



City of Needles, California Request for Council Action

☒ CITY COUNCIL ☐ NPUA ☐ BOARD OF PUBLIC UTILITIES
☒ Regular ☐ Special

Meeting Date: November 14, 2023

Title: City auditors for FY 23 and FY 24 audit

Background: On November 7, 2023 staff completed a request for proposals (RFP) for professional auditing services. The City received the following two (2) bids;

LSL CPAs and Advisors \$ 61,040.00

Vasquez & Company LLC \$ 65,100.00

Note: cost includes audit fee, direct expenses and one single audit

Vasquez & Company LLC are currently performing the audit for the NPUA. Although they are not the lowest bidder, they have the most qualified bid and there would be less duplication of effort by City staff by having the same auditing firm to work with. This would more than make up for the small difference in bid amounts.

Fiscal Impact: Not to exceed \$65,100 for FY 23 audit, & not to exceed \$66,903 for FY 24 audit, per original proposal dated 11/07/23 plus a \$5,000 contingency fee. Additional funding above budgeted in the amount of \$8,500 will come from General Fund reserves.

Recommendation: Staff recommends retaining Vasquez & Company LLC for the audit of the fiscal year ending June 30, 2023 not to exceed \$70,100, and for upcoming fiscal year 2024 not to exceed \$71,903. Additional funding needed of \$8,500 for FY23 will come from General Fund reserves.

Submitted By: Barbara DiLeo, Finance Department

City Management Review:

Date: 11-9-23

Approved: ☐

Not Approved: ☐

Tabled: ☐

Other: ☐

Agenda Item: 9



Proposal for Professional Audit Services

City of Needles

Submitted by:

Roger A. Martinez
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November 7, 2023



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Transmittal Letter

November 7, 2023

Barbara DiLeo
Finance Department
City of Needles
817 3rd Street
Needles, CA 92363

RE: Vasquez & Company LLP Proposal to Provide Professional Audit Services to the City of Needles.

Vasquez & Company LLP (Vasquez) appreciates the opportunity to respond to the City of Needles's (the "City") request for proposal to audit its financial statements for two (2) years beginning with the fiscal year ending June 30, 2023, with the option to extend the agreement for two additional two (2)-year terms. This letter summarizes our understanding of the engagement and key aspects of our firm that distinguish us from our competitors.

Firm's Understanding

- Perform an audit and render an auditor's report on the Basic Financial Statements of the City in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States and the Minimum Audit Requirements for California Special Districts.
 - As part of our audit, we will render a report on the basic financial statements and apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the City.
 - We will render an auditor's report on the City's internal control over financial reporting and on compliance with relevant laws and regulations and other matters based on our audit of the financial statements.
- If applicable, perform a Single Audit and render an auditor's report on the expenditure of federal grants in accordance with US Office of Management and Budget Federal regulations entitled "*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200*" (the Uniform Guidance).
 - We will issue our report on the City's Schedule of Expenditures of Federal Awards.
 - We will render an opinion on the City's compliance with requirements applicable to each Major Program.
 - We will render our report on the City's internal controls over the administration of Federal funds.



- Prepare the Annual State Controller's Report for the City and the Needles Public Financing Authority.
- Prepare the Annual Street Report for the City.
- Issue a Management Letter addressed to the City Council and City Manager that includes recommendations for improvements in internal control, accounting procedures, and other significant observations considered non-reportable conditions.
- Provide guidance on implementing new accounting standards issued by the Governmental Accounting Standards Board (GASB) and specifics of Federal and State of California regulations pertaining to local government accounting.
- Be available to perform additional work as requested by the City.

Upon request and specifically after our audit, we will be pleased to present to the City Council for the City of Needles, during which we will discuss our audit approach, scope, and results. We pride ourselves on our ability to convey complex information in an informative fashion, free of bias, such that the City Council can evaluate the significance of the information and determine action plans as may be appropriate.

Why Vasquez?

We believe Vasquez is the best choice for the City for the following reasons:

- Partners/managers with extensive government accounting experience will lead the delivery of our services for this external audit contract,
- Extensive experience with water, utilities, and other government agencies, having served approximately 100 municipalities over the past ten years,
- One of the largest government practices in Los Angeles County with the added resources of the RSM US Alliance (fifth largest accounting firm in the nation), with access to national resources that could be accessed in our service to the City.

Vasquez is committed to providing the City with the highest level of customer service, and trust that you will find Vasquez well-qualified to provide the City with professional auditing services. This proposal is a firm and irrevocable offer for the period covered. If you have any questions or need further assistance, please call me at the contact information below. I, Roger A. Martinez, Partner, Audit Practice Leader with Vasquez & Company LLP, am authorized to negotiate and bind the firm to contract.

VASQUEZ & COMPANY LLP

Roger A. Martinez
Partner, Audit Practice Leader
655 N Central Avenue, Suite 1550
Glendale, CA 91203
t) 213-873-1703
e) ram@vasquezcpa.com

Independence

Vasquez meets the independence requirements of the auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, published by the United States General Accounting Office ("Yellow Book") relating to the City and its component units.

Independence Policies and Monitoring Programs

One of the primary objectives of our system of quality control is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company Accounting Oversight Board, US Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and taking appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- At least annually, written confirmation of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.

Firm Qualifications and Experience

Vasquez was established in 1969 as a Limited Liability Partnership registered with the State of California Department of Consumer Affairs.

Experienced Leaders:

- Cristy Canieda, Vasquez Government Practice Leader, formerly with PwC with over twenty years of public accounting experience, will lead our delivery of services to the City.
- Linda Narciso, Vasquez Partner, formerly with PwC with over twenty years of public accounting experience, will act as the engagement quality control reviewer and provide an objective evaluation of the significant judgments the engagement team made and the conclusions it reached in formulating the auditor's report.



National Resources:

- As part of the RSM US Alliance, we have access to the resources, tools, and expertise of RSM US LLP (the fifth-largest accounting firm in the United States).

Anticipating Your Needs:

- Our professionals, with extensive experience in performing financial and compliance audits of municipalities in California, will bring an unbiased, fresh perspective to the City's systems, operations, and practices.
- Our experience will allow us to assess your risk and compare your existing policies and practices to those used by other efficient, reputable agencies. We will focus on the critical areas of your operations.

Communication with the City:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you with meaningful status reports.
- We will take a proactive approach to developing effective solutions to identified challenges.
- Team members, including the engagement and quality control partners, will be available year-round.

Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments, such as new GASB and Statement on Auditing Standards (SAS) requirements.
- Specifics of Federal and State of California regulations pertaining to local government accounting, reporting, and compliance.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-audit surprises. As such, we commit to performing the work within the required time.

New GASB Pronouncement Experience:

- Our team has assisted our clients in the adoption of applicable GASB statements.
- Our firm assists clients in assessing their readiness to implement the new standards and guiding them through the implementation.

