



our **roots**  
run deep



Prepared exclusively for:

**CITY OF COSTA MESA**

Costa Mesa, California

***PROPOSAL OF INDEPENDENT AUDIT SERVICES  
TO THE  
CITY OF COSTA MESA, CALIFORNIA  
FOR  
TRANSIENT OCCUPANCY TAX  
AUDIT SERVICES***

Submitted by:

**MAYER HOFFMAN McCANN P.C.  
2301 DUPONT DR., SUITE 200  
IRVINE, CALIFORNIA 92612**

April 29, 2014

CONTACT PERSON – JENNIFER FARR, SHAREHOLDER  
PHONE NO: (949) 474-2020  
DIRECT NO: (949) 783-1740  
FACSIMILE NO: (949) 263-5520  
EMAIL: [jfarr@cbiz.com](mailto:jfarr@cbiz.com)  
WEBSITE: [www.mhm-pc.com](http://www.mhm-pc.com)

MAYER HOFFMAN McCANN P.C.  
CALIFORNIA LICENSE NO. CORP 5091

MAYER HOFFMAN McCANN P.C.  
FEDERAL IDENTIFICATION NO. 43-1947695

**PROPOSAL FOR THE  
CITY OF COSTA MESA  
*TRANSIENT OCCUPANCY TAX  
AUDIT SERVICES***

**TABLE OF CONTENTS**

<b><u>Section</u></b>	<b><u>Page</u></b>
Cover Letter and Vendor Application Form	
Background and Project Summary	1
Methodology	2
Qualifications	4
Staffing	7
Financial Capacity	10
Fee Proposal (Price Proposal Form)	11
Disclosure	13
Sample Agreement	14

**APPENDIX**

W-9 Form

Ex Parte Communications Certificate

Disqualifications Questionnaire

Mayer Hoffman McCann P.C. Peer Review Report



**Mayer Hoffman McCann P.C.**

**An Independent CPA Firm**

2301 Dupont Drive, Suite 200  
Irvine, California 92612  
949-474-2020 ph  
949-263-5520 fx  
www.mhm-pc.com

April 29, 2014

City of Costa Mesa  
Office of the City Clerk  
77 Fair Drive  
Costa Mesa, CA 92628-1200

Mayer Hoffman McCann P.C. is pleased to respond to your request to perform Agreed-Upon-Procedures for Transient Occupancy Tax Audit Services for the City of Costa Mesa. We are aware that while the City of Costa Mesa has solicited numerous proposals, Mayer Hoffman McCann P.C. (MHM) would be your best selection for the following reasons which are set forth in greater detail in our proposal:

- The Irvine office of Mayer Hoffman McCann P.C. performed over 120 Transient Occupancy Tax (TOT) compliance audits in the last three years and have been successful in finding unreported revenues for our clients on a majority of the audits.
- Our philosophy when performing compliance audits is using a strict interpretation of the City's Municipal Code when determining compliance and placing the burden of proof on the business owner.
- As part of our audit, we will provide feedback to the City regarding the language in the ordinance and the forms used to report and collect Transient Occupancy Taxes.
- We conduct exit meetings with management of each business and have management sign an acknowledgement of the findings discussed at the exit meeting. This process makes the collection of unpaid taxes easier.

Mayer Hoffman McCann P.C. thanks you for the opportunity to present our proposal qualifications and for the opportunity to be appointed as your independent auditors for Transient Occupancy Tax Audit Services. I have read and will comply with all terms and conditions in the request for proposal. The fees noted in this proposal are valid for a period of 180 days. I look forward to you contacting me so that I may answer further any questions which you may have. You may contact me at (949) 783-1740 or [JFarr@cbiz.com](mailto:JFarr@cbiz.com).

Very truly yours,

Jennifer Farr, C.P.A.  
Shareholder



## REQUEST FOR PROPOSAL

### *Transient Occupancy Tax Audit Services*

### VENDOR APPLICATION FORM

TYPE OF APPLICANT:  NEW  CURRENT VENDOR

Legal Contractual Name of Corporation: Mayer Hoffman McCann P.C.

