



Dedicated to Excellence in Municipal Financial Management

**Tuesday, February 7, 2017
Board of Directors Meeting**

**Hyatt Regency Sacramento
Room: Capitol View**

1:00 p.m. - 4:00 p.m.

**Dial-in Number: (800) 250-2600
Passcode: 197 9056**

** For those participating by telephone, please mute your line when not speaking.*

- 1) Introduction
 - a) Welcome/Roll Call
 - b) Additions to Agenda
- 2) Consent Items 1:00 p.m.
 - a) Approval of minutes from January 12, 2017
- 3) Discussion/Action Items 1:10 p.m.
 - a) SMA Contract Amendment - Database John Adams
 - b) Audit Contract Recommendation Kate Zawadzki
 - c) 2017 Action Plan with Neil Kupchin Drew Corbett
- 4) Committee Reports 3:00 p.m.
 - a) Administration Kate Zawadzki
 - b) Career Development Carrie Corder
 - c) Communications Committee Steve Heide
 - d) Conference Site Selection Joan Michaels Aguilar
 - e) Membership Ernie Reyna
 - f) Professional Standards & Recognition Craig Boyer
 - g) Program Ronnie Campbell
 - h) Technology Damien Charlety
- 5) Chapter Roundtable 3:25 p.m.

- 6) Officer Reports
 - a) President 3:45 p.m. Drew Corbett
 - b) Past President 3:50 p.m. John Adams
 - c) President-Elect 3:55 p.m. Margaret Moggia
- 7) Other Items
- 8) Future Topics
- 9) Next Meeting – Thursday, February 23, 2:00 p.m. – 4:00 p.m., via teleconference
- 10) Adjournment 4:00 p.m.

California Society of Municipal Finance Officers

Board of Directors Meeting Minutes

January 12, 2017

In Attendance

John Adams
Drew Corbett
Jesse Takahashi
Chu Thai
Brent Mason
Jimmy Forbis
Karan Reid
David Cain
Marcus Pimentel
Margaret Moggia
Craig Boyer
Kate Zawadzki
Teri Albrecht
Tracey Hause
Lorena Quijano
Stephen Parker
Carrie Corder

Scott Catlett
Steve Heide
Joan Michaels Aguilar
Ernie Reyna
Kathryn Downs
Melinda Brodsky
Gina Tharani
Sara Roush
Carol Williams
Robin Borre
Tim Przbyla
Christy Pinuelas
Pamela Arends-King
Laura Nomura
Melissa Dixon
Janet Salvetti
Carmen Berry

Introduction

The California Society of Municipal Finance Officers (CSMFO) Board of Directors met via teleconference on Thursday, January 12, 2017. President John Adams convened the meeting and confirmed a quorum was in attendance at 2:36 p.m.

Consent Calendar

The Board addressed the consent calendar, which included minutes from the December 5 Board of Directors meeting and preliminary financial reports from December 2016. Director Marcus Pimentel moved to approve the consent calendar; Director Karan Reid seconded. The motion passed unanimously.

2017 Committee Assignments

President-Elect Drew Corbett reviewed with the Board the new committee officer assignments, which will take effect with the beginning of the Annual Conference on February 7.

2017 Action Plan Assignments

President-Elect Drew Corbett reviewed with the Board the committee assignments in the Strategic Plan, and reminded all the committee chairs that they would be responsible for creating Action Plans for their respective committees for 2017. The Action Plans are due to staff by January 31 in order to be included in the Board packet. Action Plans will be reviewed with a session facilitated by Neil Kupchin at the Board meeting on February 7.

Coleman Contract Update

Administration Committee Vice Chair Kate Zawadzki presented to the Board a contract amendment between CSMFO and Michael Coleman. Coleman's original contract allowed for a discounted rate for up to 18 chapter meetings over the three-year period. Eleven (11) of those were utilized during the first year of the contract. This amendment would allow for an additional 18 courses over the chapter meetings over the next two years, for an additional \$10,000 each year plus an increase in the maximum expenses allotted. Director Jimmy Forbis moved to approve the contract amendment, and Director Pimentel seconded. The motion passed unanimously.

Approval of Two New Core Courses

Career Development Committee Chair Scott Catlett presented to the Board the potential for two new core courses, covering leadership skills, with presenter Neil Kupchin. Director Brent Mason moved to approve the Committee's recommendation for the two new courses, with a contract to be brought back to the Board in March 2017. President-Elect Corbett seconded, and the motion passed unanimously.

Committee Reports

Administration

Administration Committee Chair Ernie Reyna informed the Board that the committee will be working on the contracts with Neil Kupchin, as well as choosing an auditing firm for the 2016 fiscal year.

Career Development

Career Development Committee Chair Catlett shared with the Board that a record 900 attendees went through CSMFO programs this year.

Communications

Communications Committee Chair Steve Heide reviewed with the Board the Magazine's editorial calendar for 2017, and noted that a call was scheduled for January 18.

Conference Site Selection

Conference Site Selection Committee Chair Joan Michaels Aguilar informed the Board that the committee would be working on site selecting the 2021 conference, and will hold a meeting during the Friday breakfast at the upcoming conference.

Membership

Membership Committee Chair Steve Heide informed the Board that the committee is currently focused on the membership session at the conference, finalizing the Ask The Experts schedule at the CSMFO booth, and finalizing the booth itself.

Professional Standards & Recognition

Professional Standards & Recognition Committee Chair Craig Boyer informed the Board that they received 108 CAFR submissions and six submissions for the Innovative Program award. Budget award certificates will be distributed in February.

Program

Member Margaret Moggia shared with the Board that the committee is currently reviewing the Case In Point presentations.

Chapter Chair Roundtable

Steve Heide reported that Carrie Corder would be stepping down from the Inland Empire leadership and that Stephanie Reimer would be replacing her as Vice Chair.

Stephen Parker reported that he and Gina Tharani would continue to trade roles on the Orange County leadership until they can identify a successor. He also noted that the chapter had surveyed its members and will use the results to schedule their 2017 meetings.

Teri Albrecht informed the Board that she would be transitioning out as the Chair for the Central Valley Chapter. Vanessa Portillo and Jeri Tejeda will be taking over as chairs.

Melinda Brodsky informed the Board that Channel Counties had also done a survey of its membership, and that meetings for January, March and May were scheduled.

Tim Przybyla noted that the South San Joaquin Chapter will be looking at having its first meeting of the year in March.

President Report

President Adams thanked everyone for their support during his year as President, and shared that he would be chairing the Chapter Chair breakfast at the conference on February 9.

Past President Report

Past President Jesse Takahashi reported that over the previous year the chapters had met every other month, and discussed government v. commercial pricing and sponsorships.

President-Elect Report

President-Elect Corbett reported on the status of the conference, noting that there were nearly 960 attendees with a week left before online registration closes.

Other Business

Executive Director Melissa Dixon reminded the leadership that submissions for the 2016 Annual Report were due January 15, and that a conference schedule for the leadership would be distributed by the end of the month.

The next meeting will be held via teleconference on Tuesday, February 7, 2017 from 1:00 p.m. to 4:00 p.m.

President Adams adjourned the meeting at 4:04 p.m.

Respectfully submitted,

Melissa Dixon
Executive Director

**Agreement for Professional Services between
Smith Moore & Associates and
California Society of Municipal Finance Officers**

Amendment #2

1. Original Contract: The original agreement was made and entered into on October 22, 2015 by and between The California Society of Municipal Finance Officers (“CSMFO”) and Smith Moore & Associates (“SMA”) to provide Management Services and Meeting Planning Services for calendar years 2016, 2017, and 2018, with one-year extension options for years 2019, 2020 and 2021.

2. Amendment #1: Amendment #1 added services to the scope of the original contract, for an additional retainer fee.

3. Existing Fees: The total annual retainer for 2017 is \$193,300, with 3.5% increases scheduled for each subsequent year. The current contract also provides for additional fees and commissions for conference, education and design services. Those terms remain intact.

4. Project: SMA will work with subcontractors to create a new association management system (AMS). Details of the project, including a spec sheet and preliminary timeline, are attached hereto in Exhibit A. Functionality beyond what is detailed in Exhibit A should be discussed and negotiated in subsequent amendments.

