CITY COUNCIL AGENDA REPORT

DEPARTMENT: Administrative Services

MEETING DATE: April 18, 2023

PREPARED BY: Buffy Bullis, Administrative Services Director
Mandy Jiang, Senior Management Analyst

AGENDA LOCATION: AR-3

TITLE: Consultant Services Agreement with Lance, Soll & Lunghard, CPAs, LLP, in an Amount Not to Exceed $200,893 for Professional Auditing Services for the Period Ending June 30, 2025, with Two (2) One-Year Options to Extend

OBJECTIVE: To approve an agreement with Lance, Soll & Lunghard (LSL) to perform auditing services for three (3) fiscal years, with two (2) one-year options to extend.

BACKGROUND: The annual audit of a city's financial records plays a critical role in public sector finance. Audits are an important process to ensure transparency in how city funds are spent, and audited financial statements are required by the City's bond covenants.

Given that the City has reached the end of its current audit services contract, which expired at the end of Fiscal Year 2021-22, the City has exercised its option to go out to bid for auditing services. Of note, procuring a multi-year contract for auditing services is an industry standard that is recommended by the Government Finance Officers Association (GFOA) as a best practice to ensure continuity and to minimize potential disruptions during the annual audit. Therefore, the City is seeking a three-year contract, with two (2) one-year options to extend. To that end, the City conducted a Request for Proposal (RFP) process for a multi-year auditing services contract to ensure an audit engagement with a qualified firm at a competitive rate.

ANALYSIS: On February 2, 2023, the City issued an RFP inviting proposals from certified public accounting firms. To widely advertise, the RFP was published on the City's Bids and RFPs webpage and on the California Society of Municipal Finance Officers' RFP webpage. In addition, staff provided the RFP package to five California-based audit firms. The annual services requested in this agreement included the following:

- Independent audit of the City's financial records in accordance to Generally Accepted Government Auditing Standards, issued by the Comptroller General of the United States;
- Annual Comprehensive Financial Report (ACFR);
- Single Audit report of the City's federal grant expenditures;
- Letter of City's compliance with the GANN Appropriations Limit;
- Financial statements for the Monrovia Housing Authority; and
- State Controller Transactions Reports for the City and the City Financing Authority

On March 2, 2023, the City received four (4) proposals. Of the four proposals received, one firm's proposal did not meet the minimum requirements and, therefore, did not advance to the next level of review.

A review committee, comprised of five Finance staff, was assembled to evaluate the proposals received. Proposals were independently evaluated by each rater for technical ability, based on four criteria for a maximum of 80 points. After completing the technical evaluation, sealed cost proposals, worth 20 points maximum, were opened, and the weighted average score for each firm was calculated and added to each firm's technical score. Due to the highly specialized nature of this service, this scoring system was designed to comprehensively evaluate the firms' technical ability, not placing undue emphasis solely on the price. The table below shows the finalists' aggregate scores, along with each fee proposals for the first three years:

Firm	Total Score	Fee Proposal (3 years)
Lance, Soll & Lunghard, LLP	81.71	$200,893 *
Badawi & Associates	81.60	$165,735
The Pun Group	79.57	$258,505

** Amount reflects a Current Client Discount (25%).*

All three firms were invited to participate in finalist interviews, which were held on March 29. The interviews were attended by the Finance review committee, the City Manager, and Audit Committee members Mayor Pro Tem Spicer and Councilmember Crudgington. Each interview was one hour in length and provided an opportunity for the interview panel to obtain a better understanding of the services offered by each firm and to meet the team members who would be participating in the City's audit. Firms were asked to provide an overview of their firm, which was followed by a series of questions that helped the interview team better understand each firm's qualifications.

Under Monrovia Municipal Code Section 3.24.100, procurements for the professional services performed by Certified Public Accountants in a financial audit are not subject to the City's bidding requirements, and contracts for professional services need not be awarded to the lowest bidder. After completion of the interview process and a comprehensive assessment of the firms' qualifications, the review committee is recommending Lance, Soll & Lunghard, CPAs, LLP, as the top firm. LSL is a large Southern California based CPA firm that has been practicing public accounting since 1929. Of the three firms interviewed, LSL has the longest history in providing accounting services with a longstanding and respected reputation in the industry. In addition, of the three firms, LSL has the most number of employees working in the government sector. This is critical, as adequate staffing levels will ensure that the audit engagement will stay on track and that financial reporting deadlines will be met. This also ensures the continuity of the audit in the event of staff turnover. In addition to their proven track record and staffing levels, LSL also offered the most accessibility compared to the other firms. LSL has a Southern California office, located in Brea, California, which is important for in-person audit field work and accessibility to City staff. Further, LSL's team provided the most proactive and client-oriented approach in partnering with the City, evidenced by being the awardee of the *Best in Accounting Client Satisfaction Award* for several years. LSL also offers a robust array of accounting and consulting services that may benefit the City, should the need arise in the future. In terms of additional offerings, LSL provides frequent client outreach, including industry alerts and newsletters on new accounting standards, as well as regular trainings for City staff.

LSL has worked with the City since 2001 and is well-acquainted with the City's financial systems, policies, and processes, and the City has been satisfied with LSL's outstanding level of service. Of note, the City's ACFR has received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the last 28 years. As a best management practice, and to comply with California Government Code 12410.6 (b), which requires lead auditor rotation after six consecutive fiscal years, LSL will assign Kelly Telford, CPA, as the engagement partner for this new engagement. Kelly has over 18 years of experience working with and for government agencies and has been an auditor and consultant for 13 years, specializing in the audits of government agencies. Kelly assisted in reviewing the City's prior year audit (i.e., Fiscal Year 2021-22 audit), and will be assigned as the lead engagement partner for this new engagement.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with the approval of the consultant services agreement.

FISCAL IMPACT: If approved, the annual cost of the contract for the next three fiscal years is as follows:

Fiscal Year Audit	Contract Amount
Fiscal Year 2022-23	$64,995
Fiscal Year 2023-24	$66,945
Fiscal Year 2024-25	$68,953
Total	$200,893

Funding is available in the General Fund and will be included in the Fiscal Year 2023-25 Two-Year budget, which is currently underway.

OPTIONS: The following options are provided for consideration:

1. Approve the Consultant Services Agreement with LSL in an amount not to exceed $200,893 for Professional Auditing Services for the period ending June 30, 2025, with Two (2) One-Year Options to Extend; or

2. Reject the Consultant Services Agreement with LSL, and direct Staff to review and recommend other options.

RECOMMENDATION: Staff recommends Option 1, to approve the Consultant Services Agreement with LSL, as described in the staff report.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to approve the Consultant Services Agreement with Lance, Soll & Lunghard, CPAs, LLP, in an amount not to exceed $200,893 for Professional Auditing Services for the period ending June 30, 2025, with two (2) one-year options to extend, and authorize the City Manager to execute the necessary documents in a form approved by the City Attorney.

PREPARED BY
Lance, Soll & Lunghard, LLP
Certified Public Accountants
License Number 2584

TECHNICAL PROPOSAL

City of Monrovia

Professional Auditing Services

Date of Submission: March 2, 2023
VALID FOR 3 MONTHS (90 Days)

Authorized by
Kelly Telford, CPA, Partner
203 N. Brea Blvd., Suite 203
Brea, CA 92821
(714) 672-0022

TABLE OF CONTENTS

TRANSMITTAL LETTER

March 2, 2023

Alice Atkins
City Clerk
City of Monrovia
415 South Ivy Avenue
Monrovia, CA 91016

Dear Ms. Atkins,

LANCE, SOLL & LUNGHARD, LLP **("LSL CPAs", "LSL")** is pleased to present our proposal for auditing services, and we value the opportunity to present our professional qualifications to the City of Monrovia ("City").

This proposal highlights our firm's strength and stability, outlining our demonstrated experience, knowledge, and creative problem-solving capabilities as a leader in the field of governmental auditing. With our comprehensive government experience and our history with the City of Monrovia, we believe you will continue to find that LSL CPAs is the best-qualified accounting firm for the City.

LSL understands that the City of Monrovia is seeking a qualified firm to perform a financial audit, single audit and agreed upon audit procedures pertaining to the City's GANN Limit, as well as prepare the Annual State Controller's Report beginning with fiscal year ending June 30, 2023 and the two subsequent fiscal years thereafter, with the option of two (2) one-year extensions, upon mutual agreement.

LSL understands its responsibilities to perform audits and express opinions on the City's financial statements as well as its fair presentation. These audits will be performed in accordance with GAGAS and generally accepted accounting principles (GAAP), and LSL will assess the internal controls over the programs administering federal financial assistance.

We affirm that our proposal is in accordance with all terms, conditions, and requirements contained in the RFP issued February 2, 2023, and that our proposal is a firm and irrevocable offer for three months (90 days) following the closing date of the receipt of proposals.