Contact Person for Agreement: Jennifer Farr

Corporate Mailing Address: 2301 Dupont Drive, Suite 200

City, State and Zip Code: Irvine, CA 92612

E-Mail Address: JFarr@cbiz.com

Phone: 949-783-1740 Fax: 949-263-5520

Contact Person for Proposals: Jennifer Farr

Title: Shareholder E-Mail Address: JFarr@cbiz.com

Business Telephone: 949-783-1740 Business Fax: 949-263-5520

Is your business: (check one)

NON PROFIT CORPORATION  FOR PROFIT CORPORATION

Is your business: (check one)

CORPORATION  LIMITED LIABILITY PARTNERSHIP

INDIVIDUAL  SOLE PROPRIETORSHIP

PARTNERSHIP  UNINCORPORATED ASSOCIATION

**Names & Titles of Corporate Board Members**

(Also list Names & Titles of persons with written authorization/resolution to sign contracts)

Names	Title	Phone
See attachement		

Federal Tax Identification Number: 43-1947695

City of Costa Mesa Business License Number: will obtain

(If none, you must obtain a Costa Mesa Business License upon award of contract.)

City of Costa Mesa Business License Expiration Date: \_\_\_\_\_

Mayer Hoffman McCann P.C.

Board Resolution

The undersigned, being all members of the Board of Directors of Mayer Hoffman McCann P.C., a Missouri professional corporation "the Corporation", do hereby approve and adopt the following resolution:

RESOLVED, that the shareholders of Mayer Hoffman McCann P.C. as listed below are hereby authorized to sign and execute contracts to provide professional services on behalf of the Corporation.

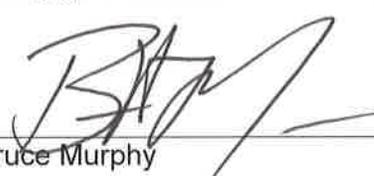
- |                   |                 |
|-------------------|-----------------|
| 1. Ken Al-Imam    | 7. Bill Tapp    |
| 2. Marcus Davis   | 8. Bruce Murphy |
| 3. Ron Rolwes     | 9. Laura Brock  |
| 4. Jennifer Farr  | 10. Jay Webber  |
| 5. Sam Perera     |                 |
| 6. Laurie Hopkins |                 |

IN WITNESS WHEREOF, the undersigned have hereunto subscribed their names effective as of February 18, 2014.

  
\_\_\_\_\_  
William L. Hancock

  
\_\_\_\_\_  
Richard A. Howard

  
\_\_\_\_\_  
Ernest F. Baugh

  
\_\_\_\_\_  
Bruce Murphy

  
\_\_\_\_\_  
Paul Nation

  
\_\_\_\_\_  
Stephen Leff

  
\_\_\_\_\_  
Richard Angell

  
\_\_\_\_\_  
Jay Webber

## **BACKGROUND AND PROJECT SUMMARY**

We have extensive experience performing Transient Occupancy Tax Audits for California cities and Counties as described further in the Qualifications section of the proposal. Based on this experience, we understand the scope of work defined in the request for proposal. Our understanding of the work to be done and objectives to be accomplished are as follows:

- We will audit the hotels selected by the City for compliance with the City's Transient Occupancy Tax Code. We understand that we will also test for compliance with the City's Business Improvement Area Tax Code for certain hotels within the Business Improvement Area.
- Our audits will cover a one year period ending June 30, 2014, 2015, or 2016 as determined by the City.
- Draft reports will be provided to the Assistant Finance Director within 40 days after the completion of fieldwork.
- Final reports will be provided within 60 days of completion of fieldwork, assuming comments on the draft reports are received by the Assistant Finance Director within that time frame.
- We will provide the City with electronic and paper copies of each report. We will also provide the City with a bound document containing all reports issued. This consolidated bound report will include a transmittal letter to the City that will include a summary of additional tax due by hotel and recommendations we have for the City related to the Code and forms used by the City to assist the City with future compliance.
- Our objectives when completing Transient Occupancy Tax audits include the following:
  - Detecting and reporting noncompliance with the Code
  - Calculating amounts due to the City, including penalties and interest
  - Clearly explaining the findings to the hotel management and obtaining their acknowledgement of the findings
  - Providing support to the City if findings are questioned after the reports are issued
  - Providing feedback to the City on ways to improve ongoing compliance with the Code
  - Ensuring our audit documentation conforms to the attestation standards established by the American Institute of Certified Public Accountants

## METHODOLOGY

Our philosophy when performing compliance audits is using a strict interpretation of the City's municipal code when determining compliance and placing the burden of proof on the hotel owner.