Providing an Effective and Efficient Audit:

- Our risk-based approach, high-caliber management team, and experienced staff ensure that critical issues are not overlooked but promptly identified, communicated to you, and resolved to the City's satisfaction.

Personnel Resources

Since its inception, Vasquez has focused on serving governmental entities. As a result, the government industry comprises the largest portion of the industries we serve today.

Partners	7
Directors	7
Sr. Managers /Managers	22
Supervisors	25
Senior Auditors	65
Staff Auditors	124
Professionals	250
Administrators	30
Total	280

National Resources

Vasquez is an integral part of the RSM US Alliance, a premier affiliation of independent accounting and consulting firms in the United States, with over 75 members in over 38 states, the Cayman Islands, and Puerto Rico. This affiliation gives us access to a full range of national and international capabilities. As a member of the RSM US Alliance, Vasquez has access to the resources and services RSM provides its clients. We accepted an invitation to join the RSM US Alliance because it is a natural fit with our commitment to our clients and our determination to stay at the forefront of developments affecting accounting and consulting firms today.

RSM US Alliance provides its members access to resources of RSM US LLP (formerly known as RSM US LLP), the leading provider of audit, tax, and consulting services focused on the middle market, with more than 8,000 people in 80 offices nationwide. RSM US LLP (RSM) is a licensed CPA firm and the US member of RSM International, a global network of independent audit, tax, and consulting firms with over 37,500 people in over 110 countries. RSM US Alliance member firms are separate and independent businesses and legal entities responsible for their acts and omissions, and each is separate and independent from RSM.

Government Practice Group

The Vasquez Government Practice Group comprises 200+ professionals trained and experienced in serving government entities, specializing in California cities, municipal water, transportation, education, and other special districts.

The Vasquez Government Practice Group are professionals from international accounting firms seeking to focus on their chosen industry – mainly government and nonprofit – and work with greater autonomy in a progressive, agile, client-centric environment. The Vasquez leadership consists of eight (8) partners, each previously working with one or more global accounting firms. This experience emphasizes quality, innovation, performance standards, opportunity, discipline, and professional growth.

Office Locations

We will serve the City from our headquarters based in Glendale:

<u>Headquarters</u>	<u>Fresno</u>	<u>Irvine</u>	<u>Las Vegas</u>
655 N. Central Avenue, Suite 1550 Glendale, CA 91203 t) 213-873-1700 f) 213-873-1777	1444 Fulton Street Fresno, CA 93721 t) 559-663-0213	7545 Irvine Center Dr., Suite 200 Irvine, CA 92618 t) 949-623-8798	3753 Howard Hughes Parkway Paradise, Unit 200 Las Vegas, NV 89169 t) 702-784-7644

<u>Manila</u> 29F Rufino Tower 6784 Ayala Avenue Makati City, 1226 Philippines	<u>Phoenix</u> Two North Central Avenue, Suite 1800 Phoenix, AZ 85004 t) 602-759-7319	<u>Sacramento</u> 1215 K Street 17 th Floor Sacramento, CA 95814 t) 916-503-3269 f) 916-503-2401	<u>San Diego</u> 333 H Street Suite 5000 Chula Vista, CA 91910 t) 619-254-6605 f) 213-873-1777
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Government Clients

Vasquez performs numerous financial and compliance audits of governmental organizations. These audits include risk assessments conducted pursuant to a structured approach based on the standards outlined in the COSO Principles.

Our audits are performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, OMB Uniform Guidance, and the Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts (when applicable).

Clients		
City of Agoura Hills	City of Covina	City of Malibu
City of Alhambra	City of Cudahy	City of Maywood
City of Antelope Valley	City of Culver City	City of Montebello
City of Arcadia	City of Diamond Bar	City of Monterey Park
City of Avalon	City of Downey	City of Moreno Valley
City of Artesia	City of El Monte	City of Norwalk
City of Azusa	City of Gardena	City of Palos Verdes Estates
City of Baldwin Park	City of Hawthorne	City of Pico Rivera
City of Bell	City of Hidden Hills	City of Pomona
City of Beverly Hills	City of Huntington Park	City of Rosemead
City of Bradbury	City of Industry	City of San Fernando
City of Burbank	City of Inglewood	City of Santa Monica
City of Calabasas	City of Irwindale	City of Simi Valley
City of Carson	City of La Puente	City of South El Monte
City of Claremont	City of Lawndale	City of South Gate
City of Commerce	City of Long Beach	City of Torrance
City of Compton	City of Lynwood	City of West Hollywood

Quality Control

Vasquez has an extensive quality control program to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in the consulting and audit engagements to ensure that critical issues are identified and resolved on a timely basis.

Review Process

All audit engagements must have a secondary review by either a report review specialist or a concurring reviewer. Before the reports, the financial statements, and any letter communicating reportable conditions and other letters are released, they must be reviewed by a report review specialist not otherwise associated

with the engagement. The report review specialist's role supports that of the partner; organizationally, they are responsible for one or more offices.

Before the commencement of fieldwork and as the engagement progresses toward completion, the report review specialist is expected to aid the partner and the audit team in resolving difficult accounting, auditing, and reporting issues. Upon completion of the partner review and before the report's release, the report review specialist must review the financial statements, our report thereon, and the letter communicating reportable control structure conditions and any other special reports or letters to be issued.

The audit plan should be reviewed and concurred with by a concurring reviewer designated for the industry before the commencement of fieldwork if the industry is designated as "high risk" by firm policy or when engagement risk is otherwise assessed as high, and the engagement is a first-time audit for the firm. If a concurring review is performed during planning, this reviewer will also perform a review of all of the firm's reports, as well as discuss significant audit findings and issues with the engagement partner.

Independence Policies and Monitoring Programs

One of the objectives of our system of quality control is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity. Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, Securities and Exchange Commission, Department of Labor, Public Company Accounting Oversight Board, US Government Accountability Office, state CPA societies, state boards of accountancy, state statutes and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and taking appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- At least annually, written confirmation of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.

Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements
- Our firm or engagement partner issues reports that are appropriate in the circumstances

Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures require that consultation take place when appropriate. Also, our firm has established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.

We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory, and firm requirements.
- Qualified engagement team members review work performed by other team members on time.
- Vasquez establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review.
- Vasquez establishes criteria for the eligibility of engagement quality control reviewers.
- Vasquez requires that consultation take place when appropriate, that sufficient and appropriate resources are available to enable appropriate consultation to take place, that all the relevant facts known to the engagement team are provided to those consulted, that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.


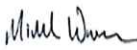

Management follow-up procedure internally called "Voice of the Client" to set the tone of "how we did" and "where can we improve."