We invite you to discuss all aspects of this proposal to ensure your satisfaction and preferences are met. Kelly Telford is the assigned Engagement Partner for this proposal and is authorized to make representations on behalf of our firm. She can be reached at (714) 672-0022 and at Kelly.Telford@lslcpas.com.

Sincerely,

Kelly Telford, CPA, **Partner**
Lance, Soll & Lunghard, LLP

INDEPENDENCE

LSL meets the independence requirements as defined by the *Government Auditing Standards*. Our partners do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials, or equipment to the City. A listing of our firm's clients is distributed annually to all employees for review and proper documentation of possible independence threats.

FIRM QUALIFICATIONS AND EXPERIENCE

FIRM HISTORY AND SIZE

LSL CPAs was established in 1929 and has grown as a leader in the government sector. LSL is a full-service accounting firm with offices in Brea, Santa Ana, Laguna Hills, and Sacramento, California as well as in The Woodlands, Texas, with a dynamic team of 14 partners and 135 employees. We provide auditing, accounting, and consulting services to over 70 municipal clients including cities, counties, water and electric utilities, and special-purpose government agencies.

Generally, our government sector services break down into the following major classifications: attestation, compliance, consulting, outsourced accounting and reporting, year-end close assistance, interim staffing, strategic planning, and tax services.

LOCATION

We have physical locations in Brea, Santa Ana, Laguna Hills, and Sacramento, California as well as in The Woodlands, Texas; however, LSL's virtual footprint for our government team spans across the United States.

Our offices regularly share staff and resources to ensure all audits are completed timely and efficiently, giving you access to our entire governmental team. LSL will not be subcontracting any portion of the audits. The members of our team have extensive experience providing auditing services for cities, counties, and special-purpose government agencies, and all staff assigned to the City will be employed by LSL on a full-time basis.

LICENSE TO PRACTICE IN CALIFORNIA

LSL CPAs is a Limited Liability Partnership and is not a wholly owned subsidiary of a parent company. LSL is a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement

are or will be licensed by the State of California to practice as Certified Public Accountants.

GOVERNMENT AUDITING STANDARDS

LSL understands its responsibilities to perform audits and issue opinions on the City's financial statements as well as its fair presentation. Our financial audits are performed in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and Single Audits are performed under OMB Circular A-133 and the new uniform guidance. LSL will also evaluate the adequacy of the City's internal control system and will make the best recommendations for the City's growth and improvement.

SINGLE AUDIT EXPERIENCE

Our firm has top industry experience in performing Single Audits for local government agencies. We perform Single Audits for many clients under the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements of Federal Awards (Uniform Guidance), and the United States Office of Management and Budget (OMB).

A list of government audit clients is included in **Exhibit A** noting clients for which a single audit has been performed in the last fiscal year. In addition, the table below details a few examples of federal programs that LSL has had recent experience in auditing.

Federal Granting Agency	AL #	Name of Program
U.S. Department of Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infant, and Children
U.S. Department of Housing & Urban Development	14.195	Section 8 Housing Assistance Payment Program
U.S. Department of Housing & Urban Development	14.218	Community Development Block Grants/Entitlement Grants
U.S. Department of Housing & Urban Development	14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
U.S. Department of Housing & Urban Development	14.239	HOME Investment Partnerships Program
U.S. Department of Housing & Urban Development	14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
U.S. Department of Housing & Urban Development	14.871	Section 8 Housing Choice Vouchers
U.S. Department of Transportation	20.106	Airport Improvement Program
U.S. Department of Transportation	20.205	Highway Planning and Construction
U.S. Department of Transportation	20.507	Federal Transit Formula Grants
U.S. Environmental Protection Agency	66.458	Capitalization Grants for Clean Water State Revolving Funds
U.S. Department of Health and Human Services	93.563	Child Support Enforcement
U.S. Department of Health and Human Services	93.667	Social Services Block Grant
U.S. Department of Health and Human Services	93.676	Unaccompanied Alien Children Program
U.S. Department of Health and Human Services	93.778	Medical Assistant Program - Medicaid Cluster
U.S. Department of Homeland Security	97.036	Disaster Grants- Public Assistance (Presidentially Declared Disasters)
U.S. Department of Homeland Security	97.067	Homeland Security Grant Program

GFOA AWARD PROGRAM

At LSL, we understand the importance of obtaining and maintaining the Certificate of Excellence in Financial Reporting from the GFOA. We prepare the financial statements and footnote disclosures for most of our local governments that have received the GFOA award. All of our governmental partners, managers, and seniors have been closely involved in the preparation of these reports. **Exhibit A** also notates the clients currently receiving the GFOA award.

PEER REVIEW

Our firm has participated in the Peer Review Program since its inception. All our peer reviews have covered governmental engagements and have received *pass* ratings. Our peer review for our 2022 fiscal year is currently in progress with an anticipated completion date by the end of February 2023.

Our most recent peer review was conducted by Mark F. Wille, A Professional Accountancy Corporation and is provided on the following pages.

MARK F WILLE
Certified Public Accountant
A PROFESSIONAL ACCOUNTANCY CORPORATION

Report on the Firm's System of Quality Control

January 17, 2020

To the Partners
Lance, Soll & Lunghard, 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 Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2019. 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.

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility
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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility
Engagements selected for review included engagements performed under *Government Auditing Standards,* including compliance audits under the Single Audit Act and audits of employee benefit plans.

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.

Required Selections and Considerations
As a part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2019 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*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

Mark F Wille
A Professional Accountancy Corporation

1451 Quail Street, № 107 Newport Beach, California 92660
949.852.1040 Fax 949.852.1045 mfwcpa.com

DESK REVIEW / DISCIPLINARY ACTION

There have been no disciplinary actions against our organization since its inception. There have been no litigations against our firm in the past three years. Our Single Audit reports are desk reviewed either by the federal cognizant agency or the State Controller's Office acting as the Oversight Agency. We have never had a report rejected by any of these agencies and are highly regarded and recognized by the staff of the State Controller's Office for top-quality reports.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS

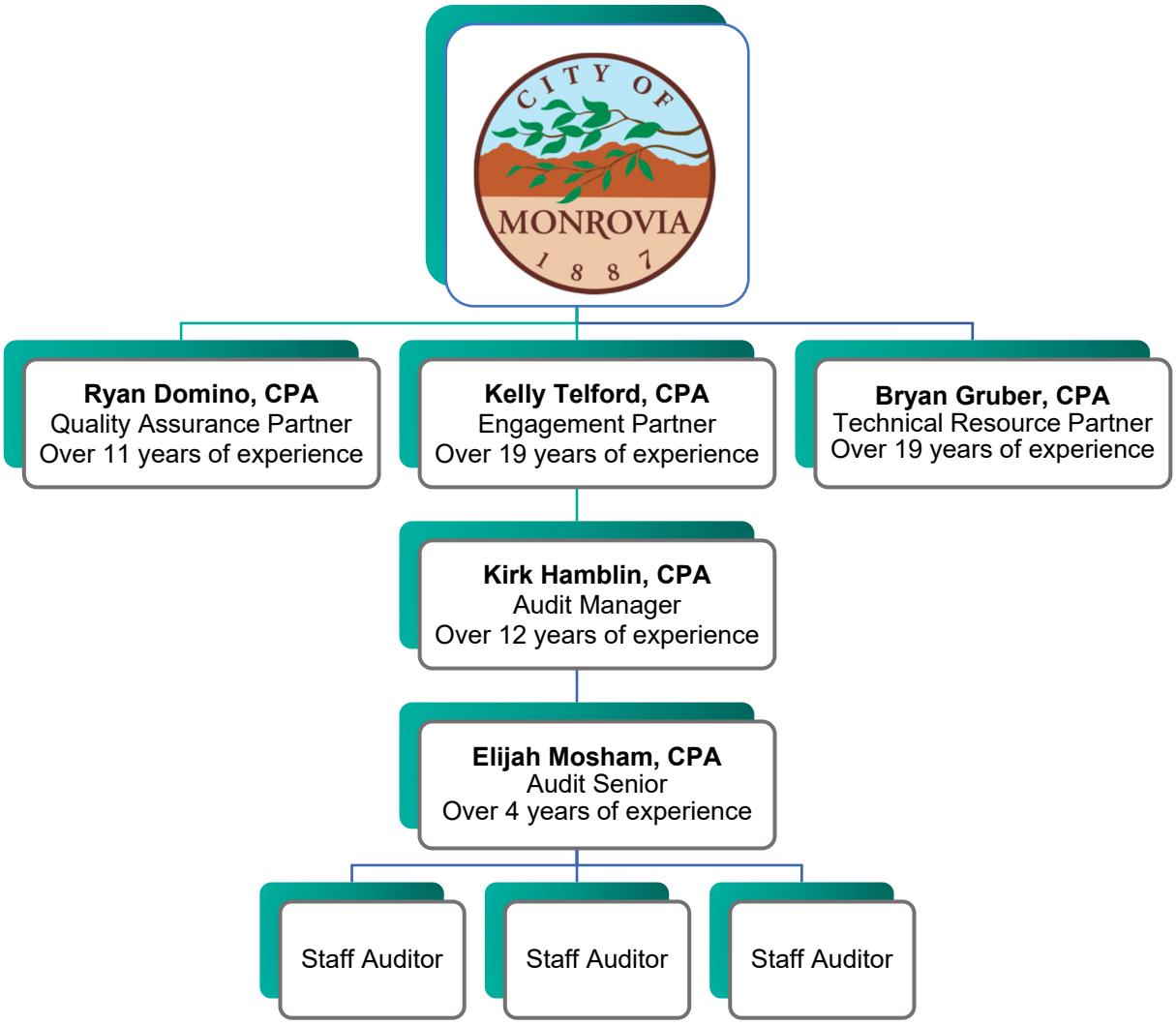
LSL's Partner, Kelly Telford, CPA, will be responsible for overseeing this engagement. She has previous experience as an Audit Partner as well as holding the role of Finance Director for the Cities of Seal Beach, Costa Mesa, and the Los Angeles Community Development Agency within the last 8 years.