Prior to the start of audit fieldwork, we will perform the following procedures:

1. Review the City's Code for Transient Occupancy Taxes and Business Improvement Area Assessment
2. Provide the City with a form letter to notify the hotel of the upcoming audit.
3. Call hotel to schedule the audit. We typically provide a few optional dates for the audit and work with the hotels to find a mutually agreeable audit start date.
4. Send the Hotel an audit request list at least a week prior to the audit start date.
5. Review the results of prior audits for the Hotel to determine if there are areas that require follow up.
6. Discuss any specific concerns the City has with the Hotel.
7. Provide the audit schedule to the City

Our fieldwork procedures at each Hotel include the following procedures for a three year look back period:

8. We will obtain all reports provided by the hotel owner to the City for the period under audit.
9. We will interview the appropriate individuals responsible for recording revenues reported to the City. We will document and walkthrough a typical transaction from billing to collection to recording to deposit, if any. During the process, we will gain an understanding of the specific system reports used to generate reporting to the City and determine what adjustments are made to any system reports or files. We will determine how gross rents and uncollected rents are accounted for in the system. We will inquire about complementary rooms and barter transactions.
10. We will determine if reports were submitted to the City on time or penalties were properly calculated if TOT returns were late.
11. We will calculate the mathematical accuracy of the amount due to the City based on the applicable tax rate.
12. We will trace information from the reports provided to the City to hotel reports and accounting records supporting the amounts reported.
13. We will review the Hotel's reports and financial statements to identify revenues that are not included as taxable for calculation of the tax. We will evaluate the reasonableness of the exclusion.
14. We will select a sample of monthly revenues reported to the City and trace revenues to detailed reports by customer (daily reports). From these detailed reports, we will select

a sample of customer folio's to verify that all amounts collected from the customers are reflected in the system reports.

15. We will evaluate the hotel owner's adherence to charging Transient Occupancy Taxes through review of folios.
16. For any exemptions noted, we will review a sample of exemptions and trace to evidence that it allowable (e.g. government employee, stay longer than 30 days, etc.). For government employees, this will include obtaining a copy of the government exemption documentation.
17. We will obtain information about complementary rooms including whether or not tax was paid on complementary rooms. We will include information about the number of complementary rooms given in our report.
18. We will conduct an exit meeting with the hotel management summarizing our findings to ensure we answer any questions they have about our findings. We will ask the hotel management to sign an exit meeting summary of the findings.
19. We will issued an agreed-upon-procedures report in accordance with the standards established by the American Institute of Certified Public Accountants. The report will identify the agreed upon procedures performed, results reached and recommendations. The report will include a schedule of revenue reported, taxes paid and exemptions reported to the City, audited amounts, and amounts due to the City along with penalties, if applicable.
20. We will provide the draft report to the City for review within 40 days of the end of fieldwork. We will finalize the report within 5 days of the City's review, but not later than 60 days after the end of fieldwork.

### **Requests of City Staff**

To enable us to perform the audits successfully, we request that the City provide us with a copy of the Transient Occupancy Tax Returns filed with the City during the audit period. If not clear from the return itself, we will also request information to determine the date the return was received by the City.

During the audits, we will keep the City informed of any difficulties we have related to hotel's refusals to provide us information and issues that are subject to an interpretation of the City's Code. While we do not anticipate having these problems, if these problems arise, we will ask the City for advice on how to proceed.

### **Schedule**

We propose the following schedule, subject to City approval.

Approval of Contract	August 12, 2013
Notification letters sent out by City	August 2013
Scheduling and request lists sent by MHM	August 2013
Audit Fieldwork	September – October 2013
Draft reports provided to City	October – November 2013
Finalize all report	November – December 2013

## QUALIFICATIONS

We have extensive experience performing Transient Occupancy Tax Audits for California cities and Counties. We have performed over 120 Transient Occupancy Tax (TOT) compliance audits in the last three years and have been successful in finding unreported revenues for our clients on a majority of the audits. The following is a listing of certain contracts awarded or performed in the last three years.

### County of San Diego

In 2012, we were awarded a contract with the County of San Diego to perform 10 Transient Occupancy Tax audits a year for three years. In our first year, we found exceptions in 8 of the 10 audits which more than paid for the cost of the audit services for all three years combined.

### City of Huntington Beach

We were engaged in 2013 to perform 22 Transient Occupancy Tax audits and 27 Concessionaire audits over a three year period. In the first year, we tested 9 hotels and reported errors in all hotels tested amounting to \$14,750 of additional tax due to the City.