Federal or State Desk or Field Reviews

Vasquez has passed all desk reviews by Federal and State agencies. The Departments of Labor and Health Resources and Services Administration performed our most recent reviews. In addition, Vasquez has not had any disciplinary actions taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated May 5, 2023. As a member of the AICPA Governmental Audit Quality Center (GAQC), this peer review covered several government engagements similar in size and complexity as the City performed in accordance with Government Auditing Standards and Uniform Guidance. A copy of the peer review opinion follows:

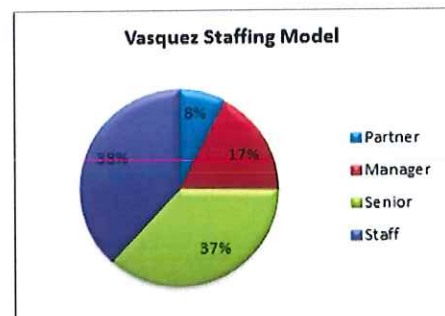
 <p>AICPA</p> <p>May 05, 2023</p> <p>Gilbert Vasquez Vasquez & Company, LLP 655 N Central Ave Ste 1500 Glendale, CA 91203</p> <p>Dear Gilbert Vasquez:</p> <p>It is my pleasure to notify you that on May 03, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2025. This is the date by which all review documents should be completed and submitted to the administering entity.</p> <p>As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.</p> <p>Thank you for your cooperation.</p> <p>Sincerely,</p>  <p>Michael Wagner Chair, National PRC</p> <p>+1 919 402 4502</p> <p>cc: James Dougherty, Roger Martinez</p> <p>Firm Number: 900010139115 Review Number: 587338</p> <p>220 Leigh Farm Road, Durham, NC 27707-8110 T: +1 919 402 4502 F: +1 919 419 4713 aapaglobal.com canaglobal.com aicpa.org cmaa.org</p>	 <p>JLK Rosenberger Certified Public Accountants</p> <p>Liberty Place II 3077 Ardian Way, Suite 150 Addicks, Texas 75001 Tel: 972 955 4400 jlr@rosenberger.com</p> <p>Report on the Firm's System of Quality Control</p> <p>September 23, 2022</p> <p>To the Partners of Vasquez & Company, LLP and the National Peer Review Committee</p> <p>We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company, LLP this firm applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 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 (AICPA).</p> <p>The nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at https://www.aicpa.org/standards/peer-review. The committee also includes an explanation of how engagement 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.</p> <p>The Firm's Responsibilities</p> <p>The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating system to promptly remediate components deemed as not performed or reported in conformity with the requirements of applicable professional standards, when appropriate, and for remedial measures in its system of quality control, if any.</p> <p>Peer Reviewer's Responsibility</p> <p>Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.</p> <p>Required Selections and Considerations</p> <p>Engagements selected for review included engagements performed under Government Auditing Standards including compliance audits under the Single Audit Act and audits of employee benefit plans.</p> <p>As a part of our peer review, we considered review by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.</p> <p>Opinion</p> <p>In our opinion, the system of quality control for the accounting and auditing practice of Vasquez & Company, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 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 deficiencies noted or fail. Vasquez & Company, LLP has received a peer review rating of pass.</p> <p>JLK Rosenberger, LLP</p>
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Partner, Supervisory, and Staff Qualifications and Experience

Our senior engagement team members are responsible for ensuring the delivery of quality work. They will regularly meet with you, answer questions, provide guidance, and help identify and resolve issues promptly.

Vasquez has built its reputation on close partner involvement and strong client relationships. However, the ultimate success of our client relationships is largely attributable to one key component – our people. Our engagement teams are structured with extensive partner involvement. As a result, our average partner-to-staff leverage ratio is higher than most other firms. As a result, our budgeted hours include higher partner involvement than you may have experienced.

Beyond partner leadership and support, an audit is only as good as those doing most of the work daily. Therefore, we are committed to providing a staff resource pool that embodies the attributes you expect of your auditor, including technical expertise in GASB, knowledge of government and utility industries, and soft skills such as respect, empathy, and timely response to questions.



Continuing Professional Education

To ensure that our professional staff remains current on the latest audit and accounting developments and meets the requirements for maintaining active licensure in good standing, we see that our professional staff receives the required number of CPE hours within the established period. Vasquez also conducts in-house seminars for the professional staff. Our team is held to a high standard of quality; we offer the following CPE Programs for our staff:

- Continuing Education courses provided by the American Institute of Certified Public Accountants (AICPA), which the firm sponsors live and in-house for its staff and clients, conducted by highly qualified professionals from the AICPA and the California CPA Education Foundation.
- Attendance at conferences and seminars related to government accounting sponsored by:
 - Government Finance Officers Association
 - Association of Local Government Auditors and the
 - California Society of Municipal Finance Officers
 - RSM US Alliance.

Following is a list of CPE courses provided by Vasquez for the current year and the past three (3) years:

Course	Date
Q4 Current Accounting Practice Issues and Recent Developments	01/12/2022
Lessee Accounting under ASC 842, Leases	01/13/2022
Business Combinations: Consideration, Transaction Costs, and Measurement Period Adjustment	01/27/2022
Planning a State and Local Government	03/22/2022
Q1 Current Accounting Practice Issues and Recent Developments	04/12/2022
En Route to Govt Season	08/24/2022 08/26/2022
Q2 Update	07/21/2022
State & Local A&A Update	07/13/2022
GASB's Lease Standards: Are You Ready	02/01/2022
RSM Webcast - Annual Compliance Update	07/20/2022
Q2 State and Local Governments A&A Updates – 2022	07/13/2022
RSM Webcast - 2022 Annual Governmental Update	06/15/2022
Governmental Accounting & Auditing Encore Virtual Conference Webcast	05/24/2022
Planning a State and Local Government Audit (65601-2202)	03/22/2022
Lessee Accounting under ASC 842, Leases (45467-2201)	01/13/2022
Q4 State Local Governments A&A Updates - 2021 (64374) Training	01/05/2022
2021 Government Audit Quality Center Annual Update Webcast	04/22/2021
Accountant's Liability: Balancing Risk & Reward	05/15/2021
When You Think It; Ink It: Best Practices in Single Audit Documentation	06/22/2021
Q2 Emerging Topics In Auditing	07/22/2021
25 th Annual Government GAAP Update	11/05/2020
RSM Q3 Current Accounting Topics	10/15/2020
CARES (HEERF) Reporting Requirements	10/14/2020
KPMG Quarterly Outlook for Accounting and Financial Reporting	09/15/2020

Course	Date
Government Audits	07/30/2020
Single Audit	07/16/2020
Audit of Cash, Investments, Property and Equipment, Inventory, Intangibles, Accounts Receivable, and Revenues	07/10/2020
Audit Sampling, Transaction Cycles, and Test of Controls	07/01/2020
Audit Planning, Risk-Based Audit Concepts, Roles of Audit Engagement Team Members	06/16/2020
Documentation, Analytical Procedures, Substantive Procedures Overview, Going Concern, and Indicators	06/16/2020
Nonprofit Accounting and Auditing Updates	05/19/2020
Governmental Accounting and Auditing Virtual Conference	04/30/2020
Q1 Current Accounting Topics Quarterly Updates – 2020	04/22/2020