Other key employees who would be assigned to the engagement include Ryan Domino, Bryan Gruber, Kirk Hamblin, and Elijah Mosham. The audit team will also consist of an additional 2 to 3 staff auditors for audit fieldwork.

ENGAGEMENT TEAM RESUMES

Team resumes are available in **Exhibit B**, which list their position in the firm, education, and years and types of experience, including continuing education courses taken during the past three years.

ORGANIZATIONAL CHART



QUALITY OF STAFF ASSURANCE

LSL will ensure the quality of staffing over the term of the engagement through firm policies that provide for maintaining continuity of engagement teams, except in instances where an employee has left the firm or has been promoted. All other changes in staffing at the Manager position and above will first have the City's expressed written permission.

Our focused efforts to obtain and retain quality staff have further enabled us to provide high levels of service to our clients. If changes are required, our extensive team of government auditors provides for qualified replacements.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

A current list of municipal clients can be found in **Exhibit A**, listing LSL's most significant engagements performed within the last five (5) years that are similar to the engagement described in this request for proposal.

CLIENT REFERENCES

The following reflects a showcase of our experience in providing professional auditing services to other governmental organizations ranked on the basis of total staff hours.

City of Downey	
Contact	Francesca Navarro, Principal Accountant
Telephone	(562) 299-6658
Email Address	FNavarro@downeyca.org
Address	11111 Brookshire Avenue, Downey, CA 90241
Dates of Service	2014 - Current
Type of Service	Financial Statement Audit, Single Audit, Housing Successor Audit, AQMD Audit, NTD Audit, State Controller's Reports, GANN Limit
Engagement Partner	Kelly Telford
Total Hours	749

City of Rancho Cucamonga	
Contact	Noah Daniels, Finance Director
Telephone	(909) 774-2402
Email Address	Noah.Daniels@cityofrc.us
Address	10500 Civic Center Drive Rancho Cucamonga, CA 91730
Dates of Service	1978 - Current
Type of Service	Financial Statement Audit, Single Audit, Housing Successor Audit, AQMD Audit, State Controller's Reports, GANN Limit
Engagement Partner	Kelly Telford
Total Hours	597

City of Inglewood	
Contact	Luisana Gomez, Accounting Manager
Telephone	(310) 412-5127
Email Address	LGomez@cityofinglewood.org
Address	1 Manchester Boulevard, Inglewood, CA 90301
Dates of Service	2015 - Current
Type of Service	Financial Statement Audit, Single Audit, State Controller's Reports
Engagement Partner	Kelly Telford
Total Hours	569

City of Shafter	
Contact	Roger Sanchez, Finance Director
Telephone	(661) 746-5043
Email Address	RSanchez@shafter.com
Address	336 Pacific Avenue, Shafter, CA 93263
Dates of Service	2021 - Current
Type of Service	Financial Statement Audit, Single Audit, TDA Audit, GANN Limit
Engagement Partner	Kelly Telford
Total Hours	565

City of Barstow	
Contact	Heidi Riley, Admininstrative Services Manager
Telephone	(760) 255-5151
Email Address	HRiley@barstowca.org
Address	City Hall, 220 E. Mountain View St., Suite A, Barstow, CA 92311
Dates of Service	2020 – Current
Type of Service	Financial Statement Audit, Single Audit, State Controller's Reports
Engagement Partner	Kelly Telford, Bryan Gruber
Total Hours	537

SPECIFIC AUDIT APPROACH

WORK PLAN & SPECIFIC AUDIT APPROACH

We use a governmental audit program that will be tailored to the City's operations to accommodate your specific circumstance and organizational structure. LSL's audit programs are organized by financial statement category, which we believe is the most effective and efficient approach to substantially reduce the risk of omitting important procedures.

Our approach is designed to increase audit efficiency by linking financial statement assertions, audit objectives, and procedures that are basic to most governmental audit engagements. Additionally, throughout the year and during the period of this engagement, our team will be available on a day-to-day basis for consultation on accounting and reporting matters related to new government accounting standards and other ongoing auditing needs. Your LSL team will also communicate new state and national developments affecting municipal finance and reporting standards and trends, including changes in federal/state grant program accounting, and other reporting requirements.

PROPOSED SEGMENTATION

Our audit services will be divided into three segments.

Segment 1 - Planning and Obtaining an Understanding

LSL will provide an annual audit communication letter, engagement letter, and Government Audit Quality Center Information letter. The audit communication letter is to be provided to the Board of Directors and can be communicated orally to the Board of Directors or audit committee if requested, where we will discuss planning stages, responsibilities of the Board of Directors, Auditors, and Management, and provide an opportunity to communicate with us as the auditors.

An entrance conference will be scheduled prior to the agreed-upon week of interim testing to ensure that the transition to new auditors is as seamless as possible. Discussions in this meeting include, but are not limited to, an understanding of reports and key milestones for deliverables, prior audit reportable conditions and issues, and "Prepared by Client" (PBC) schedules.

A trial balance is requested for our planning meeting to assist the LSL team in obtaining knowledge of economic conditions, industry elements, and new standards that may affect the City. We will compile a list of PBC items based on our review of the prior year's financial statements and the gathered information that will be provided to the City one month prior to testing or earlier if requested. We operate on a paperless software system

and provide a secured cloud-based portal for all clients. The City will have a separate folder that can be customized to organize, and upload requested schedules, support documents, etc.

After interim testing, we will hold an exit meeting to discuss potential weaknesses, if any, and provide feedback for improvements or valuable information gathered from any outside clientele that would benefit the City.

Segment 2 - Financial Audit Testing

Based on the information gathered thus far, we will utilize a customized audit program based on the risk assessment developed during our assessment of the City's internal controls and *Government Auditing Standards*. The primary benefit of a tailored program is a focused set of procedures to address relevant areas. We believe that this approach is both effective and efficient and is critical to compliance with other material laws and regulations.

We will annually compile another customized PBC list for the year-end testing provided at least one month prior or earlier if requested. We will request trial balances from the City for our analytical review to be provided one week before testing is scheduled to commence. Year-end testing will include testing of the balance sheet, revenue and expenditures accounts, confirmation of selected balances, analytical procedures, evaluation of the internal controls, and preparation of reports and letters.

Segment 3 – Conclusion

Based on our year-end exit meeting we will discuss a plan to finalize the financial statements according to the timetable of the City. We will schedule dates for the initial and final drafts including time for LSL's and the City's review and approval of the financial statements. This period will also account for review by the engagement partner and quality assurance partner. After the review and receipt of the signed Representation Letter from the City, LSL will provide a final report mid-November.