### City of Culver City

We were engaged in 2013 and in 2009 to perform Transient Occupancy Tax Audits for the City of Culver City. In 2013 and 2009 we audited 18 hotels in the City and completed our procedures within the required timeframe. In 2013, we found errors in 11 of the 18 hotels amounting to over \$100,000. In 2009, we found errors in 14 of the 18 hotels amounting to over \$160,000.

### City of Commerce

In 2013, we were engaged to perform TOT audits for two hotels. We found exceptions in both hotels which more than covered the cost of the audits.

### City of Dana Point

We were engaged in 2010 to perform thirteen Transient Occupancy Tax audits for the City of Dana Point for the years 2007, 2008, and 2009. Procedures included review of internal controls, the verification of gross revenues, testing the accuracy of TOT tax remitted, allowance of exemptions, review of Operators total revenues to ensure all taxable revenues are included in the gross revenues reported, and the determination of any amounts due to or from the City. Our findings exceeded \$1 million.

### City of Inglewood

In 2010 we performed 45 Transient Occupancy Tax audits for the City of Inglewood. Procedures included review of internal controls, the verification of gross revenues, testing the accuracy of TOT tax remitted, allowance of exemptions, review of Operators total revenues to ensure all taxable revenues are included in the gross revenues reported, and the determination of any amounts due to or from the City.

### City of Indian Wells

We were engaged in 2010 and previous years to perform Transient Occupancy Tax audits of the City's four hotels. We also performed agreed-upon-procedures on the tennis stadium and golf course operating agreements.

City of Rancho Mirage

For the years 1991 through 2010, we performed certain audits and agreed-upon procedures in regard to Hotel/Motel Operators' compliance with the City's Transient Occupancy Tax Codes. The engagement covered 8-14 agreed upon procedures engagements per year. Procedures included review of internal controls, the verification of gross revenues, testing the accuracy of TOT tax remitted, allowance of exemptions, review of Operators total revenues to ensure all taxable revenues are included in the gross revenues reported, and the determination of any amounts due to or from the City.

Additionally, we have performed transient occupancy tax audits for the following Cities:

- City of West Covina
- City of Lake Forest
- City of Whittier
- City of Carlsbad
- City of Laguna Hills
- City of Orange
- City of Aliso Viejo

**References**

For your convenience, we have listed below references for some of the recent audits we have performed that are similar in scope.

<b><u>Name of Client/Contact</u></b>	<b><u>Type of Audit</u></b>	<b><u>Approximate Fee</u></b>
City of Culver City Jeff Muir Chief Financial Officer (310) 253-5865 <a href="mailto:Jeff.muir@culvercity.org">Jeff.muir@culvercity.org</a>	Transient Occupancy Tax audits	\$28,000
City of Inglewood Sharon Koike Acting Finance Director (310) 412-8724 <a href="mailto:skoike@cityofinglewood.org">skoike@cityofinglewood.org</a>	Transient Occupancy Tax audits	\$50,000
County of San Diego Sharyl Hunt (619) 531-5265 <a href="mailto:Sharyl.hunt@sdcounty.ca.gov">Sharyl.hunt@sdcounty.ca.gov</a>	Transient Occupancy Tax audits	\$60,000

## **About Mayer Hoffman McCann P.C.**

Mayer Hoffman McCann P.C. is a National CPA Firm. The firm is independently owned and operated through its 270 shareholders. The firm began in Kansas City, Missouri in 1954. After years of steady growth the Firm expanded into a National Practice. Mayer Hoffman McCann P.C. currently operates from 35 offices throughout the United States and is licensed in all 50 States. Mayer Hoffman McCann P.C. is closely aligned with CBIZ (NYSE:CBZ). The 270 shareholders in 35 Mayer Hoffman McCann P.C. offices direct the resources of approximately 2000 Accounting and Audit professionals who services the attest clients of Mayer Hoffman McCann P.C.

The Western Region Office of Mayer Hoffman McCann P.C. work closely together in servicing clients and sharing professional resources among offices. Those offices locations are as follows:

- San Diego, California
- Irvine, California (Government services headquarters)
- Irvine, California (SEC services headquarters)
- Los Angeles, California
- Bakersfield, California
- Oxnard, California
- San Jose, California
- Salt Lake City, Utah
- Phoenix, Arizona

The Western Region offices have more than 425 professional accounting and audit personnel available to the 56 shareholders of Mayer Hoffman McCann P.C. in the Western Region offices.

