

# City of Colusa

## TECHNICAL PROPOSAL

### **For Professional Auditing Services for the City of Colusa**

For fiscal years ending June 30, 2023 through 2025,  
with the option of extending the contract for each of  
the three (3) subsequent fiscal years.

***March 1, 2023***

**Contact Person:**

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Badawi & Associates  
Certified Public Accountants  
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# City of Colusa

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March 1, 2023

Ishrat Aziz-Khan  
Finance Director  
City of Colusa  
425 Webster Street  
Colusa, CA 95932

Dear Ishrat Aziz-Khan:

Badawi & Associates (B&A), Certified Public Accountants (the "Firm") is pleased to have the opportunity to respond to your request for a proposal to provide external audit services and to submit its qualifications to perform an independent audit of the financial statements of the City of Colusa (the "City") for the fiscal years ending June 30, 2023 through 2025, with the option of extending the contract for each of the three (3) subsequent fiscal years. The objective of our audits is to issue opinions regarding the fairness of presentation of the financial position of the City in accordance with generally accepted accounting principles. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the Government Accountability Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1984, as amended in 1996, and the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, Uniform Administrative Requirements, as well as any other applicable federal, state, local or programmatic audit requirements.

We will also perform the following as part of our engagement:

- Single Audit
- GANN Limit Agreed-upon Procedures
- City State Controller's Report (if required)
- Public Financing Authority State Controller's Report (if required)
- Annual Street Report (if required)

We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information. In addition, we will prepare the management letter containing comments and recommendations regarding our review and evaluation of the systems of internal control and accounting procedures.

This proposal will highlight the background of the partners and staff assigned to the engagement, summarize our experience in the governmental area, and describe our approach to auditing the City.

This proposal demonstrates our ability to render the quality examination and to perform the necessary accounting and auditing services requested by the City on a timely basis.

As a partner of the Firm, I will be the primary contact for negotiation of the contract. Additionally, I have been authorized to legally bind the Firm. You may contact me at the following address and phone number:

Ahmed Badawi, CPA  
Badawi & Associates  
Certified Public Accountants  
2855 Telegraph Avenue, Suite 312  
Berkeley, CA 94705  
Telephone: (510)768-8244  
E-mail: [abadawi@b-acpa.com](mailto:abadawi@b-acpa.com)

Ishrat Aziz-Khan  
Finance Director  
City of Colusa  
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We are committed to performing the required work, completing the audit, and issuing the necessary auditors' reports.

We believe we are the best qualified to perform the audit because our audit staff includes individuals well versed in municipal auditing and reporting requirements. We have performed auditing and consulting engagements for numerous cities throughout California. We will be responsive to the needs of the City, we understand the City's operational environment, and pledge to you our complete commitment to providing a quality product that meets the City's requirements.

The approach to the audit has been designed to meet the audit requirements of the City with the least disruption to the City's office operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies and disruptions are kept to a minimum. In addition, we perform almost half of the audit tasks during the interim phase to minimize any unforeseen delays during the year-end phase and to ensure a smooth and timely audit process.

The Firm maintains liability insurance coverage for professional liability, Workers' Compensation, Comprehensive General Liability and Auto as part of our comprehensive insurance policy.

The Firm is an Equal Opportunity employer and complies with all Federal and State hiring requirements. The Firm also supports Affirmative Action philosophies and works hard to provide disadvantaged groups with opportunities for self enhancement.

This proposal is a firm and irrevocable offer for 180 days.

We are confident that you will find our organization offers the required expertise, technical knowledge, and business understanding to perform an audit of the City. Our past experience provides us with a thorough understanding of the needs and requirements of the City, as well as the technical knowledge to perform such services in accordance with the accounting and auditing guidelines as published by the various authoritative entities.

We welcome your inquiries and look forward to further discussions with you.

Sincerely,



Ahmed Badawi  
Partner  
Badawi & Associates  
Certified Public Accountants

## **Firm Independence**

### **Qualifications and Experience**

The Firm is independent of the City of Colusa as defined by the GAO's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, and the AICPA and California State Society of Certified Public Accountants as promulgated in various auditing and professional standards.

#### **Insurance**

The Firm maintains professional liability insurance and other coverage as part of our comprehensive insurance policy. Upon selection as the City's independent auditor, the Firm and our insurance provider will provide a certificate of insurance to the City which shows the minimum requirements identified by City have been met.

#### **License to Practice in California**

The Firm and all key professional staff assigned to the City's audit are properly licensed to practice as Certified Public Accountants in the State of California and comply with GAO *Government Auditing Standards*.

The Firm is registered with the California State Board of Accountancy. Its State number is COR6823.

The Firm has met all required State and local laws, rules, and regulations.

#### **Conflict of Interest**

The Firm has no conflicts of interest in connection with providing the services described in this proposal. The Firm does not have any financial, business, or other professional relationships with the City or any member of City staff.

#### **Firm Qualifications**

Badawi & Associates was founded by Mr. Ahmed Badawi. Mr. Badawi has over 20 years of experience working with state and local government with a special focus on cities. Prior to founding B&A, Mr. Badawi was a partner with several local and national firms, where he headed their government practice in Northern California. Mr. Badawi founded Badawi & Associates to serve the fast-paced needs of California's local governments. The goal is to build a proactive, client-focused culture from the ground up and to eliminate the entrenched bureaucratic culture and intrinsic limitations of the big audit firms.

Located in Berkeley, CA, the Firm serves a variety of cities and towns throughout California as well as conducting financial related services for numerous special districts and authorities. Names and phone numbers of several of our current and past clients and other references are provided for your inquiries. We encourage you to contact these individuals to obtain information on the quality of the audit and the ability of the audit staff.

Our Berkeley office will be the Engagement Office assigned to the City.

In addition to specific City financial statements, the Firm members have also audited numerous redevelopment agencies, public financing authorities, hospitals, housing authorities, transportation authorities, special districts, water districts, OCJP grants, self-insurance pools, joint power authorities and has also performed numerous compliance audits in accordance with the Single Audit Act, childcare regulations, TOT regulations, AQMD regulations, franchise requirements.

The Engagement Partner assigned to the City will be Mr. Ahmed Badawi. Mr. Badawi has over 20 years of government audit experience. He is a member of various governmental committees, has actively participated in the development of accounting and audit guidelines for the governmental sector, and is an instructor for the California Society of Municipal Finance Officers.

The professional staffs assigned to the Engagement are qualified and experienced. Each individual of the Engagement Team has several years of experience and has conducted or participated in numerous municipal audits of various sizes. Their understanding of governmental operations and the various authoritative guidelines will provide the where-with-all to perform the audit in an efficient and effective manner with minimal disruption to the City's finance department.

#### **Technical Approach**

The approach to the audit has been designed to meet the audit requirements of the various authorities with the least disruption to the City's operations. The foundation of the audit approach is based on communication coupled with a strong knowledge of City operations and detailed planning at the initial stages of the audit. Open communication lines with all parties of the Engagement Team and City Management and staff throughout the engagement eliminate "surprises". Initial planning and proper assignment of duties to experienced personnel provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.

The audit approach will consist of four phases:

1) **Initial Planning Meeting:**

The Engagement Partner and Manager will meet with City Management to discuss the audit approach, identify specific needs of City Management, and familiarize themselves with City policies and practices.

2) **Interim:**

The Engagement Team members including the Engagement Team Partner will perform the internal control reviews, test transactions, evaluate compliance with Single Audit Act requirements, identify potential audit issues that need to be addressed, perform limited confirmation procedures, and develop a clear understanding between the Engagement Team and City Management of the year-end audit responsibilities and assignments. **In addition, we strive to complete many of the year-end audit tasks during the interim phase to ensure a smoother audit process. We will work with the City on providing a list of those tasks that we will target to complete during interim and work with the City on how to complete them to minimize the amount of effort and time needed at year-end which in turn will assist the City in meeting its goal of issuing the Annual Comprehensive Financial Report.**

3) **Year-end:**

The Engagement Team members including the Engagement Team Partner will conduct validation procedures on general ledger account balances, complete confirmation procedures, perform analytical procedures on revenue and expenditures, perform search for unrecorded liabilities, complete compliance work on Federal Assistance, and wrap up audit field work.

4) **Reporting:**

Auditor's reports for all City reporting entities and compliance requirements will be finalized along with Single Audit Reports and Management Letter comments. The Partner and Manager will be available to make presentations to the City Council and/or designated bodies.



**Firm Experience**

The Firm is located in Berkeley and provides a full range of accounting services to governmental agencies throughout California, including audit, tax and accounting. The Firm's professional staff members provide the financial background and specific experience to meet the City's operational needs. Additionally, this situation provides the City with an auditing firm that has depth in capabilities to address any financial issue the City may need assistance with, and the quality audit approach that you expect.

Our Berkeley office will be the Engagement Office assigned to the City.

Firm policy requires that the Engagement Partner, during the first year of the engagement, be actively involved in the daily fieldwork. This means to the City that Mr. Badawi will actually be on-site during the audit coordinating the audit process, supervising the audit staff, gaining a hands-on understanding of City processes, and benefiting the City with his broad municipal experience. We have found that this effort benefits the City and the Firm through developing a thorough knowledge of the City's practices and issues and establishing a close working relationship with the City's Management. Additionally, continuity of audit personnel is assured because of the hands on involvement of the Partner.

We are committed to providing appropriate and related experience, personal involvement, and a broad business perspective to produce a quality end product within the time frames required.

The Firm provides financial and compliance auditing services to governmental agencies throughout California. We are a governmental agency auditing firm and our professional staff members have been performing these services for many years. As a result, we have performed financial and compliance audits on most, if not all, types of governmental agencies and operations including:

- |                          |                              |                             |
|--------------------------|------------------------------|-----------------------------|
| • Cities                 | • Waste Management           | • Investment Activities     |
| • Redevelopment Agencies | • Authorities and Operations | • Landfills                 |
| • Financing Authorities  | • Pension Plans              | • Enterprise Funds          |
| • Housing Authorities    | • Child Care Operations      | • Airports                  |
| • Special Districts      | • Joint Power Authorities    | • Transportation Operations |
| • Water Districts        |                              | • Federal and State Grants  |

**Additional Activities**

We offer a full range of accounting and finance services to the governmental sector. These services include:

- |   |   |
|---|---|
| • Financial audits  | • Operational reviews   |
| • Compliance audits   | • Technical guidance on existing and upcoming accounting issues |
| • Tax advice  | • Training seminars   |
| • Development of financial and accounting policies and procedures | • Pension/profit-sharing plans                                  |
| • Investment review and compliance evaluation                     | • Performance audits  |
|   | • Business consulting   |

Consequently, Firm personnel are well qualified to perform the services expected by the City.

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**Client Training Seminar**

The Firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one day session qualifies for CPE under the rules of the State Board of Accountancy and is held in the Bay Area.

**GASB 68 Firm Developed Tools and Assistance**

The Firm has developed tools to assist our clients with preparation of GASB 68 journal entries for the CalPERS' Cost Sharing Plans (for which individualized actuarial valuations are no longer prepared) and the CalPERS' Agent Multiple Employer Plans. In addition to providing our clients with these tools and instructions on how to use them, we are available to answer any questions on how to prepare and complete the GASB 68 journal entries.

**Flowcharting Documentation**

As part of our risk assessment procedures, we prepare flowcharts for documenting our understanding of the City's significant accounting and financial processes. Flowcharts are updated annually for any changes in the City's processes and copies can be provided upon request for the City's internal use. Flowcharted processes may include:

- Financial Reporting, Closing, and Manual Journal Entries
- Cash Receipts, Billing, and Accounts Receivable/Revenues
- Cash Disbursements, Purchasing, and Accounts Payable/Expenditures
- Payroll and Human Resources

**Quality Control Review**

According to Government Auditing Standards, firms who perform audits under the Yellow Book are required to have a peer review once every three years. We received a report with a rating of pass with no deficiencies which we attached for your review.







### Report on the Firm's System of Quality Control

#### **Badawi & Associates**

Berkeley, California;

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 Badawi & Associates (the firm) in effect for the year ended February 28, 2022. 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 (Standards).

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](http://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**

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**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

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

#### **CPAs ■ Advisors**

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Peer Review Report  
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### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Badawi & Associates in effect for the year ended February 28, 2022, 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*. Badawi & Associates has received a peer review rating of *pass*.

**GYL LLP**

Ontario, California  
June 14, 2022

**GYL**

**12. Adjusting Journal Entries:**

We will discuss and explain proposed audit adjusting entries with the City's designated Finance Department personnel prior to recording. Audit adjusting entries will be provided in a format showing the lowest level of posting detail needed for data entry on the City's general ledger system.

**13. Listing of Schedules and Tables (anticipated to be prepared by the City):**

Based on preliminary inquiries made with management and City staff and review of documents, we will tailor a list of schedules, tables, and other reconciliations required for the audit. We will take into account as much as possible reconciliations already prepared by the City for day-to-day operations and reporting, as well as any reports that are system generated to limit the need for additional City staff hours.

We have attached in the Appendix on page 35 a tailored list of anticipated requests for all phases of the audit. We may have a few adjustments to the list as we learn more about the City and its operations.

## Use of Technology in the Audit

The Firm maintains a variety of specialized software packages during the audit that enable us to perform an efficient, thorough, and timely audit and keeping time demands on City staff to a minimum.

### **Trial Balance Management and Financial Statement Preparation**

ProSystem Fx Engagement allows us to import and manage multiple years of trial balance data including budgetary information, create multiple account groupings, generate reports, post journal entries proposed during the audit (including GASB 34 conversion entries), and link information directly to the financial statements. This gives us the ability to:

- Generate immediate trend and other comparative analysis of trial balance and budget data prior to the start of the audit. This allows us to identify potential issues and make inquiries early in the audit
- Link the financial statements and footnotes prior to the start of the audit allowing us to have majority of the financial statements (including budgetary comparison schedules and other supplementary information) prepared at the time the trial balance is uploaded
- Audit adjustments or City adjustments provided during the audit are automatically reflected in the financial statements

### **Audit Request Management and Document Exchange**

CCH Engagement Organizer ("Organizer") is a virtual "Prepared by Client (PBC) List" that streamlines the process of requesting, receiving, and keeping track of documents. The Organizer is an integrated cloud-based request list that helps to facilitate the engagement through more seamless collaboration between the Firm and our clients. By utilizing the Organizer, the City can do all of the following in one secure virtual environment:

- Attach files of any type to document requests
- Easily track the status of document requests that are either pending, completed by the City, accepted by us, or rejected by us
- Access templates and documents from us that require completion
- Have multiple City staff get involved and assist in the audit process
- Participate in a dialog with us for questions and notes

We have found that the use of the Organizer has helped our clients be always informed as to the status of their audit, and not be surprised with new requests or follow up on outstanding requests previously provided.

### **Computer Aided Audit Tools (CAATs)**

The Firm's data analytics software enables our Engagement Team to perform more than 150 Computer Aided Audit Tools (or "CAATs"). CCH Teammate Analytics gives us the ability to perform advanced data analysis and increase efficiency. By utilizing this software, we can:

- Immediately visualize and analyze 100% of account populations with graphs, charts and statistics to identify anomalies
- Make fewer sample selections that are targeted to problematic areas
- Quickly analyze transactional data for:
  - Duplicate records
  - Missing transactions
  - Transaction sequence
  - Unusual items
- Compare excel worksheets for changes or differences
- Generate immediate testing samples
- Perform regression analysis
- Filter and extract data from City reports



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**Audit Planning, Risk Assessment, and Audit Programs**

Our firm utilizes CCH Knowledge Coach, which is an expert system that adapts and customizes our audit approach specifically based on the City's structure, operating environment, specific transactions, and identified risks or matters to be addressed in the audit. The software is frequently updated for new industry trends and audit requirements. Included in the software is a continuous diagnosis of audit forms that identifies missing information, procedures, or any conflicts that need to be addressed prior to issuance of the audit report. We have found that this audit tool greatly benefits our audit clients in the following ways:

- Removal of standardized audit steps and procedures that do not add value to the audit
- Targeted audit procedures focusing on risks and accounts specific to the City's operations
- Audit is always performed in accordance with audit standards especially the risk assessment standards
- Maximizing audit efficiency having less City staff time dedicated to gathering information or responding to inquiries by focusing on material issues
- Automatic self-diagnostics ensure no audit steps are missed, guaranteeing a quality audit

**Research Tools**

We maintain multiple research software packages that are always kept up to date to ensure compliance with accounting and auditing standards, and are also a resources for us to provide guidance to our clients. In addition to accounting and audit literature, we have access to interactive disclosure checklists that include sample footnote disclosures and financial statements.