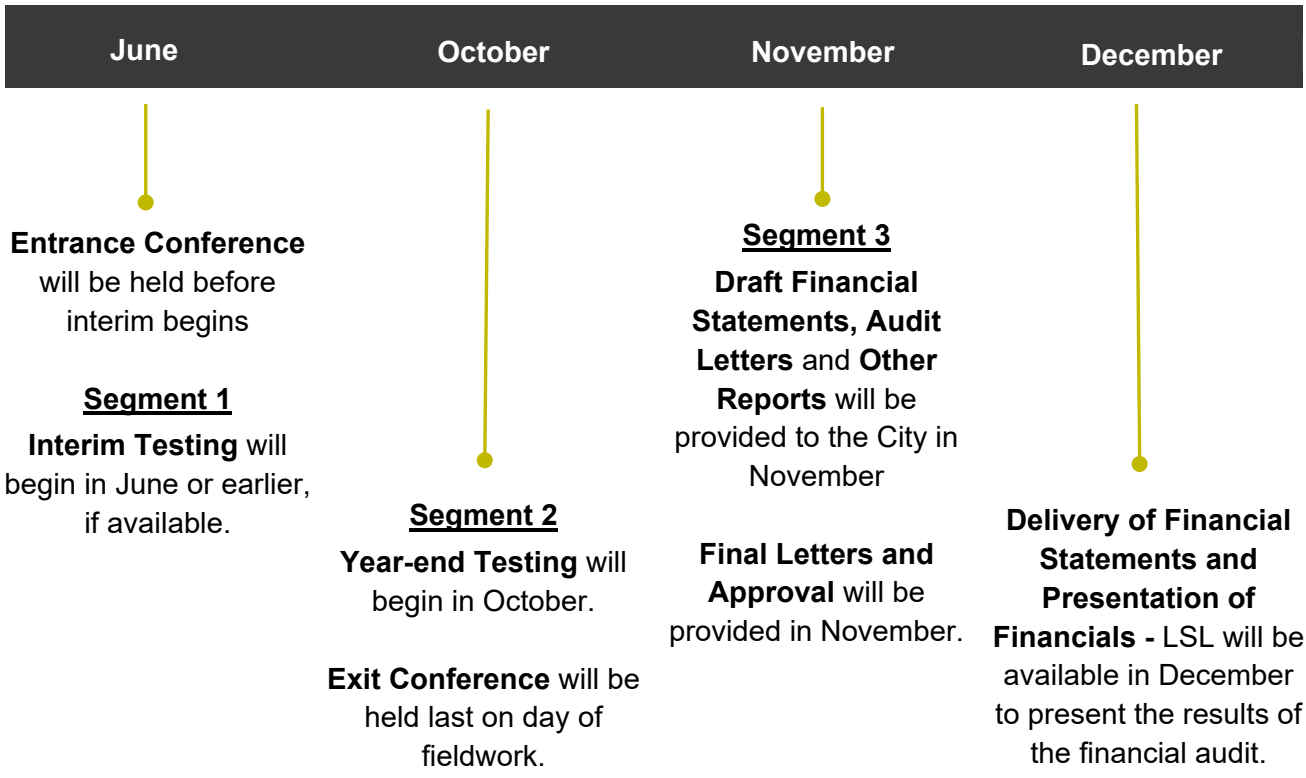
LEVEL OF STAFF AND NUMBER OF HOURS TO BE ASSIGNED

Segment/Task	Partners	Manager	Senior	Experienced Staff	Staff	Clerical	Total
Financial Statements							
Interim Testwork	8	-	-	-	37	-	45
Year-End Testwork	12	-	185	5	144	-	346
Report/Review/Supervision	20	-	-	-	-	13	33
Subtotal	**40**	**-**	**185**	**5**	**181**	**13**	**424**
Housing Authority							
Testwork	-	-	-	8	-	-	8
Report/Review/Supervision	-	2	2	-	-	2	6
Subtotal	**-**	**2**	**2**	**8**	**-**	**2**	**14**
Single Audit							
Testwork	-	-	-	30	-	-	30
Report/Review/Supervision	2	13	-	-	-	3	18
Subtotal	**2**	**13**	**-**	**30**	**-**	**3**	**48**
State Controller's Report (City and FA)							
Testwork	-	-	-	43	-	-	43
Report/Review/Supervision	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**43**	**-**	**-**	**43**
Gann Limit							
Testwork	-	1	2	-	-	-	3
Report/Review/Supervision	-	-	-	-	-	-	-
Subtotal	**-**	**1**	**2**	**-**	**-**	**-**	**3**
TOTAL PROPOSED HOURS:	**42**	**16**	**189**	**86**	**181**	**18**	**532**

AUDIT TIMELINE

The LSL team holds a high standard for timely delivery and a high level of communication of key milestones. The diagram on the following page reflects the preliminary audit timeline based on the dates provided in the City's RFP, Section IV-C.

LSL assumes under the Scope of Work that the City will provide any and all necessary information needed to complete the financial statement and single audits. LSL will identify and communicate the status of information pending from the City that will hinder LSL in completing the objectives of the engagement in a timely manner. LSL also assumes that under the Scope of Work, the City will have closed its books and will present LSL with general ledger balances that are auditable prior to the start of fieldwork.



APPROACH TO SELECTING SAMPLE SIZES

For tests of controls, we use audit sampling. Tests of controls are procedures directed towards determining the effectiveness of the design or operation of an internal structure policy or procedures. Audit sampling is typically used for tests of controls and compliance that involve the inspection of documents and reports indicating the performance of the applicable policy or procedures and compliance with the applicable laws and regulations. Sample sizes vary based on the population and risk-based calculations.

TYPE AND EXTENT OF ANALYTICAL PROCEDURES

For the audits of the financial statements, we will use analytical procedures as an overall review of the financial information in the preliminary and final stages of the audits. These procedures are designed to assist us in planning our audits and in assessing the propriety of the conclusions reached and evaluating the overall financial statement presentation. The procedures to be utilized consist of determining expectations for changes to significant revenue, expenditure, and balance sheet accounts, reading the financial statements and related notes, reviewing the budget and related material, and focusing on overall relationships within the financial statements.

Once determined, these are reviewed to evaluate if the changes appear reasonable or require further analysis. For all significant differences, explanations are obtained as to why the situation occurred and additional substantive procedures may be applied, and related evidence is gathered to resolve concerns and questions.

LSL'S APPROACH TO UNDERSTANDING THE CITY'S INTERNAL CONTROL STRUCTURE

To gain an understanding of the internal control structure over the financial statements, LSL will perform procedures as required by SAS 122-125 to obtain an understanding of the entity and its environment along with assessing the risks of material misstatements. This review will include the internal control areas of financial reporting, cash, revenues and receivables, utility billing, expenses, and accounts payable, payroll, capital assets, long-term debt, and grant reporting, as applicable. Based on the result of our review, LSL will issue a management letter (SAS 115 Letter) that will identify any significant deficiencies and/or material weaknesses noted as required by the *Government Auditing Standards* issued by the Comptroller General of the United States.

LSL obtains an understanding through a variety of ways throughout the year. We will conduct interviews with the management of finance along with each audit section responsible party to review the processes and controls through observation and discussions. Based on our observations, we will sample transactions as part of a "walk-through" to verify the system of control is working in accordance with policies and procedures.

DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT TEST WORK

The Laws and Regulations that will be subject to audit test work are determined by the applicable laws, regulations, contracts, and grant agreements which we identify through the understanding we obtain of the City and our extensive experience with other governmental entities.

DRAWING AUDIT SAMPLES FOR COMPLIANCE

The sampling procedures test the operating effectiveness of an internal control structure policy or procedure by determining how the policy or procedure was applied, the consistency with which it was applied during the audit period, and by whom it was applied. We will draw samples for disbursements, receipts, and payroll when applicable. Each document selected will be tested for various attributes that are designed to verify compliance with different aspects of internal controls and applicable laws and regulations. Additionally, each sample item will be tested for coding to the proper accounts and posting to the general ledger.

WORKING PAPERS RETENTION AND ACCESS

All working papers and reports will be retained at LSL's expense for a minimum of five (5) years unless otherwise notified in writing by the City of the need to extend that retention period. Upon written request, we will make working papers available to parties designated by the City. Furthermore, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

"PREPARED BY CLIENT" (PBC) LIST

Sample formats of standard client-prepared audit schedules are found in **Exhibit C**.