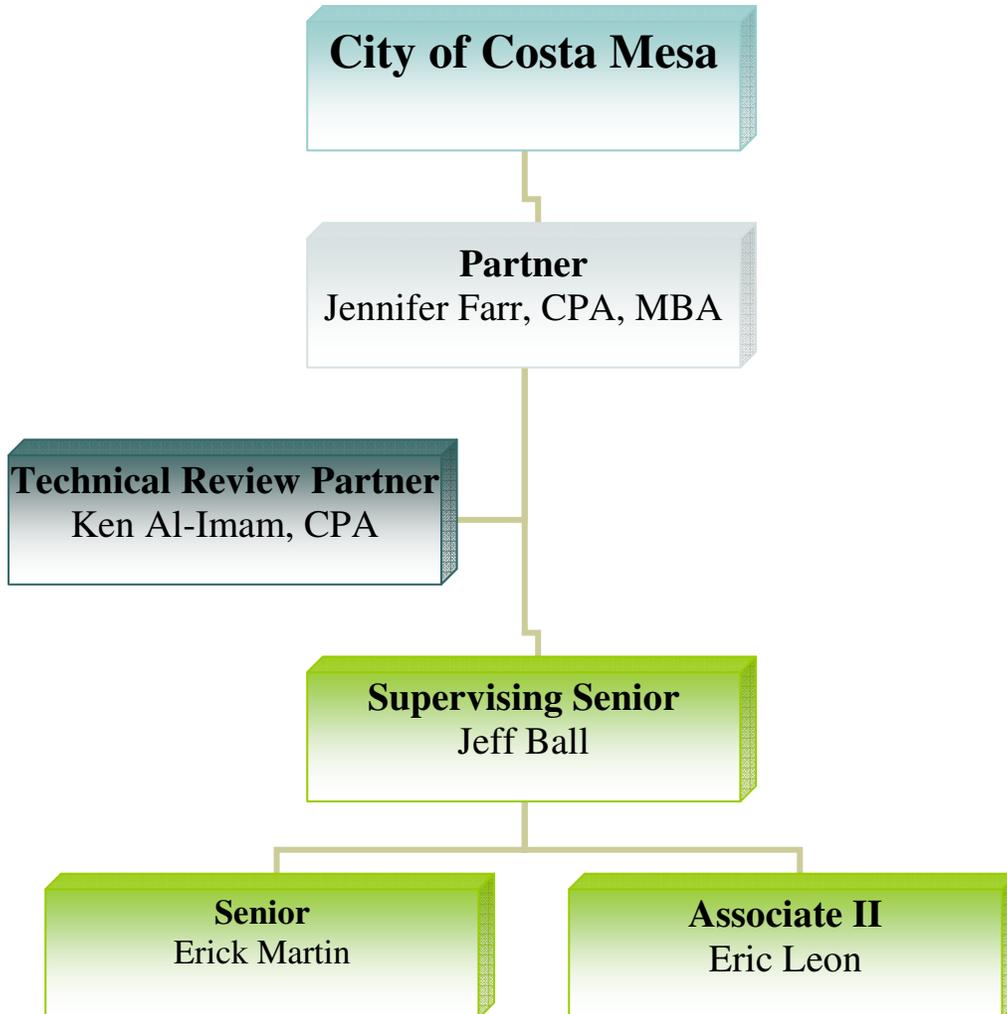
MHM plans to provide the audit services to the City of Costa Mesa from full-time staff located in our Irvine office. The Irvine office joined MHM on January 1, 2006. This office is the former CPA practice of Conrad and Associates, L.L.P., a 35 year old CPA firm which has been nationally and locally recognized for its expertise in governmental accounting and auditing. The Irvine office is the technical and practice unit designated within MHM for governmental expertise and training for MHM on a national level. A breakdown of the Irvine Office's personnel by classification is as follows:

<b>Classification</b>	<b>Number of Employees</b>
Shareholders/Partners	6
Managers	10
Seniors	15
Staff	16
Administrative support	<u>3</u>
Total personnel	<u>50</u>

## STAFFING

The successful outcome of any audit requires personnel with the managerial and technical skills to perform the work required. The engagement team who will serve the City of Costa Mesa have served together as a team of professionals on numerous audit.

We believe that efficient administrative management and supervision of the audits is an extremely critical factor in achieving the desired results for the City of Costa Mesa. In that regard, our proposal organizational structure for providing independent auditing services is as follows:



## METHODOLOGY

Our philosophy when performing compliance audits is using a strict interpretation of the City's municipal code when determining compliance and placing the burden of proof on the hotel owner.