## Audit Schedule

2023  
Period

Audit Tasks

May - ***Planning and Administration***

- ▶ The entrance conference shall be held with City staff. The purpose of this meeting will be to discuss prior audits and the interim work to be performed. This meeting will also be used to establish overall liaison for the audits and to make arrangements for work space and other needs
- ▶ Review and evaluate the City's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements
- ▶ Prepare overall memo to the City confirming audit procedures, timing, and assistance
- ▶ Prepare detailed audit work plan and audit programs, audit budget and staffing schedule, and list of schedules to be prepared by the City staff
- ▶ Send the Organizer to the City that will include all request items considered to be necessary for the audit

May - June - ***Internal Control Evaluation***

- ▶ Meeting with City Manager and Department Heads of other departments with large operating budgets or which have significant federal grant expenditures
- ▶ Attending City Council meetings
- ▶ Meeting with off-site locations
- ▶ Meeting with key Finance Department personnel
- ▶ Obtain and document understanding of key internal control systems through walk-throughs, interviews of staff, and review of supporting documentation
  - General ledger system
  - Budgeting system
  - Revenue, utility billing, accounts receivable, and cash collections
  - Purchasing, expenditures, accounts payable, and cash disbursements
  - Payroll
  - Federal Financial Assistance
  - Other systems
- ▶ Identify control risks
- ▶ Evaluate IT control environment
- ▶ Perform testing of the internal control system and evaluate the effectiveness of the City's systems. Select large dollar and random samples of transactions in key operating systems. Sample size to meet required level for determined degree of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with City policies
- ▶ Conduct fraud assessment procedures
- ▶ Assess degree of risk for material misstatement
- ▶ Provide to the City's management a memo concerning management letter points and identify issues, if any



2023 Period	Audit Tasks
May - June	<p data-bbox="686 338 834 365"><b>- Other Tasks</b></p> <ul style="list-style-type: none"> <li>▶ Review minutes of City Council meetings and other key committees</li> <li>▶ Perform preliminary substantive procedures, which would include tests of:               <ul style="list-style-type: none"> <li>○ Vendor and contractor payments</li> <li>○ Payroll expense</li> <li>○ Utility billing</li> <li>○ Pension and OPEB testing</li> <li>○ Capital asset acquisitions</li> <li>○ Journal entries</li> <li>○ Retrospective review of accounting estimates</li> </ul> </li> <li>▶ Financial statement database management and other setup, in addition to drafting of all necessary report templates</li> <li>▶ Preliminary Single Audit and other compliance testing</li> <li>▶ Coordinate with City staff and prepare of all appropriate confirmation requests including:               <ul style="list-style-type: none"> <li>○ Bank accounts</li> <li>○ Investment pool accounts</li> <li>○ Accounts receivable</li> <li>○ Federal grants</li> <li>○ Revenue from governmental agencies</li> <li>○ Bond and other debts</li> <li>○ Pension plan</li> <li>○ Attorney letters</li> <li>○ Others, as required</li> </ul> </li> <li>▶ Update the Organizer with any additional requests that will be needed for the City's audit</li> <li>▶ Provide the City with audit plan and list of year-end audit schedules</li> <li>▶ Hold progress conference with City Management</li> <li>▶ Hold exit conference with City Management</li> </ul>
October	<p data-bbox="686 1276 873 1304"><b>- Final Fieldwork</b></p> <ul style="list-style-type: none"> <li>▶ Entrance conference with City Management</li> <li>▶ Follow-up on all outstanding confirmations</li> <li>▶ Verify and validate account balances by reviewing supporting documentation including invoices, vouchers, council resolutions, minutes, and other documents, as required</li> <li>▶ Perform analytical review of revenue and expenditures. Determine reason for material differences between budget and actual</li> <li>▶ Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing City staff</li> <li>▶ Perform review of subsequent events by discussions with City Management and update all minutes of City Council and key committees</li> </ul>

2023  
Period

Audit Tasks

- **Single Audit Compliance**

- ▶ Entrance conference with City Management
- ▶ Obtain Federal Financial Assistance Schedule
- ▶ Determine grants to be considered as major programs including clusters
- ▶ Perform audit tests of major grant programs and compliance with Federal Law and Regulations
- ▶ Review grant documents, select sufficient number of transactions to test for compliance of Federal Requirements
- ▶ Coordinate Single Audit efforts with the Financial Audit efforts
- ▶ Communicate findings to City Management
- ▶ Other Compliance

November - **Audit Reports**

- ▶ Complete drafts of City's Annual Comprehensive Financial Report
- ▶ Prepare draft of Single Audit Reports concerning internal control structure, compliance with laws and regulations, and administering of federal financial assistance programs
- ▶ Prepare other reports as required
- ▶ Provide revised final drafts of all required reports to the City for approval

November - **Annual Street Report delivered and submitted by no later than December 1<sup>st</sup>.**

December - **Final City Audit Reports, Financial Statements, Single Audit Reports, and other reports delivered.**

December – **Single Audit package delivered and submitted to Federal Audit Clearinghouse.**

January 2024 - **Audit Presentation to Council (if requested).**

January 2024 - **State Controller's Reports delivered and submitted.**

**Estimated Hours by Audit Phase**

Position	Planning	Interim Fieldwork	Year End Fieldwork	Reporting	Total
Partner	6	17	11	4	38
Audit Manager	6	27	29	4	66
Audit Senior	12	42	45	5	104
Professional Audit Staff	-	73	67	9	149
Administrative Assistant	4	7	-	8	19
Total	28	166	152	30	376



**Discussion of Identification of Anticipated Potential Audit Problems****Relevant  
Accounting  
Issues**

We do not anticipate that there will be any audit problems at the City. However, the following are some areas that we will carefully investigate and monitor during our audit procedures:

- Financial Reporting:
  - Review and evaluate that the City's Annual Comprehensive Financial Report are in compliance with current reporting and disclosures requirements issued by the GASB and GFOA.
  - Review the Annual Comprehensive Financial Report for financial reporting conformance awards issued by CSMFO and GFOA.
  - Review and evaluate degree of compliance with the various GASBs in effect.
  - Review degree of compliance with infrastructure obligations and regulatory provisions.
- Internal Control Structure:
  - Review and evaluate the City's internal control functions and ascertain compliance with proper internal control philosophies.
  - Review computer system processes and controls and evaluate adequacy of the control environment.

Several new GASB pronouncements will become effective over the time period of this proposal. As such, specific attention will be provided to determine the proper implementation of these new pronouncements. A list of known new pronouncements with implementation dates that fall within this proposal period are as follows:

**2023**

- Statement 91 – Conduit Debt
- Statement 94 – Public-private Partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements
- Statement 99 – Omnibus 2022

**2024**

- Statement 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

**2025**

- Statement 101 – Compensated Absences

## Comprehensive Schedule of Professional Fees Cost Bid

Service	2023 Hours	2023	2024	2025	2026 Optional Year	2027 Optional Year	2028 Optional Year
Financial Statements Audit (including format	291	\$26,880	\$27,590	\$28,300	\$28,860	\$29,410	\$30,280
Single Audit	28	2,615	2,710	2,735	2,900	3,090	3,180
GANN Limit Agreed-upon Procedures	7	665	735	780	825	880	905
Subtotal	326	30,160	31,035	31,815	32,585	33,380	34,365
City State Controller's Report	26	2,455	2,580	2,735	2,900	3,090	3,180
Public Financing Authority State Controller's	12	1,080	1,110	1,175	1,250	1,330	1,370
Annual Street Report	12	1,080	1,110	1,175	1,250	1,330	1,370
Total	376	\$34,775	\$35,835	\$36,900	\$37,985	\$39,130	\$40,285

Position	2023		2024		2025		2026 Optional Year		2027 Optional Year		2028 Optional Year	
	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates	Hours	Rates
Partner	38	\$ 150	36	\$ 160	35	\$ 160	34	\$ 165	33	\$ 170	33	\$ 170
Audit Manager	66	120	61	130	59	135	57	140	55	140	55	\$ 140
Audit Senior	104	85	98	95	95	100	92	110	89	120	89	\$ 125
Professional Audit Staff	149	75	138	85	134	95	130	100	126	110	126	\$ 115
Administrative Assistant	19	60	17	65	17	65	17	75	16	80	16	\$ 85
Total Hours	376		350		340		330		319		319	
Total Cost	\$ 34,775		\$ 35,835		\$ 36,900		\$ 37,985		\$ 39,130		\$ 40,285	

Note: Our proposed fee includes any out-of-pocket expenses such as meals and lodging, transportation, and printing/copying.

**Manner of Payment:**

Each Engagement Team member maintains detailed time sheets describing work performed, date of work, and amount of time spent on each task for the Engagement. The Firm will bill the City after completion of each phase of the audit and bill the City up to a maximum of 90%. The remaining 10% of the proposal amount will not be due until all final reports are delivered and accepted by the City. The City can anticipate three billings as follows:

<b>Work Performed</b>	<b>% of Proposal Amount</b>
For interim work	45%
For year-end work	45%
At presentation and acceptance of final reports	10%
<b>Total</b>	<b>100%</b>

**Rates for Additional Professional Services:**

Any services outside the scope of our engagement will be promptly identified before the services are rendered. Upon mutual agreement, the out-of-scope services will be separately billed at our standard hourly rates. While it can be difficult to simply state hourly rates, as often times the needs of the client and the specific tasks directly impact the billing rates for our services, we want to provide the following information regarding our published billing rates:

<b>Position</b>	<b>Hourly Rate</b>
Partner	\$ 200
EQR	200
Manager	150
Senior	125
Staff	100
Admin.	75

**Our Standard Hourly Rates are adjusted annually by 3% for Cost of Living and Inflation Adjustments**

**Conclusion** A client relationship with the City will be of great value to our Firm and we welcome the opportunity to develop a long-term relationship with the City. We are committed to:

- Rendering the highest standard of service
- Developing a long-term working relationship dedicated to meeting the needs of the City
- Assisting the City in operational issues
- Producing a quality end-product

We have the technical qualifications and experience to provide the level of service desired and expected by the City and stand ready to provide our knowledge and experience for the benefit of your organization.

We would like to express our appreciation to the City and to its Staff for allowing us the opportunity to submit a proposal to perform professional auditing services. We are available, at your convenience, to discuss any aspects of our proposal.

Thank you for allowing us to present our Firm to you.

\*\*\*\*\*

**Year End Cash & Investments**

- Cash and investment summary by bank account
- Bank reconciliations as of 6/30/2023 for all bank accounts with support for reconciling items.
- Investment statements as of 6/30/2023
- Interest Income Fund Allocation Worksheet for FY2023
- Schedule of investments held with book values and fair value as of 6/30/2023 (GASB 31 Worksheet and Investment rollforward worksheet) along with the credit rating for each investment.
- GASB 72 Levelling information

**Year End Accounts Receivable**

- Allowance for doubtful accounts calculations as of 6/30/2023 (if any for FY2023)
- A/R aging reports by account numbers/names for all billed receivables for each fund as of 6/30/2023 (if any)
- Listing of A/R accruals by account name for each fund (include nature of revenue and when received)
- Calculation of unbilled revenue accrual

**Year End Interest Receivable**

- Interest receivable listing with calculations as of 6/30/2023

**Year End Taxes Receivable**

- Listing of all Taxes Receivable by type of revenues for each fund (please indicate the date that the cash receipt was received for each tax receivable accrual)
- Property tax remittance advices for FY2023 from the County

**Year End Loan Receivable**

- Listing of loans receivable by borrower as of 6/30/2023
- Agreements for new loans issued in FY2023

**Year End Leases Receivable**

- Listing of leases by lessee as of 6/30/2023
- Agreements for new or amended leases
- Leases receivable calculation as of 6/30/2023 (in accordance with GASB 87)

**Year End Intergovernmental Receivable**

- Listing of all Intergovernmental Receivable for each fund (please indicate the date that the cash receipt was received for each revenue accrual)

**Year End Other Assets**

- Listing of inventory as of 6/30/2023
- Listing of Prepaid Expenses as of 6/30/2023

**Year End Capital Assets**

- Capital Assets Rollforward Schedule for FY2023 (by governmental and business-type activities)
- Capital Asset Detail Listings as of FY2023
- Depreciation expense by function for FY2023
- Roll forward schedule of Construction in Progress (CIP) from 7/1/2022 to 6/30/2023. Please include schedule showing CIP placed in service (transferred from CIP to asset accounts) during fiscal year
- Detail schedule of CIP Projects by Project number as of 6/30/2023 (accumulated costs by Project)

**Year End Interfund Transactions**

- Due to/Due from schedule
- Advance to/Advance from schedule
- Interfund Transfers In/Transfers Out schedule
- Resolutions approving any new interfund advances in FY2023 with repayment schedules

**Year End Accounts Payable and Expenditures**

- Accounts Payable Listing as of 6/30/2023 (by vendor)
- Check Register for all checks written on and after 7/1/2023 through current date (by fund).
- Listing of payments made by ACH/wire transfer on and after 7/1/2023
- Open encumbrance listing for each fund as of 6/30/2023

**Year End Payroll**

- City's calculation of accrued payroll as of 6/30/2023
- Payroll register for last pay period of FY2023

**Year End Compensated Absences**

- Compensated Absence Payable as of 6/30/2023 by employee
- Roll forward Schedule of Compensated Absences (i.e. list beginning balance as of 7/1/2022, additions, deletions, and ending balance as of 6/30/2023 (by governmental and business type activities)
- Schedule of short-term portion and long-term portion by governmental activities and business type activities (if any), and calculation of short term portion.
- For the governmental activities, provide a schedule which details compensated absences by fund and expenditure function. Please reflect prior year amounts by function to determine current year adjustment required in the government-wide statement of activities.

**Year End Refundable Deposit Payable**

- Detailed listing of all deposits payable for each fund as of 6/30/2023

**Year End Claims Payable**

- Loss/Run Reports as of June 2023, July 2023, and August 2023 for general liability and workers' compensation

**Year End Unearned Revenue**

- Detailed listing by fund of unearned revenues with description for each

**Year End Unavailable Revenue**

- Detailed listing by fund of unavailable revenues with description for each

**Year End Long-term Debt**

- Long-term debt rollforward schedule for FY2023 (by governmental and business-type activities)
- Future debt repayment schedules for all debts as of 6/30/2023
- Any new capital lease agreements and payment schedules for FY2023
- City's calculation of accrued interest payable as of 6/30/2023
- Latest arbitrage report for each debt issue
- Journal entry recording new debt

**Year End Leases Payable**

- Listing of leases by lessor as of 6/30/2023
- Agreements for new or amended leases
- Leases payable calculation as of 6/30/2023 (in accordance with GASB 87)

**Year End Subscription-Based Information Technology Arrangement Liabilities**

- Listing of subscription-based information technology arrangements (SBITAs) as of 6/30/2023 subject to requirements of GASB 96.
- SBITA agreements
- Calculation of payable related to SBITAs as of 6/30/2023

**Year End Pension**

- MyCalPERS Billing and Payment Summary for FY2023
- GASB 68 Calculation and Journal Entries for FY2023 – Firm Calculation Tool to be provided upon request

**Year End OPEB**

- Detailed Expenditure Report for actual OPEB contributions made during FY2023
- Support for covered payroll amount to support OPEB RSI for FY2023

**Year End Fund Balances/Net Position**

- GASB 54 rollforward schedule detailing listing of additions and deletions to fund balance classifications
- Any new agreements/resolutions/ordinances/laws supporting assignments/commitments/restrictions on fund balance
- Net Position worksheet, classifying reported fund balance to Net Assets/Net Position

**Year End Single Audit**

- Schedule of all expenditures of federal awards, state grants, and local grants for FY2023
- General ledger detail expenditure report for federal grants
- Copies of grant agreements and applicable amendments
- Copies of monitoring reports and resulting action plans
- Schedule of sub-recipients expenditures (if applicable)
- Copies of reimbursement requests submitted

The PBC List will be provided using the CCH Engagement Organizer (Organizer), an integrated browser based and automated client request list. All requests, notes and due dates are logged and reminders and notifications are automatically sent in real-time to keep auditor and client in sync.

Below is an excerpt of the PBC List as it appears in the Organizer:

**Wolters Kluwer** [Help](#) [Feedback](#) [Wael Tantawy](#)

**Engagement Organizer**

[Organizers](#) City of Colusa

City of Colusa  
June 30, 2023 Audit

**Due Date** **Client Users** **Retention End** **Firm Users**

December 31, 2023 Staff Name  
Mresh Desai

First Sent to Client: March 1, 2023  
Last Sent to Client: March 1, 2023  
Last Sent to Firm

**REQUEST ITEMS** **NOTES** **ATTACHMENTS**

**Pending** **Rejected** **Completed** **Accepted** **Not Applicable** **All**

Clear Download Add Section

REQUEST ITEMS	NOTES	ATTACHMENTS	DUE DATE
INTERIM FIELD REQUEST			
INTERIM GENERAL			
INTERIM BUDGET			
INTERIM CASH			
INTERIM INVESTMENTS			
INTERIM LOAN/NOTE RECEIVABLES			
INTERIM CAPITAL ASSETS			

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February 22, 2023

**Proposal to Provide Professional  
Independent Auditing Services to:**

**The City of Colusa**

*Prepared by:*

Norman Newell, CPA, Partner  
and  
Carrie Schroeder, CPA, Partner



SMITH & NEWELL CPAS  
950 THARP RD, STE 502  
YUBA CITY, CA 95993

PH 530-673-9790 | FAX 530-673-1305  
ACCOUNTING@SMITHANDNEWELL.COM

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**Appendix**

- A. Firm Resume
- B. Peer Review
- C. Prepared by Client List

February 22, 2023

City of Colusa Finance Department  
Attn: Ishrat Aziz-Khan, Finance Director  
425 Webster St  
Colusa, CA 95932

Dear Ishrat:

Smith & Newell CPAs is pleased to submit our proposal to provide the City of Colusa professional audit services for the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with the option of auditing its financial statements for each of the three subsequent fiscal years. We have carefully researched your requirements and believe that our technical approach and staffing plan described herein respond fully to the City's needs.

## **Understanding the Work**

Our understanding of the scope of work is as follows:

- We will issue a report on the financial statements in conformity with generally accepted accounting principles for the City of Colusa.
- We will issue a report on the internal controls and compliance in accordance with Government Auditing Standards.
- We will prepare a Management report and Auditor's Communication Letters.
- We will test compliance with Proposition 111, Article XIII.B, Review of Appropriations Limit calculation.
- We will Prepare the State Controller's Report – City Financial Transaction Report. (Optional)
- We will have an exit conference with the Finance Director.
- We will be responsible for report preparation and printing of the City's Annual Financial Report, the Single Audit Report, Appropriations Limit report, and Management Comment Letter. We will provide copies in PDF format, in addition to 8 printed copies.
- We will prepare any other report for the governing body as may be required by generally accepting auditing standards.
- We are committed to performing the work within the time periods established and meeting the required delivery date of all required reports.

## **Smith & Newell Qualifications**

We believe our audit approach involving experienced staff, extensive partner participation and our proposed work plan uniquely qualify Smith & Newell to be the best choice for the City of Colusa.

Our staff, who will be assigned to the City's audit, are experienced professionals that have extensive experience with government audits. Each of our staff bring experience to the audit that allows for a new outlook with innovative suggestions to improve quality and efficiency. We feel the choice of an audit firm should be primarily based upon staff. We have an extremely low percentage of key employee turnover and we are confident that we will provide the City with consistent staff over the contract period.

Partner involvement is also key to the audit's success. Norman Newell and Carrie Schroeder actively participate in all phases of the audit. They will be responsive to the City's needs and are available to assist the City at any time during the year. Their extensive experience with government auditing provides the benefit of recommendations based on valuable insights to better improve the City's operations and procedures.

Our proposed work plan is based on years of experience with government auditing. We understand the demands placed on governments today and the challenges they face. In developing our work plan, we use the latest audit technology and methodologies to accomplish the goals of the engagement in the most efficient manner which minimizes disruption to normal City operations.


The following individuals are authorized to make representations for Smith & Newell CPAs:

Norman Newell, CPA, Partner  
950 Tharp Rd, Ste 502  
Yuba City, CA 95993  
(530) 673-9790  
[accounting@smithandnewell.com](mailto:accounting@smithandnewell.com)

Carrie Schroeder, CPA, Partner  
950 Tharp Rd, Ste 502  
Yuba City, CA 95993  
(530) 673-9790  
[accounting@smithandnewell.com](mailto:accounting@smithandnewell.com)

We hope that as you read through this proposal, you recognize the philosophy of our firm which is to provide each of our clients with exceptional service, experienced staff, and an audit approach that will fit their needs. Our dedication to quality, professional standards and service has been the guiding force in our firm since its inception in 1988. Thank you for providing us the opportunity to present our proposal. This is a firm and irrevocable offer for 60 days from the date of this proposal. As partners in the firm of Smith & Newell CPAs, Norman Newell and Carrie Schroeder are authorized to make representations for the firm. If you have any questions concerning this proposal, please contact Norman Newell or Carrie Schroeder.

Sincerely,  
**Smith & Newell CPAs**

  
Carrie Schroeder, CPA  
Partner

## Executive Summary

---

Smith & Newell CPAs is a full-service CPA firm located in Yuba City, California. Carrie Schroeder, CPA will lead the proposed auditing services that include an audit of the annual financial statements and compliance for the City of Colusa for the fiscal years ending June 30, 2023, June 30, 2024, and June 30, 2025, with the option of auditing its financial statements for each of the three subsequent fiscal years.

When considering whether to hire our firm, you will find that Smith & Newell stands out from our competitors in several areas, such as:

### **Experienced and Involved Partners**

Norman Newell, CPA and Carrie Schroeder, CPA have over 46 years of combined professional auditing, accounting and consulting experience. Both partners will be extensively involved in the City's audit and will freely lend their expertise on any accounting or internal control issues.

### **Timely Audits**

Smith & Newell is committed to meeting all audit deadlines. Our audits are performed in accordance with an agreed-upon schedule, and submissions to the State of California are filed on time.