Team Member	Role Description
Roger Martinez, CPA Relationship Partner	Roger Martinez, Vasquez Government Practice Leader, with over twenty (20) years of public accounting experience, will be responsible for planning and directing our services to the City. He will develop our audit strategy, provide direction to our team, work closely with City management, and be available throughout the year to ensure proactive issue identification and service delivery.
Cristy Canieda, CPA, CGMA Quality Control Partner	Cristy Canieda, Vasquez Partner with over twenty years (20) of public accounting experience, will be the technical reviewer for the engagement and will work closely with the Lead Partner to review and evaluate the audit fieldwork and reports. Cristy is the QC partner for the firm's municipal audit engagements.
Isidro Conde, CPA Lead Director	Isidro Conde, Vasquez Director, with fifteen (15) years of public accounting and auditing experience, will work closely with the Relationship Partner in planning, coordinating, and reviewing the fieldwork for the City engagement. He will manage the day-to-day activities and task accomplishments, monitor progress, and ensure schedule compliance and proactive service delivery.
Hing Wan, CISA IT Manager	Hing Wan, Vasquez IT Manager with over ten (10) years of experience in IT consulting and auditing, will oversee audit procedures pertaining to the City's financial systems and Information Technology. Hing's IT risk-based controls assessment approach for evaluating and testing internal controls provides added assurance to management and the Governing Board.

Christian Walawala
Audit Supervisor

Christian Walawala, Vasquez Supervisor, will work closely with Vasquez management in planning and coordinating for the City engagement. He will perform audit fieldwork procedures and report preparation and provide guidance to audit staff in the field.



ROGER A. MARTINEZ, CPA

Partner, Audit Practice Leader

Vasquez & Company LLP

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Areas of Expertise

Roger's areas of expertise overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, financial statement reviews, and forecasts to government agencies.

Representation of Experience

- City of Long Beach
- City of Vernon
- City of Adelanto
- City of Cudahy
- City of El Monte
- City of Huntington Park
- City of Norwalk
- City of La Puente
- University of California System
- Alameda Corridor – East Construction Authority
- Alameda Corridor Transportation Authority
- California State University System
- California State Teachers' Retirement System
- California State Treasurer's Office
- Los Angeles County Employees Retirement Association
- Los Angeles County Metropolitan Transportation Authority
- Los Angeles Unified School District
- Los Angeles Water and Power
- Los Angeles World Airports
- Los Angeles Community College District
- Metropolitan Water District of Southern California
- Port of Los Angeles
- San Gabriel Valley Council of Governments
- San Gabriel Basin Water Quality Authority
- San Joaquin Transit Agency
- Southern California Regional Rail Authority
- SunLine Transit Agency

Professional Background and Affiliations

Roger is a member of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the Los Angeles Chamber of Commerce, and the Association of Latino Professionals in Finance and Accounting. He has held many board memberships with private companies and nonprofit organizations. He is currently on the Advisory Board for the Salvation Army and Los Angeles County Medical Association.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from the University of California, Los Angeles. He remains current on accounting matters by attending conferences and continuing education courses applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



CRISTY A. CANIEDA, CPA, CGMA

Partner, Government Practice Leader

Vasquez & Company LLP

Tel: 213-873-1720

Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Federal Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports, State Controller's reports.

Prior Experience

- City of Baldwin Park
- City of Carson
- City of Culver City
- City of El Monte
- City of Hawthorne
- City of Huntington Park
- City of Long Beach
- City of Lynwood
- City of Montebello
- City of Moreno Valley
- City of Norwalk
- City of Pico Rivera
- City of Simi Valley
- City of Torrance
- City of West Hollywood
- Coachella Valley Association of Governments
- Community Development Commission of Los Angeles County
- Imperial County Local Transportation Authority
- Jurupa Community Special District
- La Habra Heights Water District
- La Puente Valley County Water District
- Los Angeles Community College District
- Los Angeles County Metropolitan Transportation Authority
- Orange County Water District
- Rancho California Water District
- San Gabriel Valley Council of Governments
- Southern California Association of Governments
- SunLine Transit Agency
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Cristy's professional background includes Diehl, Evans & Company and Audit Manager and Manager, Tech. Standards and Continuing Education with PwC. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Enverga University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses which are heavily focused on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



ISIDRO CONDE, CPA

Audit Director

Vasquez & Company LLP

Tel: 213-873-1730

Email: cconde@vasquezcpa.com

Areas of Expertise

Cid's practice is in managing all aspects of financial and compliance audits including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies; preparation of comprehensive annual financial reports and State Controller's reports.

Representation of Experience

- City of Baldwin Park
- City of El Monte
- City of Huntington Park
- City of La Puente
- City of Montebello
- City of Norwalk
- City of Temple City
- City of Vernon
- City of Needles Public Utility Authority
- Los Angeles County Metropolitan Transportation Authority
- San Gabriel Valley Council of Governments
- SunLine Transit Agency
- Upper San Gabriel Metro Water District

Professional Background and Affiliations

Cid's professional background includes EY where his practice was focused on audit engagement planning, budgeting and preparing audit programs, draft financial statements, tax returns and management reports. Cid is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cid received his Bachelors of Science in Commerce, major in Accounting, from the University of San Carlos. He remains current on accounting matters by attending conferences and continuing education courses on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.



CHUN HING GEND WAN, CISA
IT Audit Manager

Area of Expertise

Hing's practice is focused on planning, operational audits and reviews of IT Enabled Business Transformation; Global & Regional Project/Program Management; Business Process and Systems Management/Optimization; Shared Services, Business Process Outsourcing; Activity Based Management; IT Governance, Risk and Compliance; Sarbanes – Oxley (SOX) 404; IT Audit and Controls; ERP Security and Controls; ERP Materials Management; Enterprise Information Architecture; Master Data Management; Business Intelligence; Resolution and Incident Management; Performance Metrics; Global & Regional Team Development & Management.

Representation of Experience

- City of Carson
- City of Culver
- City of Norwalk
- City of San Fernando
- City of Simi Valley
- City of South El Monte
- City of Torrance
- City of West Hollywood

Professional Background and Affiliations

Hing's prior experience includes Audit Manager at Globe Telecoms, Inc. the leading telecommunications company in the Philippines. Prior to joining Globe in August 2021, he was a manager at Ernst & Young, under the Consulting Practice specializing in Technology Risk services. He has worked on a variety of engagements in the field of Information Technology (IT) audit, service organization controls reporting (SOCR), and management testing.

Hing is a Certified Information Systems Auditor (CISA).

He is a member of the IT Committee of the Philippine Institute of Certified Public Accountants (PICPA).

Educational Background

Hing received his Bachelor of Science in Accountancy from San Beda University, Philippines. He remains current on accounting matters by attending conferences and continuing education courses applicable to a Finance/IT professional.



