account balance confirmations, and will vouch the account balances to supporting documentation, including support for the subsequent receipt of cash.

Analytical Procedures – In addition to substantive testing of source documents, we perform analytical procedures, which provide additional audit evidence. Generally, our analytical procedures consist of the following:

- *Preliminary analytics* – we perform an overall analysis of unadjusted account balance to identify any potential areas of high risk or areas that may require special attention.
- *Predictive analytics* – when deemed efficient and effective, we will supplement substantive tests with analytical procedures that provide an overall prediction of account balances. These procedures will be used to identify items for further testing.
- *Budget to actual* – we also perform a comparison of budgeted and actual balances, which will allow us to identify any areas that may require special attention.
- *Final analytics* – during our completion procedures, we will perform an overall analysis of final account balances for additional assurance that reported balances are fairly stated.

Substantive Testing – Haynie & Company’s typical planned methods with respect to substantive procedures will include:

- An understanding of the City’s internal control structure will be obtained through a combination of interviews with personnel, questionnaires, and walk-through procedures to confirm that the understanding is accurate. We have IT specialists available to assist the audit team in performing these procedures. We will determine the laws and regulations that are applicable to the City through training in Government Auditing Standards, the Single Audit Act, and auditing of governmental entities.
- Based on our risk assessments, we will perform tests of financial statement account balances. This will include testing of source documents and confirmation of information with vendors and other third parties. Additionally, we will use various analytical procedures to identify potential errors in the accounting records to test. Among these procedures are comparing account balances to the prior year and to budgets, and scanning the general ledger for large or unusual items.
- Concluding the audit includes review of legal letters, work paper review, financial statement review and review of draft reports with management.

Technology – Haynie & Company focuses on cutting-edge technology as a differentiator that allows us to streamline the audit process, be responsive to client needs, and back up all work papers. We utilize two robust systems to accomplish this:

- *ProSystem fx Engagement* is our engagement document management software that is basically an electronic binder to house and organize our audit documentation. This software allows the engagement team to easily collaborate with team members and clients.
- *Suralink* is a web-based audit management application that maintains all paper and electronic files in a secure, off-site data center, allowing for convenient, 24/7 access from any location. Haynie & Company professionals and client personnel can access all documents quickly and easily, which results in increased efficiency and quick response times for client requests. Suralink also functions as an open items list that can be accessed and maintained by the City and the audit team.

The use of these technological tools enables Haynie & Company to audit computerized systems efficiently.

Financial Statement Review – Haynie & Company views the financial statements and our reports as the finished product of the audit process, and as such reflects the culmination of client and our work. With this view in mind, we have established a proven process for ensuring the highest quality financial statements are produced. The key to this is a robust set of procedures that utilize our experience and knowledge.

- *Training* – The basis for our technical review is the expertise of our engagement team. All of our key reviewers are CPA's that receive not only required continuing education but also targeted training in areas specific to governmental accounting and audit.
- *Tie-Out Procedures* – One of our initial steps in the review process is to complete a thorough tie-out of all financial and other information included in the financial statements to account balances and other supporting documentation. This step ensures that all data is properly presented and agrees to supporting records. Additionally, we utilize the most up-to-date governmental reporting checklists to make sure the financial statements are properly presented.
- *Supervisory Review* – All drafts throughout the reporting process are initially reviewed by managers and partners that were directly involved with the audit. This allows for the knowledge gained during the audit process to be utilized to ensure proper presentation and accuracy. The financial statements are reviewed for technical accuracy and overall readability.
- *Concurring Partner Review* – In addition to the manager and partner review mentioned above, an audit partner that is not part of the engagement team reviews the financial statements and other key audit areas, including Single Audit work. The partner selected for this review is someone with extensive governmental accounting and auditing experience, and the primary objective is to use an objective eye to determine that the financial statements contain all required disclosures and appear to be fairly presented.

We use a risk-based approach and sampling procedures, and we customize and tailor our audit programs toward the financial statement assertions with respect to each account and business cycle. We utilize on-line audit programs and customize the sample sizes and audit approach utilizing our audit program tools for each client.

Use of City Personnel – We require the requisite data and information in support of the general ledger account balances including: general ledgers and trial balances, detailed general ledger reports, lead schedules and work paper retrieval and refiling of documents based on pre-submitted lists, preparation of confirmations and other required letters. We will rely heavily on the subsidiary schedules and information that you produce in the normal course of business to the extent possible, rather than require that you reconfigure and reformat data specifically for us.