5. CSMFO Responsibilities: CSMFO will reimburse SMA for direct subcontractor costs associated with this project, up to \$150,000. CSMFO agrees to enact the three one-year extension options, effectively extending the CSMFO contract with SMA through December 31, 2021.

6. SMA Responsibilities: SMA will provide all necessary staff hours to effectively design and project manage the new AMS. SMA will retain ownership of the AMS upon completion, and may market/sell subscriptions to the new AMS to other organization. SMA agrees to ensure all CSMFO’s current needs are met with the new AMS.

In recognition of CSMFO’s generosity in funding the project, SMA agrees to waive the 3.5% cost of living adjustments for calendar years 2018, 2019, 2020 and 2021. In addition, SMA agrees to waive any AMS fees for calendar years 2018, 2019, 2020, and 2021. CSMFO currently pays \$750/mo for its AMS. The net savings to CSMFO of these waivers is \$106,065.

7. Future Terms: It is the intent for CSMFO to have saved 110% of its initial investment by the end of this agreement. During calendar year 2021, SMA will discuss with CSMFO any further remuneration that needs to occur in order to achieve 110%. The amount is expected to be approximately \$60,000, but the final amount will depend on the final costs of the subcontractor. SMA may negotiate for the remaining balance to be provided to CSMFO by way of retainer fee reductions on future administrative contracts.

8. Additional Contract Amendments: The fee of \$193,300 for calendar years 2018-2021 is for the existing scope of services. Should the scope of services be adjusted during the term of this agreement, additional fees may be required. SMA reserves the right to utilize these additional fees to further reduce its debt to CSMFO. All such additional fees, whether waived or realized, will be documented in a future amendment.

9. Termination: Should the current contract between CSMFO and SMA be terminated prior to 2021 for any reason, or should CSMFO go elsewhere for management services for 2022 or beyond, all remaining monies due to CSMFO will become due and payable from SMA at the time of contract termination.

10. Remaining Provisions of Agreement: Except as otherwise specifically set forth in this Second Amendment, the remaining provisions of the Agreement shall remain in full force and effect.

EXECUTED:

Smith Moore & Associates
By:

California Society of Municipal Finance Officers
By:

Melissa Dixon
Partner

John Adams
CSMFO President, 2016

Date: _____

Date: _____

ASSOCIATION MANAGEMENT SOFTWARE SPECIFICATION SHEET

GENERAL REQUIREMENTS

The AMS system should:

- be a single install, multi-tenant system where different associations are segmented via URL
- be customizable, at the time of delivery and in the future
- handle multiple levels of users, with varied levels of access (see USER LEVELS, below)
- allow for multiple modules, to be managed independently (see MODULES, below)
- have internal APIs to allow for future growth and modular development
- require authentication and produce an audit trail, for all but the public access/view
- be able to produce custom and pre-packaged reports on-demand from all user levels
- deliver content via HTTPS
- work with an established credit card processor
- have an administrative dashboard
- have any administrative screens be accessible via direct URL
- use modern web technologies for user convenience and data sanity (ie: date pickers)

SPECIFIC REQUIREMENTS

USER LEVELS

- System Administrators – can add new associations to the system.
- Administrators – internal users of the system
- Members – external users members of CSMFO or another association hosted on the system.
- Non-Members – external users who are not members of CSMFO or another association on the system (i.e., the general public).

MODULES

Entity Module

Overview

CSMFO has data it needs to collect on each of its entities. Other associations that may use this AMS in the future may collect the same or unique data. This AMS will be able to fairly easily add (and remove) data for each association and for each entity within the association. An entity may be a person (user) or an organization. Philosophically, the user entities are the glue that ties everything else together. As an AMS, we care most about the user, and the user will be the central point of data.

The Entity Management Module will track the most important information on which the AMS data will build: the user information. It should have at least the following capabilities:

Entity Management

Ability to:

- Customize the set of data to collect from entities
- Configure text inputs via a single- or multi-select dropdown, or as a simple text input

- Add (virtually) unlimited numbers of items using HTML forms
- Collect these items as an entity's profile, viewable via a unique url
- Use filter for generic fields (phone numbers, zip codes, etc.) to prevent bad input data
- Have multiple contact medium (multiple phones, e-mails, etc.) with designated primaries
- Have 'admin-only' fields for view and/or editing

Company Management

Ability to:

- Group entities together
- Standardize 'Company' information and use look-up to prevent data re-entry
- Have one-to-many, many-to-one and many-to-many relationships
- Have unique data fields
- Collect edits from entities at the 'Company' level.

Membership Types Management

Ability to:

- Select different Membership Types for Entities
- Have choices set by admins
- Specify a date range for Membership Type
- Membership Type date ranges will be used to calculate dues

Notes on Relationships

- *Users and companies may be part of many-to-many relationships.*
- *Each relationship can be defined by admins and assigned a string description*
- *The child in a relationship may or may not inherit the membership type of its parent*
- *If there are multiple parents, a child will inherit the membership type of its primary organization.*
- *There will be an administrative area to add and edit relationships as part of the profile*
- *Relationships will be composed of three fields: relationship type, members and inheritance*

Searches, Queries and Reports Module

The Searches, Queries and Reports Module should have at least the following capabilities:

- Easy-to-use admin interface
- Common search will be available from all admin interfaces
- Ability to save searches by user
- Copy saved searches for easy edit of a few fields
- Sort saved searches
- Export saved searches to other users
- Export search results to common formats
- Filter search results by most frequently used fields
- Reporting using templates
- Email reports directly from the interface

Accounting Module

The Accounting Module should have at least the following capabilities:

Invoice Management

The Accounting Module should track every financial transaction that happens. This will include the ability of Administrators to generate any of the following:

- *invoices*- documents that show money owed.
- *pro forma invoices*- identical to invoices, but will not record accounts receivable.
- *receipts*- documents that show money paid.
- *adjustments* - edits made to the money owed that are unique to the entity.
- *transfers* - transactions that shows money moving from one entity or event/dues to another.

Additionally:

- Accounting documents will be use templates for display, editable by Administrators
- Every invoice will be attached to an entity and may be linked to a company via the entity
- Invoices should be exportable to pdf and downloadable by an entity
- Invoices should be emailable directly to an entity
- Require ability to generate one combined invoice for every entity assigned to a company
- Invoices should be searchable by entity, company, number, open/closed status.
- Invoices will generate an amount due for the entity and be viewable by the entity and admins
- Invoices can be paid online using a PCI compliant credit card process
- At log-in, prompt for any outstanding invoices, and ability to pay them all at once, or individually
- Paid invoices will be exportable to common spreadsheet formats usable by QuickBooks (commonly .iif)

Dues Management

The primary source of income for associations is through dues revenue. The majority of associations are one-year terms (although as noted above in the User Management, this can vary). There should be a method to pro-rate dues daily, monthly or quarterly. Dues may be owed on a particular date (CSMFO is December 31) or on the member's anniversary date.

Ability to:

- Generate a dues invoice for any entity
- Generate dues invoices for any saved query
- Pro-rating dues for a portion of the due period (end of year or anniversary date)
- Establish a grace period that will allow continued access to member-only resources
- Establish a free period that will allow a new member free access to member-only resources
- Allow for a tiered dues system
- Allow for a discount at a set multiple of entities for one company (currently after 4 members)
- At log-in, prompt to renew if close to renewal date, and ability to pay (updates renewal date)
- Set up auto-pay for automatic renewals

Event Management

Events are lifeblood for many associations. These events may be webinars, in-person meetings of 10-20 people at a local restaurant, or 1000+ people spanning multiple hotels with 100+ vendors and booths. Registration is often complex. See attached PDF (2015-Conference-Registration-Final-Form.pdf) for an example.

Ability to:

- Scale up or down the complexity of registration, based on a template
- Register early for a discount

- Use a "promotional code" that allows discounts (flat fees or percentages-based fees)
- Charging different prices based on different membership types (or other items)
- Provide an easy-to-use user interface
- Register for other users (not the entity paying) without accessing the others' information
- Track attendance
- Track continuing education credits
- Categorize by region/chapter
- Use similar event set-up and update information for recurring/similar events
- Link user preferences (like dietary restrictions) to event registration

Communications Module

The Communications Module should have at least the following capabilities:

- Send emails to members, including invoices and notifications
- Send emails to any query generated from the membership module
- Allow members to opt-out of emails (excluding membership renewals, etc.)
- Keep track of members who have asked to opt-out of emails
- Utilize a template system to keep each e-mail type distinct
- Keep the look and feel consistent within each organization
- send emails that include specific items queried from the database for the entity
- Archive emails along with the list of recipients
- Add at least one attachment to an email.