Prior to the start of audit fieldwork, we will perform the following procedures:

1. Review the City's Code for Transient Occupancy Taxes and Business Improvement Area Assessment
2. Provide the City with a form letter to notify the hotel of the upcoming audit.
3. Call hotel to schedule the audit. We typically provide a few optional dates for the audit and work with the hotels to find a mutually agreeable audit start date.
4. Send the Hotel an audit request list at least a week prior to the audit start date.
5. Review the results of prior audits for the Hotel to determine if there are areas that require follow up.
6. Discuss any specific concerns the City has with the Hotel.
7. Provide the audit schedule to the City

Our fieldwork procedures at each Hotel include the following procedures for a three year look back period:

8. We will obtain all reports provided by the hotel owner to the City for the period under audit.
9. We will interview the appropriate individuals responsible for recording revenues reported to the City. We will document and walkthrough a typical transaction from billing to collection to recording to deposit, if any. During the process, we will gain an understanding of the specific system reports used to generate reporting to the City and determine what adjustments are made to any system reports or files. We will determine how gross rents and uncollected rents are accounted for in the system. We will inquire about complementary rooms and barter transactions.
10. We will determine if reports were submitted to the City on time or penalties were properly calculated if TOT returns were late.
11. We will calculate the mathematical accuracy of the amount due to the City based on the applicable tax rate.
12. We will trace information from the reports provided to the City to hotel reports and accounting records supporting the amounts reported.
13. We will review the Hotel's reports and financial statements to identify revenues that are not included as taxable for calculation of the tax. We will evaluate the reasonableness of the exclusion.
14. We will select a sample of monthly revenues reported to the City and trace revenues to detailed reports by customer (daily reports). From these detailed reports, we will select

**JENNIFER FARR, CPA, MBA**  
**ENGAGEMENT SHAREHOLDER**

*California CPA Certificate No. 76292, October 1998*

**ROLE ON PROJECT**

Ms. Farr will serve as the Engagement Shareholder on this project. She will oversee the project to ensure all required deadlines are met, provide technical assistance to the audit teams, and review the final reports before they are released. Ms. Farr is a Certified Public Accountant with over 16 years experience in local government auditing. Ms. Farr has been a speaker on matters pertaining to technical issues and new GASB pronouncements. Ms. Farr is also responsible for the firm-wide training for the Government Services Division of MHM in the area of local governmental accounting and auditing.



**PROFESSIONAL EXPERIENCE**

- 16 years - Mayer Hoffman McCann P.C. (formerly Conrad and Associates, LLP)
- 1 ½ Years - Ronald Blue and Co.

**EDUCATION**

- Bachelor of Arts - Business Administration/Accounting (California State University, Fullerton)
- Bachelor of Arts - English (California State University, Fullerton)
- Masters of Business Administration (California State University, Fullerton)

**TRANSIENT OCCUPANCY TAX AUDITS**

Ms. Farr has performed hotel audits for the following governments:

- City of Dana Point
- City of Commerce
- City of Culver City
- City of Huntington Beach
- City of Indian Wells
- City of Rosemead
- City of West Covina
- City of Walnut Creek
- County of San Diego

Ms. Farr has also been the Technical Review Partner on the City of Rancho Mirage, the City of Inglewood, the City of Carlsbad and other transient occupancy tax audits.

Ms. Farr has been providing financial statement and compliance auditing services to Cities, Special Districts, and other Government Agencies in California for the last 16 years.

**Mr. Al-Imam** will serve as the **Technical Review Partner** on the engagement. Mr. Al-Imam is an active member and past president of CCMA (California Committee on Municipal Accounting). He has made presentations in public hearings before the Governmental Accounting Standards Board (GASB) and has been part of the committee contributing to the past two GASB implementation guides. Mr. Al-Imam has a degree in Business Administration – Accounting from California State University Fullerton. Mr. Al-Imam’s California CPA license number is 32377E.

**Mr. Jeff Ball** is a **Supervising Senior**. Mr. Ball has been with the firm for six years and has in-charged and worked on numerous local government and nonprofit audits. He has also performed a number Transient Occupancy Tax audits and Revenue Compliance audits for various municipalities over the past year, including the County of San Diego, City of Huntington Beach, City of Culver City, City of West Covina, City of Rancho Mirage, and the City of Dana Point. Mr. Ball will be responsible for the scheduling and coordination of the audits. Mr. Ball will perform several of the audits and provide oversight to the other auditors assigned to perform the audits. Mr. Ball will review all draft reports for each audit. Mr. Ball has a degree in Accounting from University of California, Santa Barbara.

