

TO: GCSB Board of Directors

FROM: Jennifer Flores, Administrative Services Manager

DATE: February 9, 2021

SUBJECT: Agenda Item 6A. Adoption of a Resolution Approving an Agreement with Gilbert and Associates for Accounting Services

RECOMMENDED ACTION:

Staff recommends the following action:

I move to adopt Resolution 04-2021 approving an Agreement with Gilbert and Associates for Accounting Services.

BACKGROUND

The District lost its finance officer in 2013 and instead of refilling the position, decided to contract with Gilbert and Associates to serve as the District's Controller and perform various accounting functions for the District as an extension of staff. The scope of work that they are currently performing and that is proposed in the updated contract include:

- Assist the in-house accounting department with day-to-day questions surrounding proper accounting treatment and financial reporting.
- Work with District's management to provide Management and the Board of Director's meaningful information for analysis and review.
- Serve as an accounting expert to inform and facilitate financial related discussions with the District's management and the Board of Director's.
- Serve as the "audit liaison" for the annual financial audits.
- Assist with the preparation of the annual audited financial statements and report, including the following:
 - Statement of Net Position
 - Statement of Activities
 - Governmental Fund Financial Statements
 - Proprietary Fund Financial Statements
 - Government Accounting Standards Board (GASB) 34 conversion entries to convert the governmental funds from modified accrual to full accrual
 - Reconciliation of Governmental Funds Balance Sheets to the Statement of Net Position

- Reconciliation of Statements of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds to the Statement of Activities
 - Notes to the financial statements
 - Required Supplementary Information
 - Management Discussion and Analysis
- Prepare and/or review annual audit schedules and support for the auditors.
 - Implement new GASB standards for the District.
 - Prepare calculations and adjusting journal entries for difficult accounting transactions. For example, complex debt refunding entries, complex revenue recognition rules, and Pension and OPEB Liability calculations, entries, and disclosures.
 - Assist with and review the reasonableness of actuarial methods and assumption for the post- employment health care benefits actuary reports.
 - Review significant accounting policies to ensure they are up to standards and consistent with other similar government agencies and provide recommendations, as necessary.

The District's contract with Gilbert and Associates expired December 2019 and they have been providing services on a month-to-month basis over the last year. District Management would like to reenter into a two-year contract with Gilbert and Associates as they provide critical accounting services for the District, in which the District does not have the ability to perform in-house. The contract mirrors what is currently in place with the exception of *Compensation* which will increase from a \$37,200 to a \$40,800 annual expense.

ATTACHMENTS

1. Proposed Contract
2. Resolution 04-2021

FINANCIAL IMPACT

The new contract represents a \$3,600 increase in annual compensation. The last time Gilbert and Associates increased the annual compensation was seven (7) years ago in 2014.

**CONTRACTED CONTROLLER AND ACCOUNTING SERVICES
AGREEMENT BETWEEN
GROVELAND COMMUNITY SERVICE DISTRICT
AND GILBERT CPAs**

This Agreement is made as of January 1, 2021, by and between the Groveland Community Service District ("District") and Gilbert CPAs ("Contracted Controller") concerning services.

WHEREAS, the District desires to retain the services of the Contracted Controller to provide accounting services and the Contracted Controller desires to perform such services on the terms and conditions set forth below,

NOW, THEREFORE, the parties agree as follows:

A. *Description of Work* - Contracted Controller agrees to perform the following services:

- Assist the in-house accounting department with day-to-day questions surrounding proper accounting treatment and financial reporting.
- Work with District's management to provide Management and the Board of Director's meaningful information for analysis and review.
- Serve as an accounting expert to inform and facilitate financial related discussions with the District's management and the Board of Director's.
- Serve as the "audit liaison" for the annual financial audits.
- Assist with the preparation of the annual audited financial statements and report, including the following:
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 - Notes to the financial statements
 - Required Supplementary Information
 - Management Discussion and Analysis
- Prepare and/or review annual audit schedules and support for the auditors.
- Implement new GASB standards for the District.

Accounting Services Agreement

- Prepare calculations and adjusting journal entries for difficult accounting transactions. For example, complex debt refunding entries, complex revenue recognition rules, and Pension and OPEB Liability calculations, entries, and disclosures.
 - Assist with and review the reasonableness of actuarial methods and assumption for the post-employment health care benefits actuary reports.
 - Review significant accounting policies to ensure they are up to standards and consistent with other similar government agencies and provide recommendations, as necessary.
- B. *Compensation* – In exchange for the services rendered hereunder, the Contracted Controller shall be compensated in the amount of \$40,800 annually plus out-of-pocket expenses, to be billed monthly starting January 1, 2021. The fee estimate is based on anticipated cooperation from the District's representatives and the assumption that unexpected circumstances will not be encountered during the work performed. Fees will be reviewed annually and based upon actual time and standard fees, adjusted if necessary. If significant additional time is necessary, the Contracted Controller will discuss it with the District representatives and arrive at a new fee estimate before the Contracted Controller incurs additional costs. The Contracted Controller invoices are payable upon presentation.

If Contracted Controller elect to terminate our services for nonpayment, or for any other reason provided for in this letter, the agreement will be deemed to have been completed upon written notification of termination. District will be obligated to compensate Contracted Controller for all time expended, and all of our out-of-pocket costs, through the date of termination.