Content Management Module

The database driven portion of the website will mimic the existing WordPress front end. This may be with direct integration to WordPress or substitution of a comparable CMS.

The Content Management System shall have at least the following:

- Maintain a basic website.
- Design of the site managed by sysadmins
- Content of the site managed by admins
- Customized access based on User type
- Search and list members
- Search and list events

Surveys/Election Module

The Survey/Election Module should have at least the following capabilities:

- Admins can create and distribute election ballots
- Election results should be stored within the system
- Election ballots responses (votes) should be anonymous
- Election ballots responses (votes) should only allow for one vote per voting member
- All results should be exportable in a variety of common formats

Job Board Module

The Job Board Module should have at least the following capabilities:

- Any entity can come to the website and post a job
- The job posting form will include a set list of pre-determined fields

- After submission of data, the form will prompt for payment
- Members will receive a different rate than non-members
- After submission of payment, the job is put into a queue until approved by an administrator
- The administrator is notified by email and by notification in the admin interface
- All approved and non-expired jobs will show on a page for the front end of the website
- This page will have pagination (or endless scrolling)
- The page will contain information from a subset of pre-determined fields
- Jobs will be sortable by most fields
- Offer 'premium listings' to highlight a job, for a fee
- Subscribe to notifications based on the type of job, pay, geographical location, etc.

ADDITIONAL REQUIREMENTS

The following are specific needs, not addressed by the current system, that the proposed AMS should address in the future:

- Forum/Resources: Enhance the current listserv system (MailMan) by building a searchable knowledge base that automatically archives new data as generated from survey emails, document releases, etc.
- Volunteer Tracking: Update the current multi-sourced tracking system to a single source system within the AMS (committees, Board positions)
- Track participation via 'badges' (years of membership, membership in committees, etc.)
- Mobile app: Add capabilities of the AMS for search, push notifications, member direct contact, and event registration

PROJECTED TIMELINE

Week 0 (Feb 8th-10th)	Logins & registration, administration interface, set up testing infrastructure, project management setup, etc.
Weeks 1 (Feb 13)	Entity Management
Weeks 4 (Mar 6)	Event Management
Weeks 7 (Mar 27)	Accounting
Week 11 (Apr 24-28)	Content Management
Week 12 (May 1-5)	Communications
Week 13 (May 8)	Minimum product live testing begins
Week 19 (June 19)	Begin CSMFO specializations
Week 21 (July 3)	CSMFO specific testing begins
Week 27 (Aug 14)	Begin beta testing with CSMFO working group
Week 35 (Oct 9)	Launch



CSMFO BOARD REPORT

Date: January 30, 2017

FROM: Kate Zawadzki, Administration Committee Vice-Chair

SUBJECT: Audit Contract Recommendation

DISCUSSION

The CSMFO contract with Richardson & Company for annual audit services expired with the 2015 audit. A Request for Proposal was circulated and four responses were received. The proposals are for the audit years 2016 – 2018 with an option to extend the contract for two additional years.

A subcommittee of the Administration Committee was formed to review and rank the proposals. Although each of the responders demonstrated the ability to perform the audit services, all three members of the subcommittee ranked Richardson & Company as the top proposal. After some discussion, the subcommittee identified Boden Klein & Sneesby as the second place proposal.

Richardson & Company has prepared the annual financial reports and performed the audit for CSMFO for the previous 8 years. We are confident that CSMFO can continue this relationship with Richardson & Company and maintain auditor independence with a partner rotation. In addition to having the highest ranking proposal, Richardson & Company proposed the lowest cost of the four responders. The proposed fees are fully inclusive of all costs related to the standard audit and report preparation. Fees for 2016, 2017 and 2018 are \$7,400, \$7,550, and \$7,700 respectively.

RECOMMENDATION

It is recommended that the Board of Directors review, discuss and direct the Administration Committee to draft a contract with Richardson & Company to provide audit services for 2016, 2017 and 2018 with the option to extend the contract to include 2019 and 2020.

OUR COMMITMENT TO SERVE



For The Years Ended
December 31, 2016, 2017 and 2018
(option to extend for 2019 and 2020)

Richardson & Company, LLP

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December 2, 2016

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December 2, 2016

Melissa Dixon, Executive Director
California Society of Municipal Finance Officers
Smith Moore & Associates, Inc.
700 R Street, Suite 200
Sacramento, CA 95811

Thank you for your interest in our firm and the opportunity to present our proposal to continue serving the **California Society of Municipal Financial Officers (CSMFO)** as independent auditors. We appreciate being given the opportunity to serve CSMFO and we are genuinely enthusiastic about the prospect of continuing to serve you. If given the opportunity, you can be sure that we would serve CSMFO with great care and pride.

RICHARDSON & COMPANY, LLP PROFILE

Richardson & Company, LLP is one of the top 25 firms operating in the Sacramento area since 1991. We have a staff of twenty-six, including thirteen CPAs. We operate as a regional CPA firm serving nonprofit, commercial and governmental organizations primarily in northern California. We audit banks and bank holding companies located in the Sacramento and San Francisco-Oakland bay areas and as far south as Whittier, California. Our audits of governmental entities include most of the cities located within the greater Sacramento region, large fire and water districts such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area, Butte County, Placer County, El Dorado County, Amador and Calaveras County Councils of Governments and their city and county funding recipients.

OUR SERVICES TO NONPROFIT ORGANIZATIONS

Serving nonprofits with their unique reporting requirements has developed into one of our firm's areas of expertise. Our firm has served more than forty nonprofits in the past twenty-five years. All of our staff have extensive experience serving nonprofit organizations. We have audited a number of organizations that operate primarily from member dues similar to CSMFO. We currently provide review or audit and tax services to the following nonprofits.

- | | |
|--|--|
| • California Society of Municipal Finance Officers | • California Association of Council of Governments |
| • California Water Association | • California Urban Water Agencies |
| • Western Association of Chamber Executives | • California Partnership to End Domestic Violence |

- Child Support Directors Association
- Community Housing Opportunities Corporation
- Disabled Sports USA Far West
- Sierra Economic Development Corporation
- California STEM Learning Network
- Paratransit, Inc. (includes Single Audit)
- New Dimensions Corporation
- California State Railroad Museum
- Association of Prosecuting Attorneys
- Sierra Forever Families
- Hope Abides
- Homestead Supportive Housing Corporation
- Association of California Healthcare Districts, Inc.

We have the technical expertise, engagement management skills and staffing resources sufficient to ensure that your reporting deadlines are met. We have consistently planned, scheduled and conducted our audits of the nonprofits we serve in an efficient and effective manner in order to meet their reporting deadlines, including those of CSMFO. The manager assigned to the audit will work on-site during the duration of the audit fieldwork and will interact with your fiscal personnel during the audit, as well the other staff assigned to the audit. The audit partner will take a “hands on” approach to the engagement. Our team consists of professionals who have proven their ability to provide auditing services to CSMFO for the past several years.

From time to time our clients may need to contact us to ask questions or discuss accounting issues and other matters. We are available through the year to answer questions and encourage our clients to ask questions as the issues surface. We are timely and responsive to our clients’ questions and requests for information. We have established a reputation with our clients for quality service, timeliness and professionalism. Accordingly, we have included some of these entities as references in this proposal and we encourage you to contact them.

OUR COMMITMENT TO QUALITY

Our firm is a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participates in the AICPA National Peer Review Program. We are also registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. We have passed all nine peer reviews and three PCAOB inspections of our practice. A copy of our latest peer review report is included with this proposal.

Our commitment to quality service and skill as auditors is also demonstrated by the fact we have audited the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for the past thirty years, including twelve years while key members of our firm were with the international firm of Ernst & Young. Metropolitan is the largest water district in the world serving nearly nineteen million people in the Los Angeles and San Diego areas. This large, complex audit of the multi-billion dollar California State Water Project is on a scale and nature as to rarely be performed by other than international “Big Four” CPA firms.