CHRISTIAN WALAWALA
Supervisor

Area of Expertise

Christian's practice is focused on participating in financial audits of private companies, and employee benefit plans; financial and compliance audits of government agencies, and nonprofit organizations, including internal control reviews and Single Audits performed in accordance with Office of Management and Budget (OMB) Uniform Guidance.

Representation of Experience

- Alameda Corridor East Construction Authority
- City of Cudahy
- City of Modesto
- City of Montebello
- City of West Hollywood
- Encina Wastewater Authority
- Hub Cities Consortium
- Los Angeles County Metropolitan Transportation Authority
- San Gabriel Valley Council of Governments
- Water Replenishment District of Southern California

Professional Background

Christian's professional background includes KPMG, JP Morgan Chase, and the World Bank Group.

Educational Background

Christian earned his Bachelor of Science degree in Accounting from the Polytechnic University of the Philippines. He remains current on accounting matters by attending seminars focused on subjects applicable to accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements.

Similar Engagements with Other Governmental Entities

Client/Contact/Address	Nature of Engagement
City of Culver City Onyx Jones ojones@culvercity.org (310) 253-5351	Annual financial and compliance audit, Single Audit (Uniform Guidance), State Controller's Report, AQMD Fund audit, Transit Fund audit. GFOA Award. Year: FY 2021 to current
City of Simi Valley Marvin Lopez mlopez@simivalley.org (805) 583-6803	Annual financial and compliance audit, Single Audit (Uniform Guidance), GANN Appropriation Limit, Simi Valley Library compliance, Public Service Center for Sanitation and Waterworks compliance, Management letter. GFOA Award. Year: FY 2012 to current
City of Torrance Sheila Poisson spoisson@torranceCA.gov (310) 618-5854	Audited Financial Statements Measure W Fund of the City of Torrance, California Report on Financial statements, internal control over financial reporting and compliance on other matters, balance sheet, statement of revenues, expenditures, and changes in fund balance, notes to financial statements. Year: FY 2021 to current
City of West Hollywood Lorena Quijano lquijano@weho.org (323) 848-6451	Annual financial, compliance audit, Single Audit (Uniform Guidance), GANN Limit, State Controller's Report. GFOA Awards. Year: 2021-22 to current

Audit Approach

As part of an audit engagement, we leverage a formal project management methodology to help ensure that all tasks are planned effectively and ultimately completed on time and that any changes in the schedule will be properly documented and authorized. As part of the planning process, we will work with you to agree upon a communications plan to set forth the protocols for periodic status updates and escalations throughout the project. In addition, we will provide regular status reporting throughout the audit, consistent with the communications plan.

Experienced project managers with strong project management skills are embedded within your audit team. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the City to ensure no surprises during the audit. Additionally, Vasquez will continuously look for ways to improve the management and execution of the audit. We want to ensure audit planning, scheduling, and budgeting are executed properly and timely.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

- **We understand.** Our audit and consulting professionals follow our CaseWare process, which provides a thorough understanding of your business, current situation, needs, and expectations to ensure no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate consistently and openly at the right time to the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, resolve emerging issues proactively, and bring innovative ideas and solutions that deliver value to you.
- **We deliver.** We deliver what we promise – on time, on budget, and with the highest quality.



At Vasquez, we want to build strong relationships with our clients and continuously seek to understand ways to ensure that our services align with their needs. We believe striving for continuous improvement in interacting with and delivering client services is important. We do this, in part, by adhering to defined client service standards and seeking feedback on our performance from our clients.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore, we must tailor the audit to each organization based on the identified risks.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.



Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include the following:

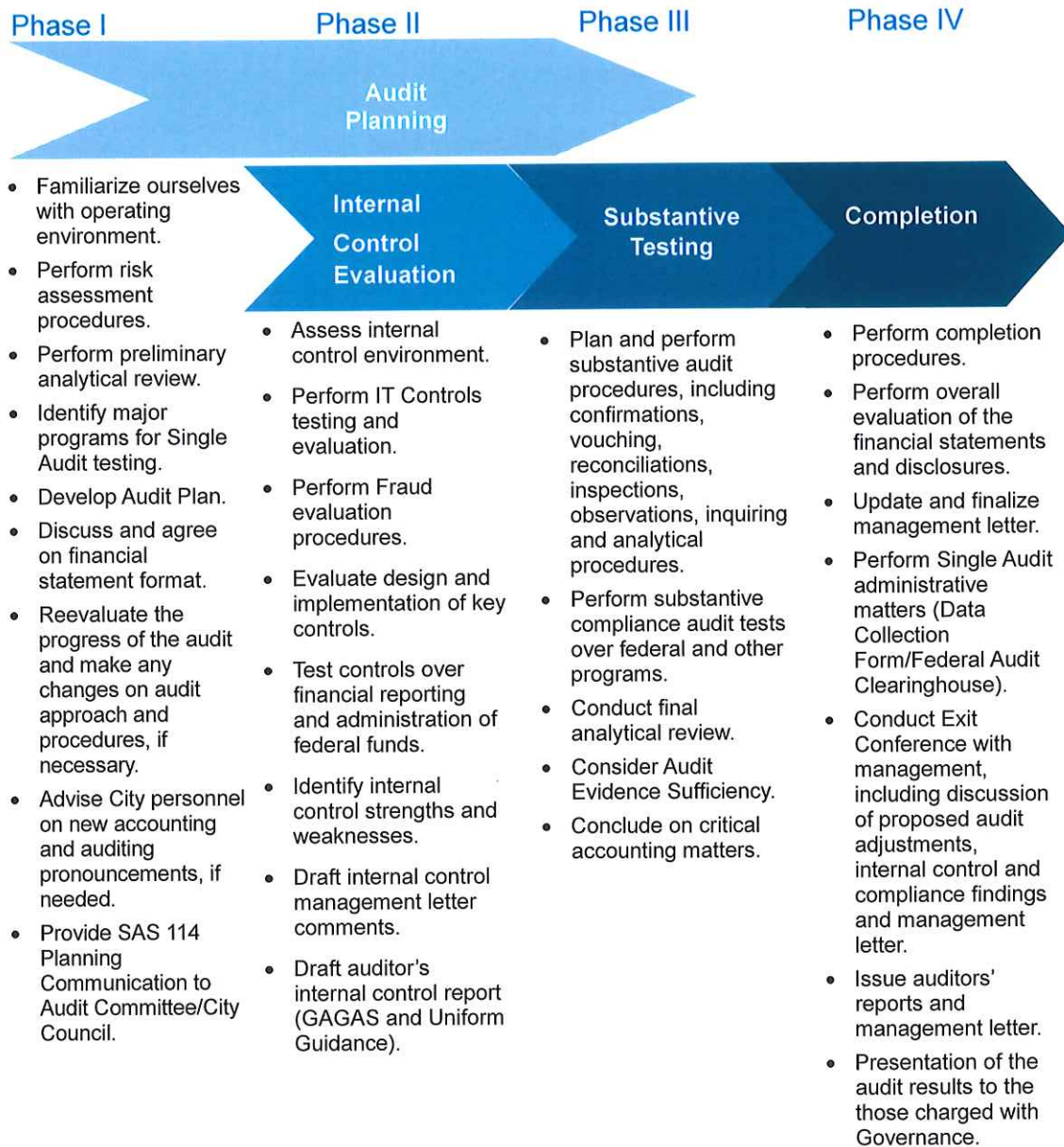
- Obtaining an understanding of the City and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to affect the risks of material misstatement significantly. In addition, understanding the City and the environment will often involve considering the regulatory environment, business objectives, and strategies and selecting an application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, previous audits, and other non-audit engagements performed for the City.
- Inquiring of the audit committee, management, and others within the City about risks of material misstatement.
- Obtaining an understanding of the City's internal controls over financial reporting.