EXHIBIT A – CURRENT LIST OF MUNICIPAL CLIENTS

Current List of Municipal Clients

	Client	Contact Person	Services	Years	Phone
	Agoura Hills	Ms. C. Pinuelas, Finance Manager	F	7	818-597-7319
*	Big Bear Lake	Ms. K. Ent, Director of Government Services	F, S	24	909-866-5831
	Burbank	Ms. C. L Giraldo, Financial Services Director	I	11	818-238-5487
*	Camarillo	Mr. M. Uribe, Finance Director	F, S	5	805-388-5320
	Canyon Lake	Mr. C. Mann, City Manager	F	27	909-244-2955
*	Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	12	760-770-0378
*	Chino Hills	Ms. C. Buhagiar, Finance Director	F, S	25	909-364-2600
*	Chula Vista	Ms. S. Schoen, Director of Finance	F, S	8	619-409-3818
*	Citrus Heights	Mr. R. Prasad, Accounting Manager	F, S	3	916-727-4705
*	Citrus Heights Water District	Mr. A. Preciado, Accounting Manager	F, U	1	916-735-7703
	Covered California	Mr. J. Watkins, Chief Financial Officer	F, S	6	916-228-8223
*	Cypress	Ms. D. Mullally, Assistant Finance Director	F, S	5	714-229-6700
*	Diamond Bar	Mr. J. Jacobsen, Finance Director	F, S	12	909-839-7051
*	Dinuba	Ms. K. Solis, Interim Administrative Services Director	F, S	4	559-591-5900
*	Dixon	Ms. K. Zawadzki, Finance Director	F, S	7	707-678-7000
*	Downey	Mr. A. Gandhy, Finance Director	F, S	7	562-904-7265
*	East Bay Municipal Utility District	Ms. A. Miller, Controller	F, U	3	510-287-0230
*	Eastern Municipal Water District	Ms. W. Garriz, Controller	F, S	1	951-928-3777
*	Fullerton	Ms. C. Moynihan, Fiscal Services Manager	F, S	11	714-738-3133
*	Galt	Ms. C. Nguyen, Accounting Manager	F, S	4	209-366-7140
	Georgetown Divide Public Utility District	Mr. A. Coyan, General Manager	F, S	4	530-333-4356
	Grand Terrace	Ms. C. Clayton, Senior Accountant	F	8	909-824-6621
*	Indio	Mr. R. Rockwell, Assistant City Manager/Director of Finance	F, S	6	760-391-4029
	Inglewood	Ms. L. Gomez, Accounting Manager	F, S	7	310-412-5127
*	Irwindale	Ms. J. Duran, Finance Director	F	27	626-430-2268
	Jurupa Community Services District	Mr. S. Popelar, Director of Finance and Administration	F	3	951-685-7434
*	Lake Elsinore	Ms. S. Buckley, Finance Manager	F, S	5	951-674-3124
	Lathrop	Mr. T. Hedegard, Deputy Finance Director	F, S	1	209-941-7320
*	Live Oak	Mr. J. Ramsey, Finance Director	F, S	5	916-999-8511
	Livingston	Ms. V. Portillo, Finance Director/Interim City Manager	F, S	1	209-394-5550
*	Lompoc	Ms. C. Donnelly, Acting Management Services Director	F, S	1	805-875-8283
*	Los Angeles County Development Authority	Mr. M. Fortini, Finance Director	F, S	5	626-586-1890
*	Malibu	Ms. R. Feldman, City Manager	F	18	310-456-2489
*	Manhattan Beach	Mr. S. Charelian, Finance Director	F	17	310-802-5553
*	Menlo Park	Ms. P. Barboza, Interim Finance & Budget Manager	F	3	650-330-6632
*	Monrovia	Mr. B. Bullis, Director of Administrative Services	F, S	21	626-932-5510
*	Monterey One Water	Mr. F. Marsh, Chief Financial Officer	F, S, U	7	831-645-4623
	Monterey Peninsula Airport District	Mr. T. Bergholz, Deputy Executive Director of Finance and Administration	F, S	3	831-648-7000 x201
*	Moorpark	Mr. P. Gagajena, Finance Director	F, S	4	805-517-6213
*	Newark	Ms. K. Lee, Finance Director	F	3	510-578-4288
*	Oceanside	Ms. J. Moya, Accounting Manager	F, S	13	760-435-3887
	Ontario International Airport	Ms. K. Snow, Finance Manager	F, S	5	714-415-9636
*	Orange	Ms. K. Bandhauer, Assistant Finance Director	F, S	1	714-744-5500
*	Orange County Fire Authority	Ms. G. Cheung, Accounting Manager	F, S	3	714-573-6000
	Orchard Dale Water District	Mr. R. Richard, Finance Manager	F, U	3	562-941-0114
*	Palm Desert	Mr. J. Espinoza, Assistant Finance Director	F	5	760-346-0611
*	Pleasanton	Ms. T. Olso, Finance Director	F, S	1	925-931-5402
*	Rancho Cucamonga	Ms. T. Layne, Finance Officer	F, S, U	44	909-989-1851
*	Redondo Beach	Ms. J. Paul, Finance Director	F, S	5	310-372-1171x2428
*	Rialto	Ms. K. Stevens, Deputy Director of Finance	F, S	1	909-421-7242
*	Riverside	Ms. N. Garcia, Controller	F, S, U	3	951-826-5466

	Client	Contact Person	Services	Years	Phone
	Rolling Hills	Mr. R. Samario, Interim Finance Director	F	13	310-377-1521
*	Rosemead	Ms. G. Molleda, City Manager	F, S	4	626-569-2146
*	Roseville	Mr. N. Rosas, Accounting Manager	F, S	1	916-774-5314
*	San Bernardino Municipal Water Department	Ms. C. Mouser, Director of Finance	F	3	909-453-6010
*	San Clemente	Mr. J. Rahn, Finance Director	F	4	949-361-8360
*	San Joaquin Council of Governments	Ms. G. Orosco, Manager of Finance	F, S	3	209-235-0454
*	San Juan Capistrano	Mr. K. Al-Imam, Chief Financial Officer	F, S	1	949-443-6301
	San Marino	Mr. M. Siegfried, Controller	F	28	626-300-0700
*	Santa Clarita Valley Water Agency	Ms. A. Aguer, Controller	F, U	3	661-513-1237
*	Santa Monica	Ms. G. Decavalles-Hughes, Finance Director	F, S	6	310-458-8281
*	Shafter	Mr. R. Sanchez, Administrative Services Director	F, S	1	661-746-5043
	Six Basins Watermaster	Mr. L. Stahlhoefer, Controller	F	13	949-420-3030
*	Solana Beach	Mr. R. Smith, Finance Director	F	10	858-720-2463
	Sonoma County Fair & Exposition, Inc.	Mr. M. Margetts, Fair Financial Officer	F	3	707-573-9342
	Sutter County	Mr. N. Black, Auditor-Controller	F, S	2	530-822-7439
*	Three Valleys Water District	Mr. J. Linthicum, Chief Financial Officer	F, U	14	909-621-5568
*	Union Sanitary District	Ms. L. Brenner, Finance & Acquisition Services Coach	F, U	5	510-477-7647
*	Yolo County	Mr. C. Rinde, Chief Financial Officer	F, S	3	530-666-8050

Service Codes:

F - Financial Audit

S - Single Audit

I - Internal Audit

U - Utility Agency

* - Participated in the GFOA Award Programs and has received or anticipates receiving outstanding awards

EXHIBIT B – ENGAGEMENT TEAM RESUMES

LICENSE

Certified Public Accountant – California 2014
Texas – *pending*

ENGAGEMENTS

City of Moses Lake, WA
City of Manteca, CA
City of Winters, CA
City of Monrovia, CA
Georgetown Divide Public Utilities District, CA
County of Hidalgo, TX
Orange County Sanitation District
Orange County Water District
Orange County Fire Authority
City of Shafter

Kelly Telford, CPA

ENGAGEMENT PARTNER

ACHIEVEMENTS

Kelly has served as Director of Finance/City Treasurer for the County of Los Angeles, the City of Costa Mesa, and the City of Seal Beach, and developed her expertise in accounting and auditing, financial forecasting, budget development, public utilities, investment management, grant management, human resources, and information technology.

CONTINUING EDUCATION

130 total hours over the last three years, **104 of which were in governmental accounting and auditing subjects**. Kelly meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Kelly has over 18 years of experience working both in and with government agencies including large and small Cities, redevelopment agencies/successor agencies, Special Districts, and Native American Tribes and Tribal Casinos. She has been an auditor and consultant for 13 years specializing in the audits of government agencies.

As an auditor, her experience as a Director of Finance/City Treasurer has helped her better appreciate the demands of government agency finance departments and she strives to have a collaborative relationship year-round, not just during the audit.

Her work has entailed:

- The preparation of the ACFR for entities involved in CSMFO and GFOA in the U.S. and Canada
- Audit review and technical assistance throughout the year to deliver the most up-to-date information with current GASB pronouncements Presentations to City Councils, Board of Supervisors, Boards of Directors, and Audit Committees

MEMBERSHIPS

AICPA, CalCPA, CSMFO, GFOA

EDUCATION

Bachelor of Arts Degree in Accounting – California State University, Fullerton, 2003

LICENSE

Certified Public Accountant – California 2014
Texas – *pending*

Advanced Single Audit Certificate – 2018

ENGAGEMENTS

Big Bear Fire Authority
City of Agoura Hills
City of Big Bear Lake
City of Canyon Lake
City of Chino Hills
City of Chula Vista
City of Fullerton
City of Indio
City of Malibu
City of Moorpark
City of Oceanside
City of Pasadena
City of Riverside
City of Rolling Hills
City of Rosemead
City of San Clemente
City of San Marino
City of Santa Monica
City of Solana Beach
City of Vista
Clean Energy Alliance
Coachella Valley Association of Gov.
Diversified Education Company
Inland Empire Utilities Agency
L.A. County Development Authority
Orange County Fire Authority
Rainbow Municipal Water District
San Bernardino MWD
Six Basins Watermaster

Ryan Domino, CPA

QUALITY ASSURANCE PARTNER PARTNER

ACHIEVEMENTS

Ryan currently serves as a technical reviewer for the Government Finance Officers Association (GFOA). He has been involved with teaching current audit and accounting-related material at LSL's in-house training seminars.