OUR COMMITMENT TO PERFORM TIMELY SERVICES

We have a reputation for meeting our client’s deadlines. You have indicated that our final reports for the audits shall be available by the end of May. To ensure meeting these reporting deadlines, we will begin our preliminary planning in January. We will provide CSMFO with a list of schedules and other work requested in February. We will plan to commence year-end fieldwork in April, or at such time as the books have been closed and all documents and analyses

have been completed. We will ensure final copies of the audit reports are available no later than the end of May for a meeting with the Board of Directors in June. We will provide CSMFO with the priority and timely service it deserves.

BENEFITS TO THE CSMFO OF AUDITOR CONTINUITY VS. ROTATION

Our selection to continue as your independent accountants would be the best decision you could make because audits are strengthened by audit firm continuity since there is a significant benefit to the audit process in being well acquainted with a client's operations and controls, which allows the auditor to focus on the real issues facing the organization. A study conducted by the American Institute of Certified Public Accountants (AICPA) concluded that firm rotation is disruptive, time consuming and increases an organization's overall cost because more internal resources are diverted to the audit effort instead of being directed toward achieving the organization's goals. The study also concluded that experience has shown that audit failure occurs more frequently when a firm is in its first couple of years as auditors. The U.S. General Accounting Office (GAO) was required by the Sarbanes-Oxley Act to study the potential effects of mandatory audit firm rotation. In its report released in late 2003, the GAO concluded that "mandatory audit firm rotation may not be the most efficient way to strengthen auditor independence and improve audit quality considering the additional financial costs and the loss of institutional knowledge of the previous auditor of record, as well as the current reforms being implemented." It went on to say, "The potential benefits of mandatory audit firm rotation are harder to predict and quantify," though the GAO states it is fairly certain there will be additional costs if a mandatory rotation policy were to be adopted.

Auditors are required to gain and document an understanding of the internal control framework as part of the audit planning process. Understandably, this process is especially costly in the first year of an audit engagement, because the auditors are becoming acquainted with and documenting the internal control framework for the first time. A multi-year audit contract has the advantage of allowing auditors to recover these and similar start-up costs over a longer period of time, which can lead to lower overall audit costs. Also, multi-year audit contracts can help create needed continuity in the audit process. Since we have already incurred the first year start-up costs and are well acquainted with the CSMFO's operations and controls, our selection to continue as your auditors would provide for better audits with less disruption to the CSMFO's staff.

HOW WE DISTINGUISH OURSELVES AS AUDITORS

Examples of how we distinguish ourselves as auditors include the following:

- Using more experienced staff to actually perform the work than is typical of larger and other firms. The staff we would assign to your audit will have nonprofit experience. The firm has the ability and willingness to commit and maintain sufficient staff to successfully conduct and conclude the audit within the prescribed time frame.
- Significant and timely principal/director involvement is a cornerstone to our quality control procedures so we emphasize executive involvement in all aspects of the audit engagement.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Auditing for thirty years on behalf of the largest water district in the world the multi-billion dollar California State Water Project managed by the California Department of Water Resources.
- Conducting several special forensic, investigative audits for large water and fire districts that received extensive statewide news media attention and resulted in federal prison sentences for one general manager and his assistant after our testimony in federal court.
- Auditing financial institutions, bank holding companies and SEC registrants that are subject to complex accounting and regulatory requirements.
- Providing extensive assistance to numerous cities and special districts with the preparation of award winning Comprehensive Annual Financial Reports.
- Conducting numerous audits and Single Audits of nonprofit and governmental entities in conformity with *Government Auditing Standards* and OMB Circular A-133.

This proposal summarizes the key reasons why you will benefit from selecting us as your accountants as well as the background and resources of our firm, the experience and qualifications of the people who will work with you, the scope of services to be provided and our fee estimate. We are a solution to the need for high quality services priced at a reasonable cost and are an excellent alternative to large national and regional firms because of the expertise we gained as a result of our past international Big-Four firm experience and due to our firm's proven ability to serve our nonprofit and other clientele. The quality of our services exceeds that of national and other firms because our team uses more experienced professionals to actually perform the work and our rates are more competitive due to having lower local and national overhead. You will receive quality, thorough and timely service from us. If given the opportunity, we are confident in our ability to meet and exceed your expectations. We believe that selecting us as your auditors would be the best decision you could make.

* * * * *

We would like to thank you for the opportunity to present our qualifications, discuss our services and submit our proposal to serve as independent auditors for CSMFO. For the preceding reasons and many others as outlined in this proposal, we are excited with the prospect of continuing to serve you and sincerely believe that we have the people, experience, resources and reputation to assure you of outstanding services. If you have questions or need additional information, please do not hesitate to contact me. I am authorized to represent the firm.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid M. Sheipline, CPA
Managing Partner

RICHARDSON & COMPANY, LLP PROFILE

Eligibility

Richardson & Company, LLP and all assigned key professional staff are properly licensed to practice in the State of California, and are in good standing with the Board of Accountancy. Neither the firm nor any employees in the firm have a record of substandard audit work or any unsatisfactory performance pending with the State Board of Accountancy or other related professional organizations. Evidence that the firm is authorized by the State Board of Accountancy is included in Attachment C.

Organizational Overview

Richardson & Company, LLP (successor firm to Richardson & Company) is a regional CPA firm founded in 1991 and located in Sacramento. We have a total staff of twenty-six, including thirteen CPAs. We are one of the 25 largest firms operating in the Sacramento area. Richardson & Company, LLP is a certified Small Business Enterprise by the California Department of General Services and a certified Disadvantaged Business Enterprise and Woman-owned Business Enterprise by CalTrans. We provide audit, review, accounting, tax and business advisory services to numerous nonprofits, governmental agencies and commercial entities, including the largest water district in the world located in Los Angeles and other organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far south as Whittier, California.

We provide audit services to nonprofits, governmental entities (joint power authorities, water and fire districts, other special districts, regional transportation planning agencies, Transportation Development Act funding recipients and cities), financial institutions and bank holding companies, a Securities and Exchange Commission (SEC) registrant, affordable housing real estate partnerships, a magazine circulation audit and others. We have provided audit services to numerous governmental entities including most of the cities located within the greater Sacramento region, large water and fire special districts such as the Metropolitan Water District of Southern California and the Sacramento Metropolitan Fire District and several transportation planning agencies including the Sacramento Area, Placer, Butte, El Dorado, Amador, Calaveras and San Joaquin Councils of Governments and their city and county funding recipients.

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all nine of our peer reviews with a “clean opinion” and three PCAOB inspections. Our latest peer review is attached to this proposal.

The quality control policies for our auditing practice are described in detail in our firm’s Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement

Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

In addition to excellent peer review and inspection results, other examples of our commitment to quality include:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including two that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large midwestern firm to serve as the concurring reviewer for our SEC registrant bank as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Auditing the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. Metropolitan is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” international CPA firms.
- Performing several special investigative audits for governmental special districts that have received extensive statewide news media attention. Being selected several times to conduct this special audit work demonstrates that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner. Our investigations discovered several problems and our audit results were made public by the districts involved. The FBI, IRS and district attorney’s office subpoenaed our workpapers to assist them with their investigations. We have testified in federal court

and given depositions related to this work which, in certain cases, resulted in managers and assistants serving federal prison sentences.

- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including Big Four firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

Qualifications and Similar Accounts

Key personnel in our firm began their careers with Ernst & Young LLP serving nonprofits and other clients. Since leaving the international CPA firm of Ernst & Young LLP, Joe Richardson (deceased), the founder of Richardson & Company, Ingrid Sheipline and their team have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. We believe we have the expertise in the public agency field to ensure high-quality service. We believe we are a good fit for your organization because of our extensive experience with nonprofits as well as a hands-on approach for our executives on the engagement.