Performing analytical procedures, such as comparing the City's current financial statement account balances to prior year financial statements and budgeted amounts and/or comparing relevant financial ratios to industry or prior year ratios.

Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the City's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering cost/benefit considerations, the volume of transactions, and prior-year control testing results. If test results indicate that the City's internal controls are effective, we may decide to reduce the level of substantive tests that it performs as a basis for its opinion.

a) Proposed segmentation for the engagement;



Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate City management personnel. The agenda would include, but need not be limited to the following:
 - The application of generally accepted accounting principles
 - Concerns of City management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by City personnel
 - Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditors' responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We will assist the City in implementing new accounting, auditing, and compliance requirements. Therefore, we intend to schedule training with City personnel involved in all phases of the audit to clearly understand the latest technical changes for their respective areas and the audit requirements and timeline.
- Expanding our understanding of the City and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the City, its component units, their mission, funding sources, and structure through our review of the following:
 - Applicable state legislation
 - The City's charter, if applicable, and the Municipal Code
 - Organizational charts
 - Minutes of Council and Audit Committee and City Board meetings
 - Policies and procedures manuals, administrative codes, rules, and regulations
 - Description of the City's financial and other information systems
 - Recent financial statements and key operating statistics
 - Reports of special audits by regulators or other auditors
 - Contracts and major commitments
 - Grant agreements
 - Significant operating agreements
 - Cost allocation plans
 - Possible effects on the City of the actions of regulatory agencies
 - Fraud risk assessment processes
 - Utility rate ordinances
 - Bond ordinances and offering statements
 - IT Strategic Plan
- Through our background knowledge of the City and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will be able to meet with City management to discuss areas that might significantly impact the timing and completion of the audits or that may be of particular concern to management. We will review such areas in-depth to obtain an

early understanding and resolution of any "problem" areas that may impede our progress and to develop our overall approach so that the City will have sufficient time to develop the data necessary for the completion of the audit with a minimum amount of disruption of the day-to-day routine.

Our planning process will include a specific review of computer activities performed by City personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to, system development and maintenance controls, hardware controls, and access controls
- Evaluate the degree of "control consciousness" among personnel
- Determine the potential impact of general control strengths and weaknesses
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible accounting and computer operations personnel, reviews of program documentation for the City's system, and direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas requiring attention. Until the year-end account balances are finalized, our review will focus on budgets compared to actual/projected information. We can thus identify sensitive areas to determine whether they require extra attention. We will also focus on unusual fluctuations within individual funds to identify accounts and areas that merit further investigation.
- Based on our understanding of the City's operating environment, through our analytical review and other planning procedures, we will meet with City personnel to highlight areas to be emphasized during the audit. We will concentrate our efforts on the identified areas of audit concern and areas we know to be important to City management. Some of our preliminary audit concerns are elaborated as follows:
 - Compliance with applicable laws, regulations, and reporting requirements
 - Receipt of all revenue to which the City is entitled
 - Purchase authorizations within budgetary limitations
 - Adequate safeguarding of the City's cash, investments, and inventory assets
- We will work directly with the appropriate City personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general-purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

Interim Audit Testing

Our audit approach is flexible and tailored to fit the City's evolving needs. We will work with you to review the current audit schedule to determine the best approach for the various phases of the financial statement audit. We provide you the option of an interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and our staff.
- It allows us to focus on the high-risk areas before the year-end close, providing more time to deal with issues.
- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information, and cut-offs, allowing us to identify and for the City to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and, as we stated previously, we will work with you to determine the best approach, and you will control this process.

Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. We aim to assess whether security, integrity, continuity, and control standards are conducive to reliable processing, consistent with the City's technology standards, and appropriately safeguard your information assets.

IT General Controls

IT general controls are pervasive controls within the IT environment. The following types of IT general controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment. The processes that ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including handling errors.
- **Job processing**—tests for the completeness of data interfacing into the financially significant applications and the change management processes for handling errors, script changes, and interface edits.
- **Security administration**—addresses the user access provisioning (new hire onboarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

Out testing of IT application controls provides strong audit evidence and streamlines the audit process.

IT Application Controls

IT application controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual controls, application controls verify processing transactions' completeness, accuracy, authorization, and validity. Our methodology for assessing application controls is as follows:

- Define materiality by the system, such as utility billing, cashiering, purchasing and disbursements, revenues, payroll, and asset management, using business process mapping as a starting point.
- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate application security controls, which are controls to verify that minimum access to applications is allowed for individuals to perform their jobs.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered, and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, which ensure that transactions are processed by the application programs accurately and completely.

- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures, and tests of a sample of transactions, evaluate interface controls to ensure that transactions between multiple systems are secure and that the integrity of the information transmitted is maintained, accurate, and complete.

Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective and determine whether the audit procedures will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the population element to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine the appropriate sample size and select a sample that represents the population.
- Examine each sample item to determine whether it represents an error or an exception.

Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include detailed tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests we have found effective and efficient for the City audits include confirmation of cash, investments, grants receivable, loan balances and debt, tests of subsequent receipts for selected receivables, and unrecorded liabilities for payables.

Consideration of Fraud – The primary responsibility for preventing and detecting fraud rests with those charged with governance and management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to occur, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential to override controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatements caused by fraud or error. Accordingly, as part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the City. These discussions would focus on obtaining an understanding of management's (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the City, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the City; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management and others within the City, as appropriate, to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the City.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and

responding to the risks of fraud in the City and the internal control that management has established to mitigate these risks.

- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated to indicate risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve exchanging ideas or brainstorming among our audit team members about how and where the City's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the City could be misappropriated.

Adjusting Journal Entries – Adjusting journal entries proposed by our auditors, if any, will be discussed and explained to the Finance Director and others as appropriate. It is our practice to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure we have not misunderstood that particular situation. This will ensure that the immediate manager accepts the proposed entry or management comment and recommendation and that the recommendation is feasible and makes business sense. Our policy is to address issues and resolve them as they arise rather than at the end of the audit. In short, there will not be any surprises.