- C. *Term* – The term of this agreement shall commence on January 1, 2021 through December 31, 2022.
- D. *Compliance with Laws* – The Contracted Controller agrees that the work will be conducted and the services will be performed in compliance with all laws and regulations; with the policies, procedures and directives of the District, particularly those related to fiscal and management matters; and with generally accepted accounting principles applicable to governmental entities.
- E. *Termination* – This Agreement may be terminated at any time by either party upon ninety days advance written notice to the other party. Upon termination by either party, the Contracted Controller shall be compensated for all work performed through the date of termination.
- F. *Disclosures of Conflicts* – The Contracted Controller shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practices Commission form on an annual basis.
- G. *Insurance* – The Contracted Controller shall maintain Commercial General Liability on an occurrence basis with limits no less than \$1,000,000 per occurrence and general aggregate limit no less than \$2,000,000; Auto Liability with limit no less than \$1,000,000 combined single limit; Workers' Compensation with Statutory limits and Employer's Liability with limits of no less than \$1,000,000 per accident for bodily injury or disease; Professional Liability insurance with limit no less than \$1,000,000 per occurrence or claim and aggregate no less than \$2,000,000.
- H. *Indemnification* – The Contracted Controller agrees to indemnify, defend and hold harmless the District, its officers, directors and member agencies from any liability arising from the Contracted Controller's negligence or willful misconduct or omissions in the performance of this agreement. The District, its officers, directors and member agencies agree to indemnify, defend and hold harmless the Contracted Controller from any liability arising from the negligence, willful misconduct or omissions of the District, its officers, directors and member agencies.

Accounting Services Agreement

- I. *Independent Contractor* – It is expressly agreed by the parties that the Contracted Controller's relationship to the District is that of an independent contractor. As such, the District will not be providing any Workers' Compensation coverage or benefits to the Contracted Controller.
- J. *Other Obligations of Parties* – The District is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. The District is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the accounting services rendered can be relied on to disclose errors, fraud or illegal acts that may exist. The Contracted Controller has no responsibility to identify and communicate the deficiencies in the District's internal control as part of this engagement.

- K. *Entire Agreement* – This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties. This agreement is contractual in nature, and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties.
- L. *Successors and Assignment* – The Contracted Controller agrees that it will not assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title, or interest therein, without the prior written consent of the District.
- M. *Waiver* – The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either of the same or a different provision of this Agreement.
- N. *Severability* – Should any part of this Agreement be declared unconstitutional, invalid, or beyond the authority of either party to enter into or carry out, such decision shall not affect the validity of the remainder of this agreement, which shall continue in full force and effect; provided that the remainder of this contract can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.
- O. *Headings* – The descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- P. *Title to Documents* – All original calculations, files, records, studies and other material or documents developed or used in connection with the performance of this Agreement shall be the property of the District. If working papers or product include computer generated material, The Contracted Controller shall provide the material including the database upon which it is based to the District in a mutually agreed upon computer machine-readable format and media.
- Q. *Email Transmission* – In connection with this engagement, the Contracted Controller may communicate with the District or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, the Contracted Controller cannot guarantee or warrant that emails from the Contracted Controller will be properly delivered and read only by the addressee. Therefore, the Contracted Controller specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by the Contracted Controller in connection with the performance of this engagement. In that regard, the District agrees that the Contracted Controller shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Accounting Services Agreement

R. *Litigation* – In the event the Contracted Controller is required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information the Contracted Controller obtained and/or prepared during the course of this engagement, the District agrees to compensate the Contracted Controller at their hourly rates for the time the Contracted Controller expend in connection with such response, and to reimburse the Contracted Controller for all of our out-of-pocket costs incurred in that regard. In the event that the Contracted Controller is or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of the District’s intentional or knowing misrepresentation or provision to the Contracted Controller of inaccurate or incomplete information in connection with this engagement, and not any failure on Contracted Controller part to comply with professional standards, the District agrees to indemnify the Contracted Controller, defend the Contracted Controller, and hold the Contracted Controller harmless as against such obligations.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. Any litigation arising out of this engagement, except actions by Contracted Controller to enforce payment of their professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary.

S. *Fee Disputes* – The Contracted Controller and the District both agree that any dispute over fees charged by the Contracted Controller to the District will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, the Contracted Controller and the District both acknowledge that in the event of a dispute over fees charged by the Contracted Controller, each is giving up the right to have the dispute decided in a court of law before a judge or jury and instead are accepting the use of arbitration for resolution.

T. *Amendment* – Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

GROVELAND COMMUNITY SERVICE DISTRICT

BY _____

DATE _____

TITLE _____

GILBERT CPAs

BY _____

DATE _____

TITLE _____ Shareholder

RESOLUTION 04-2021

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT APPROVING AN AGREEMENT WITH GILBERT AND ASSOCIATES FOR ACCOUNTING SERVICES

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the District lost its finance officer in 2013 and instead of refilling the position, decided to contract with Gilbert and Associates to serve as the District's Controller and perform various accounting functions for the District as an extension of staff; and

WHEREAS, the District's current contract with Gilbert and Associates expired December 2019 and they have been providing services on a month-to-month basis over the last year; and

WHEREAS, District Management would like to reenter into a two-year contract with Gilbert and Associates as they provide critical accounting services for the District; and

WHEREAS, the contract mirrors what is currently in place with the exception of Compensation which will increase from a \$37,200 to a \$40,800 annual expense.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby approve an Agreement with Gilbert and Associates for Accounting Services.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on February 9, 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Rachel Pearlman, Board Secretary

Janice Kwiatkowski, President - Board of Directors

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on February 9, 2021.

DATED: _____