The Alameda-Contra Costa Transit District herewith issues this Addendum No. 1 to the above referenced Request for Proposals. Except as modified below, all other terms and conditions remain in effect. Strikethrough text represents deletions from the original RFP. Questions and Answers 1 through 41 are made part of the original RFP.

AMENDMENTS TO REQUEST FOR PROPOSALS, SPECIAL CONDITIONS

On page 17 of the 22 page Request for Proposals No. 2016-1371, Section 34 is deleted in its entirety as follows:

34. SMALL LOCAL BUSINESS PROGRAM

AC Transit has established a Small Local Business Procurement Program (Board Policy 351) to ensure that small local business enterprises have a meaningful opportunity to participate in AC Transit’s procurements. AC Transit believes that a Small Local Business Procurement Policy can provide support to small local businesses and enable them to more effectively compete for AC Transit procurements, especially those businesses that have been at a disadvantage in the past. Under the current Policy, a Small Local Business is a business, which meets the U.S. Government’s Small Business Administration (SBA) size standard and is located within AC Transit’s geographical service area.

Contractors doing business with AC Transit are encouraged to utilize small local businesses in their subcontracts. Contractors responding to this solicitation shall complete and submit with their response, the Small Local Business Procurement Worksheet (attached to this solicitation), which indicates whether they intend to use small local businesses in the contract to be awarded, and, if so, the percentages of contract work to be allocated to small local businesses. Contractors can contact the Contract Specialist or Buyer assigned to this procurement for information on SLBE resources.

RESPONSES TO QUESTIONS/CLARIFICATIONS

1. Question: Are your prior year auditors included in the RFP process?

   Answer: Yes

2. Question: Were there any difficulties encountered during the audit?

   Answer: No

3. Question: What were the fees of the prior year’s audit?

   Answer: $140,735.00
4. **Question:** How many auditors were onsite during the interim and final phase of the audit?

   **Answer:** Interim – 3-4 for two weeks  
   Final – 3-4 for three weeks

5. **Question:** What were the hours of the previous year’s audit?

   **Answer:** This was not provided to the District, however the invoicing was within contracted amount.

6. **Question:** Please describe the experience of the key finance personnel of AC Transit.

   **Answer:** All key finance personnel have over 30 years of experience.

7. **Question:** I see an Agreed Upon Procedure Report with respect to compliance with the Board’s policies for Travel. I assume this should also be included in the scope of the audit for the current year. Please confirm.

   **Answer:** Confirmed.

8. **Question:** Who is the auditor for the Pension Plan and were their reports available by the August time frame?

   **Answer:**  
   a. Williams Adley, LLP  
   b. Yes, the reports are due to the District in June.

9. **Question:** Please clarify the services needed with respect to the item noted in the scope of services (Item B-3-f – Conduct Information Services Review).

   **Answer:** This is a somewhat enhanced SAS 94 with an assessment of the internal controls and risk in I.T., including the results of a comprehensive network vulnerability scan and, in the event of a detected weakness, an identification of probable causes. This report is delivered to the Controller and CIO.

10. **Question:** Who prepares the Comprehensive Annual financial Report?

    **Answer:** Accounting Staff, with Budget Staff writing the economic outlook section.

11. **Question:** What were the FY 2014-15 fees for each component of the required services?
12. **Question:** Can you provide a copy of the FY2014-15 Management Letter (or report to the board of directors under SAS 114)?

**Answer:** A copy of the requested document is attached as Exhibit 1 and made part of this Addendum Number 1.

13. **Question:** Does staff prepare the draft financial statements/schedules?

**Answer:** Staff provides the GL account balances by business unit. Staff will also complete the PBC’s and provide you with copies of internal financial statements. Please also see Question and Answer Number 34 below.

14. **Question:** How many post-closing and audit journal entries were posted last year?

**Answer:** Outside of the entries required for GASB 68, there were 2 entries. One of the entries was related to the final Measure B revenue number, which is necessary to meet the exacting reporting requirements. Please also see Question and Answer Number 41 below.

15. **Question:** Are there any significant changes in personnel responsible for financial reporting?

**Answer:** None.

16. **Question:** Under Exhibit 1, General Audit Requirements B1b, it states to “Review Pension Trust Fund Financial Statements”. For clarification, we are not conducting a review under professional standards, but instead, ensuring that the separately audited pension plan is properly included in the District’s Basic Financial Statements?

**Answer:** Correct.

17. **Question:** How was the coordination and implementation of GASB 68 with your pension plan, actuaries and auditors? Did you require any additional services from your auditors to implement GASB68? Do you expect the same level of effort for implementation of GASB 75?
Answer:
    a. The coordination and cooperation between the plan, actuaries and audit firms on both sides was excellent.
    b. The District received services from its auditors for GASB 68, however, they were considered to be “in-scope”.
    c. The District expects the same level of work for 74 (for review)/75 for implementation.