Our work plan's final element is the regular reporting to City management personnel to apprise them of our progress. We believe communication is vital. Therefore, we have stressed the importance of continuous close relationships throughout this proposal and indicated the points we would meet for specific discussions and decisions.

Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.

Phase IV - Reporting

- Review federal, state, and other grant reporting requirements,
- Determine which internal control findings are significant deficiencies or material weaknesses,
- Prepare findings and draft the auditors' reports,
- Review draft reports with City management, and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

Management Letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel and the fresh perspectives of our team members, combined with their independent and objective viewpoints, will likely yield valuable information. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improving accounting practices, procedures, and internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems and suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during our examination.

- Comments regarding compliance with the applicable laws, rules, and regulations, including Office of Management and Budget (OMB) and US Government Accountability Office (GAO) guidance and regulations.
- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that may be of interest.

Single Audit Approach

We will utilize an integrated audit approach. This means we will coordinate the Single Audit testing of major federal programs with the testing of internal controls and systems in conjunction with the financial statement audit. Each major program requires a separate opinion on compliance with federal rules and regulations. The scope of our testing will be sufficient and specific enough to allow opinions on each of the City's major programs. We will perform risk assessment procedures, including:

- Review of prior years' reported findings and
- Consideration of the extent of continuing or new personnel assigned to administer each major federal program.

Our procedures for testing major federal programs will be performed as follows:

- Hold a planning meeting with the accounting managers and grant administrators.
- Make a preliminary assessment of the condition of the records and controls and determine the procedures necessary to document the systems more fully.
- Obtain copies of the grant agreements under which federal financial assistance is provided.
- Document any program-specific compliance requirements in the agreements beyond those included in the OMB Compliance Supplement.
- Review reports completed to meet the federal financial reporting requirement.
- Document our understanding of program requirements and other laws and regulations.
- Establish detailed work plans and audit timetables in conjunction with management.
- Schedule regular status meetings to monitor the audit process.
- Review the inventory of grants and other federal and state assistance.
- Test the completeness and accuracy of the schedule of expenditures of federal awards.
- Examine external, state, and federal audit reports for control weaknesses, compliance exceptions, or questioned costs.

The extent of testing and sampling depends on many factors, including environmental controls, previous audits, and the locations at which controls are administered. Our sampling plan will conform to the AICPA's guidance for testing compliance.

Our Tools



Vasquez utilizes CaseWare electronic audit workpapers for a more efficient and intelligent audit process. CaseWare is also useful for financial analysis and reporting, including financial statement preparation.



To help manage the data flow for our testing, we utilize the Vasquez Citrix ShareFile, a secure and regulatory-compliant tool, to manage the many requests more effectively and efficiently for information necessary to conduct an engagement of this size.





Office 365 provides access to Office applications, online productivity services, and business services such as web conferencing, hosted email, and online storage.



We use IDEA software to analyze data in unique ways and the audit sampling process.

Professional Fees

Our fees for the services outlined in this proposal are based on our estimates of the time needed to complete the project at our standard hourly rates. The fees are based on the assumption that unexpected circumstances will not be encountered during the audit, along with the following:

1. City staff are available to answer questions within the agreed timeframe.
2. There are no instances of fraud that will require additional procedures.
3. City staff to prepare all financial statements/schedules.
4. All information requested is provided within the agreed timeframe.
5. No (0) major programs are subject to the Single Audit Act.
6. The information provided is complete and correct for the year under audit.
7. Other unforeseen events such as:
 - a. Accounting problems.
 - b. Fraud.
 - c. Changes in your business or business environment.
 - d. Contractual difficulties with suppliers, third-party service providers, or clients.

	FY23	FY24	FY25	FY26
City Audit	\$ 53,600	\$ 55,208	\$ 56,864	\$ 58,570
Financing Authority Audit	1,500	1,545	1,591	1,639
State Controller's Report - City	3,000	3,090	3,183	3,278
State Controller's Report - Financing Authority	1,000	1,030	1,061	1,093
State Controller's - Street Report	1,000	1,030	1,061	1,093
Total Audit Fee	\$ 60,100	\$ 61,903	\$ 63,760	\$ 65,673

Note: Single Audit Fee \$5,000 per major program.

Rates for Additional Services

Any other accounting work and audit services requested by the City outside of the standard audit will be billed at our standard hourly rates, which are as follows:

Category	Rate
Partner	\$ 375
Director	300
Sr. Manager	250
Manager	225
Supervisor	200
Sr. Auditor	175
Staff	140

Rates for Travel

We will bill for our travel expenses at actual cost, if applicable.



www.vasquez.cpa

Vasquez & Company LLP has over 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

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PREPARED BY

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

TECHNICAL PROPOSAL

City of Needles Professional Auditing Services

Date of Submission: November 7, 2023

Valid for 90 Days

Authorized by

Ryan Domino, CPA, Partner

Ryan.Domino@lslcpas.com

203 N. Brea Blvd., Suite 203

Brea, CA 92821

(714) 672-0022

LETTER OF TRANSMITTAL

November 7, 2023

Barbara Dileo, Senior Accountant
City of Needles, Finance Department
817 Third Street
Needles, CA 92363

Dear Ms. Dileo,

LANCE, SOLL & LUNGHARD, LLP ("LSL") is pleased to present our proposal for professional auditing services and demonstrate our commitment to excellence to the City of Needles ("City").

We understand that the City is seeking a qualified firm to provide financial audit services, including related services, for the two (2) fiscal years beginning with the fiscal year ending June 30, 2023, with the potential option to extend two (2) one-year option periods through 2026 upon City Council approval. We affirm that our proposal fully aligns with all terms, conditions, and requirements stated in the RFP released on October 17, 2023.

Ryan Domino is the assigned Engagement Partner for this proposal. He is authorized to make representations on behalf of our firm and can be reached by phone at (714) 672-0022 or by email at Ryan.Domino@lsllcpas.com.

We welcome the opportunity to discuss any aspect of our proposal to ensure your complete satisfaction. Please feel free to contact Ryan for any clarification or contract negotiations regarding this proposal.

Sincerely,



Ryan Domino, CPA, Partner
Lance, Soll & Lunghard, LLP
203 N. Brea Blvd., Suite 203
Brea, CA 92821

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FIRM QUALIFICATIONS & EXPERIENCE

FIRM HISTORY & SIZE

LSL was established in 1929 and has grown as a leader in the government sector. Our full-service accounting firm is headquartered in Brea, California, with a dynamic team of 15 partners and 145 employees. We provide auditing, accounting, and consulting services to over 100 municipal clients, including cities, counties, water and electric utilities, and special-purpose government agencies. Our government sector services encompass a broad range of specialties, including attestation, compliance, consulting, outsourced accounting and reporting, year-end close assistance, interim staffing, strategic planning, and tax services.

LOCATION

Our Offices



Our virtual footprint means we're everywhere you are. But we have physical offices, too!