CONTINUING EDUCATION

231 total hours over the last three years, **204 of which were in governmental accounting and auditing subjects**. Ryan meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Ryan has over ten years of experience in governmental auditing including financial statement audits, preparation of Annual Comprehensive Financial Reports, Housing Successor compliance audits, TDA compliance audits, Single Audits, Federal Student Financial Aid audits, and various consulting and agreed-upon procedures projects.

Ryan is one of the firm's leaders in ensuring audit quality control and Government Practice training for staff. He has also made several presentations to City Councils, Boards of Directors, and Audit Committees.

His work has entailed:

- The preparation of the ACFR for entities involved in CSMFO and GFOA in the U.S. and Canada
- Audit review and technical assistance throughout the year to deliver the most up-to-date information with current GASB pronouncements
- Presentation of audit results to Audit Committees and other authorities charged with governance.

MEMBERSHIPS

AICPA, CalCPA, CSMFO, GFOA

EDUCATION

Bachelor of Arts Degree in Business Administration with an emphasis in Accounting – California State University, Fullerton, 2012

LICENSE

Certified Public Accountant – California 2008

ENGAGEMENTS

City of Burbank
City of Emeryville
City of Oceanside
City of Palm Springs
City of Redondo Beach
City of Santa Barbara
City of Solana Beach
Foothill Transit Authority
Monterey One Water
Ontario International Airport

Bryan Gruber, CPA

TECHNICAL RESOURCE / MANAGING PARTNER

ACHIEVEMENTS

Bryan is a recognized expert in the field of Governmental Accounting and Auditing. He has made numerous presentations for CSMFO at the annual conference and at local chapter meetings throughout the state on current accounting and auditing material. He has also served as a technical reviewer for the Government Finance Officers Association (GFOA) for over ten years. Bryan routinely teaches current audit and accounting-related materials at LSL's training seminars, webinars, and client education workshops and training events.

CONTINUING EDUCATION

132 total hours over the last three years, **74 of which were in governmental accounting and auditing subjects**. Bryan meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Bryan has over eighteen years of experience in governmental audits including ACFR Audits, Component-Unit Audits and Single Audits, and has made numerous presentations to City Councils, Board of Supervisors, Board of Directors, and Audit Committees

His work has entailed:

- Preparation of the ACFR for entities involved in CSMFO and GFOA in the U.S. and Canadas
- Audit review and technical assistance throughout the year to deliver the most up to date information with current GASB pronouncements
- Presentation of audit results to Audit Committees or others charged with governance
- Risk assessment and evaluation of internal controls with COSO and Federal Green Book
- Single Audits in accordance with new Uniform Guidance

MEMBERSHIPS

AICPA, CalCPA, CSMFO, GFOA
Association of Local Government Auditors

EDUCATION

Bachelor of Arts Degree in Business Administration with an emphasis in Accounting – California State University, Fullerton, 2004

LICENSE

Certified Public Accountant – California 2015

ENGAGEMENTS

City of Burbank
City of Cathedral City
City of Corona
City of Fullerton
City of Glendora
City of Indian Wells
City of Ontario
City of Palm Desert
City of Palm Springs
City of Pasadena
City of Rancho Cucamonga
City of Redondo Beach
City of Riverside
City of San Dimas
Ontario Intl Airport Authority
Orange County Water District
Three Valleys Municipal Water Dist.

Kirk Hamblin, CPA

AUDIT MANAGER

ACHIEVEMENTS

Kirk oversees municipal, water districts, special districts, and not-for-profit audits, collaborating with clients to establish expectations and helping to ensure that his team provides the best level of service. He also provides recommendations for improvements and best practices.

CONTINUING EDUCATION

144 total hours over the last three years, **92 of which were in governmental accounting and auditing subjects**. Kirk meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Kirk has performed all phases of our government audits, including water district, other special districts, ACFR audits, successor agency audits, and Single Audits.

His work has entailed:

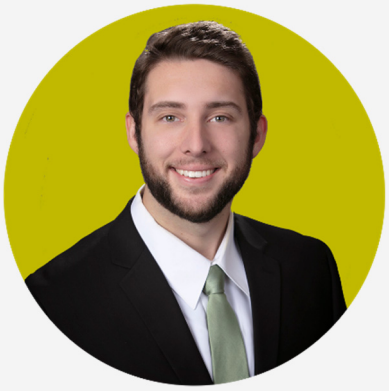
- Assisting in the preparation of the Annual Comprehensive Financial Report
- Performing analytical and substantive audit procedures on account balances
- Planning the nature, timing, and extent of procedures involved in the audit process audits in accordance with the provisions of Government Auditing Standards and the provisions of the Single Audit Act and the Uniform Guidance

MEMBERSHIPS

AICPA, CalCPA, CSMFO

EDUCATION

Bachelor of Science Degree in Accounting – University of La Verne, 2010



LICENSE

Certified Public Accountant – California 2022

ENGAGEMENTS

City of Banning
City of Barstow
City of Big Bear Lake
City of Cathedral City
City of Chula Vista
City of Corona
City of Cypress
City of Diamond Bar
City of Dinuba
City of Fullerton
City of Indio
City of Monrovia
City of Moorpark
City of Rancho Cucamonga
City of San Clemente
Clean Energy Alliance
Coachella Valley Association of Govts.
Ontario International Airport Authority

Elijah Mosham, CPA

SENIOR AUDITOR

ACHIEVEMENTS

Elijah has three years of governmental auditing experience. During his time with the firm, Elijah has performed and supervised all phases of our government audits, including ACFR audits, successor agency audits, and Single Audits.

CONTINUING EDUCATION

100 total hours over the last three years in governmental accounting and auditing subjects. Elijah meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Elijah has two years of governmental auditing experience. During his time with the firm, Elijah has performed and supervised all phases of our government audits, including ACFR audits, successor agency audits and Single Audits.

EDUCATION

Bachelor of Arts in Business Administration, concentration in Accounting – California State University, Fullerton, 2019

EXHIBIT C – SAMPLE PBC LIST

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Sample, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sample, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council
City of Sample, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sample, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information for the General Fund and Traffic Relief Grant Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
City of Sample, California

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of

an audit performed in accordance with *Government Auditing Standards* in considering the City's i nternal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
December 15, 2020