### **Commitment to Quality**

Smith & Newell receives a peer review of our system of quality control for our accounting and auditing practice every three years. Our most recent peer review was completed with a *pass* rating. All audits submitted to the State have been approved.

### **Audit Process**

Smith & Newell has extensive experience auditing governmental and nonprofit entities, which makes for a smooth audit process. Our firm guarantees that our staff are experienced and supervised, our clients will be given an audit plan prior to the start of fieldwork, and that we will be considerate of your staff's time during our audit and fieldwork. We will also issue a draft of our reports to the City and will discuss any questions, concerns and audit findings with the City before the reports are finalized.

### **Problems/Solutions**

Smith & Newell CPAs is adept at identifying problem areas that may exist in your organization and providing solutions to help mitigate those problem areas in the future. Both partners will freely discuss any areas that could be changed or improved to help your organization.

Our proposal that follows provides more specific information on the scope of audit services we will provide, our firm and staff experience, qualifications, references, and approach to the audit. We hope you choose Smith & Newell CPAs for your auditing needs.



## **Section I – Technical Proposal**

---

### **1. LICENSE TO PRACTICE IN THE STATE OF CALIFORNIA**

Smith & Newell CPAs is licensed to practice accounting in the State of California and has complied with all applicable California State Board of Accountancy requirements. In addition, all of the key professional staff that will be assigned to the audit are also licensed to practice in the State of California and have complied with all applicable State Board of Accountancy standards.

### **2. INDEPENDENCE**

Smith & Newell CPAs is independent of the City of Colusa and all of the component units of the City of Colusa, as defined by auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards (commonly referred to as the “Yellow Book” standards), issued by the Comptroller General of the United States.

### **3. FIRM QUALIFICATIONS AND EXPERIENCE**

#### **Our Practice**

Smith and Newell, CPAs was established in 1988 as a full-service firm. We are a CPA firm located in Yuba City, California. We are a general partnership providing auditing, tax, accounting and consulting services to governmental entities, nonprofits, corporations, partnerships and individuals. Government services constitute a significant portion of Smith & Newell’s total practice. The firm of Smith & Newell has a commitment to maintain a “hands on” approach to our governmental audits. We actively participate in all phases of each engagement and feel that because of this policy we are able to offer you a high-quality audit at a reasonable price.

Currently our firm consists of eight individuals, including six professionals and two administrative personnel. The professional staff consists of two partners, one manager, one senior and two staff accountants. The City’s engagement will be staffed full-time, as required, by one partner, one manager, one staff accountant, plus administrative assistance.

#### **Peer Review**

Our firm is devoted to quality, and we have taken extra steps to assure that we meet the highest professional standards of quality. Our firm has a program of quality control to ensure that our engagements meet the standards of the Yellow Book, including qualifications, independence, due professional care, and quality control. Every three years we must undergo a peer review of our system of quality control for our accounting and auditing practice. Our peer review includes an onsite review of specific government engagements. A Peer Review Committee establishes the standards and procedures governing the conduct of the peer review. Upon completion of the peer review, the reviewers communicate their findings to the reviewed firm and prepare a



written report. These standards provide that the report should contain, among other things:

- The reviewer's opinion on whether the reviewed firm's quality control system met the guidelines of quality control standards established by the AICPA, and whether the system was being complied with to provide the firm with reasonable assurance of conforming to professional standards.
- The reviewer may issue an unqualified, qualified or adverse opinion. We are pleased to report that we have always received an unqualified opinion - the highest level of assurance possible. Our continued participation in periodic peer reviews and our voluntary membership in the AICPA and the California Society of CPAs support the firm's commitment to quality and client service.

A copy of our most recent peer review report is provided in Appendix B.

#### **Professional Associations**

We are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. In addition, our firm is a member of the AICPA's Governmental Audit Quality Center. We are also members in the Governmental Finance Officers Association (GFOA).

#### **No Record of Substandard Work**

Our firm does not have a record of substandard audit work, nor any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy nor the Federal Inspector General. There have not been any positive enforcement actions or other matters that would reflect negatively on our professional qualifications, including any action for substandard audits taken by the State Board of Accountancy, or the Federal Inspector General.

#### **Disciplinary Action**

There are not any current or pending disciplinary or litigation actions against our firm in any manner related to our professional activities, nor have there been any such actions in the past.

### **4. PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE**

#### **Qualifications and Experience of Individuals Assigned to the Engagement**

The engagement team for the City of Colusa collectively possess over 66 years of auditing experience. They have the ability and expertise to meet the complex demands of the engagement.

- Norman Newell, CPA – Norman is a partner with Smith & Newell CPAs, specializing in government auditing. As a partner in the firm, he will have hands-on involvement in all aspects of this engagement. He will serve as quality assurance partner for the City's audit. He will also be responsible for

onsite project management and for the day-to-day management of services to the City. He will review the progress of the audit, assist in resolving technical issues and review reports for overall quality. He reviews and signs all of the reports issued by Smith & Newell and is responsible for firm-wide quality control standards, including annual internal quality control inspections. He will have ultimate responsibility for the delivery of services to the City of Colusa and will work with the City regarding new accounting and auditing pronouncements, and ensure issues are identified and resolved in a timely manner.

- Carrie Schroeder, CPA – Carrie is a partner in Smith & Newell CPAs, specializing in government auditing. As a partner in the firm, she will have hands-on involvement in all aspects of this engagement. She will serve as a quality assurance partner for the City's audit. She will be responsible for planning the audit and assuring that the design of audit programs achieves the objectives of the audit. As a partner in the firm, she will assist in resolving technical issues and perform final review of reports for overall quality. She will work with the City regarding new accounting and auditing pronouncements, and ensure issues are identified and resolved in a timely manner.
- Matthew Davis, CPA – Matt is a manager in Smith & Newell CPAs, with experience in government auditing. As a manager in the firm, he will be responsible for ensure the single audit requirements, if required, are complied with in accordance with the Uniform Guidance. His specialty is single audit compliance and keeping abreast of new developments and requirements in accordance with Uniform Guidance audits. He will also participate in various aspects of the City audit, including internal control testing and analytical reviews.

#### **Engagement Staffing**

We are committing the engagement partner, manager, and staff as assigned in this proposal, and they will not be changed unless those personnel leave the firm. Resumes of these key professionals to be assigned to the City of Colusa's audit are provided on the following pages.



## **NORMAN NEWELL, CPA, PARTNER**

### **POSITION**

Norm is a partner in Smith & Newell CPAs specializing in audits of governmental entities.

### **EDUCATION**

Bachelor of Science degree from University of California, Cal Poly and a second Bachelor of Science degree in Business Administration with a concentration in Accounting from California State University, Chico.

Licensed to practice as a Certified Public Accountant in California

### **BACKGROUND**

Norm has over 30 years of professional experience providing auditing, accounting and consulting services to governmental entities. As a partner in Smith & Newell, he has managed audits for numerous counties, cities, housing authorities, redevelopment agencies, special districts and grants and special programs.

### **PROFESSIONAL ASSOCIATIONS**

American Institute of Certified Public Accountants (AICPA)

California Society of Certified Public Accountants (CalCPA)

### **CONTINUING PROFESSIONAL EDUCATION**

Norm has satisfied the "Yellow Book" requirement of having at least 80 hours continuing professional education every two years, of which 24 must directly relate to the government environment and government auditing.

#### **2020**

Governmental, Accounting, & Auditing/Fraud	49
Tax	9
Ethics, Regulatory & Review	2

#### **2021**

Governmental, Accounting, & Auditing/Fraud	34
Tax	16
Ethics, Regulatory & Review	2

#### **2022**

Governmental, Accounting, & Auditing/Fraud	20
Tax	8
Ethics, Regulatory & Review	10

### **RELEVANT EXPERIENCE**

For the fiscal year ended June 30, 2022, Norm actively participated in the government audits of five counties, six cities, and numerous special districts.



## **CARRIE SCHROEDER, CPA, PARTNER**

### **POSITION**

Carrie is a partner in Smith & Newell CPAs specializing in audits of governmental entities.

### **EDUCATION**

Bachelor of Science in Business Administration with a concentration in Accounting from  
California State University Sacramento

Licensed to practice as a Certified Public Accountant in California

### **BACKGROUND**

Carrie has over 16 years of professional experience working with Smith & Newell. She has provided auditing and accounting services to a variety of governmental entities. As a partner in Smith & Newell, she has actively participated in audits for numerous counties, cities, housing authorities, redevelopment agencies, special districts, grants and special programs.

### **PROFESSIONAL ASSOCIATIONS**

American Institute of Certified Public Accountants (AICPA)

California Society of Certified Public Accountants (CalCPA)

### **CONTINUING PROFESSIONAL EDUCATION**

Carrie has satisfied the "Yellow Book" requirement of having at least 80 hours continuing professional education every two years, of which 24 must directly relate to the government environment and government auditing.

#### **2020**

Governmental, Accounting, & Auditing/Fraud	49
Ethics, Regulatory & Review	8

#### **2021**

Governmental, Accounting, & Auditing/Fraud	28
Tax	8
Ethics, Regulatory & Review	6

#### **2022**

Governmental, Accounting, & Auditing/Fraud	21
Tax	8

### **RELEVANT EXPERIENCE**

For the fiscal year ended June 30, 2022, Carrie actively participated in the government audits of five counties, six cities, and numerous special districts.

## MATTHEW DAVIS, CPA, MANAGER

### POSITION

Matt is a manager in Smith & Newell CPAs specializing in audits of governmental entities.

### EDUCATION

Bachelor of Science degree from Harding University, Arkansas  
Licensed to practice as a Certified Public Accountant in California

### BACKGROUND

Matt has over 20 years of professional experience providing auditing, accounting and consulting services to governmental entities. As a manager in Smith & Newell, he has actively participated in audits for numerous counties, cities, housing authorities, redevelopment agencies, special districts and grants and special programs.

### PROFESSIONAL ASSOCIATIONS

American Institute of Certified Public Accountants (AICPA)  
California Society of Certified Public Accountants (CalCPA)

### CONTINUING PROFESSIONAL EDUCATION

Matt has satisfied the "Yellow Book" requirement of having at least 80 hours continuing professional education every two years, of which 24 must directly relate to the government environment and government auditing.

2020		
	Governmental, Accounting, & Auditing/Fraud	49
	Tax	8
2021		
	Governmental, Accounting, & Auditing/Fraud	38
	Tax	8
	Ethics, Regulatory & Review	6
2022		
	Governmental, Accounting, & Auditing/Fraud	44
	Tax	8

### RELEVANT EXPERIENCE

For the fiscal year ended June 30, 2022, Matt actively participated in the government audits of five counties, six cities, and numerous special districts.

## Level of Staff and Number of Hours to Be Assigned to Each Proposed Segment of the Engagement

	City Audit	Single Audit Report	Management Letter	State Controller Report	GANN Limit	Totals
<b>Phase I</b>						
<b>Planning AND Evaluating Internal Control</b>						
Partner	6	5	1	0	1	13
Manager	5	10	0	0	0	15
Staff	3	0	0	0	0	3
Administrative Assistants	3	0	0	0	0	3
<b>Total Phase I</b>	<b>17</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>34</b>
<b>Phase II</b>						
<b>Internal Control and Risk Assessment</b>						
Partner	8	5	0	0	1	14
Manager	3	10	0	0	1	14
Staff	12	0	0	0	0	12
Administrative Assistants	0	0	0	0	0	0
<b>Total Phase II</b>	<b>23</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>40</b>
<b>Phase III</b>						
<b>Testing</b>						
Partner	21	2	2	0	0	25
Manager	18	10	0	0	3	31
Staff	22	0	0	0	0	22
Administrative Assistants	0	0	0	0	0	0
<b>Total Phase III</b>	<b>61</b>	<b>12</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>78</b>
<b>Phase IV</b>						
<b>Reporting</b>						
Partner	18	3	0	3	1	25
Manager	5	6	0	20	2	33
Staff	7	0	0	0	0	7
Administrative Assistants	25	3	1	1	1	31
<b>Total Phase IV</b>	<b>55</b>	<b>12</b>	<b>1</b>	<b>24</b>	<b>4</b>	<b>96</b>
<b>GRAND TOTAL</b>	<b>156</b>	<b>54</b>	<b>4</b>	<b>24</b>	<b>10</b>	<b>248</b>

## 5. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Smith & Newell CPAs provides a significant amount of audit services to governmental entities. A firm resume of governmental audits we have performed in the last five years is included in Appendix A. A representative list of three of those audits follows:

### City of Grass Valley

#### Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Annual Financial Report
- Single Audit Report
- Appropriations Limit

#### Date of Service:

2020 – Present

#### Client Contact:

Andy Heath, Administrative Services Director  
125 East Main St  
Grass Valley, CA 95945  
(530) 274-4301  
[Andy.heath@sbcglobal.net](mailto:Andy.heath@sbcglobal.net)

### City of Jackson

#### Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Annual Financial Report
- Annual Report of Financial Transactions
- Single Audit Report
- Jackson Public Finance Authority

#### Date of Service:

2010 – Present

#### Client Contact:

Dalacie Blankenship, Accounting Manager  
33 Broadway  
Jackson, CA 95642  
(530) 223-1646 Ext 120  
[dblankenship@ci.jackson.ca.us](mailto:dblankenship@ci.jackson.ca.us)

### City of Yreka

#### Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Annual Financial Report
- Single Audit Report
- Annual Report of Financial Transactions

**Date of Service:**

2018 – current

**Client Contact:**

Emily Aldrich, Finance Director

701 Fourth St.

Yreka, CA 96097

(530) 841-2323

[aldrich@ci.yreka.ca.us](mailto:aldrich@ci.yreka.ca.us)

## **6. SPECIFIC AUDIT APPROACH**

Our audit methodology for performing financial statement audits of government entities involves four phases. Phase 1 – Planning and Strategy, Phase 2 – Systems Evaluation, Phase 3 – Testing and Analysis, Phase 4 – Reporting and Follow-Up. These phases are summarized below:

### **Phase 1 – Planning and Strategy**

This phase establishes our basic understanding of the City and its environment and forms the basis of our evaluation of internal control. Phase 1 will be completed by July of each year.

- Establish an understanding with the City
- Schedule staffing and conduct staff fraud and discussion meeting
- Develop and expand understanding of the City's operations by review of prior year workpapers, reviewing minutes and discussion and analysis
- Determine planning and design materiality and tolerable misstatement
- Perform preliminary determination of major programs and materiality
- Conduct entrance meetings with City personnel and management and inquire about fraud and abuse.
- Identify significant processes and internal controls
- Conduct observations and walkthrough of transactions
- Identify risk factors
- Perform tests of transactions for payroll transactions, cash receipts and disbursements, and selected federal program expenditures
- Prepare initial Audit Preparation Schedule and transmit to the City

### **Phase 2 – Systems Evaluation**

The timing of this phase is dependent on when the City has completed the initial Client Preparation Schedule and closed the City general ledger. Phase 2 will be completed by October of each year.

- Request Federal program expenditure schedule from the City and determine major programs
- Request City closed trial balances
- Format financial statements and footnotes
- Perform preliminary analytical procedures
- Schedule meetings with City management to ensure good coordination of engagement



- Develop and expand understanding of information systems
- Identify control objectives
- Identify and understand relevant control activities for financial reporting as well as for single audit
- Determine the nature, extent and timing of control tests and compliance
- Perform nonsampling control tests and test compliance
- Assess internal control on a preliminary basis
- Design and update audit programs

### **Phase 3 – Testing and Analysis**

The timing of this phase will be flexible to best accommodate the schedule of the City while keeping in line with statutory requirements. Phase 3 will be completed by October of each year.

- Conduct additional audit procedures to conclude on financial statement presentation
- Perform compliance procedures on required disclosures including pension and OPEB
- Perform compliance tests including the Uniform Guidance major single audit programs
- Progress conference and exit conference with the City to discuss reports, pending items and observations
- Obtain legal representation letter and review for potential liability
- Documentation and review of workpapers

### **Phase 4 – Reporting and Follow-Up**

Phase 4 will be completed by November of each year.

- Perform overall analytical procedures
- Reassess materiality and risk
- Evaluate misstatements
- Conclude other audit procedures and clear open items with the City
- Determine conformity with applicable standards
- Complete comprehensive engagement review
- Prepare and compile draft reports including Annual Financial Report, Single Audit Report, Appropriations Limit and Management Comment Letter for the City
- Review City comments and suggestions and make any required revisions
- Obtain Management Representation letter
- Make presentation to City

### **Future Accounting Pronouncements**

Statement No. 91 “Conduit Debt Obligations”

The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Currently this pronouncement will have no impact on the City.

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”

The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Currently this pronouncement will have no impact on the City.

Statement No. 96 “Subscription-Based Information Technology Arrangements”

The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

This pronouncement may affect the accounting of the City. We expect that there will be minimal additional work.

### **Technological Advantages**

We have developed specialized resources for performing government audits. These resources include automated and electronic checklists for evaluation controls, source documents for risk-based audit methodology, standardized sample selection procedures, integrated trial balances, combining schedules and links to professional standards. Our staff have unlimited access to online reference libraries and electronic source documents to help maintain efficiency and accuracy during the audit process.

Our firm utilizes Thomson Reuters’ Workpapers CS trial balance software that streamlines the audit process and gives us the ability to manage documents and data from a variety of sources.

Smith & Newell CPAs is dedicated to protecting our clients’ information. We provide an online client portal called SecureDrawer that gives our staff and our clients a very secure way to send and receive information during the audit quickly and securely. Each drawer is encrypted and accessed with a username and password unique to each client.

### **Laws and Regulations**

In the City of Colusa’s audit, substantial attention will be given to compliance with laws and regulations. Although management is responsible for ensure that the City complies with laws and regulations applicable to its activities, the independent auditor is responsible for considering them and how they affect the audit. We design the audit to provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts.

Among other things, Government Auditing Standards establish additional requirements related to:

- Noncompliance with contracts and grant agreements
- Abuse
- Communication of fraud, illegal acts, noncompliance and abuse

**Single Audit Compliance**

The Uniform Guidance states that the compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient evidence to support an opinion on compliance. Supporting an opinion on compliance on each major program requires testing of each major program.

Professional judgement is required in the selection of transactions for testing. Risk factors to consider include the following:

- Size of program
- Program maturity at the Federal agency
- Program maturity at the auditee
- Complexity
- Extent of contracting
- Multiple internal control structures
- Use of subrecipients
- Extent of computer processing
- Level of oversight
- Prior audit findings

The assurance required (and, therefore, the determination of the minimum sample size) is directly related to the risk of material noncompliance remaining after other audit procedures (risk assessment procedures, substantive analytical procedures, and tests of individually important items) have been performed. We typically assume a five percent tolerable exception rate and based on the degree of assurance needed after analysis of our other audit procedures, we select a sample size based on paragraph 11.72 of the GAS/SA Audit Guide.

**Identification of Anticipated Potential Audit Problems**

We are not aware of any anticipated problems.

**Workpaper Retention**

Audit programs, workpapers and reports will be retained for a period of seven years after the completion of the audit and made available for inspection by City of Colusa, oversight or cognizant agencies, parties designated by federal or state governments, auditors of entities of which the City of Colusa is a subrecipient of grant funds or component unit, and additional auditors if requested by them.