**Mr. Erick Martin** will serve as one of the **Senior Auditors**. Mr. Martin has been with the firm for three years and has in-charged numerous local government and nonprofit audits. He has also performed a number Transient Occupancy Tax audits for the City of Culver City, City of Inglewood, City of Indian Wells, and the County of San Diego. Mr. Martin has a degree in Business Administration – Accounting from California State University Fullerton.

**Mr. Eric Leon** is an **Associate II Auditor**. Mr. Leon has been with the firm for over two years and has worked on numerous local government and nonprofit audits. He has also performed a number Transient Occupancy Tax audits for the City of Culver City, the City of Huntington Beach, and the County of San Diego. Mr. Leon has a degree in Business Administration – Accounting from Cal Poly Pomona.

**Estimated Hours for the First Year (11 Hotels)**

<u>Name</u>	<u>Title</u>	<u>Estimated Hours</u>
Jennifer Farr	Shareholder	30
Ken Al-Imam	Technical Reviewer	6
Jeff Ball	Supervising Senior	100
Erick Martin	Senior	50
Eric Leon	Associate II	<u>50</u>
Total		<u>235</u>

## **FINANCIAL CAPACITY**

### **MHM's Association with CBIZ MHM**

CBIZ MHM is one of the nation's leading providers of outsourced business services, including accounting and tax, benefits and insurance, and a wide range of consulting services. CBIZ is traded on the NYSE: CBIZ. Mayer Hoffman McCann P.C. and CBIZ MHM have a strategic association and together are operating under an alternative practice structure, which is similar to other national CPA firms.

The last audited financial statements of CBIZ MHM are available online at <http://phx.corporate-ir.net/phoenix.zhtml?c=73481&p=irol-reports> or at [www.cbiz.com](http://www.cbiz.com) under investor relations. Under the normal course of business, Mayer Hoffman McCann P.C. and CBIZ MHM are subject to claims and lawsuits. The organization has sufficient insurance to cover all such claims.

## PRICING PROPOSAL FORM

### TRANSIENT OCCUPANCY TAX AUDIT SERVICES

In preparing the pricing proposal for this project the consultant shall take into consideration the following;

- Compensation for services provided in competing the tasks associated with the Scope of Work and CM Municipal Code Title 16 Chapter IV Transient Occupancy Tax.
- Consultant shall state the number of hours allotted for each hotel/motel and provide a total cost for each audit year along with a stated amount for attending meetings. Should the amount of hours expended during these schedule, the consultant may be authorized to invoice the City for the additional hours upon first notifying the City that the budget limit for meetings has been reached.
- The Consultant's standard billing rates for all classifications of staff likely to be involved in the project along with hours worked and total cost.
- Describe reimbursable expenses and cost.

Employee	Hourly Rate	Total Cost
Shareholder	\$ 130	\$ 11,700
Supervising Senior	\$ 100	\$ 26,000
Senior & Associate II	\$ 70	\$ 21,000

Audit Year	Name of Hotel/Motel	Rooms	Estimated Hours work	Estimated cost of audit
2014	*Avenue of the Arts Wyndham Hotel	238	25	2,250
2014	*Best Western Newport Mesa Inn	94	25	2,250
2014	Costa Mesa Motor Inn	86	20	1,800
2014	*Crowne Plaza Costa Mesa Orange County	224	25	2,250
2014	Hacienda Inn – Travelodge	58	20	1,800
2014	Motel 6 #1347	94	20	1,800
2014	Regency Inn	32	20	1,800
2014	Sandpiper Motel	44	20	1,800
2014	Super 8 Motel	49	20	1,800
2014	Tern Inn Motel	18	20	1,800

2014	Travelodge OC Airport	120	20	1,800
	<b>Meetings</b>			\$ included
	<b>Total budget for 2014 Audit</b>	<b>1057</b>	235	\$ 21,150
2015	Ana Mesa Inn	52	20	1,800
2015	Blvd Hotel	58	20	1,800
2015	*Country Side Inn & Suites	176	25	2,250
2015	Harbor Bay Motel	48	20	1,800
2015	*Marriott Suites Costa Mesa	253	25	2,250
2015	New Harbor Inn	33	20	1,800
2015	*Ramada LTD	139	25	2,250
2015	Tahiti Inn Motel	19	20	1,800
2015	Vagabond Inns	127	20	1,800
2015	*Westin South Coast Plaza	390	25	2,250
	<b>Meetings</b>			\$ included
	<b>Total budget for 2015 Audit</b>	<b>1237</b>	220	\$ 19,800
2016	Ali Baba Motel	43	20	1,800
2016	Cozy Inn	27	20	1,800
2016	Days Inn	31	20	1,800
2016	*Hilton Orange County/Costa Mesa	485	25	2,250
2016	*Holiday Inn Express	62	25	2,250
2016	La Quinta Inn #541	160	20	1,800
2016	Motel 6 Newport Beach	87	20	1,800
2016	*Residence Inn-Costa Mesa	144	25	2,250
2016	Star Inn	30	20	1,800
	<b>Meetings</b>			included
	<b>Total for 2016 Audit</b>	<b>1069</b>	195	\$ 17,550