18. **Question**: In FY 2014-15, the Federal Transit Cluster was your sole source of federal funds. Does it fluctuate? Do you expect any other large federal grants that may be new to the District over the next several years?

    **Answer**: 
    a. Both the award of new FTA grants and consumption of existing FTA Capital grants vary by year.
    b. Larger capital grants are always applied for when available provided they are applicable to the District’s needs, however, the award cycle makes prediction of outcomes difficult.

19. **Question**: What were the fees for the prior year for the scope of services included in the RFP?

    **Answer**: $140,735.00

20. **Question**: Were there any additional out of scope services performed and do you anticipate any for FY2016?

    **Answer**: There exists the possibility that the auditor will be asked to supply consulting services outside the scope of the audit, but within the scope of the audit services contract. The District expects that rates for work outside of the scope of the audit are consistent with rates identified in Exhibit 2, Service Fee Schedule.

21. **Question**: Have there been any significant changes in Finance/Accounting personnel at AC Transit since last year? Any significant changes in processes/internal controls since last year?

    **Answer**: None.

22. **Question**: With the short turnaround from the awarding of a contract to the fiscal year-end, could interim fieldwork be performed in late June or July?

    **Answer**: The District would expect June, but it could run into July.
23. **Question:** Additionally, when has the Single Audit/Uniform Guidance testing been performed historically? Can that work be performed in June/July?

**Answer:** That is at your discretion. Please note, however, A/P at fiscal year-end does not close until the end of 3rd week of July, and GL Journals stop a few days after mid-August.

24. **Question:** RFP, Section 21. D. 2. states “Identification of major project phases and associated activities, with estimation of hours for both District and Contractor staff by role.” Does the District have an internal audit function that provides support for the external audit or is this referencing something else?

**Answer:**
   a. This is for your firm’s work on the audit.
   b. Internal Audit’s role in the audit typically is obtaining copies of SAS reports from key vendors. They are also part of the final review process.

25. **Question:** RFP, Section 34. Discusses the small local business program. Is there preference in the evaluation scoring for utilizing a qualified small local business?

**Answer:** No.

26. **Question:** RFP, Exhibit 3, question 18 asks for “one or more Private sector clients during the past ten (10) years”. Can you provide your definition of “private sector”? Would you include not-for-profits in the private sector?

**Answer:** From this perspective, private sector companies are typically not created by enabling governmental legislation.

27. **Question:** General Contract Conditions, 8. Indemnification, we may want to discuss the wording as we are required to follow the AICPA Code of Conduct as it relates to independence.

28. **Question:** The first page of the RFP document references a “Contract Acceptance Form”. Could you provide a sample of that form or reference where it is included in the RFP as we did not see anything with that title?

**Answer:** The first page of the RFP is the Contract Acceptance Form. Please date, provide requested information and sign in appropriate block.

29. **Question:** RFP, Scope of Services, section 3.b. it references the expression of opinion on the District’s compliance in use of the Uniform System of Accounts and Records. Is this referring to the NTD Agreed Upon Procedures (AUP) report? NTD does not require the expression of an opinion for the AUP report, so if this is another report, could you please provide a copy of the prior year report?
Answer:
a. The District’s NTD specialist is presently out of the office, however, in review of 49 CFR Part 30, Section XV/NTD history, and with USOA being so fundamental to our operation, it would be prudent to plan to provide this.


30. Question: RFP, Scope of Services, section F, is the due date included the due date for ALL reports (other than the NTD AUP) or just the main financial statements?

Answer: All financial statements and reports are presented to the AC Transit Board of Directors at one time. The District’s Board does not typically see the NTD AUP.

31. Question: RFP, Scope of Services, section F, mentions that the last week of August we can begin on-site year end testing. Since the final trial balance is due on August 19, I assume this means we can start on-site on Monday, August 22, 2016?

Answer: Yes. However, as staff does not have the final auditable numbers until that date, they will be simultaneously updating the PBCs on your list. Depending on the scope of your PBC list they may be engaged on that, as well as responding to your requests.

32. Question: How many audit staff have been on-site historically for interim and year-end, and for how many weeks?

Answer: Interim – 3-4 for two weeks
Final – 3-4 for three weeks

33. Question: For all of the services and reports outside of the main financial statements, when has the testing for those reports been completed historically? Is there an opportunity to perform any of that work earlier than August 22?