**Report Format**

Sample formats of required reports for this engagement can be obtained by reviewing audit engagements we have completed for other government entities. The City of Jackson's financial reports are available at:

[https://www.ci.jackson.ca.us/administration\\_finance.php#outer-74](https://www.ci.jackson.ca.us/administration_finance.php#outer-74)

## Section II – Cost Proposal

### 1. FEE PHILOSOPHY

Our fee philosophy is to foster long-term client relationships by offering fair pricing commensurate with our expertise. We strive to maintain efficiency in our audit approach so we can achieve maximum results in the budgeted time. We also strive to maintain billing rates that are reasonable in relation to the expertise of our staff.

As partners in the firm of Smith & Newell CPAs, Norman Newell and Carrie Schroeder are authorized to represent the firm, empowered to submit the bid, and authorized to sign a contract with City of Colusa.

### 2. TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE FISCAL YEARS ENDING JUNE 30

	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
City – Review & Confirm Audit & Issue Related Reports	\$ 24,000	\$ 24,960	\$ 25,708
Management Letter & MD&A Format	600	624	643
Single Audit Act Report	6,500	6,760	6,963
State Controller's Report (Optional)	3,000	3,120	3,214
GANN Limit Review & Report	<u>1,200</u>	<u>1,248</u>	<u>1,285</u>
Total Maximum Cost	<u>\$ 35,300</u>	<u>\$ 36,712</u>	<u>\$ 37,813</u>

If it should become necessary for City of Colusa to request the auditor to render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Colusa and Smith and Newell CPAs. Any such additional work agreed to between the City of Colusa and Smith and Newell CPAs shall be performed at a negotiated (agreed-upon) rates relative to the contracted service fee.

### 3. SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE FISCAL YEAR ENDING JUNE 30

	Hours	Hourly Rate	2022/23	Total
Partners	77	195	\$ 15,015	\$ 15,015
Manager	93	150	13,950	13,950
Supervisory Staff	0	100	0	0
Professional Staff	44	90	3,960	3,960
Clerical/Support Staff	34	70	2,375	2,375
Sub-Total			35,300	35,300

Meals/Lodging		0.00	0.00
Transportation		0.00	0.00
Printing/Copying		0.00	0.00
Other (Specify)		0.00	0.00
Sub-Total		0.00	0.00

<b>Grand Total</b>		\$ 35,300	\$ 35,300
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	Hours	Hourly Rate	2023/24	Total
Partners	77	202	\$ 15,616	\$ 15,616
Manager	93	156	14,508	14,508
Supervisory Staff	0	104	0	0
Professional Staff	44	94	4,118	4,118
Clerical/Support Staff	34	73	2,470	2,470
Sub-Total			36,712	36,712

Meals/Lodging		0.00	0.00
Transportation		0.00	0.00
Printing/Copying		0.00	0.00
Other (Specify)		0.00	0.00
Sub-Total		0.00	0.00

<b>Grand Total</b>		\$ 36,712	\$ 36,712
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	Hours	Hourly Rate	2024/25	Total
Partners	77	209	\$ 16,084	\$ 16,084
Manager	93	161	14,943	14,943
Supervisory Staff	0	107	0	0
Professional Staff	44	96	4,242	4,242
Clerical/Support Staff	34	75	2,544	2,544
Sub-Total			37,813	37,813

Meals/Lodging		0.00	0.00
Transportation		0.00	0.00
Printing/Copying		0.00	0.00
Other (Specify)		0.00	0.00
Sub-Total		0.00	0.00

<b>Grand Total</b>		\$ 37,813	\$ 37,813
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**APPENDIX A**

**FIRM RESUME**

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# FIRM RESUME

## (Last Five Years)

### Cities (Including Single Audits)

City of Colusa  
City of Grass Valley  
City of Jackson  
City of Nevada City  
City of Shasta Lake  
City of Willows  
City of Yreka

### Counties (Including Single Audits)

County of Amador  
County of Calaveras  
County of Colusa  
County of Mariposa  
County of Plumas  
County of Siskiyou  
County of Sierra  
County of Tehama

### Treasury Oversight Examinations

Amador County Treasury Oversight  
Calaveras County Treasury Oversight  
Colusa County Treasury Oversight  
Mariposa County Treasury Oversight  
Plumas County Treasury Oversight  
Sutter Treasury Oversight  
Tehama Treasury Oversight

### Redevelopment Agencies/Housing Authorities

Regional Housing Authority  
Sutter Community Affordable Housing

### Transportation Audits

Colusa County Transportation Commission/Transit  
Lake County/City Area Planning Council  
Lake County Transit Authority  
Mariposa County Transportation Commission/Transit  
Plumas County Transportation Commission/Transit  
Sierra County Transportation Commission/Transit

### Other Audits

3CORE, Inc.  
Amador County Dept of Auto Ins Fraud Program  
Amador County Dept of WC Ins Fraud Program  
Central Valleys Rice Growers Association  
Children and Families First - Mariposa County  
Children and Families First - Plumas County  
Counseling Solutions  
Family Life Foundation  
Habitat for Humanity Yuba/Sutter  
Inter-Mountain Fair Heritage Foundation  
Modoc District Fair  
Nevada County AVA Service Authority  
North Valley Behavioral Health  
Northern California Resource Center

### Other Audits (Continued)

Priorities, Inc.  
Tehama County AVA Service Authority

Willow Glen Care Center

Yuba Sutter Economic Development Corporation

### Special Districts

Amador County Local Agency Formation Comm  
Big Rock Community Service District  
Big Springs Irrigation District  
Brophy Water District  
Butte County Air Quality Management District  
Butte Valley Fire Protection District  
Cemetery District No. 2 of Sierra County  
Cemetery District No. 3 of Sierra County  
Cemetery District No. 5 of Sierra County  
Colusa County Water District  
Drainage District No. 1  
Drainage District No. 100  
Etna Cemetery District  
Feather River Air Quality Management District  
Feather River Resource Conservation District  
Feather Water District  
Gilsizer County Drainage District  
Glenn County Resource Conservation District  
Happy Camp Fire Protection District  
Hidden Valley Lake Community Services District  
Higgins Area Fire Protection District  
Hunter Valley Community Service District  
Kelseyville Fire Protection District  
Keystone Cemetery District  
Knights Landing Ridge Drainage District  
Keystone Cemetery District  
Lake County Fire Protection District  
Lake of the Pines Ranchos CSD  
Lakeport Fire Protection District  
Levee District No. 1  
Levee District No. 9  
Live Oak Cemetery District  
Mariposa Resource Conservation District  
Maxwell Public Utility District  
Mayten Fire Protection District  
McCloud Community Services District  
Montague Fire Protection District  
Montague Water Conservation District  
Monroeville Water District  
Mystic Mine Road Community Services District  
North San Juan Fire Protection District  
Northshore Fire Protection District  
Oak Tree Park & Recreation District  
Ophir Hill Fire Protection District  
Penryn Fire Protection District  
Picard Cemetery District  
Placer Hills Fire Protection District  
Pleasant Grove Cemetery District  
Reclamation District No. 108  
Reclamation District No. 777  
Reclamation District No. 2056  
Redwood Park Community Services District  
Roseville Public Cemetery District  
Rough & Ready Fire Protection District

**Special Districts (Continued)**

Sacramento River Reclamation District  
Sacramento River Westside Levee District  
Sacramento Valley BAPCC  
San Juan Ridge County Water District  
Scott Valley Fire Protection District  
Scott Valley Irrigation District  
Scott Valley & Shasta Valley Watermaster Dist  
Shasta Valley Cemetery District  
Smartsville Cemetery District  
Smartsville Fire Protection District  
South Sutter Water District  
South Yreka Fire Protection District  
Stanislaus Consolidated Fire Protection District  
Sutter Basin Fire Protection District  
Sutter Cemetery District  
Sutter Community Services District  
Sutter Resource Conservation District  
Sutter-Yuba Mosquito and Vector Control District  
Truckee Cemetery District  
Tulelake Multi-County Fire Protection District  
Williams Fire Protection Authority  
Yolo County Water Control and Conservation District

## **APPENDIX B**

### **PEER REVIEW**

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## **Report on the Firm's System of Quality Control**

To Smith & Newell, CPAs  
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 Smith & Newell, CPAs (the firm) in effect for the year ended May 31, 2021. 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 (Standards).

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](http://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**

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**

Engagements selected for review included engagements performed under *Government Auditing Standards*, as well as a compliance audits under the Single Audit Act.

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

### **Deficiency Identified in the Firm's System of Quality Control**

We noted the following deficiency during our review: Although the firm's quality control policies and procedures addresses engagement performance and documentation procedures through the use of a third-party practice aid, the firm did not use this practice aid to its fullest extent or misunderstood certain areas. This contributed to audit engagements performed under *Government Auditing Standards* and audits subject to compliance audits under the Single Audit Act not conforming with professional standards in all material respects in the areas of risk assessment, evaluation of a specialist and testing specific to major program compliance. Also, the audits subject to the Single Audit Act were missing certain cluster designations.

### **Opinion**

In our opinion, except for the deficiency previously described the system of quality control for the accounting and auditing practice of Smith & Newell, CPAs in effect for the year ended May 31, 2021, 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*. Smith & Newell, CPAs has received a peer review rating of *pass with deficiency*.

*Safford & Landry, Inc.*

January 24, 2022

## **APPENDIX C**

### **PREPARED BY CLIENT LIST**

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**CITY OF COLUSA**  
**JUNE 30, 20XX**

Note: This is a preliminary Prepared By Client (PBC) list, certain items on this list may not pertain to you. Additional items may be requested as the audit progresses. Whenever possible, please provide all PBC items in **ELECTRONIC** form through the Rubex 'Client Uploaded Documents' folder or flash drive. If you do not have access to Rubex, please contact our front office to provide access.

**Name the electronic file using your entity name, PBC item # and a brief description of the document.**

If not provided electronically, copies (**NOT originals**) of the items on the PBC list must be centrally accumulated to be provided to the audit team on the first day of fieldwork unless otherwise noted. When originals are provided (such as journal entries, cash reconciliations, etc.), ensure it is clearly marked **ORIGINAL**.

Item #	Item (Description/Details/Issues)	Date Due (Fieldwork=fw)	Complete/ Received
<b>General Items - Financial Reporting</b>			
1a	Minutes from Board/Council meetings (please note if available on website).	1st day of fw	
1b	Organizational charts.	Available	
1c	Accounting policies and procedures manual.	Available	
1d	Provide a listing of newly hired accounting personnel for year under audit, if applicable.	1st day of fw	
1e	Copy of the basis and applicable percentages by fund and function to be used to allocate internal service fund equity for entity wide financial statements.	1st day of fw	Not Applicable
1f	Copy of the schedule of any service concession arrangements.	1st day of fw	
2	Pre-Closing Trial Balance by fund in an excel format. This report should include totals for Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance/Net Position, Revenues and Expenditures/Expenses. Revenues should include subtotals by type of revenue (taxes, intergovernmental, etc.) and expenditures/expenses should include subtotals by function with capital outlay and debt service separately identified.	2 weeks prior to fw	
3	System report of journal entries recorded for the fiscal year ending 6/30/XX.	1st day of fw	
<b>Cash</b>			
4a	Listing of imprest cash accounts with 6/30/XX balances.	1st day of fw	
4b	Understanding and supporting documentation for restricted cash (nature of the restriction).	1st day of fw	
4c	June 20XX bank reconciliations including a listing of outstanding checks, listing of deposits in transit, and supporting documentation for other significant reconciling items.	1st day of fw	
4d	June and July 20XX bank statements.	1st day of fw	
<b>Investments</b>			
4e	Access to original June 20XX investment statements or other supporting documentation for all investments.	1st day of fw	
4f	Schedule of accrued interest receivable as of and for the year ended 06/30/XX.	1st day of fw	
<b>Accounts Receivable Items</b>			
5a	Detail schedule of receivables by fund (current and unavailable) with 06/30/XX balances, including payor, amount, and related allowance, identified according to type of revenue i.e., accounts, taxes, interest, and intergovernmental	1st day of fw	
5b	Detail schedule of unavailable revenue by fund identified according to type of revenue and function.	1st day of fw	
5c	Policy for establishing allowance for doubtful accounts (reserves) and writing off uncollectible receivables for proprietary funds.	1st day of fw	
<b>Leases/Notes Receivable Items</b>			
5d	Copies of new lease agreements entered into during the fiscal year (operating and/or capital).	1st day of fw	
<b>Other Assets</b>			
5e	Detail of other assets at 6/30/XX.	1st day of fw	
<b>Revenue Items</b>			
5f	List of all receipts (deposit permits) for the year including fund, date of deposit, payor, amount and account number.	1st day of fw	
5g	Copy of ordinance establishing tax rates.	1st day of fw	Not Applicable
5h	Total assessed valuation of all properties.	1st day of fw	Not Applicable
5i	Reconciliation of tax accountability.	1st day of fw	Not Applicable

Item	Item (Description/Details/Issues)	Date Due	Complete/ Received
5j	Reconciliation of current, deferred and delinquent property tax assessments.	1st day of fw	Not Applicable
5k	Schedule of quarterly/monthly interest apportionments.	1st day of fw	
5l	Detail listing of federal, state, and local governmental grants and contracts revenue.	1st day of fw	
5m	Rate schedules for proprietary fund services.	1st day of fw	
<b>Inventory</b>			
6a	Detail listing of inventory on hand at June 30, 20XX.	1st day of fw	
<b>Capital Assets Items</b>			
7a	Roll forward schedule of capital assets, including accumulated depreciation (amortization), that includes beginning balances, additions, deletions, transfers, and ending balances.	1st day of fw	
7b	A detail listing of additions to capital assets during the year. Detail should include a description of the asset purchased, date purchased, cost, and should agree by fund to capital outlay expenditure accounts in governmental funds and a copy of the supporting invoice.	1st day of fw	
7c	Detail and supporting documentation for all sales (disposals) of capital assets during the year by fund.	1st day of fw	
7d	Roll forward, by project (include name, project number, and description), of construction in progress balance as of June 30, 20XX. Please include project start date and the anticipated project completion date.	1st day of fw	
7e	Schedule of intangible assets and the analysis/calculation of the value of intangible assets in accordance with GASB 51.	1st day of fw	
<b>Accounts Payable</b>			
8a	Schedule of accounts payable at 6/30/XX with detail by fund, including date paid, warrant number, payee, amount and account number.	1st day of fw	
<b>Prepaid Items</b>			
8b	Detail of prepaid expenses at 6/30/XX.	1st day of fw	
<b>Unearned Revenue Items</b>			
8c	Detail of items recorded in unearned revenue and their respective balances at 6/30/XX.	1st day of fw	
<b>Other Liabilities Items</b>			
8d	Detail listing of the nature and balances of other liabilities (current and noncurrent) at 6/30/XX. [i.e. deposits, retention, interest, etc.]	1st day of fw	
<b>Expense Items</b>			
8e	Detail warrant (check) register in warrant number order. Detail should include date paid, payee, amount and account number.	1st day of fw	
<b>Accrued Salaries and Benefits, Net Pension Liability, Net OPEB Obligation</b>			
9a	Listing of employees. S&N will select sample for testing.	1st day of fw	
9b	Calculations of accrued salaries and benefits as of 6/30/XX with supporting documentation (accrued salaries and benefits schedule).	1st day of fw	
9c	Calculation of net pension liability, deferred outflows of resources and deferred inflows of resources.	1st day of fw	
9d	GASB 68 Actuarial for the net pension liability and supporting documentation	1st day of fw	
9e	PERS census data file for June 30, 20XX.	1st day of fw	
9f	Schedule of PERS contributions per the general ledger reconciled to contributions per CalPERS reports and split by function.	1st day of fw	
9g	Printout from CalPERS online account of the Reported Member Summary report for fiscal year ending June 30, 20XX.	1st day of fw	
9h	GASB 75 Actuarial for the net OPEB liability and supporting documentation.	1st day of fw	
<b>Accrued Compensated Absences</b>			
10a	Schedule of accrued compensated absences showing additions and reductions with calculation of current portion.	1st day of fw	
<b>Leases and Long-Term Debt Items</b>			
10b	Roll forward schedule of outstanding debt, including capital leases showing additions and retirements with current portion.	1st day of fw	
10c	Reconciliation of all principal retirements by fund to debt service expenditure account in governmental funds and copy of supporting invoices.	1st day of fw	
10d	Copies of all new operating or capital lease agreements entered into during the current year.	1st day of fw	
10e	Schedule of leases in accordance with GASB 87.	1st day of fw	

Item	Item (Description/Details/Issues)	Date Due	Complete/ Received
10f	For leases, a schedule of future minimum lease payments including amounts that represent interest.	1st day of fw	
10g	Copies of any new debt agreements entered into during the year.	1st day of fw	
10h	Copy of all debt reserve requirements.	1st day of fw	
10i	Calculation of accrued interest payable at 6/30/XX.	1st day of fw	
10j	Copy of arbitrage calculation.	1st day of fw	
10k	Solid Waste closure/post closure calculation and support.	1st day of fw	Not Applicable
<b>Net Position/Fund Balance</b>			
11a	If restatement adjustments have been made to beginning fund balance/net position, supporting source documentation for all adjustments.	1st day of fw	
11b	Copy of any fund balance policy changes in accordance with GASB 54.	1st day of fw	
11c	Schedule of analysis of changes in the aggregate fund balance and components of the fund balance for each individual fund (i.e. restricted nonspendable, committed, assigned, unassigned).	1st day of fw	
11d	Schedule of fiduciary fund balance sheet balances (including accruals) and revenue/expense activity in accordance with GASB 84.	1st day of fw	
<b>Other Items</b>			
12a	Schedule and reconciliation of interfund receivables/payables. Both current (due to/from) and long-term (advances receivable/payable).	1st day of fw	
12b	Schedule and reconciliation of interfund transfers in/out	1st day of fw	
12c	Original budget to actual comparison for FYE June 30, 20XX.	1-2 weeks prior to fw	
12d	Final budget to actual comparison for FYE June 30, 20XX.	1-2 weeks prior to fw	
12e	Actuarial report on self-insurance liability.	1st day of fw	
12f	Copy of 2 CFR 225 Indirect Cost Allocation Plan	1st day of fw	
12g	Appropriation limit calculation	1st day of fw	
12h	Provide list of all construction commitments remaining open balance by contract as of June 30, 20XX.	1st day of fw	
12i	Provide a schedule of significant subsequent events.	1st day of fw	
12j	Copy of State Controller's Financial Transactions Report for 6/30/XX.	1st day of fw	
13	Completed SEFA. This should include all federal funds expended (direct or pass through) by individual grant with identification of CFDA #, federal program, pass through grantor, pass through entity identifying number, amounts passed through to subrecipients, fund an account number where activity is recorded, supporting documentation (claims for reimbursement and reconciliation to general ledger.	1-2 weeks prior to fw	

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**CITY OF COLUSA**

**PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

**For the Fiscal Years Ending June 30, 2023, 2024, and 2025  
(Optional Fiscal Years, 2026, 2027, and 2028)**

=====

**Submitted By:**

Moss, Levy & Hartzheim, LLP  
5800 Hannum Avenue, Suite E  
Culver City, California 90230  
Phone: (310) 670-2745  
Fax: (310) 670-1689  
Email: [mlhbbh@mlhcpas.com](mailto:mlhbbh@mlhcpas.com)  
Website: [www.mlhcpas.com](http://www.mlhcpas.com)

**Submitted On:**

February 27, 2023

**Contact Person:**

Craig A. Hartzheim, CPA: Partner  
Hadley Y. Hui, CPA: Partner  
Wilson Lam, CPA, CFE, CGFM: Partner  
Bin Zeng: Principal



CITY OF COLUSA  
AUDIT PROPOSAL  
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## MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

### PARTNERS

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA  
WILSON LAM, CPA

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Mr. Ishrat Aziz-Khan  
Finance Director  
City of Colusa  
425 Webster St.  
Colusa, CA 95932

Dear Mr. Aziz-Khan,

We are pleased to respond to the Request for Proposal of the City of Colusa (City) for independent professional auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

Moss, Levy & Hartzheim is an equal opportunity employer.