We generally provide an audit request list at least one month in advance of our anticipated interim and year-end fieldwork. This will allow you sufficient time to prepare the required schedules and to discuss any questions or concerns with the audit team.

Through our planning, preliminary procedures, review of controls, risk assessment, inquiry, and discussions of management, we will identify significant areas of risk and concern in order to identify potential problems related to the audit process.

D – References

Similar engagements with other government entities conducted by our Littleton office in the last three years are as follows:

Name of Client	Client Contact	Address	Phone
City of Durango, CO (mandatory auditor rotation for 2013)	Julie Brown	105 Sawyer Drive Durango, CO 81303	970-375-5039
Highlands Ranch Metropolitan District	Bruce Lebsack	62 W. Plaza Drive Highlands Ranch, CO 80129	303-791-0430
Town of Limon	Chris Snyder	100 Civic Center Drive Limon, CO 80828	719-775-2346
City of Castle Pines	Jan Ferrell	7501 Village Square Drive, Suite 100 Castle Pines, CO 80108	303-705-0200
City of Victor	Debra Downs	500 Victor Avenue PO Box 86 Victor, CO 80860	719-689-5641

E – Fee Proposal

We believe that our fees are competitive and reflect our desire to be of service to you. We continually strive to keep our fees at the lowest level consistent with the highest professional standards and your requirements for timely services. We will work closely with your personnel and anticipate their active participation in the areas where they can contribute to the audit effort and minimize our fees.

These fees include all out-of-pocket expenses such as travel, report printing, postage, etc. We do not charge additional fees for general accounting and audit inquiries throughout the year. The fees

quoted are with the understanding of cooperation from your staff in completing the information requested in our client organizer.

If additional accounting services are needed or desired, such work would be performed at our standard hourly rates and approval would be obtained before proceeding with the work.

**Proposed Fee
For Audit Year Ending 2015**

Financial Statement Audit — \$25,000
Single Audit (if necessary) — \$4,000

**Proposed Fee
For Audit Year Ending 2016**

Financial Statement Audit — \$25,000
Single Audit (if necessary) — \$4,000

**Proposed Fee
For Audit Year Ending 2017**

Financial Statement Audit — \$25,300
Single Audit (if necessary) — \$4,000

**Proposed Fee
For Audit Year Ending 2018**

Financial Statement Audit — \$25,300
Single Audit (if necessary) — \$4,000

**Proposed Fee
For Audit Year Ending 2019**

Financial Statement Audit — \$25,700
Single Audit (if necessary) — \$4,000

F – Capacity

Due to the regional size of Haynie & Company, we have audit staff from our other offices whose services we can call upon, if required.

We do not anticipate any audit problems. If any issues arise during the audit that could delay or compromise the completion of the audit, Haynie and Company will immediately notify the City's management and will work with them to resolve the issues as quickly as possible.

G – Additional Data – Conclusion

Thank you for the opportunity to present Haynie & Company and the services that we can provide. We understand that you have many options, and hope that through this proposal you can see those areas that distinguish us from others within the industry. We pride ourselves on good communication, highly-skilled professionals and providing exceptional service. Please feel free to call Nick Warnick or Ty Holman at 303-734-4800 or e-mail them at NickW@HaynieCPAs.com or TyH@HaynieCPAs.com. If you choose to work with us, you would be an important and valued client.

ATTACHMENT 1

SOLICITATION RESPONSE FORM

**SECTION 7.0: SOLICITATION RESPONSE FORM
RFP-4091-15-SH "Financial Audit Services"**

Year	All-Inclusive Maximum Price
2015	\$ 29,000
2016	\$ 29,000
2017	\$ 29,300
2018	\$ 29,300
2019	\$ 29,700
Grand Total for 5 years	\$ 146,300

Attach additional pages as needed to show direct and indirect costs and out of pocket expenses.

The Owner reserves the right to accept any portion of the work to be performed at its discretion

The undersigned has thoroughly examined the entire Request for Proposals and therefore submits the proposal and schedule of fees and services attached hereto.

This offer is firm and irrevocable for sixty (60) days after the time and date set for receipt of proposals.

The undersigned Offeror agrees to provide services and products in accordance with the terms and conditions contained in this Request for Proposal and as described in the Offeror's proposal attached hereto; as accepted by the Owner.