The following is a list of nonprofit entities we are currently serving or have served:

- California Society of Municipal Finance Officers
- California Association of Council of Governments
- California Urban Water Agencies
- California Water Association
- California Municipal Treasurers Association
- Association of Prosecuting Attorneys (includes an A-133 audit)
- Child Support Directors Association
- Western Association of Chamber Executives
- Community Housing Opportunities Corporation
- Sierra Forever Families (includes an A-133 audit)
- California Partnership to End Domestic Violence (includes an A-133 audit)
- Sierra Economic Development Corporation
- California State Railroad Museum
- California Military Museum
- Disabled Sports USA Far West
- Mental Health Association of California
- Association of California Healthcare Districts, Inc.
- Paratransit, Inc. (includes an A-133 audit)
- Hope Abides
- California STEM Learning Network
- California City Management Foundation
- Cities, Counties, Schools Partnership
- New Dimensions Corporation (includes an A-133 audit)
- Homestead Supportive Housing Corporation
- Center for Youth Citizenship
- The Effort, Inc. dba Family Service Agency (includes an A-133 audit)
- FamiliesFirst, Inc. (includes an A-133 audit)
- People Reaching Out, Inc. (includes an A-133 audit)
- California District Attorneys Association (includes an A-133 audit)

- State Assistance Fund for Enterprise, Business and Industrial Development Corporation (includes an A-133 audit)
- Junior Achievement
- California Pear Growers
- League of California Cities
- JR Communities Owners Association
- Institute for Local Self Government
- Public Service Skills, Inc.
- California Coordinating Council on Responsible Beverage Service
- Central Valley Project Water Association
- California Association of Homes and Services for the Aging
- Building Industry Association of Superior California
- Associated Students, University of California, Davis
- Sacramento Theatre Company
- Sacramento Theatre Foundation

Key Team Members

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting nonprofits and have extensive experience providing high caliber review, audit, tax and business advisory services. Our people will bring a high level of energy and a proactive service approach backed by technical knowledge, which will result in effective communications, new ideas, and prompt resolution of questions and issues. The following are the qualifications of our key team members.

Ingrid M. Shepline, CPA (Audit Partner and Managing Partner)

Ingrid serves as our Managing Partner and will be the Audit Partner for CSMFO. She will work closely with the manager in the management and execution of our audit services. Since significant and timely partner involvement is a cornerstone of our quality control procedures, she will be involved in all phases of our audit work from initial planning through report preparation. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant with thirty-one years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including nonprofits, cities, governmental entities, banks, insurance agencies, manufacturers and distributors. While with Ernst & Young LLP, she specialized in nonprofits, governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the nonprofits listed in the Qualifications section of this proposal, including CSMFO. She has worked with other entities managed with Smith, Moore & Associates, so she is familiar with their accounting processes and controls.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

Brian Nash, CPA (Partner and Technical Advisor/Concurring Reviewer)

Brian, a Partner with our firm, would assist Ingrid with the resolution of any issues and with planning, directing and coordinating our services for you, if needed. If CSMFO wishes to rotate

the partners, he would be assigned as the audit partner for CSMFO. He has twenty-three years of professional accounting and auditing experience and has provided services to a variety of clients, including nonprofits, government entities, banks, water agencies and other entities described in the prior section of this proposal. Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Daniel Wright, CPA (Audit Manager)

Daniel Wright is a manager with our firm and will work closely with Ingrid in planning, conducting fieldwork and workpaper review. He has conducted fieldwork and assisted with supervising the staff in the performance of many nonprofit audits and reviews, including CSMFO. He would work on-site for the entire duration of the fieldwork. Dan has six years of auditing experience and has provided services to a variety of clients, including a number of nonprofits, governmental entities, water agencies, banks and other entities. He has worked with other entities managed with Smith, Moore & Associates, so he is familiar with their accounting processes and controls. Dan received a Bachelor of Science degree in accounting with honors from Loyola Marymount University, California.

Other Audit Staff

Ingrid and Dan will be assisted in performing your review by staff with nonprofit experience as needed.

Our Staffing and Commitment to Continuity

Participation of Senior Audit Personnel: If selected as your auditors, Ingrid Shepline would serve as the audit partner and would have overall responsibility for our services for you, providing oversight and review of the audit. The engagement manager, Dan, will work on site as the in-charge accountant during the duration of the audit fieldwork. He has a total of six years of auditing experience. While we would have other auditors assigned to the engagement with less experience, they will always be supervised by Ingrid or Dan. We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review and inspection results for the past twenty-five years and our ability to consistently attract and serve quality clients. You can be sure that our senior audit personnel will be involved throughout the CSMFO audit process.

Contact with Fiscal Personnel: Our contact with fiscal personnel will entail sending the audit preparation list, obtaining the trial balance prior to the start of fieldwork, requests for information during fieldwork, and follow-up questions as a result of the review of the workpapers and responding to questions on the draft reports.

Availability to Respond to Questions: We will respond to questions regarding accounting issues throughout the year that require one hour or less at no extra charge. Questions that require extensive research or additional work requested that is outside of the scope discussed on page 10 of this proposal, will be charged at the hourly rates on page 15.

Disciplinary Action

Neither the firm, nor any of the CPA's in the firm have been the subject of any complaints or disciplinary action by the State Board of Accountancy or other regulatory authority.

SCOPE OF SERVICES AND DETAILED AUDIT PLAN

Scope of Services

We will audit the financial statements of CSMFO for conformity with generally accepted accounting principles for nonprofit entities and in accordance with generally accepted auditing standards, as discussed and outlined in pronouncements of the American Institute of Certified Public Accountants. The scope of our services will include the following:

1. Prepare the basic financial statements of CSMFO, in a comparative format, along with related disclosures and supplementary information consistent with generally accepted accounting principles. The supplementary information will include a 10-year history of CSMFO's operating results.
2. Evaluate internal controls sufficient to determine the nature and extent of procedures to perform.
3. Perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement.
4. Provide CSMFO with any audit adjustments proposed.
5. Prepare a letter to management and the Board that will include our recommendations for improvements to systems, procedures and internal controls and a letter containing certain items required to be communicated to those charged with governance.

Detail Audit Plan

Our extensive experience in auditing nonprofits ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management and the Board of Directors. We will prepare financial statements consistent with professional standards and your needs and will review the drafts of all of our reports with management prior to finalization.

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing CSMFO and other nonprofit entities, we will identify such issues in a timely manner and obtain a better understanding of your organization and the external and internal environments in which it operates. We will meet with your personnel to update our understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how your computer system processes data, and update internal control walkthrough memos with the assistance of your staff. Since we have audited CSMFO and other organizations managed by Smith Moore & Associates in the past, we will utilize the internal control and other documentation we developed during those audits as a starting point.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions

and accounts. Our approach to planning the audit will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as amended by SAS Nos. 122 and 123. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will use our experience with CSMFO and other nonprofits to document CSMFO's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost efficient mix of audit procedures. In developing the audit program, our goal will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures that accomplish more than one purpose.
- Develop procedures that will be the most efficient.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. As a result of this risk analysis, we can avoid over auditing or under auditing. This approach provides us with a uniform method for developing and documenting the basis for our audit program.

Program Execution: During this stage of our audit, we will perform direct tests of account balances; test samples of transactions selected from throughout the year and evaluate the proper accounting treatment of significant transactions. We will provide CSMFO with a list of items we will need for the audit and we will obtain an electronic version of CSMFO's general ledger trial balance and import it into our audit software, which represents a database program that links to the financial statements, prior to our on-site fieldwork. Our audit will entail ensuring that all accrual adjustments have been made, and any adjustments noted during our audit will be made in our audit software so they can be reflected in the financial statements. We will provide CSMFO with our list of adjustments for review. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be minimal disruption of the day-to-day operations. We will utilize computer software during the engagement for all workpaper preparation and for developing the trial balance.

Commitment to Serve: Because of Richardson & Company, LLP's expertise and desire to serve nonprofits, you have our commitment that we will provide you with the quality services we have previously mentioned in a timely and efficient manner. We can make this commitment because of our resources devoted to nonprofits and the leading edge approach we take to solving issues.

Audit Plan: The following estimated work plan was developed with your stated deadlines in mind. Upon selection as your independent auditors, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees and meets your expectations.

Audit Planning:

Begin audit planning process	January
Develop audit programs	
Provide audit assistance package and confirmation letters	
Internal control/systems documentation and evaluation	April
Risk Assessment	

Substantive Testing:

Revenue, receivables and deferred revenue	April
Expenses for goods and services and related liabilities	
Net Assets - restricted and unrestricted	

Reporting and Wrap-up:

Preparation of the Financial Statement and other reports	May
Draft reports available for review	May
Delivery of final reports	No later than May 31
Presentation to Board of Directors	June

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements.