After sixty-seven (66) years in public accounting and forty-seven (46) years of performing local governmental and non-profit audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim, LLP. The firm is a regional full-service public accounting firm with offices in Beverly Hills, Culver City, and Santa Maria. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements. This why we strive to constantly improve the quality of our professional services. Our degree of dedication, coupled with our ability to inform clients of any new accounting and auditing issues, is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

**At Moss, Levy & Hartzheim, LLP, our commitment to professionalism and timely completion of engagements sets us apart as the top choice for this audit engagement. Our experienced and knowledgeable staff, particularly in governmental audits, will bring a wealth of expertise to the table, ensuring a thorough and efficient audit. With our track record of delivering results and exceptional client service, you can trust that choosing our firm will be the right decision for your audit needs.**

It is our understanding that we will perform an audit of the City's basic financial statements and its component unit (Housing Community Development), in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, and Government Auditing Standards (GAS) with the objective to express an opinion of the fair presentation of the City's Government-Wide and Fund Financial Statements, which will be in full compliance with the Governmental Accounting Standards Board (GASB) Statements, and Governmental Auditing Standards (GAO).



We will express an “in-relation-to” opinion on the government-wide financial statements and the fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. We will also perform, if applicable, a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and test compliance with the Single Audit Act as amended in 1996 and applicable laws and regulations, and provide an “in-relation-to” report on the schedule of federal financial assistance.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements of the City, we understand that we will also be responsible for performing certain limited procedures involving the management’s discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; if applicable; the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and all relevant Governmental Accounting Standards Board (GASB) Statements, and Governmental Auditing Standards (GAO).

It is our understanding that we will be responsible for issuing the following reports: an independent auditor’s report on the fair presentation of the City’s basic financial statements, in conformity with accounting principles generally accepted in the United States of America; an independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City performed in accordance with *Government Auditing Standards*; an independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; a single audit report which includes a schedule of expenditures of federal awards, footnotes, findings and questioned costs including significant deficiencies and material weaknesses, if applicable; an agreed-upon procedures report in compliance with Proposition 111 Article XIII.B of the California State Constitution and Government Code 7900 on its appropriations limit (GANN limit calculation); and a Management Letter, including Statements on Auditing Standards No. 114 and No. 115. Additionally, we may be requested to prepare and submit the Annual Financial Transactions Reports (Cities Financial Transaction Reports, Street, Public Financing Authority) for the City and Transit to the State Controller’s Office..

Our firm is open to performing additional work as long as it does not compromise our independence; this includes any agreed-upon procedures requested by the City’s staff.

All noncompliance and significant deficiencies found during the audit will be communicated in writing. In the required reports on compliance and internal controls, we shall communicate any significant deficiencies and noncompliance issues found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the reports on internal controls. All irregularities and illegal acts or indications of illegal acts of which we become aware of during our audit will be immediately reported, in writing, to the City Manager, the Finance Director, City Attorney, and City Council.

We will ensure the City is correctly implementing all required Accounting Pronouncements in accordance with Government Accounting Standards. We are also available to the City to discuss any issues or provide assistance as needed.



Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time, pending no unforeseen circumstances which the City imposes on our work.

The percentage of the audit work we expect to accomplish in each month is shown below:

<u>June</u>	<u>September</u>	<u>Nov/Dec</u>	<u>Total</u>
35%	50%	15%	100%

This proposal for auditing services is an irrevocable offer until June 1, 2023.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

Craig A. Hartzheim, CPA - Partner  
Hadley Y. Hui, CPA - Partner  
Wilson Lam, CPA, CFE, CGFM - Partner  
Bin Zeng- Principal

5800 Hannum Ave. Ste. E  
Culver City, CA 90230  
(310) 670-2745  
Mlhbh@mlhcpas.com

Sincerely,



Craig A. Hartzheim, CPA  
Partner



## CITY OF COLUSA AUDIT PROPOSAL

---

### FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim, LLP is independent of the City of Colusa and its component unit, defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule making authority over the auditing profession.

Our firm is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Annual Comprehensive Financial Report (ACFR). Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs twenty-eight (28) professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of \$4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

**The audit work will be completed by staff from our Culver City office, located at 5800 Hannum Avenue, Suite E, Culver City, California 90230.**

The Culver City office is currently staffed by five (5) certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs additional managers, senior accountants, and staff accountants. All certified public accountants, managers, senior accountants, and staff accountants are part of the governmental and non-profit audit practice.

The firm uses checklists and questionnaires to determine that staff members are independent of the client being audited. We also have each staff member sign a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

The City will have one partner, one manager, and one supervising accountant assigned to the audits on a full-time basis. In addition, one accountant will be assigned to the audit on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

Our firm has never provided any professional services for the City or any of its component unit.

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. All certified public accountants engaged in the audit of the City are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and *Government Auditing Standards* to perform governmental audits.

Please see *Appendix A – License to Practice in California*.

Our firm offers a comprehensive range of services to meet the needs of our clients, including:

#### Audits & Attestation:

- Governmental (municipalities, school districts, special districts, and single audits)
- Non-Profit Organizations
- Commercial Business
- Compliance Audits
- Transient Occupancy Tax





## FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)

Our firm offers a comprehensive range of services to meet the needs of our clients, including: (Continued)

Accounting Services:

Reviews Services  
Compilations Services

Management Advisory Services (Non-Audit Clients):

Data Processing Solutions  
Business Advisory Services  
Pension and Profit-Sharing Plan Consultation  
Acquisition and Mergers Support

Income Tax Services:

Preparation and Filing of Tax Returns  
Tax Planning and Strategy  
Tax Audits and Representation with the Internal Revenue Service and Other Taxing Authorities

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Moss, Levy & Hartzheim, LLP has an extensive background in auditing governmental and non-profit entities with over forty years of experience in this specialized field. The firm currently performs over thirty (30) city audits, over seventy-five (75) special district audits, as well as the audit of the County Sanitation Districts of Los Angeles County (all 25 districts), and twenty-two (22) school district and related audits. We have also recently completed monitoring of one hundred contractors for the County of Los Angeles, for contract compliance and fiscal monitoring. Additionally, we are also on the master lists and have signed master contracts with the County of San Diego and the County of Los Angeles for Compliance and Financial Audits.

The firm's recent local similar auditing experience includes the following:

### 1. CSMFO and GFOA Award Programs

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award Programs:

City of Arcadia	City of Lompoc
City of Bellflower	City of Los Alamitos
City of Calabasas	City of Paso Robles
City of Covina	City of Santa Maria
City of Culver City	City of Wheatland
City of El Centro	City of Westlake Village
City of Eureka	County Sanitation Districts of
City of Laguna Hills	Los Angeles County
City of La Mirada	Encina Wastewater Authority
City of La Palma	Los Angeles County Flood Control District



## **FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

### **2. Uniform Guidance**

We specialize in conducting compliance audits for our municipal and school district clients, ensuring that they are in compliance with Title 2 U.S Code of Federal Regulation Part 200, known as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

### **3. Federal and State Grant Programs and the Single Audit**

Each of our municipal clients, the majority of our Special District clients, and all of our School District clients receive Federal and State Grants which require compliance audits, including American Recovery and Reinvestment Act Grants. Some of our most commonly audited programs are as follows:

#### **Municipal Major Programs:**

- ARPA Act (2021)
- Cares Act Programs
- Community Development Block Grant Funds (CDBG)
- Federal Emergency Management Act Funds (FEMA)
- Section 8 Housing Assistance Payments
- Transportation Enhancement Act (TEA)
- Airport Improvement Program (AIP)
- Economic Development Grants (EDA)
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Highway Planning and Construction

#### **Other Major Programs:**

- Senior Nutrition Programs
- Child Nutrition Programs
- Title I
- Title VI
- Migrant Education
- Vocational Education
- Special Education

### **4. Non-profit Agencies**

We have audited numerous non-profit agencies and have also prepared their federal and state tax returns. Currently, our firm performs audit and/or tax preparation services for sixty non-profit agencies.



**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**5. State Controller's Report and Street Reports**

We have prepared State Controller's Reports, Transit, and Street Reports for numerous Cities, Special Districts, and Redevelopment Agencies. We feel this experience allows us to assist our clients in their preparation of the State Controller's Reports or prepare the reports as a separate engagement for our clients.

**6. Investment Compliance**

In addition to financial statement audits, we also review our clients' compliance with their investment policies and examine investment types, including, but not limited to, an evaluation of maturity dates (short-term or long-term), types and category, and collateral to ensure proper disclosure of risk in the basic financial statements.

**7. Bond Reporting**

The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator).

**8. TOT, Refuse and Other Audits**

The firm has recently concluded auditing lease agreements between the County of Los Angeles and a lessee for a period of 15 years. The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator). The firm has also performed franchise audits of Comcast, AT&T, a local sports park, and others for Municipal clients who have requested them.

**9. School Districts**

Currently, our firm audits twenty-two (22) school districts and related schools throughout the State of California, including three Charter Schools. We have also performed audits of student bodies for nearly all of our school district clients.

**10. Special Districts**

Currently, our firm audits in excess of one hundred and seventeen special districts including sanitary districts, an open space district, the County Sanitation Districts of Los Angeles County (all 25 Districts), water districts, recreation districts, utility districts, cemetery districts, community services districts, fire districts, ambulance services districts, airport districts, and vector control districts.



**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**11. Joint Powers Authorities**

We have audited the following Joint Powers Authorities (JPAs):

County of San Diego – Emergency Services Organization  
Encina Wastewater Authority  
Gateway Cities Council of Governments  
North Coast Emergency Medical Services  
San Diego Geographic Information System  
Santa Barbara County Special Education Local Plan Area Joint Powers Agency  
Santa Barbara Water Purveyors Joint Powers Agency  
Tracy Area Public Facilities Financing Authority  
Transportation Authority of Marin  
West Cities Council of Governments  
West Contra Costa Integrated Waste Management Authority

In addition to the joint powers authorities listed above, the vast majority of our governmental clients are members of joint powers authorities. As such, our firm has experience in reviewing JPA statements and disclosing the appropriate JPA information in the financial statements for each governmental client.

**Culver City Office - Current Municipal Audit Clients**

City of Alhambra	City of El Centro	City of Imperial	City of Taft
City of Arcadia	City of Eureka	City of La Mirada	City of Westlake Village
City of Artesia	City of Healdsburg	City of La Palma	City of Wheatland
City of Bellflower	City of Holtville	City of Lindsay	City of Willits
City of Duarte	City of Hughson	City of San Gabriel	

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Please see *Appendix C – Peer Quality Review Report* for a copy of our firm's July 16, 2022, quality review report, which includes a review of governmental and non-profit engagements.

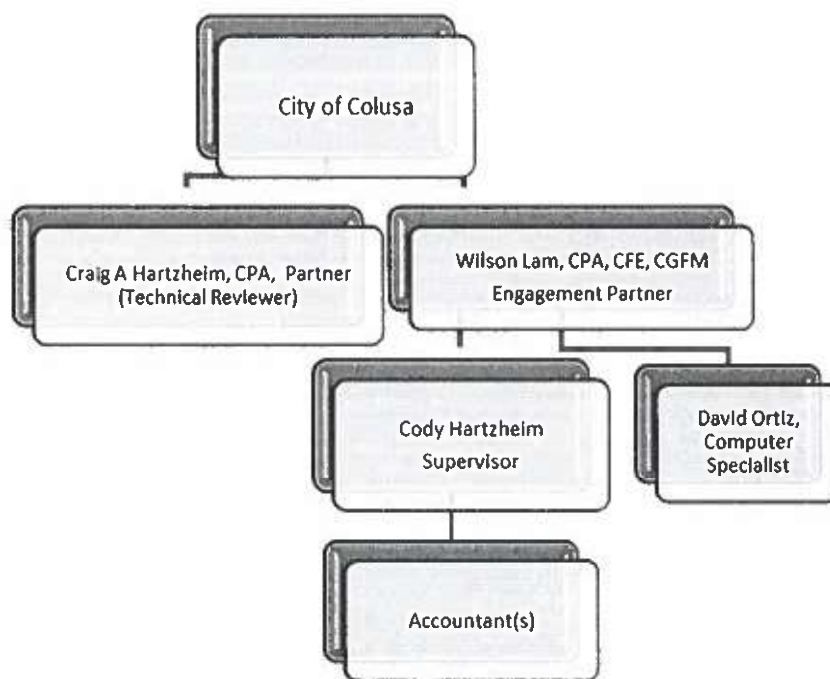
The engagement team at our firm has extensive experience and a proven track record of successfully completing single audits of governmental agencies. Our team is well-versed in the various requirements of single audits, including the Uniform Guidance, the Government Auditing Standards, and the requirements of the Single Audit Act Amendments of 1996. All team members have a thorough understanding of the Uniform Guidance, the OMB Circulars, and the A-133 Compliance Supplement. Additionally, the engagement team is highly proficient in the use of data analytics, which is essential when performing single audits on governmental agencies. The team is experienced in assessing the internal control framework and assessing the risk of material misstatement of the financial statements. The team also has the experience necessary to properly identify and test compliance with applicable laws and regulations. Our team is well-equipped to provide single audit services that meet the highest professional standards.

Please see *Appendix F – Current Insurance Coverage*.





## STAFF QUALIFICATIONS AND EXPERIENCE



It is the firm's policy to have our partners and managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Craig A. Hartzheim, CPA would be the technical (concurring) partner in charge of the audits of the City. He will be responsible for reviewing the City's basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning ACFRs. Mr. Craig A. Hartzheim, CPA has 38 years of experience in the governmental auditing and accounting field and has been with the firm for 38 years.

Mr. Wilson Lam, CPA, CFE, CGFM will be the engagement partner assigned to the audit. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for a majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning ACFRs. This enables the partner to become acquainted with the City's daily operations and key personnel.

Mr. Cody Hartzheim will be the Supervisor assigned to the audit. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the supervisory accountant and manager assigned to the audits at all times. All partners, managers, and staff members have worked on numerous governmental engagements together, consistently working together will provide the City with a knowledgeable, proficient, and efficient audit team.

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## MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

### PARTNERS

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
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Mr. Ishrat Aziz-Khan  
Finance Director  
City of Colusa  
425 Webster St.  
Colusa, CA 95932

Dear Mr. Aziz-Khan,

We are pleased to respond to the Request for Proposal of the City of Colusa (City) for independent professional auditing services. We have prepared our proposal to address each of the specifications included in the City's Request for Proposal.

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We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our engagements in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

**At Moss, Levy & Hartzheim, LLP, our commitment to professionalism and timely completion of engagements sets us apart as the top choice for this audit engagement. Our experienced and knowledgeable staff, particularly in governmental audits, will bring a wealth of expertise to the table, ensuring a thorough and efficient audit. With our track record of delivering results and exceptional client service, you can trust that choosing our firm will be the right decision for your audit needs.**

It is our understanding that we will perform an audit of the City's basic financial statements and its component unit (Housing Community Development), in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, and Government Auditing Standards (GAS) with the objective to express an opinion of the fair presentation of the City's Government-Wide and Fund Financial Statements, which will be in full compliance with the Governmental Accounting Standards Board (GASB) Statements, and Governmental Auditing Standards (GAO).



We will express an “in-relation-to” opinion on the government-wide financial statements and the fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. We will also perform, if applicable, a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and test compliance with the Single Audit Act as amended in 1996 and applicable laws and regulations, and provide an “in-relation-to” report on the schedule of federal financial assistance.

In addition to the procedures deemed necessary to express our opinion on the basic financial statements of the City, we understand that we will also be responsible for performing certain limited procedures involving the management’s discussion and analysis (MD&A) and the required supplementary information (RSI), as mandated by auditing standards generally accepted in the United States of America.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States, including all applicable auditing standards issued by the American Institute of Certified Public Accountants; the provisions of the Single Audit Act Amendments of 1996; if applicable; the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; and all relevant Governmental Accounting Standards Board (GASB) Statements, and Governmental Auditing Standards (GAO).

It is our understanding that we will be responsible for issuing the following reports: an independent auditor’s report on the fair presentation of the City’s basic financial statements, in conformity with accounting principles generally accepted in the United States of America; an independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City performed in accordance with *Government Auditing Standards*; an independent auditor’s report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Title 2 U.S. Code Federal Regulation Part 200, *Uniform Administrative Requirements, Audits of State, Local Governments, and Nonprofit Organizations*; a single audit report which includes a schedule of expenditures of federal awards, footnotes, findings and questioned costs including significant deficiencies and material weaknesses, if applicable; an agreed-upon procedures report in compliance with Proposition 111 Article XIII.B of the California State Constitution and Government Code 7900 on its appropriations limit (GANN limit calculation); and a Management Letter, including Statements on Auditing Standards No. 114 and No. 115. Additionally, we may be requested to prepare and submit the Annual Financial Transactions Reports (Cities Financial Transaction Reports, Street, Public Financing Authority) for the City and Transit to the State Controller’s Office..

Our firm is open to performing additional work as long as it does not compromise our independence; this includes any agreed-upon procedures requested by the City’s staff.

All noncompliance and significant deficiencies found during the audit will be communicated in writing. In the required reports on compliance and internal controls, we shall communicate any significant deficiencies and noncompliance issues found during the audit. Significant deficiencies that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered will be reported in a separate letter to management, which will be referred to in the reports on internal controls. All irregularities and illegal acts or indications of illegal acts of which we become aware of during our audit will be immediately reported, in writing, to the City Manager, the Finance Director, City Attorney, and City Council.

We will ensure the City is correctly implementing all required Accounting Pronouncements in accordance with Government Accounting Standards. We are also available to the City to discuss any issues or provide assistance as needed.

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Moss, Levy & Hartzheim, LLP will perform the audit work within the specified time, pending no unforeseen circumstances which the City imposes on our work.

The percentage of the audit work we expect to accomplish in each month is shown below:

<u>June</u>	<u>September</u>	<u>Nov/Dec</u>	<u>Total</u>
35%	50%	15%	100%

This proposal for auditing services is an irrevocable offer until June 1, 2023.

Thank you for your consideration and please do not hesitate to contact the authorized representatives listed below with any questions, problems, or concerns.

Craig A. Hartzheim, CPA - Partner  
Hadley Y. Hui, CPA - Partner  
Wilson Lam, CPA, CFE, CGFM - Partner  
Bin Zeng- Principal

5800 Hannum Ave. Ste. E  
Culver City, CA 90230  
(310) 670-2745  
Mlhbh@mlhcpas.com

Sincerely,



Craig A. Hartzheim, CPA  
Partner





## CITY OF COLUSA AUDIT PROPOSAL

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### FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim, LLP is independent of the City of Colusa and its component unit, defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, the U.S. Securities and Exchange Commission, and all other authoritative bodies with standard or rule making authority over the auditing profession.