Prices in the proposal have not knowingly been disclosed with another provider and will not be prior to award.

- Prices in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition.
- No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- The individual signing this proposal certifies that he/she is a legal agent of the offeror, authorized to represent the offeror and is legally responsible for the offer with regard to supporting documentation and prices provided.
- Direct purchases by the City of Grand Junction are tax exempt from Colorado Sales or Use Tax. Tax exempt No. 98-903544. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices
- Direct purchases by Mesa County are tax exempt from Colorado Sales or Use Tax. Tax exempt #98-04241. The undersigned certifies that no Federal, State, County or Municipal tax will be added to the above quoted prices.
- Prompt payment discount of 0 percent of the net dollar will be offered to the Owner if the invoice is paid within _____ days after the receipt of the invoice. Payment Terms _____.

RECEIPT OF ADDENDA: the undersigned Contractor acknowledges receipt of Addenda to the Solicitation, Specifications, and other Contract Documents.

State number of Addenda received: 1

It is the responsibility of the Proposer to ensure all Addenda have been received and acknowledged.

Haynie & Company, PC
 Company Name – (Typed or Printed)

Nick Warrick
 Authorized Agent Signature

1221 W Mineral Ave, Suite 202
 Address of Offeror

NickW@HaynieCPAs.com
 E-mail Address of Agent

Nick Warrick, CPA
 Authorized Agent/Title – (Typed or Printed)

303-734-4800
 Phone Number

Littleton, CO 80120
 State and Zip Code

720-289-2077
 Cell Phone Number

ATTACHMENT 2**PEER REVIEW REPORT**

This review included a review of government engagements.


**System Review Report**

To the Officers of Haynie & Company PC and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Haynie & Company PC. (the firm) applicable to non-SEC issuers in effect for the year ended October 31, 2013. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Haynie & Company PC applicable to non-SEC issuers in effect for the year ended October 31, 2013, 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*. Haynie & Company PC has received a peer review rating of *pass*.


KerberRose SC
January 13, 2014

ATTACHMENT 3

CURRENT COLORADO GOVERNMENTAL AUDIT CLIENTS

Town of Limon
City of Victor
City of Castle Pines
Town of Deer Trail
Highlands Ranch Metropolitan District*
Centennial Water & Sanitation District*
Cherry Creek Valley Water and Sanitation District
Ken Caryl Ranch Water and Sanitation District
Bancroft-Clover Water and Sanitation District
College Park Water and Sanitation District
Durango Fire Protection District*
Tamarron Metropolitan District
Regional Housing Alliance of La Plata
Southwestern Water Conservation District
Animas La-Plata Water Conservancy District
Forest Hills Metropolitan District
McKay Landing Metropolitan District No. 2
Fronterra Village Metropolitan District
Fronterra Village Metropolitan District No. 2
North Range Village Metropolitan District
Park Meadows Metropolitan District
BNC Metropolitan District No. 1
BNC Metropolitan District No. 2
Green Valley Ranch Metropolitan District
Lambertson Lakes Metropolitan District
Chatfield South Water District
Smoky Hill Metropolitan District
Aspen Park Metropolitan District
Jefferson Parkway Public Highway Authority
Valley Club Pointe Metropolitan District
Arista Metropolitan District
Reunion Metropolitan District
North Range Metropolitan District No. 1
North Range Metropolitan District No. 2
CitySet Metropolitan District
Plum Creek Water Reclamation Authority*
North Washington Street Water & Sanitation District
Cross Creek Metropolitan District
Cumberland Green Metropolitan District
Pueblo Urban Renewal Authority
Poudre Tech Metropolitan District
Water Valley Metropolitan District No. 1
Water Valley Metropolitan District No. 2
San Juan Basin Health Department
Southgate Water District
Southgate Sanitation District
South Sheridan Water & Sanitation District
Mansfield Heights Water & Sanitation District

* Colorado clients who received the GFOA Certificate of Excellence in Financial Reporting during the most recent fiscal year



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/16/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Attention: Gail Bloxham AHMANN-MARTIN COMPANY 7555 MARKET PLACE DRIVE EDEN PRAIRIE, MN 55344	CONTACT NAME: PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____ E-MAIL ADDRESS: _____	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED HAYNIE AND COMPANY CPAS 1785 W 2300 S SALT LAKE CITY, UT 84119	INSURER A: Advantage Workers Compensation Insurance Comp	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