We will prepare, edit and print the financial statements consistent with professional standards and your needs and will review the drafts of all of our reports with management prior to finalization.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying CSMFO's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.
- A thorough review and evaluation of your systems of internal accounting and compliance controls.

Some of the specific benefits the CSMFO will realize from our audit approach include:

Ongoing Communications with the Board--We will work closely with you to resolve issues and serve as CSMFO's advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with CSMFO personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer CSMFO's questions and to respond to CSMFO's needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of CSMFO's operating environment and accounting systems. This will position us well as an "advisor" to CSMFO.

Less disruption to CSMFO --Our experience with CSMFO and our audit plan will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption to CSMFO.

PROFESSIONAL FEES

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency. In addition, we encourage our clients to provide us with as much assistance as possible to hold our fees to a minimum. We will work closely with your key people and encourage them to participate in areas where they can effectively contribute to the audit effort and minimize our fees. In this regard, we will review and utilize those schedules and analyses you currently prepare and, if appropriate, work with your personnel in developing other schedules and information useful in the audit process.

Based upon our current understanding of your accounting system and procedures, our fee for the services described in the Scope of Services section of this proposal would be as follows for the years ended December 31, 2016 through 2018, and the extension years of 2019 and 2020.

<u>Classification</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Audit Partner	12	\$ 160	\$ 1,920
Manager	38	115	4,370
Senior/Staff	40	85	3,400
	90		9,690
		Discount	(2,290)
Audit fee for December 31, 2016			<u>\$ 7,400</u>
Audit fee for December 31, 2017			<u>\$ 7,550</u>
Audit fee for December 31, 2018			<u>\$ 7,700</u>
Audit fee for December 31, 2019			<u>\$ 7,850</u>
Audit fee for December 31, 2020			<u>\$ 8,000</u>

The discount above gives recognition to the fact the timing of your audit fits extremely well in our schedule and also reflects our commitment to serving nonprofit entities.

Our fees are based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. Our estimate assumes that CSMFO will prepare all closing entries, including any accrual adjustments needed in accordance with generally accepted accounting principles, and that the beginning net position balances agree to the prior year audited financial statements. 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.

While we would expect that our fees would only be increased annually for inflation, changes in accounting or review pronouncements and standards, changes in the internal control environment, changes in key accounting personnel, significant changes in the scope of CSMFO's operations and the number of adjustments are all factors that could result in fee increases that are more than annual inflationary increases. However, such changes in scope will be immediately disclosed.

Detail of Expenses: The fees above include all out-of-pocket expenses. There will be no additional charges for mileage, per diem or telephone.

Production of Statements: The fees above include the preparation of the financial statements as well as the printing of the annual report.

Additional Tasks: Should CSMFO require additional or special accounting related services, any such additional work agreed to between CSMFO and the firm shall be performed at the following rates per hour for each fiscal year of the contract:

	<u>Hourly Rates</u>
Audit Partner	\$160
Senior Manager	125
Managers	115
Supervisors	110
Seniors	90
Semi-Senior	85
Staff	80
Administrative or Clerical	50

Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.

REFERENCES

We have emphasized throughout our proposal that Richardson & Company, LLP provides quality and timely service. We invite you to contact the following individuals for which we have performed auditing services:

Sierra Forever Families
Mr. Bob Herne
Executive Director
(916) 368-5114

California State Railroad Museum
Ms. Shell Mercurio
Finance Director
(916) 324-4558

Community Housing Opportunities
Corporation
Mr. Peter Lundberg
Chief Financial Officer
(707) 759-6043, ext. 107

Association of Prosecuting Attorneys
Mr. Stephen Naugle
Finance Director
(818) 255-7100

System Review Report

July 15, 2015

To the Partners of
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** (the firm) in effect for the year ended March 31, 2015. 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 a 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* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** in effect for the year ended March 31, 2015, 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*. **Richardson & Company, LLP** has received a peer review rating of *pass*.

Davis Kinard & Co., PC

Certified Public Accountants

APPENDIX B – BOARD OF ACCOUNTANCY STATUS



Department of Consumer Affairs

California Board of Accountancy

CALIFORNIA BOARD OF ACCOUNTANCY

Licensee Name:	RICHARDSON & COMPANY, LLP
License Type:	CPA - Partnerships
License Number:	7642
License Status:	CLEAR Definition
Expiration Date:	June 30, 2018
Issue Date:	June 18, 2014
Address:	550 HOWE AVENUE, STE 210
City:	SACRAMENTO
State:	CA
Zip:	95825
County:	SACRAMENTO
Disciplinary Actions/License Restrictions:	No

No records returned

This information is updated Monday through Friday - Last updated: NOV-28-2016

Disclaimer

All information provided by the Department of Consumer Affairs on this web page, and on its other web pages and internet sites, is made available to provide immediate access for the convenience of interested persons. While the Department believes the information to be reliable, human or mechanical error remains a possibility, as does delay in the posting or updating of information. Therefore, the Department makes no guarantee as to the accuracy, completeness, timeliness, currency, or correct sequencing of the information. Neither the Department, nor any of the sources of the information, shall be responsible for any errors or omissions, or for the use or results obtained from the use of this information. Other specific cautionary notices may be included on other web pages maintained by the Department. All access to and use of this web page and any other web page or internet site of the Department is governed by the Disclaimers and Conditions for Access and Use as set forth at [California Department of Consumer Affairs' Disclaimer Information and Use Information](#)

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS

Our Vision

CSMFO is the preeminent resource for promoting excellence in government finance.

Our Mission

The California Society of Municipal Finance Officers serves all government finance professionals through innovation, collaboration, continuing education and professional development.

Our Guiding Values

We value and respect our members as we live by and carry out the following values.

Integrity

We believe in and adhere to honest and ethical decision making while displaying good character and sound judgment.

Competency

We recognize the importance of obtaining and mastering the requisite skills, knowledge and experience to enable finance professionals to perform their jobs at a high level.

Commitment to Public Service

We believe our members should give back to their agencies' and the profession.

Transparency

We recognize the importance of openness, accountability and honesty to enhance the public trust.

Creating a Positive Legacy

We believe in collaboration, teamwork and developing leaders who share information, grow their skills and mentor others.

CORE STRATEGIES, GOALS & PRIORITY ACTIONS

Core Strategy: **Strategic Growth**

Goal:

CSMFO will leverage and invest resources to ensure the organization supports its volunteer efforts to forward the mission, vision and values.

Priority Actions:

1. Evaluate and invest in:	
a. New technology – member database/app	Technology Committee
b. Survey needs, evaluate growth opportunities	Membership Committee
c. Branding/Outreach/Promote CSMFO	Communications Committee
d. Expand/enhance program administrative support and infrastructure	Executive Committee/Administration Committee
e. Enhance internal communication – chair calls, collaboration	Executive Committee
f. Evaluate and improve internal communications – Board Meeting agendas, status reports from committees	Executive Committee
2. Develop a “60th” Logo	Executive Committee/President
3. Develop Comprehensive Strategy on Fees and Dues (Revenues)	Membership Committee

CORE STRATEGIES, GOALS & PRIORITY ACTIONS

Core Strategy: **Member Engagement**

Goal:

CSMFO will respond to our members' needs, increase active participation and promote strategic growth.

Priority Actions:

1. Formulate outreach plan to target potential members (88 cities)	Membership Committee
2. Refine volunteer utilization plan and appreciate and recognize volunteers	Membership Committee
3. Conduct comprehensive member survey to determine priorities	Membership Committee
4. Develop student engagement plan	Membership Committee
5. Develop orientation package for new and existing members	Membership Committee

CORE STRATEGIES, GOALS AND PRIORITY ACTIONS

Core Strategy: **Professional Development**

Goal:

CSMFO will deliver the highest quality training and expanded educational opportunities to further develop the knowledge and skills of finance professionals at all levels throughout California.