Our firm is a regional firm that performs audits of governmental and non-profit entities throughout the State of California, from the Oregon border to the Mexico border. For most of our governmental clients, we also prepare their Annual Comprehensive Financial Report (ACFR). Our firm also performs review and compilation engagements as well as tax and consulting services to clients throughout the United States. The firm currently employs twenty-eight (28) professionals, all of whom are trained in governmental auditing, and has annual gross revenues in excess of \$4 million dollars. The firm has three offices in California: Culver City, Beverly Hills, and Santa Maria.

**The audit work will be completed by staff from our Culver City office, located at 5800 Hannum Avenue, Suite E, Culver City, California 90230.**

The Culver City office is currently staffed by five (5) certified public accountants (three partners, two managers, and one senior accountant). In addition, the Culver City office employs additional managers, senior accountants, and staff accountants. All certified public accountants, managers, senior accountants, and staff accountants are part of the governmental and non-profit audit practice.

The firm uses checklists and questionnaires to determine that staff members are independent of the client being audited. We also have each staff member sign a personal independence declaration prior to commencing work on an audit client. The partner in charge of the audit reviews all independence work papers prior to staffing each audit.

The City will have one partner, one manager, and one supervising accountant assigned to the audits on a full-time basis. In addition, one accountant will be assigned to the audit on a full-time basis. These employees will not be changed except due to unforeseen circumstances.

Our firm has never provided any professional services for the City or any of its component unit.

Moss, Levy & Hartzheim, LLP is a properly licensed certified public accounting firm in the State of California. All certified public accountants engaged in the audit of the City are licensed to practice in the State of California and have received at least the minimum number of governmental continuing professional education hours required by the State Board of Accountancy and *Government Auditing Standards* to perform governmental audits.

Please see *Appendix A – License to Practice in California*.

Our firm offers a comprehensive range of services to meet the needs of our clients, including:

#### Audits & Attestation:

- Governmental (municipalities, school districts, special districts, and single audits)
- Non-Profit Organizations
- Commercial Business
- Compliance Audits
- Transient Occupancy Tax



**CITY OF COLUSA**  
**AUDIT PROPOSAL**

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**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

Our firm offers a comprehensive range of services to meet the needs of our clients, including: (Continued)

Accounting Services:

Reviews Services  
Compilations Services

Management Advisory Services (Non-Audit Clients):

Data Processing Solutions  
Business Advisory Services  
Pension and Profit-Sharing Plan Consultation  
Acquisition and Mergers Support

Income Tax Services:

Preparation and Filing of Tax Returns  
Tax Planning and Strategy  
Tax Audits and Representation with the Internal Revenue Service and Other Taxing Authorities

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Moss, Levy & Hartzheim, LLP has an extensive background in auditing governmental and non-profit entities with over forty years of experience in this specialized field. The firm currently performs over thirty (30) city audits, over seventy-five (75) special district audits, as well as the audit of the County Sanitation Districts of Los Angeles County (all 25 districts), and twenty-two (22) school district and related audits. We have also recently completed monitoring of one hundred contractors for the County of Los Angeles, for contract compliance and fiscal monitoring. Additionally, we are also on the master lists and have signed master contracts with the County of San Diego and the County of Los Angeles for Compliance and Financial Audits.

The firm's recent local similar auditing experience includes the following:

**1. CSMFO and GFOA Award Programs**

The firm has or is currently auditing the following entities that have participated in and have received the CSMFO and/or GFOA Award Programs:

City of Arcadia	City of Lompoc
City of Bellflower	City of Los Alamitos
City of Calabasas	City of Paso Robles
City of Covina	City of Santa Maria
City of Culver City	City of Wheatland
City of El Centro	City of Westlake Village
City of Eureka	County Sanitation Districts of
City of Laguna Hills	Los Angeles County
City of La Mirada	Encina Wastewater Authority
City of La Palma	Los Angeles County Flood Control District

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## **FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

### **2. Uniform Guidance**

We specialize in conducting compliance audits for our municipal and school district clients, ensuring that they are in compliance with Title 2 U.S Code of Federal Regulation Part 200, known as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

### **3. Federal and State Grant Programs and the Single Audit**

Each of our municipal clients, the majority of our Special District clients, and all of our School District clients receive Federal and State Grants which require compliance audits, including American Recovery and Reinvestment Act Grants. Some of our most commonly audited programs are as follows:

#### **Municipal Major Programs:**

- ARPA Act (2021)
- Cares Act Programs
- Community Development Block Grant Funds (CDBG)
- Federal Emergency Management Act Funds (FEMA)
- Section 8 Housing Assistance Payments
- Transportation Enhancement Act (TEA)
- Airport Improvement Program (AIP)
- Economic Development Grants (EDA)
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Home Investment Partnerships Program (HOME)
- Capitalization Grants for State Revolving Funds
- Surveys, Studies, Investigations, and Special Purpose Grants
- Highway Planning and Construction

#### **Other Major Programs:**

- Senior Nutrition Programs
- Child Nutrition Programs
- Title I
- Title VI
- Migrant Education
- Vocational Education
- Special Education

### **4. Non-profit Agencies**

We have audited numerous non-profit agencies and have also prepared their federal and state tax returns. Currently, our firm performs audit and/or tax preparation services for sixty non-profit agencies.



**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**5. State Controller's Report and Street Reports**

We have prepared State Controller's Reports, Transit, and Street Reports for numerous Cities, Special Districts, and Redevelopment Agencies. We feel this experience allows us to assist our clients in their preparation of the State Controller's Reports or prepare the reports as a separate engagement for our clients.

**6. Investment Compliance**

In addition to financial statement audits, we also review our clients' compliance with their investment policies and examine investment types, including, but not limited to, an evaluation of maturity dates (short-term or long-term), types and category, and collateral to ensure proper disclosure of risk in the basic financial statements.

**7. Bond Reporting**

The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator).

**8. TOT, Refuse and Other Audits**

The firm has recently concluded auditing lease agreements between the County of Los Angeles and a lessee for a period of 15 years. The firm has assisted several cities in reviewing franchise financial statements as part of reviewing franchise requests for rate increases. In addition, the firm has performed transient occupancy audits for ten municipalities and has performed various audits of operating lease charges (such as use of a sewage treatment plant based on percentage of use by our client and actual expense as recorded by the treatment plant operator). The firm has also performed franchise audits of Comcast, AT&T, a local sports park, and others for Municipal clients who have requested them.

**9. School Districts**

Currently, our firm audits twenty-two (22) school districts and related schools throughout the State of California, including three Charter Schools. We have also performed audits of student bodies for nearly all of our school district clients.

**10. Special Districts**

Currently, our firm audits in excess of one hundred and seventeen special districts including sanitary districts, an open space district, the County Sanitation Districts of Los Angeles County (all 25 Districts), water districts, recreation districts, utility districts, cemetery districts, community services districts, fire districts, ambulance services districts, airport districts, and vector control districts.





**FIRM QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

The firm's recent local similar auditing experience includes the following: (Continued)

**11. Joint Powers Authorities**

We have audited the following Joint Powers Authorities (JPAs):

County of San Diego – Emergency Services Organization  
Encina Wastewater Authority  
Gateway Cities Council of Governments  
North Coast Emergency Medical Services  
San Diego Geographic Information System  
Santa Barbara County Special Education Local Plan Area Joint Powers Agency  
Santa Barbara Water Purveyors Joint Powers Agency  
Tracy Area Public Facilities Financing Authority  
Transportation Authority of Marin  
West Cities Council of Governments  
West Contra Costa Integrated Waste Management Authority

In addition to the joint powers authorities listed above, the vast majority of our governmental clients are members of joint powers authorities. As such, our firm has experience in reviewing JPA statements and disclosing the appropriate JPA information in the financial statements for each governmental client.

**Culver City Office - Current Municipal Audit Clients**

City of Alhambra	City of El Centro	City of Imperial	City of Taft
City of Arcadia	City of Eureka	City of La Mirada	City of Westlake Village
City of Artesia	City of Healdsburg	City of La Palma	City of Wheatland
City of Bellflower	City of Holtville	City of Lindsay	City of Willits
City of Duarte	City of Hughson	City of San Gabriel	

Our firm has never been the object of any disciplinary action from any federal or state regulatory body or professional organization, nor is there any disciplinary action pending.

Please see *Appendix B – Current and/or Recently Completed Governmental Audits* for a list of current governmental audits performed by the firm.

Please see *Appendix C – Peer Quality Review Report* for a copy of our firm's July 16, 2022, quality review report, which includes a review of governmental and non-profit engagements.

The engagement team at our firm has extensive experience and a proven track record of successfully completing single audits of governmental agencies. Our team is well-versed in the various requirements of single audits, including the Uniform Guidance, the Government Auditing Standards, and the requirements of the Single Audit Act Amendments of 1996. All team members have a thorough understanding of the Uniform Guidance, the OMB Circulars, and the A-133 Compliance Supplement. Additionally, the engagement team is highly proficient in the use of data analytics, which is essential when performing single audits on governmental agencies. The team is experienced in assessing the internal control framework and assessing the risk of material misstatement of the financial statements. The team also has the experience necessary to properly identify and test compliance with applicable laws and regulations. Our team is well-equipped to provide single audit services that meet the highest professional standards.

Please see *Appendix F – Current Insurance Coverage*.

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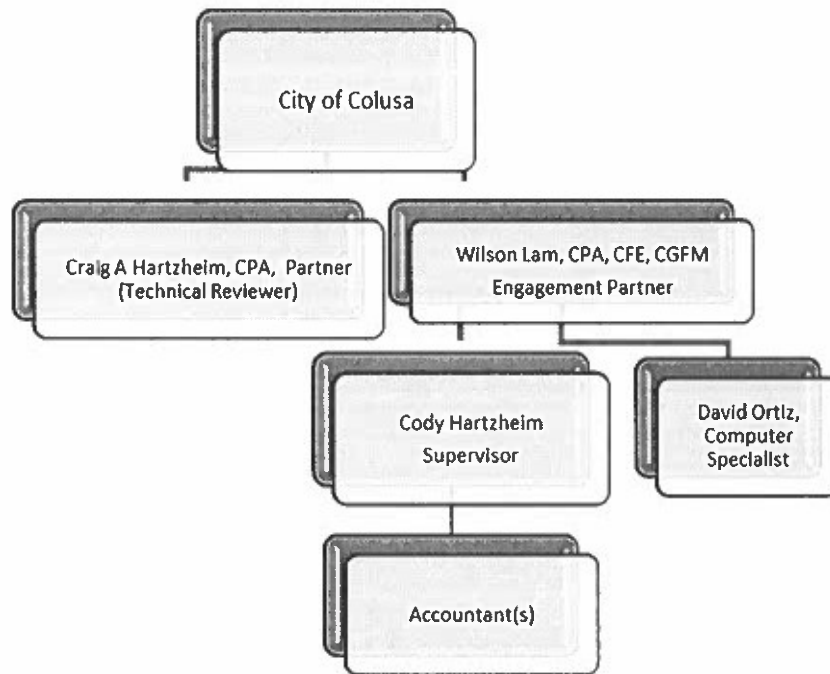
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## STAFF QUALIFICATIONS AND EXPERIENCE



It is the firm's policy to have our partners and managers involved in the managing function of our governmental audits. Having both the partner and audit manager involved in the engagement allows the City to receive immediate response to questions about accounting and audit topics, concerns, and findings.

It is expected that Mr. Craig A. Hartzheim, CPA would be the technical (concurring) partner in charge of the audits of the City. He will be responsible for reviewing the City's basic financial statements and all other required statements and reports. He may also be responsible for addressing any City questions or concerns that arise during the year. He has assisted numerous municipal clients and has prepared award-winning ACFRs. Mr. Craig A. Hartzheim, CPA has 38 years of experience in the governmental auditing and accounting field and has been with the firm for 38 years.

Mr. Wilson Lam, CPA, CFE, CGFM will be the engagement partner assigned to the audit. As engagement partner, he will oversee the day-to-day operations of the audits, review all audit areas, and be on-site for a majority of the fieldwork. He has assisted many municipal clients and has also prepared numerous award-winning ACFRs. This enables the partner to become acquainted with the City's daily operations and key personnel.

Mr. Cody Hartzheim will be the Supervisor assigned to the audit. He will oversee the day-to-day operations of the audits and perform more difficult audit sections.

Mr. David Ortiz will be the computer specialist assigned to the audits, when needed. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz may also perform the statistical sampling procedures for the audit and also document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audits. All staff accountants have degrees from accredited colleges or universities, have received in-house governmental audit training, and at present, have at least one year of governmental auditing experience. All staff accountants will be directly supervised by the supervisory accountant and manager assigned to the audits at all times. All partners, managers, and staff members have worked on numerous governmental engagements together, consistently working together will provide the City with a knowledgeable, proficient, and efficient audit team.

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**CITY OF COLUSA**  
**AUDIT PROPOSAL**

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**STAFF QUALIFICATIONS AND EXPERIENCE (CONTINUED)**

Please see *Appendix D – Resumes* for each individual's qualifications and experience.

The firm conducts an annual firm-wide two-day training seminar to update all governmental auditors on new pronouncements and improved audit techniques. In addition to this firm sponsored seminar, each governmental auditor attends the annual governmental accounting conference and many other continuing education courses and is updated on current accounting/auditing issues through our journals and supplements, which we receive on a regular basis.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances (departure from the firm, promotion, or assignment to another office). At the written request of the City, any Moss, Levy & Hartzheim, LLP employee assigned to the audits can be removed and replaced by another qualified employee. The City retains the right to approve or reject replacements.

**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT AGENCIES**

**CITY OF EUREKA**

Audit of basic financial statements, and Single Audit Report, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2012 to Present  
Engagement Partner – Craig A. Hartzheim, CPA  
(600 Hours)  
Contact: Lane Millar (707) 441-4379

**CITY OF EL CENTRO**

Audit of basic financial statements, former Redevelopment Agency, and Single Audit Report, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2012 to Present  
Engagement Partner – Craig A. Hartzheim, CPA  
(600 Hours)  
Contact: Richard Romero (760) 337-4510

**CITY OF ARCADIA**

Audit of basic financial statements, former Redevelopment Agency, GASB 34, Single Audit  
Received GFOA Certificate of Achievement in Financial Reporting  
2016 to Present  
(400 Hours)  
Engagement Partner – Hadley Y. Hui, CPA  
Contact: Henry Chen (626) 574-5427

**CITY OF WHEATLAND**

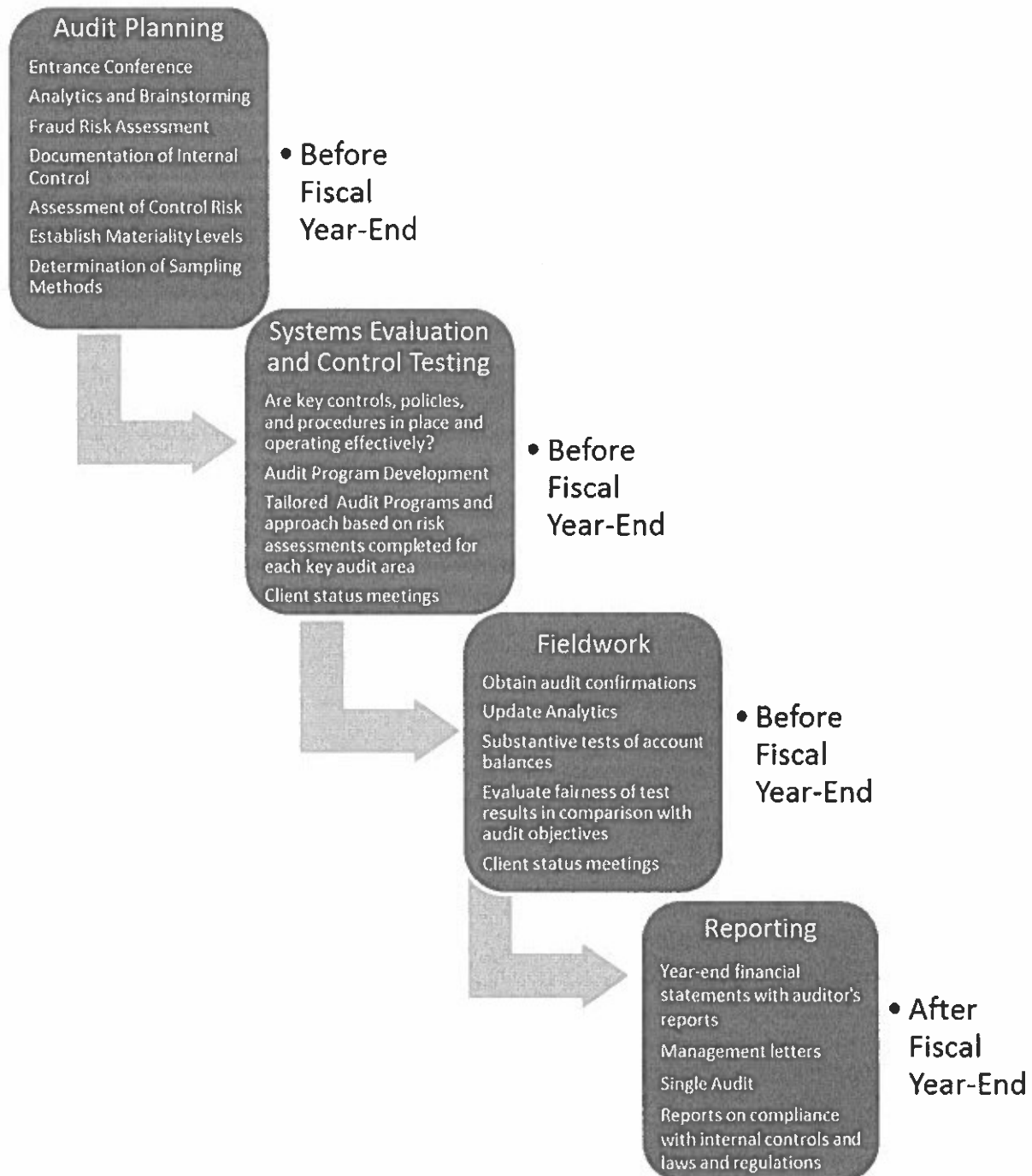
Audit of basic financial statements, GASB 34  
ACFR prepared in accordance with GAAP  
Received GFOA Certificate of Achievement in Financial Reporting  
2018-Present  
(300 Hours)  
Engagement Partner – Craig A. Hartzheim, CPA  
Contact: April Ouellette (530) 633-2761

**Moss, Levy & Hartzheim LLP is listed in the Master list of firms for the Counties of Los Angeles and San Diego, currently we audit various grants and component units of these counties.**



## AUDIT APPROACH

### Overview of the MLH Audit Process







## CITY OF COLUSA AUDIT PROPOSAL

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### AUDIT APPROACH (CONTINUED)

During the first year of the engagement, we will utilize the prior year's financial statements, the current year's budget, and our knowledge of the City's systems to determine materiality for the different audit sections. Each year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure and the results of our assessment in accordance with *Government Auditing Standards*.

Please see *Appendix E – Segmentation and Budgeted Hours by Segment* for a schedule of the level of staff and number of hours to be assigned to each segment of the engagement.

The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all of the following requirements of AICPA: Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS No. 78; SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*; SAS No. 106, *Audit Evidence*; SAS No. 107, *Audit Risk and Materiality in Conducting an Audit*; SAS No. 108, *Planning and Supervision*; SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*; and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*. SAS No. 120, *Misstatement Due to Fraud*.