CITY OF EXAMPLE
INTERIM AUDIT PBC LIST
YEAR ENDED JUNE 30, 2022

Fieldwork confirmed for week starting: 6/15/2022

Item #	Audit Area	Description	Date Required	Date Provided
1	General	Financial Statement Tie-Out for the year ended June 30, 2021 (Provided by Previous Auditors)	6/8/2022	
2	General	Fiscal year ended June 30, 2021 trial balance in excel format (Exported from Accounting Software)	6/8/2022	
3	General	Trial balance as of March 31, 2022 in excel format (or latest reconciled trial balance)	6/8/2022	
4	General	Detail of manual journal entries recorded from July 1, 2021 through the date of trial balance provided (please include account number, DR/CR)	6/8/2022	
5	General	Original budget in excel format for year ended June 30, 2022 (Exported from Accounting Software)	6/8/2022	
6	General	Budget Book adpoted by City Council in detail by budgetary control levels for the fiscal year June 30, 2021	Available for fieldwork*	
7	General	Access to City Council meeting minutes for the period July 1, 2021 through date of trial balance provided (if not published online)	6/8/2022	
8	General	General ledger detail in PDF format from July 1, 2021 through date of trial balance provided	6/8/2022	
9	General	General ledger detail in PDF format of all Legal Expenditures in the current fiscal year	6/8/2022	
10	General	Access to all Statements of Economic Interest Forms (Form 700s) - preferably in electronic format	Available for fieldwork*	
11	General	2021 GFOA Comments, if received	6/8/2022	
12	General	A Detail list of all City Departments, off site locations, and addresses	6/8/2022	
13	General	A Detail list of all City Related Parties. Please include all Service Organizations and Service Concession Arrangements	6/8/2022	
14	General	Copy of the City's Financial Close checklist/Policy and Procedures, if applicable	6/11/2022	
15	General	Copy of all Joint Power Agreements and all joint venture agreements, if any.	6/11/2022	
16	General	City's General Fund five-year financial plan	Available for fieldwork*	
17	General	Changes in Reporting Entity (i.e. GASB 61 changes in blended and discretely presented component units)	6/11/2022	
18	General	Listing of all blended and discretely presented component units.	6/11/2022	
19	General	Detail of New Funds and disposal of funds	6/11/2022	
20	General	Please identify any government activities or departments that were discontinued during the fiscal year.	6/11/2022	
21	General	Access to City Council Members AB 1234 Ethics certifications	Available for fieldwork*	
22	General	Location of Data Center(s) and in charge IT personnel contact information	6/11/2022	
23	General	High level schematic of IT resources and type of environment used (mainframe / client - server, internet / cloud) for each major resource.	6/11/2022	
24	General	Policies and procedures for physical and logical access to IT resources, data backup and warehousing policies and procedures.	6/11/2022	
25	General	Please complete confirmation log identifying all legal counsel, cash and debt arrangements, notes receivable, & insurance policies	6/11/2022	
26	Cash	Copy of the City latest Investment Policy	6/11/2022	
27	Cash	Copy of the City's latest Treasurer's Report	6/11/2022	
28	Cash	Copy of all City policies surrounding cash transfers and wires, and cash handling procedures	6/11/2022	
29	Cash	Detail listing of all City cash and investment accounts, please include account number, type of account, and signors for each account	6/11/2022	
30	Cash	Copies of the last three (3) Bank reconciliations performed for each cash and investment account	Available for fieldwork*	
31	Cash	Copy of the City's latest interest allocation worksheet	6/11/2022	
32	Cash	Listing of all locations where cash is collected	6/11/2022	
33	Capital Assets	Capital Assets Policy/Manual for Fixed Asset Management	6/11/2022	
34	Capital Assets	Most up to date capital asset rollforward and listing.	Available for fieldwork*	
35	Capital Assets	Land held for resale schedule as of date of trial balance provided that includes current year purchases and disposals.	6/12/2022	
36	Payroll	Copies of All Memorandums of Understanding and/or Employee Union Agreements	6/12/2022	
37	Payroll	Copies of Employment Contract with Contracted Employees	6/12/2022	
38	Payroll	Listing of Employees that include position and department as of date of trial balance provided (please identify employees that were hired/terminated during fiscal year)	6/5/2022	
39	Payroll	Copy of employee handbook	6/12/2022	
40	Payroll	Copy of employee termination checklist	6/12/2022	
41	Payroll	Copy of the City Compensated Absences, Deferred Compensation (i.e. termination benefits, pension) Policies, etc.	6/12/2022	
42	Payroll	Copies of any updated pension plan agreements and/or amendments to contracts between the City and CalPERS.	6/12/2022	
43	Payroll	Documentation of any on-behalf payments are made between City entities (debt, fringe benefits, other items.)	6/12/2022	
44	Payroll	PERS submission reports for fiscal year 7/1/2021 through date of trial balance provided (electronically).**	Available for fieldwork*	
45	Payroll	Listing of payroll dates occuring FY 2022 (We will be selecting a sample of 3 pay periods and 25 employees and requesting additional items)	6/12/2022	
46	Payroll	Quarterly DE-9s and 941s	6/12/2022	
47	Purchasing/AP	Copy of the City's Purchasing Policy (as amended)	6/12/2022	
48	Purchasing/AP	Copy of the City's Delegation of Authority Matrix for each department (as amended)	6/12/2022	
49	Purchasing/AP	Copy of the City's credit card/purchasing card policy (as amended), and a listing of all purchasing card holders	6/12/2022	
50	Purchasing/AP	A listing of the top 10 Vendors to date for the current year, along with amount spent for FY2021	6/12/2022	
51	Purchasing/AP	Latest approved cost allocation plan for all internal service funds (or fee for service plan)	Available for fieldwork*	
52	Insurance	Copy of the most recent Insurance Policy and Procedures	6/12/2022	
53	Debt	Copies of any updated operating and capital lease agreements. Also include schedules of future minimum payments on all operating leases.	6/12/2022	
54	Debt	Copy of all official statements and debt amortization schedules for debt.	6/12/2022	
55	Debt	Amortization schedules for all debt discounts/premiums and deferred charges on refundings.	6/12/2022	
56	Debt	Details on all recorded pollution remediation obligations including copies of any settlement agreements.	6/12/2022	
57	Debt	Listing of any debt with compliance or covenant requirements and most recent calculation of those requirements.	6/12/2022	
58	Fund Equity	Please provide details on restatements recorded to date in the current year.	Available for fieldwork*	
59	Fund Equity	Please provide copies of all GASB 54 related resolutions for committed fund balances carried forward from previous years.	6/8/2022	
60	Revenue	Details on all operating lease arrangements in which the City is the lessor	6/12/2022	
61	Receivables	Detail list of Loans Receivable as of date of trial balance provided	6/12/2022	
62	GANN	City worksheets used in developing the fiscal year 2021-2022 appropriations limit. (Include the source document used in developing the allowable property tax administration fee charged by the County).	6/8/2022	
63	GANN	City Council Resolution establishing the City appropriations limit for fiscal year 2021-2022.	6/8/2022	
64	GANN	Letter from State of California, Department of Finance presenting the price and population information for the City for fiscal year 2021-2022.	6/8/2022	
65	Grants/Single Audit	Schedule of Expenditures of Federal and State Awards for the fiscal year through date of trial balance provided.	Available for fieldwork*	
66	Grants/Single Audit	Corrective action plan status update on Financial Statement Findings for June 30, 2021 Single Audit, if any.	6/12/2022	
67	Grants/Single Audit	Copy of agreements for all federal and state grants in excess of $50,000	6/12/2022	
68	Grants/Single Audit	Please provide contact information for the City employees responsible for compliance of each grant. Also, provide the Funding Source Grant Manager Contact information.	6/12/2022	
69	Internal Controls	Provide and fill out 'Internal Controls Interviews' on 2nd tab with times available for each transaction cycle listed	6/8/2022	

*Available for fieldwork = we are flexible to work on the schedules during interim fieldwork scheduled

** To assist in obtaining CalPERS info, we suggest providing us read-only access to the CalPERS website. Please contact your HR administrator for business partner login access