Priority Actions:

1. Expand CSMFO core training to ensure foundational skill sets	Career Development Committee/Professional Standards & Recognition Committee
2. Leverage technology to deliver content	Technology Committee/Career Development Committee
3. Develop and copyright training materials as appropriate	Career Development Committee/Administration Committee
4. Develop focused “quick hits” on technical topics accessed from any device (aka ‘Ted Talks’)	Professional Standards & Recognition Committee
5. Strategize on developing Mentorship Program	Career Development Committee

Tech Committee Proposed Edits to Draft Action Plan:

The committee feels that it can best add value by supporting the Board, other committees, chapters and members by developing its expertise and ability to test technological options outside of specific projects (i.e., by regularly and upon request evaluating software solutions that can improve access, communication and management of resources)..

To that end, we are proposing the edits below to the current action plan draft:

Core Strategy: Strategic Growth

Items 1 d, 1-e, and 1-f: add the technology committee as support to the designated committees

Core Strategy: Professional Development

Item 2: include enhanced functionality of the listserv as an example or as a sub-item

Administration Committee 2017 Action Plan

1d. Priority Action: Evaluate and invest in expanding/enhancing program administrative support and infrastructure

Year 1:

Work with the Executive Committee to contact committees and do identify their needs to create an action plan

Year 2:

Implement action plan

Year 3:

Review effectiveness of action plan and revise/improve as necessary

Core Strategy: Member Engagement: Priority Action 3 – Conduct comprehensive member survey to determine priorities

Year 1:

Issue a request for proposal and draft a contract for a survey firm to develop a comprehensive and effective surveys for CSMFO

Core Strategy: Professional Development: Priority Action 2 – Expand CSMFO core training to ensure foundational skill sets

Year 2:

Initiate contracts with new instructors

Core Strategy: Professional Development: Priority Action 3 – Develop and copyright training materials as appropriate

Year 2:

Copyright materials provided by the Career Development Committee

**CSMFO Career Development Committee
2017 Report on Priority Actions
February 7, 2017**

Submitted by:

Scott Catlett
Finance Director
City of Yorba Linda
Outgoing Chair

Carrie Corder
Assistant General Mngr. /CFO
Cucamonga Valley Water District
Incoming Chair

Will Fuentes
Assistant Finance Director
City of San Leandro
Vice Chair

Richard Lee
Director of Finance
City of South San Francisco
Vice Chair

There are five Priority Actions supporting the Professional Development Core Strategy. The Career Development Committee has outlined activities that will accomplish these Priority Actions in 2017 and into the future.

1. Expand CSMFO core training to ensure foundational skill sets.

In collaboration with: Professional Standards & Recognition Committee

Goal 1 – Strategic Review of Training Needs

Primary Responsibility: Carrie, Will & Richard
Completion Deadline: December 2017

Over the past year, four new core courses were created to expand member knowledge of critical skills, which included Revenue Fundamentals I/II (see Goal #2) and Leadership Skills (see Goal #3). During 2017, the Committee will further analyze the training needs of members by focusing on areas that they believe are “skill deficits.”

As part of this analysis, the Committee will seek feedback from the Board regarding new areas of instruction such as debt management, fixed assets and treasury responsibilities. We are aware that there may be some cross-over into other professional organizations, such as GFOA, CDIAC and CMTA. The Committee does not want to overlap the content of another organization's expertise and quality training content. Specific issues relating to California-based agencies may make CSMFO authored training valuable to our members. If it makes sense, training partnerships may be beneficial to members of both organizations. Depending on the results of our analysis, the Committee will seek to introduce new courses in 2018 and 2019.

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Goal 2 – Revenue Fundamentals I/II Core Courses

Primary Responsibility: Carrie, Will & Richard
Completion Deadline: December 2017

In 2016, the Revenue Fundamentals (RF) classes I/II were developed. RF I was unveiled as a pre-conference session in 2016 and the second round of this course was hosted by the City of San Leandro in September. RF II will be unveiled as a pre-conference session in 2017.

The Committee will schedule two courses a year, alternating between north/south. The Committee will continually monitor these courses to ensure member satisfaction.

Goal 3 – Leadership Skills Core Courses

Primary Responsibility: Carrie, Will & Richard
Completion Deadline: December 2017

On January 12, 2017, the Board approved two new core courses focusing on soft skills: (1) Successful Skills for Finance Directors and (2) Developing Successful Supervisory Skills. The Administrative Committee, in conjunction with the Career Development Committee, will draft a three-year contract with Neil Kupchin.

In 2017, the Committee will schedule each of these courses and then starting in 2018, will schedule one or two times a year. The Committee will continually monitor these courses to ensure member satisfaction.

2. Leverage technology to deliver content.

In collaboration with: Technology Committee

Goal 1 – Establish Meetings between Technology Chair and Career Development Vice-Chair to Collaborate on Ideas for Content Delivery

Primary Responsibility: Will
Completion Deadline: December 2017

CSMFO Career Development Committee
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The manner in which the Career Development Committee has delivered training content to CSMFO membership has evolved greatly over the years. In-person training has proved highly successful, but not everyone can attend and webinars (and earlier bridge calls) were implemented to fill-in the gap.

As technology evolves and smart phones, tablets, and other mediums become more prevalent, there could be alternative means to deliver content, especially to remote locations. CSMFO is fortunate to have a rich talent pool of members who are experts in their field and we would like to capitalize on that.

The Career Development Vice-Chair and Technology Committee Chair will meet regularly in 2017 either in person or over phone to discuss ideas to leverage new technology to deliver content. YouTube style videos of taped trainings or Adobe demonstration software could be potential solutions. This objective also relates to report item #4 and will be considered in conjunction with it.

This action plan item is conceptual and the CDC will work in conjunction with other interested committees and consultants to develop a strategy in 2017 with a report back to the Board. Consideration will be given to the delivery options, necessary assistance and the cost of providing these alternative delivery methods.

Goal 2 – Test Alternative Content Delivery for One or More Core Classes

Primary Responsibility: Will
Completion Deadline: December 2018

During 2018, we will work to test new content delivery ideas created in 2017. Leveraging technology could again make it easier to deliver content to remote locations throughout the state. Membership will be surveyed throughout this process to gauge the success and acceptance of new content delivery mechanisms.

Goal 3 – Expanded Roll Out of Alternative Content Delivery for Training

Primary Responsibility: Will
Completion Deadline: 12/31/19

If approved by the Board, the CDC in 2019, will implement an expanded roll out of alternative content delivery for certain training. This will assume though

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February 7, 2017

that testing in 2018 is successful. If it is not successful or polling suggests the need for changes, modifications to plans will need to be made prior to an expanded roll out.

3. Develop and copyright training materials as appropriate.

In collaboration with: *Administration Committee*

In 2016 the Board, as well as CDC members have discussed the possibility of having uniform content structure for some of the core courses. Currently the content is maintained by each separate instructor and overlap and continuity can be improved. In addition, contractually each of the instructors “owns” their content, which may leave CSMFO vulnerable to unanticipated succession.

Goal 1 – Introduction to Accounting Class Curriculum Pilot Program

Primary Responsibility: Richard
Completion Deadline: December 2017

The CDC has targeted the introductory course as the first class to evaluate the content and possible re-write of curriculum. The goal is to avoid overlap with the Intermediate Governmental Accounting class. In addition, this is an opportunity to incorporate the CSMFO style guide in the material and PowerPoint presentation. Options for professional assistance to develop the material may include instructor-developed, CPA Firm assistance, or a retired Finance Director.

The CDC will undertake this project in 2017 with an anticipated implementation in 2018. Moving forward, the CDC will make a recommendation for future course curriculum development keeping in mind that some core courses may not lend themselves to this approach. The CDC will report back to the Board with its recommendations.

Goal 2 – Observe Course Instructors

Primary Responsibility: Career Development Committee
Completion Deadline: December 2017

Sign up and attend current career development classes to observe instructors to ensure high quality instructor delivery and content, providing maximum value for attendees.

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Goal 3 – Identify Successor Instructors/Content

Primary Responsibility: Career Development Committee
Completion Deadline: December 2017

Based on instructor observations, recommended improvements, including content modification and/or change of instructor. Continue providing class attendees an opportunity to provide instructor feedback outside of the classroom to encourage unbiased and constructive criticism (i.e. Survey Monkey).