\*Hotel is participating in the Business Improvement Area Assessment – additional audit step will be required

## **DISCLOSURE**

Neither Mayer Hoffman McCann P.C. nor key employees included in this proposal have any current business or personal relationships with any current Costa Mesa elected official, appointed official, City employee, or family member of any current Costa Mesa elected official, appointed official, or City employee.

Mayer Hoffman McCann P.C. performed the City of Costa Mesa's annual independent audit for the fiscal year ended June 30, 2012 and prior years. This past professional business relationship does not impair our independence to provide the services noted in this proposal.

## **SAMPLE AGREEMENT**

We have reviewed the sample agreement included in the Request for Proposal and have no exceptions or conditions to the agreement. We currently maintain the minimum insurance requirements noted in the sample agreement and request for proposal Appendix G.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	Name (as shown on your income tax return) <b>Mayer Hoffman McCann P.C.</b>	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input checked="" type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ <span style="margin-left: 100px;">C</span> <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.) <b>2301 Dupont Drive, Suite 200</b>	Requester's name and address (optional)
	City, state, and ZIP code <b>Irvine, CA 92612</b>	List account number(s) here (optional)

<b>Part I Taxpayer Identification Number (TIN)</b>																			
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="9" style="text-align: center;">Social security number</th> </tr> <tr> <td style="width: 20px; height: 20px;"> </td> </tr> </table>	Social security number																	
Social security number																			
<b>Note.</b> If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="9" style="text-align: center;">Employer identification number</th> </tr> <tr> <td style="width: 20px; height: 20px;">4</td> <td style="width: 20px; height: 20px;">3</td> <td style="width: 20px; height: 20px;">-</td> <td style="width: 20px; height: 20px;">1</td> <td style="width: 20px; height: 20px;">9</td> <td style="width: 20px; height: 20px;">4</td> <td style="width: 20px; height: 20px;">7</td> <td style="width: 20px; height: 20px;">6</td> <td style="width: 20px; height: 20px;">9</td> </tr> </table>	Employer identification number									4	3	-	1	9	4	7	6	9
Employer identification number																			
4	3	-	1	9	4	7	6	9											

<b>Part II Certification</b>	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).	
<b>Certification instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	
<b>Sign Here</b>	Signature of U.S. person ▶ <i>Jennifer Fann</i> Date ▶ <i>4/29/2014</i>

**General Instructions**  
 Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**  
 A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

**EX PARTE COMMUNICATIONS CERTIFICATION**

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning the CONTRACTOR Services RFP at any time after April 4, 2014



---

**OR**

I certify that Proposer or Proposer's representatives have communicated after April 4, 2014 with a City Councilmember concerning the Transient Occupancy Tax Audit Services RFP. A copy of all such communications is attached to this form for public distribution.

---

## DISQUALIFICATION QUESTIONNAIRE

The Contractor shall complete the following questionnaire:

Has the Contractor, any officer of the Contractor, or any employee of the Contractor who has proprietary interest in the Contractor, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes \_\_\_\_\_ No X

If the answer is yes, explain the circumstances in the following space.



## System Review Report

To the Shareholders of Mayer Hoffman McCann P.C.  
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mayer Hoffman McCann P.C. (the Firm) applicable to non-SEC issuers in effect for the year ended April 30, 2011. 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. 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Mayer Hoffman McCann P.C. applicable to non-SEC issuers in effect for the year April 30, 2011, 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*. Mayer Hoffman McCann P.C. has received a peer review rating of *pass*.

*Clifton Gunderson LLP*

August 12, 2011

10700 Research Dr., Suite 200  
Milwaukee, Wisconsin 53226  
tel: 414.476.1880  
fax: 414.476.7286

[www.cliftoncpa.com](http://www.cliftoncpa.com)