It is estimated that the sampling size for transaction testing for compliance with systems as actually implemented would be as follows:

- I. Minimum of 40 - 60 disbursement items, including automatic and manual checks and bank debits
- II. Minimum of 25 – 40 payroll checks, including direct deposits for payroll testing, depending on the number of employees
- III. Minimum of 40 – 60 receipt items

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database business systems. This assistance has provided our firm with a thorough background in computer systems with respect to both the software applications aspect and also insight into auditing such systems. It is our policy to have a computer specialist as part of the audit team and to be used on an as-needed basis. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the City.

In addition, all of our staff is equipped with networked laptop computers. These computers are equipped with not only word processing and spreadsheet capabilities, but also various functional software, such as PPC Audit – e-Tools, Adobe Acrobat, random sampling software, Lacerte Tax Program, and Easy Accounting Software, which contain amortization programs and depreciation programs, and other applications as well.

We will perform expectation analytics and preliminary analytical review procedures using the prior fiscal year's audited statements and the current fiscal year's budget. In the preliminary stage, we will adopt ratio analysis procedures to compare the relationships between account balances and classes of transactions between prior periods and against budgets and industry statistics. This may include budgets, trial balances, and/or draft financial statements to help us identify the source of individual fluctuations. We will then adopt trend analysis to compare current data with prior periods, which is particularly useful for analyzing revenue and expenditures. Any unexpected trends or deviations will be discussed with relevant City staff to obtain explanations.



**CITY OF COLUSA**  
**AUDIT PROPOSAL**

**AUDIT APPROACH (CONTINUED)**

The chart below shows some of MLH's preliminary audit procedures:

Documents	Strategy	Procedure
None	Go over timing and planning with Management	Set meeting
Letter	Discuss any matters with predecessor	Standard required communications
Internal control memos	Set location site visits	Visit sites and go through internal controls, such as cashiers at parks and recreation, fire, police, transit, etc..
Policies and procedures	Review and start risk assessment	Set visitation of locations such as Courts, Parks and Rec, Transit, etc. Cash and other controls testing
Obtain budget and budget amendments	Ensure budgetary compliance	Analyze budget-to-actual variances. Look at capital projects, status of property tax assessments as part of the focus
Obtain grant documents, any service concession agreements	Ensure grant compliance	Analyze grants
Obtain policies and procedures	Evaluate effectiveness of policies, updates and relate to key compliance matters	Analyze policies and procedures
Obtain client internal control memos of client if they exist	Evaluate internal controls Short interviews of accounting and selected operating personnel for documentation of process	Analyze internal controls, including computer controls
Obtain prior year financials	Determine which items are important for testing	Set preliminary "materiality" limits
Obtain appropriate schedules	Ensure effective procedures	Testing of cash receipts, cash disbursements, and payroll transactions
Obtain Council minutes	Ensure knowledge of key government communication, Look for major agreements and key decisions	Analyze important events highlighted in Council meetings, test and inquire as necessary
Draft confirmations – third party letters for independent verification of cash, property taxes, attorney, etc. for client to sign and auditor to mail	Independent verification of selected balances	Client to prepare letters and auditor to send letters
Develop document request list for client to review and agree upon	To clarify client – auditor requests	Meet with client and agree upon document request list for audit
Preliminary trial balance	Ensure preliminary results make sense	Perform selected testing on balances such as receipts, disbursements, and payroll
Obtain updates on retirement plans	Discuss GASBS and any changes	Audit selected components of any new reports and changes for compliance
Request screen view access only for computer analysis	Minimize client interruptions and view transactions	Scan ledgers and accounts for accounting propriety
Consider site visitations on areas where there are significant cash, card, deposits and billing controls, internet site controls	Focus on controls where the risk assessment of material misstatement of cash, card and internet transactions could occur	Site visitations
Legal bills, key litigation	Look for commitments, contingencies, and disclosure	Discuss with client, prepare attorney letters for confirmation and response
Obtain long-term debt	Analyze for disclosure and compliance	Obtain and prepare long term debt schedules
Commitments and Contingencies	Ensure auditing standards are applied for proper accrual and disclosure	Send legal letters, talk with client, review disclosures

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**CITY OF COLUSA**  
**AUDIT PROPOSAL**

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**AUDIT APPROACH (CONTINUED)**

As part of our audit procedures, we usually request a working trial balance in excel format (if possible) and access to view general ledger detail directly from the software system.

We will also review the following documents in order to determine compliance with applicable laws and regulations:

1. Minutes of the governing body with special attention to: indications of new revenue sources, including federal and state grants; expense authorizations and related appropriations, including any special or restrictive provisions; appropriation transfers; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines, or fees; authorization for fund balance commitments or assignments; and authorization for significant new employees hired.
2. New agreements and amendments to agreements including, but not limited to grant agreements; debt and lease agreements; labor agreements; joint venture agreements; disposition and development agreements; and other miscellaneous agreements.
3. Administrative Code
4. Investment Policy

The main extent of our work would be what is required to enable us to express an opinion on the basic financial statements in accordance with:

1. *AICPA Industry Audit Guide for State and Local Governmental Units*
2. *AICPA Audit Standards*
3. *National Committee on Governmental Accounting, Auditing and Financial Reporting (Amended) Publication*
4. *Laws of the State of California*
5. *Government Auditing Standards*
6. *Requirements of Title 2 U.S Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Awards (Uniform Guidance).*
7. *GAO Standards for Audit of Governmental Organizations, Activities and Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs*
8. Our firm's own additional standards and procedures

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America. The primary purpose of the audit is to express opinions on the basic financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the City.

If convenient for the City's staff, the approximate target dates for the fiscal year 2023 audit would be as follows:

1. Entrance Conference with the City- No later than May 1<sup>st</sup>
2. Written audit plan and list of schedules for fieldwork – No later than May 15<sup>th</sup>
3. Entrance conference and interim fieldwork – Week of June 5<sup>th</sup>
4. Progress conference with the City – July 14<sup>th</sup>
5. Entrance conference and year-end fieldwork – Week of September 4<sup>th</sup>
6. Exit conference – No later than September 8<sup>th</sup>
7. Draft management letter, financial statements, and other audit reports – No later than December 1<sup>st</sup>
8. Final management letter, financial statements, and other audit reports – No later than December 15<sup>th</sup>
9. Single Audit Report – No later than January 31<sup>st</sup>
10. Presentation to the Board- Open



CITY OF COLUSA  
AUDIT PROPOSAL

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**AUDIT APPROACH (CONTINUED)**

On May 15<sup>th</sup>, we will contact the Finance Director to provide our detailed audit plan for the audit fieldwork. We will also discuss with the Finance Director any matters that may impact our audit procedures or your financial reporting. Before the year-end fieldwork, we will discuss with the City any assistance the City may need with the year-end closing.

Our audit would begin when it is convenient for the City's staff. We estimate that in the first week of June, we will perform interim work. Each year, the partner or manager of the firm will contact the Finance Director. The purpose of this contact will be to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, and to address any of the City's personnel concerns about the impending audit.

We will schedule approximately one week of interim work for the first year. During the first year, we will prepare narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate City staff and the review of available documented policies, organizational charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate the systems of internal controls and revise our standard governmental audit programs. We will also meet with two members of the Finance Committee during our interim fieldwork, to discuss our audit procedures and to ascertain if there are any areas of concern of the Finance Committee members.

Our year-end fieldwork would begin on September 4<sup>th</sup>. The year-end audit work would begin with an analytical review of all significant balance sheet and revenues and expenditures/expense accounts for each fund, which includes substantive tests on all balance sheet accounts. **Analytical procedures will be used to supplement the substantive tests, not supplant them.** We will perform analytical procedures during interim and year-end fieldwork on all balance sheet and revenue and expense/expenditure accounts.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the City's basic financial statements. Our fieldwork would also consist of procedures required under SAS No.99 *Consideration of Fraud in a Financial Statement Audit*, and SAS. No. 120, *Misstatement Due to Fraud*.

We will perform procedures such as:

- (a) Confirmations by positive and negative circularization including but not limited to all cash and investment accounts; selected receivable and revenue balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms employed on the City's business; and other miscellaneous confirmations deemed necessary
- (b) Physical verifications and observations
- (c) Analysis and review of evidential material
- (d) Interviews and investigative efforts
- (e) Electronic data processing testing for computer and software reliability
- (f) Numerous other procedures

During the entire engagement, our audit team will be determining whether the audit is in compliance with *Uniform Guidance*, and if this is required through review of the City Council minutes, examination of the general ledger, and discussion with finance personnel. If a compliance audit is required, we would perform tests of: specific requirements; claims for advances and reimbursements; and amounts claimed or used for matching in compliance with the Single Audit Act. The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the *GAO Standards for Audits of Governmental Organizations, Programs, Activities, and Functions*, and the *GAO Guidelines for Financial and Compliance Audits of Federally Assisted Programs*.

The year-end fieldwork should be completed no later than September 8<sup>th</sup>.





# CITY OF COLUSA

## AUDIT PROPOSAL

### AUDIT APPROACH (CONTINUED)

The chart below shows some of MLH's final audit procedures:

Document	Strategy	Procedure
None	Set Timing	Entrance conference
Obtain updated general ledger	Ensure proper closing of books	Analyze records and update analytical procedures
Obtain internal control memos if there are any changes- all key locations	Re-evaluate internal controls. Assess risk and dollar significance, brainstorm, look at IT controls	Update understanding of internal controls and document key changes
Obtain prior GFOA ACFR comments	Ensure improvement in financial reporting	Implement significant changes in financial reporting methods
Obtain and further agree upon audit schedules as agreed upon in the contract and RFP	To commence audit properly on final numbers	Apply auditing procedures
Obtain/prior year GASB 34 conversion entries /prepare GASB 34 Entries	Ensure that all GASB 34 conversion entries are proper	Work on current year GASB 34 presentations
Analyze capital asset ledgers and lease contracts	Review or updates from preliminary and analyze for impairment	Obtain capital asset documents and update for impairments
Contracts and agreements	Analyze credit agreements	Test schedules of credit agreements
Journal entries and post-closing	Look for proper accruals and revenue payments	Look at selected billings and revenue agreements
Risk Management	Determine coverage	Confirm balances and analyze for proper accruals as necessary
Cost allocations	Internal service allocation propriety	Discuss and analyze internal service cost allocations
Allocation agreements	Ensure agreement compliance	Analyze allocations as necessary from client calculations and documents
Obtain OPEB and PERS documents	Review for any needed updates, GASB 68 and 75	Read documents and necessary update
Bond agreements	Bond compliance	Test bond compliance and obtain bond ratings
Contributions	Compliance	Analyze significant contributions for compliance
Third party letters	Independent verification of accounts	Match to year-end books and records and reconcile to accounts
None	Ensure proper audit process	Hold timely status meetings with the client
Adjusting entries, and any possible management points	Obtain client agreement	Post as necessary with client
None	Compliance with contract and governance	Attend finance and board meetings
MD&A, prepare financials, reports and supplementary information	Ensure documents match, are consistent and appropriately completed	Read MD&A, prepare financials, reports and read supplementary information

Our firm utilizes a comprehensive library of current American Institute of Certified Public Accountants (AICPA), Governmental Auditing Standards (GAS), Government Finance Officers Association (GFOA), and Governmental Accounting Standards Board (GASB) publications and pronouncements when preparing and reviewing the financial statements of our governmental clients. Additionally, the Governmental Accounting, Auditing and Financial Reporting (GAAFR), commonly referred to as the "Blue Book", issued by the GFOA is often employed as a supplementary tool in our audit process.

We will issue all of our final audit reports by December 15<sup>th</sup>. All our reports are prepared by in-house auditors (usually the partner or manager) who have worked on the City's engagement, so they are familiar with the City and the way in which it operates. Our draft reports go through four reviews, including one by a senior auditor for calculations and footing, one by the technical partner, one by another senior or staff auditor for calculations and footing, and a final review by the engagement partner.



**CITY OF COLUSA**  
**AUDIT PROPOSAL**

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**AUDIT APPROACH (CONTINUED)**

In order to assist our clients in improving their internal control and accounting procedures, we provide management letters as part of our audit engagements. These letters contain any observations or recommendations that we feel should be brought to management's attention. Our approach to the management letter is collaborative and constructive, with the aim of helping, not criticizing. Before issuing the final management letter, we present a draft to management for open discussion.

The work papers generated during this engagement are the property of Moss, Levy & Hartzheim, LLP and contain confidential information. In the case of a request from a Cognizant Agency, as authorized by law or regulation, we may make specific work papers available under the supervision of Moss, Levy & Hartzheim, LLP's staff. On demand, we can also provide photocopies of selected work papers to the Cognizant Agency. It is possible that the Cognizant Agency may choose to share the photocopies or information contained therein with other organizations, including other government agencies.

We do not anticipate any problems with the audit except for items listed in past management letters. In the event of a problem, the City Manager, Assistant City Manager, Finance Director, and City Attorney will be immediately notified in writing of any fraud, other illegal acts, or indications of illegal acts found during the course of our audit work. All other discrepancies or weaknesses in the internal control system that we become aware of will be communicated to management through discussion, the management recommendation letter, and/or if it is a significant deficiency, as part of the single audit report, if necessary.

Our firm will comply with all terms and conditions set in the City's RFP.

**PREPARED BY CLIENTS LIST**

Please see Appendix G – *Sample PBC List*.

**PROJECT COST**

Please see Appendix H – *Professional Fees*.

**COST OF ADDITIONAL PROFESSIONAL SERVICES**

Our firm is always willing to perform additional work, as long as this does not impede our independence as the City's Auditors. No work will be performed without the City's approval.

Classification	<u>Quoted Hourly Rates</u>					
	Fiscal Years					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Partner	\$ 180	\$ 180	\$ 181	\$ 182	\$ 183	\$ 184
Supervisor	\$ 140	\$ 141	\$ 142	\$ 143	\$ 144	\$ 145
In-Charge (Senior)	\$ 120	\$ 121	\$ 122	\$ 123	\$ 124	\$ 125
Staff	\$ 95	\$ 96	\$ 97	\$ 98	\$ 99	\$ 100
Clerical	\$ 65	\$ 66	\$ 67	\$ 68	\$ 69	\$ 70

**Manner of Payment**

Progress payments will be made based on the number of hours worked or completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.



**CITY OF COLUSA**  
**AUDIT PROPOSAL**

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Under penalties of perjury, I declare that I am an authorized signer and that there are no and have never been any financial interests between any officials or employees of the City of Colusa, and Moss, Levy & Hartzheim, LLP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'CAH', is written over a faint circular stamp.

Craig A. Hartzheim, CPA  
Partner



CITY OF COLUSA  
APPENDIX A – LICENSE TO PRACTICE IN CALIFORNIA

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**Moss, Levy & Harzheim, LLP**

**BOARD OF ACCOUNTANCY  
LICENSING DETAILS FOR: 6998**

**NAME:** MOSS, LEVY, HARTZHEIM LLP

**LICENSE TYPE:** CPA - PARTNERSHIPS

**LICENSE STATUS:** CLEAR  
**ADDRESS**

9465 WILSHIRE BLVD 3RD FL  
BEVERLY HILLS CA 90212  
LOS ANGELES COUNTY

**ISSUANCE DATE**

JULY 28, 2005

**EXPIRATION DATE**

JULY 31, 2023

**CURRENT DATE / TIME**

JANUARY 18, 2023  
11:9:21 AM





## **CITY OF COLUSA**

### **APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS**

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#### **CITIES AND REDEVELOPMENT AGENCIES**

Adelanto, CA  
Arcadia, CA  
Arroyo Grande, CA  
Artesia, CA  
Atascadero, CA  
Bellflower, CA  
Buellton, CA  
Calabasas, CA  
Covina, CA  
Culver City, CA  
Dinuba, CA  
Duarte, CA  
El Centro, CA  
Eureka, CA  
Greenfield, CA  
Grover Beach, CA  
Healdsburg, CA  
Holtville, CA  
Hughson, CA  
Imperial, CA  
La Cañada Flintridge, CA  
La Mirada, CA  
La Palma, CA  
Ojai, CA  
Paso Robles, CA  
San Gabriel, CA  
Santa Maria, CA  
Signal Hill, CA  
Taft, CA  
Westlake Village, CA  
Wheatland, CA  
Windsor, CA  
Willits, CA

#### **PUBLIC FINANCING AUTHORITIES**

The majority of our Municipalities issue debt and do so through an established Public Financing Authority.

#### **OTHER SCHOOL ENTITIES**

Academia Semillas del Pueblo Charter School  
Albert Einstein Academy  
Antelope Valley Schools Transportation District  
Bright Star Secondary Charter Academy  
East Bay Regional Occupational Program  
Garr Academy of Mathematics and Entrepreneurial Studies  
Pacoima Charter School  
Santa Ynez Valley Charter School  
The Accelerated Schools  
Southern California Regional Occupational Center  
Stella Middle Charter Academy  
Tri-Valley Regional Occupational Program

#### **SCHOOL DISTRICTS**

Acton-Agua Dulce Unified School District  
Ballard School District  
Bellflower Unified School District  
Beverly Hills Unified School District  
Blochman Union School District  
Bradley Elementary School District  
Buellton Union School District  
Carpinteria Unified School District  
Casmalia School District  
Castaic Union School District  
Cayucos Elementary School District  
Coast Unified School District  
Cold Springs School District  
College Elementary School District  
Eastside School District  
Garvey School District  
Goleta Union School District  
Graves School District  
Hughes-Elizabeth Lakes Union School District  
Lancaster School District  
Manhattan Beach Unified School District  
Mission School District  
Montecito Union School District  
Orcutt Union School District  
Pacific Unified School District  
Palmdale School District  
Pleasant Valley Union School District  
Rosemead School District  
San Ardo Elementary School District  
San Lucas School District  
San Miguel Joint Union School District  
Santa Maria Joint Union High School District  
Shandon Unified School District  
Solvang Elementary School District  
Temple City Unified School District  
Torrance Unified School District  
Vallecito Union School District  
Wilsona School District

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## **CITY OF COLUSA**

### **APPENDIX B – CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS**

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#### **COUNTIES**

**Los Angeles County, CA (Master List)**

**San Diego County, CA (Master List)**

#### **SANITATION DISTRICTS**

Carpinteria Sanitation District, CA

Cayucos Sanitation District, CA

County Sanitation Districts of Los Angeles County, CA

- All 25 Districts

Encina Wastewater Authority, CA

Montecito Sanitation District, CA

Orange County Sanitation District, CA - Internal Audits

#### **WATER/IRRIGATION DISTRICTS**

Aldercroft Heights County Water District, CA

Foothill Municipal Water District, CA

Main San Gabriel Basin Watermaster, CA

Marina Water District, CA

North Marin Water District, CA

San Gabriel Municipal Water District, San Gabriel, CA

#### **AMBULANCE SERVICES DISTRICT**

Cambria Community Healthcare District

North Coast Emergency Medical Services

#### **CEMETERY DISTRICTS**

Arroyo Grande Cemetery District, CA

Atascadero Cemetery District, CA

Gridley-Biggs Cemetery District, CA

San Miguel Cemetery District, CA

Santa Maria Cemetery District, CA

#### **COMMUNITY SERVICES DISTRICTS**

Cambria Community Services District, CA

Cuyama Community Services District, CA

Heritage Ranch Community Services District, CA

Los Alamos Community Services District, CA

Nice Community Services District, CA

Santa Ynez Community Services District, CA

Vandenberg Village Community Services District, CA

#### **RECREATION AND PARK DISTRICTS**

Conejo Recreation and Park District, CA

Isla Vista Recreation and Park District, CA

Mountains Recreation and Conservation Authority, CA

Rancho Simi Recreation and Park District, CA

#### **BUILDING AUTHORITY**

County of San Diego Regional Building Authority, CA

#### **COMMISSIONS**

First 5 Los Angeles

First 5 Madera

First 5 San Diego

First 5 San Luis Obispo

#### **FIRE PROTECTION DISTRICTS**

Cayucos Fire Protection District, CA

Orcutt Fire Protection District, CA

#### **OTHER DISTRICTS**

County of San Diego Emergency Services Organization

County of San Diego First 5 Commission

County of San Diego In-Home Supportive Services

Public Authority

County of San Diego Health and Human Services Agency

Child Development Program Grant

County of San Diego MIOCR Grant

County of San Diego RLETC Grant

County of Los Angeles Delta Sigma Theta, Head Start Program, Inc.