Answer:

a. Typically in final, though for some of the reports, FYTD (not final) information is available and some firms historically have started on that in the interim. The choice would be yours.

b. Potentially, yes for the Board of Directors’ expenses and AC Financing Corp. The revenue source reports typically need to wait for final numbers (particularly Measure B). This may not preclude the successful bidder from doing some significant prep work, but they will have to evaluate the benefits of taking that approach.
34. **Question:** Who prepares the actual financial statements and footnotes for the audit? In the Scope of Services it says AC Transit prepares preliminary in-house financial statements, but later says the Contractor prepares all financial statements.

**Answer:** The District will provide the auditable trial balance by business entity and account. The District will also review the rollups with you. After that, it is expected that your software will be able to provide the publishable version of the financial statements.

The District does not provide the footnotes per se, however, typically most of the schedules are provided via your PBC (Prepared by Client) requests.

Please also see Question and Answer Number 13 above.

35. **Question:** Scope of Services, section F, mentions that the final due date is 9/30/2016, but on the following page it says that bound copies along with a PDF are due by the 4th week of October. What is actually due on 9/30/2016?

**Answer:** On or before 9/30, delivery of a complete review draft of at least the basic financial statements is expected. The District will review them, work out any items with you as necessary, and then start on the MD&A. Financial statements are presented to the Board at their first meeting in November. Typically, there is a 2-3 week lead time from the District Secretary’s office for that process. Time is also needed to run the final results by senior management, so finals are needed by mid-October (up to the end of the 3rd week of October).

36. **Question:** RFP Section 34. Small/Local Business Program (page 17) references a “Small Local Business Procurement Worksheet (Attached to this solicitation)”. We have not found the worksheet within in the RFP or on the www.actransit.org website. We would appreciate clarification as to whether this form must be included with our proposal. If it is required, please provide the form.

**Answer:** Paragraph Number 34 is deleted from the RFP. Please disregard Paragraph Number 34.

37. **Question:** RFP Section 21. Proposal Requirements (beginning on page 5) specifies that Part I of the proposals is a narrative, limited to 10 pages and must encompass the items requested in A. – H. Does this page limit include the Proposer Qualifications and Reference Questionnaire, Exhibit – 3, which is referenced in 21.B. 1 and 2 and is 5 pages long?

**Answer:** The 10-page limit does not include the Proposer Qualifications and Reference Questionnaire.
38. **Question:** Similarly, do you prefer single or double sided pages, and does a double sided page count as 1 page or 2 pages?

   **Answer:** Please be economical but complete in the presentation of information. A page with information on both sides will be considered two pages.

39. **Question:** May we provide resumes in an appendix and do appendices count towards the page limit of Part I of our proposal?

   **Answer:** Resumes can be provided in an appendix and do not count toward the page limit.

40. **Question:** When will a preliminary FY16 Schedule of Federal Expenditures of Awards be provided to the Contractor?

   **Answer:** The Schedule will be presented whenever requested. Historically, most firms prefer to wait until final to avoid double work.

41. **Question:** How many audit adjustments are typically proposed?

   **Answer:** As one would expect, this number varies from year to year. Other than entries mandated by new GASBs, there will be a few CJE, mostly to tidy things up, and a few AJE, though rarely large.

   Please also see Question and Answer Number 14 above.

**END OF ADDENDUM NO. 1**
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2015
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2015

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MEMORANDUM ON INTERNAL CONTROL

Board of Directors
Alameda-Contra Costa Transit District
Oakland, California

We have audited the financial statements of the Alameda-Contra Costa Transit District for the year ended June 30, 2015, and have issued our report thereon dated September 28, 2015. In planning and performing our audit of the financial statements of the Alameda-Contra Costa Transit District as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with Government Auditing Standards, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
September 28, 2015
REQUIRED COMMUNICATIONS

Board of Directors
Alameda-Contra Costa Transit District
Oakland, California

We have audited the basic financial statements of the Alameda-Contra Costa Transit District for the year ended June 30, 2015. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, and Government Audit Standards and OMB Circular A-133.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 68 – Accounting and Financial Reporting for Pension, an Amendment of GASB Statement No. 27

GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, and Amendment of GASB Statement No. 68

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District’s financial statements were:

Management’s estimate of the depreciation is based useful lives determined by management. These lives have been determined by management based on expected useful life of assets as disclosed in Note 4 to the basic financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the financial statements taken as a whole.
Management's estimate of claims payable is disclosed in Note 13 to the basic financial statements and based on historical claims tail data which is actuarially extrapolated to estimate current known claims reserves and estimate a provision for claims incurred but not reported. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

**Disclosures**

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in a management representation letter dated September 28, 2015.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Other Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

With respect to the required supplementary information accompanying the financial statements, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*****

This information is intended solely for the use of Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California
September 28, 2015