CITY OF EXAMPLE
YEAR-END AUDIT PBC LIST
YEAR ENDED JUNE 30, 2022

Fieldwork confirmed for week starting: 10/5/2022

Item #	Audit Area	Description	Date Required	Date Provided
3	General	Final TB, Revenue & Expenditure summary report in excel for year ending 6/30/22	9/25/2022	
4	General	GL Detail for entire fiscal year	9/25/2022	
5	General	Detail of manual journal entries recorded from July 1, 2021 through June 30, 2022 (please include account number, DR/CR) (LSL will make a selection of journal entries to examine)	9/25/2022	
6	General	Final amended budget in excel	9/25/2022	
7	General	Please return signed Confirmations on the City's letterhead once received	Once Available	
8	Cash	Copy of your latest investment policy, if a new one has been adopted since our interim fieldwork.	10/1/2022	
9	Cash	Bank, investment and fiscal agent account reconciliations and statements for June of the current audit year and July of the following fiscal year.	10/1/2022	
10	Cash	Copy of your GASB 31 adjustment (i.e., investments booked to fair value) and supporting schedules, if applicable.	10/1/2022	
11	Cash	Provide support for the classes of the investments in accordance with GASB 72 (Levels 1, 2, 3). For footnote purposes, we will need to disclose the Inputs used to determine what Level the investment should be categorized in. You may need to inquire with your custodian(s).	10/1/2022	
12	Revenue & Receivables	Taxes receivable reconciliation/schedule for all funds.	10/1/2022	
13	Revenue & Receivables	Special Assessments receivable reconciliation/schedule for all funds.	10/1/2022	
14	Revenue & Receivables	Due from Other Governments reconciliation/schedule for all funds.	10/1/2022	
15	Revenue & Receivables	Interest reconciliation/schedule for all funds.	10/1/2022	
16	Revenue & Receivables	Due From Successor Agency reconciliation & Support	10/1/2022	
17	Revenue & Receivables	Unearned Revenue reconciliation/schedule, if applicable	10/1/2022	
18	Revenue & Receivables	Property tax analysis/reconciliation that ties to GL.	10/1/2022	
19	Revenue & Receivables	Sales tax analysis/reconciliation that ties to GL.	10/1/2022	
20	Revenue & Receivables	Construction Permit Analysis: Please provide number of construction permits issued for FY19 and FY20	10/1/2022	
21	Revenue & Receivables	Street & Curb Permit Analysis: Please provide number of street & curb permits issued for FY19 and FY20	10/1/2022	
22	Inventories	Provide us with access to an inventory listing as of fiscal year end showing quantity on hand, unit costs and total inventory valuation. If the listing does not agree to the general ledger, please provide us with an explanation of the variances.	10/1/2022	
23	Capital Assets	Capital asset listing for year end. (Similar to the footnote; The listing should be sub-totaled by asset type and by **Governmental & Internal Service function, and Business-Type Activities**)	9/28/2022	
24	Capital Assets	Listing of capital asset additions and access to supporting documentation (e.g., invoices, calculations, etc.), subtotaled same as above.	9/28/2022	
25	Capital Assets	Listing of capital asset deletions and any adjustments; and access to supporting documentation (e.g., listing of surplus equipment, council minutes, information regarding sales proceeds, costs, accumulated depreciation, any gain or loss, etc.), subtotaled same as above. (If CIP deletions include transfers out to capitalized assets, please identify total transfer amounts)	9/28/2022	
26	Capital Assets	Depreciation reports showing depreciation expense for the year (by function) and the accumulated depreciation at year end (by asset type), subtotaled same as above.	9/28/2022	
27	Capital Assets	Listing of fully depreciated assets, with original cost of asset, as of 7/1/21	9/28/2022	
28	Capital Assets	Listing of construction in progress additions and deletions. Please include date purchased and fund recorded in.	9/28/2022	
29	Payroll	Payroll registers last pay period in FY22 & first pay period in FY23	10/1/2022	
30	Payroll	Leave benefits registers that support your compensated absences accrual calculations. Provide short and long term allocation for compensated absences. Identify which functions (e.g., general government, public safety, etc.) the change in compensated absences should be recorded to on the government-wide statements.	10/1/2022	
31	Payroll	PERS - # of covered employees for PERS, by plan (safety, misc., etc), if City has different plans. This is per City's payroll/benefits records NOT the actuarial.	10/1/2022	
32	Payroll	OPEB - # of covered employees for Other Post Employment Benefits (OPEB), by plan. This is per City's payroll/benefits records NOT the actuarial.	10/1/2022	
33	Payroll	941(Federal) and DE-9(State) quarterly reports, and any applicable reconciliation to the G/L for FY21	10/1/2022	
34	GASB 68	GASB 68- All Accounting Valuation Reports with a measurement date of 6/30/21	10/1/2022	
35	GASB 68	Pension expense by plan (employee vs. employer)	10/1/2022	
36	GASB 68	Pension - Covered Payroll for FY21, broken out by plan	10/1/2022	
37	GASB 68	Does the City intend to terminate any of the pension plans?	10/1/2022	
38	GASB 68	Please provide any recent pension plan amendments	10/1/2022	
39	GASB 68	Does the City have a Replacement Benefit Plan (IRC 415 (b))? (Meaning, the employee's salary exceeds the maximum allowance of the plan, and the Entity is just paying a check for the benefits separately in addition to the normal plan costs)	10/1/2022	
40	GASB 68	Do you have any assets that are being held specifically for pension benefit payments that are NOT in an irrevocable trust fund? If so, where are they held? (i.e. special revenue funds, agency fund, etc.)	10/1/2022	
41	GASB 75	GASB 75 Valuation Report	10/1/2022	
42	GASB 75	Census data provided to Actuary	10/1/2022	
43	GASB 75	OPEB expense by plan (employee vs. employer)	10/1/2022	
44	GASB 75	OPEB - Covered-Employee Payroll for FY21	10/1/2022	
45	Purchasing/AP	Check registers processed after **July 1st** broken out by fund (if electronic payments are included on a separate register, please be sure to provide this as well)	9/28/2022	
46	Purchasing/AP	A/P reconciliation/schedule	9/28/2022	
47	Purchasing/AP	Refundable Deposits Payable reconciliation/schedule	10/1/2022	
48	Purchasing/AP	Other Accrued Liabilities reconciliation/schedule	10/1/2022	
49	Purchasing/AP	Please provide us with your "cut-off" date used for recording your payables.	10/1/2022	
50	Encumbrances	Listing of open purchase orders at year end.	10/1/2022	
51	Debt	Schedule that identifies all long-term debt items with the account numbers that are used for the principal and interest payments for each debt item. Subtotaled by **Governmental debt, Internal Service Funds, and Business-Type Activities**	10/1/2022	
52	Debt	Listing of new bond issuances since interim, and any bond defeasances (Please also include Official Statements)	10/1/2022	
53	Debt	Lease agreements and amortization schedules **for any new capital leases**.	10/1/2022	
54	Debt	Agreements and amortization schedules **for any new notes payable**.	10/1/2022	
55	Debt	Agreements and amortization schedules **for any unused lines of credit.**	10/1/2022	
56	Debt	A schedule that identifies any debt for which the City is not obligated (e.g., special assessment debt, CFD debt, mortgage revenue bonds, etc.). Also provide us with the outstanding principal balances as of year end (for footnote disclosure).	10/1/2022	
57	Debt	A schedule that identifies any defeased bond debt and the outstanding principal balances as of year end (for footnote disclosure).	10/1/2022	
58	Debt	For GASB #34 purposes, for any new debt that is issued, provide us with a calculation that computes and amortizes issuance costs, premiums/discounts and gains/losses on defeasances during the current year.	10/1/2022	

59	Debt	Interest payable calculation	10/1/2022	
60	Fund Equity	Supporting documentation for any adjustments to opening fund balance, if applicable	10/1/2022	
61	Fund Equity	Fund balance schedule detailing unavailable, restricted, committed and assigned amounts	10/1/2022	
62	Fund Equity	For the Committed amounts, please provide the appropriate Resolutions from Council	10/1/2022	
63	Fund Equity	For the assigned amounts, please have responsible official designated by Council sign the document indicating their approval.	10/1/2022	
64	Insurance	General Liability Report, Workers Comp Report, Workers Comp Active Claims Listed by Allocation	10/1/2022	
65	Insurance	Footnote information specific to the City of Example, i.e. changes to coverage limits	10/1/2022	
66	Insurance	Schedule of changes in general liability claims and workers' compensation liabilities	10/1/2022	
67	Insurance	Declaration pages for all insurance policies (if not received during interim)	10/1/2022	
68	Grants/Single Audit	Completed SEFA (Federal and Non-Federal)	10/1/2022	
69	Grants/Single Audit	For all Federal grants received during the fiscal year, provide us with copies of the applicable sections of the grant agreement and/or award letter that identifies the grantor name, grant name, award amount and period covered.	10/1/2022	
70	Grants/Single Audit	Access to reimbursement requests, drawdowns and grant reconciliations.	10/1/2022	
71	Other Reconciliations and Analysis	Provide a reconciliation of all transfers for the fiscal year (With a description of purpose for all transfers that involve a major fund)	10/1/2022	
72	Other Reconciliations and Analysis	Provide a reconciliation of due to/due from other funds (With a description of purpose for all due to/from's that involve a major fund)	10/1/2022	
73	Other Reconciliations and Analysis	Provide a reconciliation of advances to/from other funds and their purpose. Provide agreements/resolutions for any new advances between component units and advances between funds.	10/1/2022	
74	Other Reconciliations and Analysis	Explanations for any significant changes in revenues and expenditures from budget and prior year.	Once Available	
75	Other Reconciliations and Analysis	Agency Funds - Schedule of Additions and Deletions	10/1/2022	
76	GASB #34 Related Information	If you prepare any GASB #34 related journal entries, provide us with copies of these entries and any supporting documentation.	10/1/2022	
77	GASB #34 Related Information	Internal Service Fund Allocation- Provide us with an allocation of the internal service fund(s) excess surplus or deficit to governmental functions (e.g., general government, public safety, etc.) and business activities, as applicable.	10/1/2022	
78	Financial Statement Disclosures	Prior year GFOA comments, if applicable	Once available	
79	Financial Statement Disclosures	Listing of all related party transactions (please indicate any new related parties this fiscal year)	10/1/2022	
80	Financial Statement Disclosures	Please provide information on related party transactions that may include: Sale, purchase, exchange, or leasing of property	10/1/2022	
81	Financial Statement Disclosures	Please provide information on related party transactions that may include: Receiving or furnishing of goods, services, or facilities	10/1/2022	
82	Financial Statement Disclosures	Please provide information on related party transactions that may include: Transfer or receipt of income or assets	10/1/2022	
83	Financial Statement Disclosures	Please provide information on related party transactions that may include: Maintenance of bank balances as compensating balances for the benefit of another	10/1/2022	
84	Financial Statement Disclosures	Have any related parties been indebted to the City or had receivables from the City (not including advances with component units)?	10/1/2022	
85	Commitments	Please provide information on commitments that may include: Future purchases at specified prices or specified quantities, Contracts for construction projects, Please provide a list of construction contracts over **$500,000**, including the contract amount and total expenditures as of June 30, for governmental funds. (Please include original purchase orders as well as any change orders)	10/1/2022	
86	Commitments	Commitments under operating leases	10/1/2022	
87	Commitments	Contracts entered into with other governmental entities that require annual payments (eg. Metropolitain water, sewer, similar projects)	10/1/2022	
88	Contingencies	Please provide information on contingencies that may include: Significant claims that the governmental entity is responsible for Pollution remediation obligations and Termination benefits	10/1/2022	
89	Subsequent Events	Please provide information on subsequent events that may include: Long term debt issuance, Land purchases and sales, Settlement of litigation, Loans given out	10/1/2022	

EXHIBIT D – REQUIRED APPENDICES

PROPOSER GUARANTEES
PROPOSER WARRANTIES

APPENDIX A

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Requested.

Signature of Official: 

Name: Kelly Telford, CPA

Title: Partner

Firm: Lance, Soll & Lunghard, LLP

Date: March 2, 2023

APPENDIX B

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.

B. Proposer warrants that it is willing and able to comply with attached Consultant Services Agreement (Appendix E), including obtaining all insurance coverages as provided in Section 10.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Monrovia.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name: Kelly Telford, CPA

Title: Partner

Firm: Lance, Soll & Lunghard, LLP

Date: March 2, 2023