County of San Diego DA Office of Auto Ins. Fraud

Grant, Urban Auto Fraud Grant, WC Ins Fraud Grant

Los Angeles County Flood Control District

San Diego Geographic Information Source

Tracy Area Public Facilities Financing Agency

#### **TRANSPORTATION DEVELOPMENT ACT**

Arroyo Grande, CA

El Centro, CA

Grover Beach, CA

Holtville, CA

Paso Robles, CA

San Luis Obispo County and Cities Area Planning Council:

Local Transportation Fund

State Transit Assistance Fund

South County Area Transit, CA

South County/San Luis Obispo Transit, CA

Transportation Agency for Monterey County, CA

Transportation Authority of Marin

Association of Monterey Bay Area Governments

Santa Cruz Regional Transportation Commission

#### **TRANSIENT OCCUPANCY TAX AUDITS**

Represented the following municipalities and/or counties in the audit of the hotel "bed tax" records:

Arroyo Grande, CA

Bellflower, CA

Bishop, CA

Calexico, CA

Carmel, CA

Pismo Beach, CA

Santa Maria, CA

South Lake Tahoe, CA

Whittier, CA

Ojai, CA



CITY OF COLUSA  
APPENDIX C – PEER QUALITY REVIEW REPORT

Our Peer Review included reviews of governmental (including municipalities, school districts, special districts) and non-profit engagements. In the past three (3) years, our firm has not been required to submit under any Federal or State desk review or field review of our audits.



Patrick D. Spafford, CPA  
Todd C. Landry, CPA

Licensed by the California Board of Accountancy  
Member American Institute of Certified Public Accountants

**Report on the Firm's System of Quality Control**

To Moss, Levy & Hartzheim, 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 Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2020. 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 (Standards).

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](http://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**

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**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

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

**Deficiency Identified in the Firm's System of Quality Control**

We noted the following deficiency during our review:

1. The firm's quality control policies and procedures addressing engagement performance requires a review of all engagements prior to issuance. Although this review took place, the Firm should consider a more thorough review of the files prior to completion and lockdown. This contributed to audit engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, not conforming to professional standards in all material respects in the areas of audit planning, risk assessment, and documentation of testing specific to major program compliance. A similar finding was noted on the Firm's previous peer review.

**Opinion**

In our opinion, except for the deficiency previously described the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2020, 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*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiency*.

*Spafford & Landry, LLC*

July 26, 2022

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**Craig A. Hartzheim, C.P.A. – (Technical Partner)**

- California licensed C.P.A. with 38 years of audit experience with governmental, non-profit, and commercial entities
- Engagement partner for governmental and non-profit audits (Culver City office) including 25 municipal audits, 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation Districts of Los Angeles County), and 12 school districts and related audits
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning Annual Comprehensive Financial Reports, and preparation of State Controller's Reports
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 School District Conference*
  - 2022, 2021, and 2020, GAAS Update*
  - Single Audits of Governmental Entities*
  - Preparing Governmental Financial Statements*
  - Yellow Book, Government Auditing Standards*
  - GAAS Guide*
  - Other Comprehensive Basis of Accounting (OCBOA) Statements*
  - Audit Standards update*
  - Fraud in Audits*
  - Auditing update*
- Bachelor of Science degree in Accounting from Marquette University, was conferred in 1982
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

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**CITY OF COLUSA**  
**APPENDIX D – RESUMES**

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**Hadley Y. Hui, C.P.A. – Partner**

- California licensed C.P.A. with 24 years of audit experience with governmental, non-profit, and commercial entities
- Partner in charge of 20 municipal audits, 26 special districts audits, 8 special audits for the County of San Diego, and 20 school districts and related audits
- Partner for the CSS and DPSS Monitoring Projects for Los Angeles County
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 School District Conference*
  - 2022, 2021, and 2020, GAAS Update*
  - Yellow Book, Governmental Auditing Standards*
  - Fraud in Audits*
  - GAAS Guide*
  - Risk-Based Auditing Part 1, Part 2*
  - Accounting and Auditing Update*
  - Guide to Auditing Control Course 1, Course 2*
- Extensive knowledge of database systems, networking, and various accounting software
- Bachelor of Arts degree in Economics with a minor in Accounting from University of California – Los Angeles, was conferred in 1997
- Member of the following:
  - American Institute of Certified Public Accountants*
  - California Society of Certified Public Accountants*
- Knowledgeable in all areas of tax law including non-profit and payroll tax issues

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**CITY OF COLUSA**  
**APPENDIX D – RESUMES**

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**Wilson Lam, CPA, CFE, CGFM – Partner**

- California licensed C.P.A. with 14 years of audit experience with governmental and commercial entities
- Manager for 13 municipal audits, 4 special district audits, and 9 school districts audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - GASB 34 Training Seminars*
  - Internal Control and Fraud in Governmental Engagements*
  - Government Auditing Standards – Yellow Book*
  - Advanced Fraud Techniques*
  - Risk-Based Auditing Part 1, Part 2*
  - 2019 Accounting and Auditing Update*
  - Guide to Auditing Control Course 1, Course 2*
- Bachelor of Arts in Accounting and Finance from California State University Fullerton, conferred in 2005

**Bin Zeng – Principal (Supervisor)**

- Manager with 14 years of audit experience with governmental and commercial entities
- Manager for 12 municipal audits and 14 special district audits
- Has met or exceed all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - 2022, 2021, and 2020, Accounting and Auditing Standards Update: Risk Assessment Standards*
  - 2022 Advanced Audit Standards Workshops: Understanding Risk Assessment*
  - 2022, 2021, and 2020, GAAS Update*
  - Auditors' Responsibilities for Detection of Fraud*
  - Internal Control and Fraud in Governmental Engagements*
  - Governmental Auditing Standards - Yellow Book*
  - Implementing SAS 112 & 114*
  - Advanced Fraud Techniques*
  - Grants Management*
- Bachelor of Arts Degree in Business Economics from the University of California – Los Angeles, conferred in 2007



**CITY OF COLUSA**  
**APPENDIX D – RESUMES**

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**Terry Robertson, C.P.A – Manager**

- Audit Manager for the City of Los Angeles
- Manager with 19 years of audit experience with governmental, non-profit, and commercial entities
- Manager for 12 municipal audits, 8 joint power authority audits, and 21 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - 2022, 2021, and 2020, GAAS Update*
  - GASB 34 Training Seminars*
  - Auditors' Responsibilities for Detection of Fraud*
  - Internal Control and Fraud in Governmental Engagements*
  - Government Auditing Standards – Yellow Book*
  - Implementing SAS 112 & 114*
  - Advanced Fraud Techniques*
  - Grants Management*
- Bachelor of Science degree in Accounting from University of Quinnipiac, was conferred in 1998

**Cody Hartzheim – Supervising Manager**

- Senior Accountant with 8 years of audit experience with governmental, non-profit, and commercial entities
- Senior Accountant for 16 municipal audits and 6 school district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022, 2021, and 2020 Governmental Accounting Conference*
  - Governmental Auditing Standards – Yellow Book*
  - 2022 Accounting and Auditing Standards Update: Risk Assessment Standards*
  - 2022, 2021, and 2020 Single Audit Compliance*
  - Implementing SAS 112 & 114*
  - Advanced Fraud Techniques*
  - Grants Management*
- Bachelor of Science in Accounting and Finance from Marquette University, conferred in 2014



**CITY OF COLUSA**  
**APPENDIX D – RESUMES**

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**Xi Long – Staff Accountant**

- Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 School District Conference*
  - 2022 Sing Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Arts in Business Economics with emphasis in Accounting from University of California, Los Angeles, was conferred in 2022

**Nicholas Fuchs – Staff Accountant**

- Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 Single Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Science in Business Administration with emphasis in Accounting from California State University – Dominguez Hills, was conferred in 2021

**Don Mojica – Staff Accountant**

- Accountant with 1 year of audit experience with governmental and commercial entities
- Has met or exceeded all continuing education requirements including recent courses in the following:
  - 2022 Governmental Accounting Conference*
  - 2022 School District Conference*
  - 2022 Single Audit Compliance*
  - Government Auditing Standards – Yellow Book*
- Bachelor of Arts in Economics with emphasis in Accounting from University of California, Riverside, was conferred in 2022





**CITY OF COLUSA**  
**APPENDIX D – RESUMES**

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**Nickolas Hartzheim – Staff Accountant**

- Staff Accountant with 2 years of audit experience with governmental and special districts
- Staff Accountant for 6 municipal audits, non-profit, and 4 special district audits
- Has met or exceeded all continuing education requirements including recent courses in the following:

*2022, 2021, and 2020 Governmental Accounting Conference*  
*2022 and 2021 GAAS Update*  
*Auditors' Responsibilities for Detection of Fraud*  
*Government Auditing Standards (GAO) Updates and Changes*  
*Internal Control and Fraud in Governmental Engagements*  
*Government Auditing Standards – Yellow Book*  
*Implementing SAS 112 & 114*

- Bachelor of Science from San Jose University, was conferred in 2018

**David Ortiz – Computer Specialist**

- Auditor with 22 years of audit experience with governmental and commercial entities
- Computer specialist – with emphasis in fund accounting software
- Extensive knowledge of database systems, networking, and accounting software
- Bachelor of Science degree in Business Administration with an emphasis in Accounting from California Polytechnic State University San Luis Obispo, was conferred in 1995



**CITY OF COLUSA**

**APPENDIX E – SEGMENTATION AND BUDGETED HOURS BY SEGMENT**

<b><u>AUDIT SEGMENTS</u></b>	<b><u>Estimated Hours</u></b>					<b><u>Total</u></b>
	<b><u>Clerical</u></b>	<b><u>Staff</u></b>	<b><u>Senior</u></b>	<b><u>Manager</u></b>	<b><u>Partner</u></b>	
Planning		2	2	2	2	8
Risk Assessment		1	4	2	2	9
Audit Conferences (Preliminary, Progress, and Exit)				4	4	8
Correspondence	2	2	2			6
Review/Documentation of Internal Controls:						
Documentation of systems		15	10	5	1	31
Testing of systems		15	10	5	1	31
Compliance Testing (includes Single Audit)		25	20	5		50
Year End Balances Testing		25	20	5		50
Revenue and Expense Analysis (Analytical Procedures)		25	25	15	3	68
Preparation, Review, and Findings	12	15	32	15	15	89
<b>GRAND TOTAL*</b>	<b>14</b>	<b>125</b>	<b>125</b>	<b>58</b>	<b>28</b>	<b>350</b>

\* - Includes all services required in the RFP, some may not be applicable every fiscal year.

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CITY OF COLUSA  
APPENDIX F- CURRENT INSURANCE COVERAGE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
03/01/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> WORLDWIDE FACILITIES INSURANCE SERVICES LLC PO BOX 12279 SANTA ROSA, CA 95406 (888) 661-3938		<b>CONTACT</b> NAME PHONE (A/C No., Ext.) (888) 661-3938 FAX (A/C No.) (877) 872-7604 E-MAIL ADDRESS: services.center@bavaria.com	
<b>INSURED</b> MOSS, LEVY & HARTZHEIM, LLP 5800 HANNUM AVE STE E CULVER CITY, CA 90230		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA INSURER B: TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: 861673921081940 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	ENR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO. <input type="checkbox"/> LOC <input type="checkbox"/> OTHER	X	X	680-8G690184-22	03/05/2022	03/05/2023	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$300,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY	X	X	BA-8L534181-22	03/05/2022	03/05/2023	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$0			CUP-8G692478-22	03/05/2022	03/05/2023	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	NA	X	UB-3K867175-22	03/05/2022	03/05/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	PRINTERS ERRORS AND OMISSIONS			680-8G690184-22	03/05/2022	03/05/2023	\$500 \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

CANCELLATION

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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ACORD 25 (2016/03)

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**CITY OF COLUSA**  
**APPENDIX G- SAMPLE PBC LIST**

1	Check registers for all accounts for current fiscal year (7/1 to 6/30)
2	List of awarded bid contracts for FY23-23
3	Current employee list - full name, position, salary information
4	Payroll register for the month of December and June
5	Any MOU and salary schedules - effective during current fiscal year
6	941 payroll forms and reconciliation between 941 forms and payroll GL expenditures
7	Fee schedules FY23-23
8	Cash receipt journal (7/1 - 6/30)
9	Business license cash receipt journal and web transaction report (7/1 - present)
10	Permits report (7/1 - present)
11	Utility billing register - October and April
12	Park & Rec. transaction detail report (7/1 - present)
13	Bank statements for current fiscal year
14	Deposit log for current fiscal year
15	Monthly reporting package and GL details - (7/1 - 6/30)
16	Chart of Accounts, in excel
17	Preliminary trial balance showing current year vs. prior year and budget to actual of current year
18	Preliminary detail general ledger, in excel or pdf
19	Final trial balance, in excel
21	Final detail general ledger, in excel or pdf
21	Gen. Appropriations List
22	All bank account statements and reconciliations - July 2022 and June 2023
23	All investments and reconciliations - June 30, 2023
24	Investment report with FMV - June 30, 2023 and support docs.
25	Cash held with fiscal agent statements, if applicable
26	LAIF information and statements, if applicable
27	Cash receipts for periods subsequent to year end
28	Accounts receivable list at year end per fund and supporting docs.
29	Utility billing accrual schedule
30	AR aging report - 6/30/2023
31	Inventory valuation report 6/30/2023- for all locations
32	Loan notes receivable documents
33	Lead schedule of prepaid costs and other assets with supporting documentation
34	Lead schedule of changes in capital assets and accumulated depreciation - by type Combining schedules of changes in capital assets and accumulated depreciation - by type (land, CIP, WTP, building, etc.) with reconciliations to capital outlay and other supporting detail for additions and deletions
35	Capital Asset Disposals Schedule and its backups (invoices and cancelled checks)
37	Capital Asset Depreciation schedule
38	Check registers for all accounts for subsequent period (July - Sept)
39	Accounts payable list at fiscal year-end per fund
40	Supporting schedule of retention payable per fund
41	Payroll accrual calculations at fiscal year-end
42	Supporting schedule of accrued payroll and benefits
43	Supporting schedule of unearned revenue at fiscal year-end
44	Supporting schedule of deposits payable at fiscal year-end
45	Supporting schedule of miscellaneous liabilities
46	New bond lease loan documents
47	Bonds Payable schedule at fiscal year-end
48	Premium discount amortization schedules
49	Supporting schedule of interest payable
50	Supporting schedule of claims payable
51	Capital lease schedule at fiscal year-end
52	GASB 68 Valuation Report - 6/30/2023 and related census data
53	GASB 75 Valuation Report - 6/30/2023 and related census data
54	Census data testing done by the City
55	Compensated absences at year end with year end wage calculation broken out by fund
56	Schedule of advances to/from other funds, with corresponding agreements between the funds
57	Schedule of due to/from other funds
58	Schedule of transfers in/out to/from other funds
59	Schedule of Federal Expenditures





**CITY OF COLUSA**  
**APPENDIX H- PROFESSIONAL FEES**

**CITY OF COLUSA – RFP PROFESSIONAL AUDITING SERVICES**

APPENDIX A

TOTAL MAXIMUM AUDIT COST FOR THE FISCAL YEAR ENDING JUNE							
	2023	2024	2025	TOTAL	Optional Year 2026	Optional Year 2027	Optional Year 2028
City - Review and Confirm Audit & Issue Related Reports	\$ 31,150	\$ 31,175	\$ 31,200	\$ 93,525	\$ 31,225	\$ 31,250	\$ 31,275
Management Letter & MD&A Format	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Single Audit Act Report *	\$ 3,450	\$ 3,465	\$ 3,480	\$ 10,395	\$ 3,505	\$ 3,530	\$ 3,555
State Controller's Report Optional	\$ 4,850	\$ 4,865	\$ 4,880	\$ 14,595	\$ 4,905	\$ 4,930	\$ 4,955
GANN Limit Review & Report	\$ 500	\$ 505	\$ 510	\$ 1,515	\$ 535	\$ 560	\$ 585
Total Maximum Cost	\$ 39,950	\$ 40,010	\$ 40,070	\$ 120,030	\$ 40,170	\$ 40,270	\$ 40,370

\*Single Audit may not occur in each fiscal year of the contract term, it is subject to the City's expending of current federal awards grants, any new additional award received and expended in future years. We have priced one major program to test, an additional major program will be \$2,750 added to this fee, or, If Single Audit is not required, reduce this amount.

**CITY OF COLUSA – RFP PROFESSIONAL AUDITING SERVICES**

APPENDIX B

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE FISCAL YEAR ENDING JUNE 30									
	No. of Hours	Hourly Rates **	2023	2024	2025	TOTAL	Optional Year 2026	Optional Year 2027	Optional Year 2028
<b>Fees:</b>									
Partner	28	180	\$ 5,040	\$ 5,068	\$ 5,096	\$ 15,204	\$ 5,124	\$ 5,152	\$ 5,180
Supervisory	58	140	\$ 8,120	\$ 8,178	\$ 8,236	\$ 24,534	\$ 8,294	\$ 8,352	\$ 8,410
Senior	125	120	\$ 15,000	\$ 15,125	\$ 15,250	\$ 45,375	\$ 15,375	\$ 15,500	\$ 15,625
Staff	125	95	\$ 11,875	\$ 12,000	\$ 12,125	\$ 36,000	\$ 12,250	\$ 12,375	\$ 12,500
Clerical	14	65	\$ 910	\$ 924	\$ 938	\$ 2,772	\$ 952	\$ 966	\$ 980
<b>Subtotal Fees</b>			\$ 46,165	\$ 46,550	\$ 46,935	\$ 139,650	\$ 47,320	\$ 47,705	\$ 48,090
<b>Expenses:</b>									
Meals and Lodging			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Printing/Coping			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal Expenses</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other (specify): Discount</b>			\$ (6,215)	\$ (6,540)	\$ (6,865)	\$ (19,620)	\$ (7,150)	\$ (7,435)	\$ (7,720)
<b>Total Maximum Cost</b>			\$ 39,950	\$ 40,010	\$ 40,070	\$ 120,030	\$ 40,170	\$ 40,270	\$ 40,370

\*\* Hourly rates increase every fiscal year

Moss, Levy & Hartzheim, LLP has provided a more favorable pricing for this engagement.  
Therefore, we are reducing our blended hourly rate and maximum price.