4. Develop focused “quick hits” on technical topics accessed from any device.

In collaboration with: Professional Standards & Recognition Committee

Goal 1 – Collaborate with Professional Standards and Technology on Appropriate and Needed Quick Hit Items

Primary Responsibility: Will
Completion Deadline: December 2017

This goal relates to report item #2 and plans will be developed in coordination with it. Membership often has the need to obtain information on very specific likely quick topics. Examples include, “how to book debt journal entries.” Thus, the Vice-Chair for Career Development will collaborate with the Technology Chair, Professional Standards Chair, and others to develop mediums for delivery of this quick content. During 2017, surveys will be sent to membership to understand the quick hit, FAQ items that they would be interested in. However, since new issues of interest often arise, periodic surveys will be given to membership so that content of quick hits stays current and relevant.

Goal 2 – Test Quick Hit Items and Modify as Necessary

Primary Responsibility: Will
Completion Deadline: December 2018

Content for up to 10 quick hit items will developed and tested with membership. Surveys will be sent out to determine if content remains appropriate and whether modifications are necessary

**CSMFO Career Development Committee
2017 Report on Priority Actions
February 7, 2017**

Goal 3 – Full Roll Out of Quick Hit Items

Primary Responsibility: Will
Completion Deadline: December 2019

If quick hit items are successful in 2018, the list of topics will be expanded based on membership needs. Membership will be surveyed quarterly from this point forward to again ensure that content remains current and relevant.

5. Strategize on developing mentorship program.

At the 2016 Strategic Planning session a discussion regarding the benefits of mentoring programs occurred. This program has the potential to reach college students wanting a career in government, accountants in private industry interested in a government career, MPA students desiring finance-related skills, and/or account clerks/technicians desiring to climb the ladder. The overall goal of this program is to improve the quality and quantity of new recruits in the municipal accounting field.

Goal 1 – Identify, Target and Recruit Mentors

Primary Responsibility: Carrie, Will, Richard
Completion Deadline: June 2017

Identify CSMFO members that have the time, energy and bandwidth to mentor those contemplating a career in municipal finance or those looking to further advance their career aspirations.

Goal 2 – Create the Mentor Program

Primary Responsibility: Career Development Committee
Completion Deadline: December 2017

Establish requirement, criteria and qualifications for mentors/mentees, time parameters, subject areas, etc. Determine what to memorialize in writing – mentor/mentee manual, describing roles and responsibilities.

Goal 3 – Identify, target and recruit mentees

Primary Responsibility: Career Development Committee

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Completion Deadline: June 2017

Determine ideal mentees characteristics – ranging from college student to those in the early stages of their public service career, whether the focus would as narrow as MPA/MBA or broader to capture those that may have an interest in finance.

Goal 4 – Outreach

Primary Responsibility: Career Development Committee
Completion Deadline: June 2017

Identify recruitment strategies for organizations, colleges and universities. Work with the Membership Committee to determine if any pricing incentives (training, chapter meetings, etc.) could be offered to assist the mentees.

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS

CORE STRATEGIES, GOALS & PRIORITY ACTIONS

Core Strategy: **Strategic Growth**

Goal:

CSMFO will leverage and invest resources to ensure the organization supports its volunteer efforts to forward the mission, vision and values.

Priority Actions:

1. Evaluate and invest in:	Assign to	2017 Action Plan
c. Branding/Outreach/Promote CSMFO	Communications Committee	<ul style="list-style-type: none">- Utilize the CSMFO Magazine to strategically brand and promote CSMFO- Identify opportunities to support chapters and committees in outreach efforts- Begin process of creating policies to establish consistency in messaging (use of logos, email communications, magazine policies, etc.)

CORE STRATEGIES, GOALS & PRIORITY ACTIONS

Core Strategy: **Strategic Growth**

Goal:

CSMFO will leverage and invest resources to ensure the organization supports its volunteer efforts to forward the mission, vision and values.

Priority Actions:

1. Evaluate and invest in:	Assigned to	2017 Action Plan
b. Survey needs, evaluate growth opportunities	Membership Committee	Dennis Kauffman (retention subcommittee) will conduct a non-renewing member survey in the Spring. Look at trends to help with current members. Marcus Pimentel (retention) analyzed first time attendees (analysis of 2017 conference vs. 2016 - Executive Overall). Data analysis – Drew Corbett. 88 cities not represented – Executive overview. In 2016, what agencies are not represented and plan to formulate and address those gaps in memberships.
3. Develop Comprehensive Strategy on Fees and Dues (Revenues)	Membership Committee	Webinars, Live Courses – Weekend Training, Accounting Courses, etc., raise prices? Differential of Member and Non-Member rates at Chapter Level. Establishing a comprehensive list of dues and fees – member vs. non-member

CORE STRATEGIES, GOALS & PRIORITY ACTIONS

Core Strategy: **Member Engagement**

Goal:

CSMFO will respond to our members' needs, increase active participation and promote strategic growth.

Priority Actions:

	Assigned to	2017 Action Plan
1. Formulate outreach plan to target potential members (88 cities)	Membership Committee	Refer to Marcus Pimentel's analysis. Analyze 2017 membership database to determine unrepresented agencies and action plan to solicit membership
2. Refine volunteer utilization plan and appreciate and recognize volunteers	Membership Committee	How to reward Committee and Chapter Chairs for serving – certificate of participation, CSMFO pens, etc. Volunteer interest form
3. Conduct comprehensive member survey to determine priorities	Membership Committee	Work with SMA to develop a member survey strategy. Ensure that survey document is reviewed and approved prior to issuance
4. Develop student engagement plan	Membership Committee	Survey existing CSMFO student members to determine engagement opportunities for other members. Utilization of local universities to apply model statewide and have Inland Empire be testbed for university students
5. Develop orientation package for new and existing members	Membership Committee	Member Benefit session at annual conference – expansion; tie into member survey for suggestion for orientations. Research opportunities for first time attendees' packet at conference. Create a subset of member survey for new members for orientation

		opportunities.
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Professional Standards and Recognition Committee
Action Plan 2017-2019

Professional Development Priority Action #1:

Expand CSMFO core training to ensure foundational skill sets (in collaboration with the Career Development Committee).

2017 Action:

The Professional Standards Working Group will complete its inventory of existing professional standards and identify gaps in professional standards.

2018 Action:

Identified gaps in professional standards will lead to the development of new professional standards and create a basis for potential new training courses. The Professional Standards Working Group will work in conjunction with the Career Development Committee to identify and develop potential new training courses.

2019 Action:

Continued development of potential new course content identified in the prior year. Professional standards inventory will be reassessed on a recurring basis for completeness and to identify new gaps in professional standards. The continued development of new professional standards will create a basis for potential new course development.

Professional Development Priority Action #4:

Develop focused “quick hits” on technical topics accessed from any device (aka “Ted Talks”).

2017 Action:

The Professional Standards and Recognition Committee will develop course content to highlight the winners of the Innovation Award Program. New content can be developed on an annual basis based on the Innovation Award submissions.

2018 Action:

The Professional Standards and Recognition Committee will utilize the inventory of professional standards to develop content highlighting existing professional standards and the development of new professional standards under the guidance of the Professional Standards Working Group. New content can be developed on an ongoing basis depending on the agenda of the Professional Standards Working Group.

Technology Committee

2017 Draft Workplan Keys

- New Tools
 - Database (expected completion by renewal period/year-end 2017)
 - Members assigned to database workgroup
 - Follow progress and update committee/board as necessary
 - Listserv
 - Draft implementation plan (first half of 2017)
 - Research software solution (second half of 2017)
 - Present to board for adoption (2018 conference)
- Testing and Recommendation
 - Tele-conferencing
 - Complete testing of tools (first half of 2017)
 - Create matrix of pros/cons (fall 2017)
 - Draft recommendation for larger-scale adoption (November 2017)
 - Present to board (December 2017)
 - Workflow management
 - Test software options (may push to 2018, depending on above-progress)
- Role and Policies (ongoing)
 - Structure
 - Support to other leadership groups (included in action plan edits)
 - Added value to members from technological improvements (included in action plan edits)
 - Current and future
 - Role as resource-oriented
 - Update policy manual (by submittal of annual report 2017)

(We also have a permanent member on the communications committee, and will coordinate with them social media and website roles.)