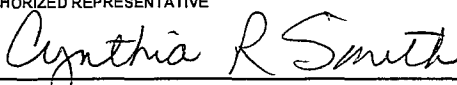
COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> Loc OTHER: _____						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED _____ RETENTION \$ _____						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A X	3417890	07/01/2015	07/01/2016	<input type="checkbox"/> PER STATUTE <input checked="" type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

CITY OF GRAND JUNCTION 250 N 5TH STREET GRAND JUNCTION CO 81501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Certified Public Accountants (a professional corporation)
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

October 28, 2016

The Honorable Mayor and the City Council
City of Grand Junction
Attn: Jodi Romero
250 North 5th Street
Grand Junction, CO 81501

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide City of Grand Junction, Colorado for the year ended December 31, 2016. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City of Grand Junction, Colorado as of and for the year ended December 31, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Grand Junction, Colorado's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Grand Junction, Colorado's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedules of Changes in Net Pension Liability/(Asset) and Related Ratios

We have also been engaged to report on supplementary information other than RSI that accompanies City of Grand Junction, Colorado's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining and individual nonmajor fund financial statements and schedules.
- 2) Fiduciary funds combining statements.
- 3) Component unit financial statements.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the third paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with laws, regulations, and the provisions of contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- If necessary, internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our single audit. Our reports will be addressed to the Board of Directors of City of Grand Junction, Colorado. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the single audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government

or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Department and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Grand Junction, Colorado's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to

provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of *Government Auditing Standards*' major programs. The purpose of these procedures will be to express an opinion City of Grand Junction, Colorado's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a

summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on the mutually agreed-upon date.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Our audit will be in conformity with the Colorado Local Government Audit Law (C.R.S. 29-1-601, et seq.). The scope of the audit will include the books and records of all the funds of City of Grand Junction, Colorado. Colorado law requires the following illegal alien provisions:

We certify that we will comply with the provisions of CRS 8-17.5-101 et seq. We shall not knowingly employ or contract with an illegal alien to perform work under this contract or enter into a contract with a subcontractor that fails to certify to Haynie & Company, that the subcontractor shall not knowingly employ or contract with an illegal alien to

perform work under this contract. We represent, warrant, and agree that we (i) have verified that we do not employ any illegal aliens, through participation in the E-Verify Program administered by the Social Security Administration and the Department of Homeland Security, or (ii) otherwise will comply with the requirements of CRS 8-17.5-102(2)(b)(I). We will comply with all reasonable requests made in the course of an investigation by the Colorado Department of Labor and Employment. If Haynie & Company fails to comply with any requirement of this provision or CRS 8-17.5-101, et seq., City of Grand Junction, Colorado may terminate this contract for breach of contract, and Haynie & Company shall be liable for actual and consequential damages to the City of Grand Junction, Colorado and the City of Grand Junction, Colorado shall report such violation to the Colorado Secretary of State, as required by law.

If Haynie & Company obtains actual knowledge that a subcontractor performing work under this contract knowingly employs or contracts with an illegal alien, we will:

- a. Notify the subcontractor and the City of Grand Junction, Colorado within three days that we have actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- b. Terminate the subcontract with the subcontractor if within three days of receiving the notice required pursuant to sub-paragraph (a) above, the subcontractor does not stop employing or contracting with the illegal alien, unless the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Ty Holman is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit in April 2017 and to issue our reports in June 2017.

Our fee for these services, including expenses, will be \$28,000 for the financial statement audit and \$4,000 for the Single Audit, if necessary.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel to complete the requested information in the "Audit Organizer" furnished, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

City of Grand Junction, Colorado

October 28, 2016

Page 7

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Grand Junction, Colorado and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Haynie & Co

RESPONSE:

This letter correctly sets forth the understanding of City of Grand Junction, Colorado.

By: *Bonnie Morris*

Title: *MAYOR, CITY OF GRAND JUNCTION*

Date: *NOVEMBER 2016 / RESIGNED 5/3/17*




System Review Report

To the Officers of Haynie & Company PC and the
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Haynie & Company PC. (the firm) applicable to non-SEC issuers in effect for the year ended October 31, 2013. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans and examinations of service organizations [Service Organizations Control (SOC) 1 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Haynie & Company PC applicable to non-SEC issuers in effect for the year ended October 31, 2013, 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*. Haynie & Company PC has received a peer review rating of *pass*.


KerberRose SC
January 13, 2014