Brea, CA

203 N. Brea Blvd., Suite 203
Brea, CA 92821
Phone: (714) 672-0022

Laguna Hills, CA

24422 Avenida de la Carlota, Suite 275
Laguna Hills, CA 92653
Tel: (949) 829-8299

Sacramento, CA

2151 River Plaza Dr., Suite 150
Sacramento, CA 95833
Phone: (916) 503-9691

Santa Ana, CA

1611 E. Fourth Street, Suite 200
Santa Ana, CA 92701
Phone: (714) 569-1000

The Woodlands, TX

21 Waterway Avenue, Suite 30089
The Woodlands, TX 77380
Phone: (936) 828-4587

At LSL, we regularly share staff and resources across our offices, providing you with access to our entire governmental team. This approach ensures that you receive the highest level of service and expertise possible, allowing us to deliver optimal results.

LICENSE TO PRACTICE IN CALIFORNIA

LSL is a public accounting firm licensed by the State of California Department of Consumer Affairs as a Public Accounting Partnership. Additionally, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key members assigned to this engagement are licensed or are in the process of obtaining their license as Certified Public Accountants by the State of California.

INDEPENDENCE

LSL meets the independence requirements set forth by the *Government Auditing Standards*. Our partners have no ownership in any other business organization that currently or will potentially provide services, supplies, materials, or equipment to the City. We annually distribute a listing of our firm's clients to all employees to ensure that any possible independence threats are properly documented and reviewed.

GOVERNMENT AUDITING STANDARDS

LSL understands its responsibilities to perform audits and issue opinions on the City's financial statements as well as its fair presentation. Our financial audits are performed in accordance with the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and Single Audits are performed in accordance with the requirements of the Uniform Guidance. We will also evaluate the City's internal control system and provide recommendations for growth and improvement.

INSURANCE

LSL confirms that we will maintain the minimum insurance requirements throughout the entire term of the engagement. We have provided evidence of coverage with the submission of our proposal in **Exhibit A**, and the actual insurance form will be provided upon the award of contract.

DESK REVIEW / DISCIPLINARY ACTION

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

PEER REVIEW

Our firm has participated in the AICPA Peer Review Program since its inception. All our peer reviews have covered governmental engagements and have received *pass* ratings. Our most recent peer review, conducted by Spafford and Landry CPAs, is provided on the following pages.



HERE TO MAKE THE COMPLEX SIMPLE

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 Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 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. The summary also includes an explanation of how engagements identified as not performed or reported on 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of the applicable 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 and compliance with the firm's system of quality control 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 and employee benefit plan audits.

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.

Opinion

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

Safford & Landry, Inc.

March 30, 2023

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

A current list of municipal clients can be found in **Exhibit B**, which lists LSL's most significant engagements of comparable complexity, scale, and nature to the scope of services described in this request for proposal performed within the last five (5) years.

SINGLE AUDIT EXPERIENCE

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

Exhibit B includes a list of government audit clients for which a Single Audit has been performed in the last fiscal year. Additionally, the table below highlights recent examples of federal programs audited by LSL.

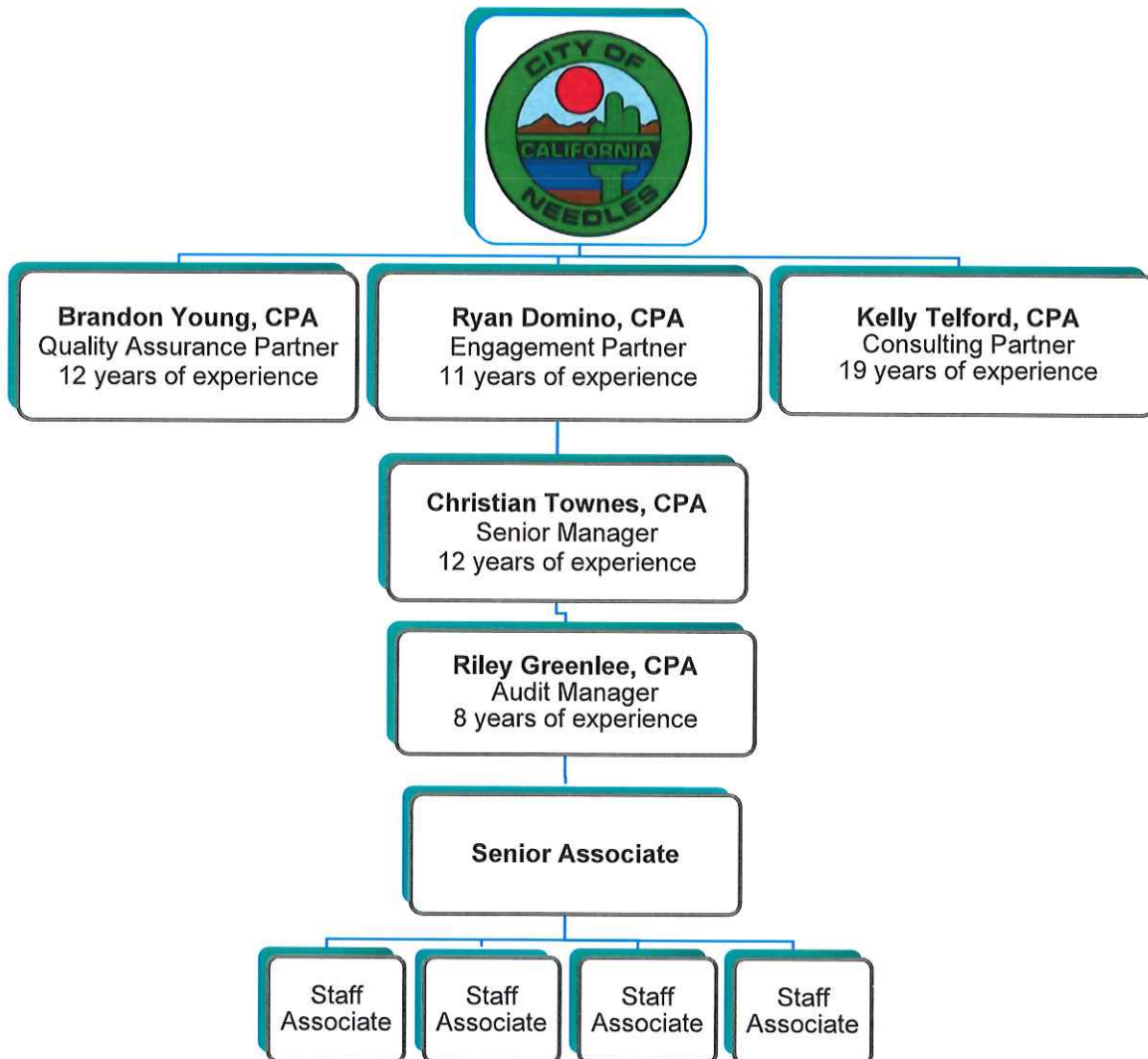
Federal Granting Agency	AL #	Name of Program
U.S. Department of Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infant, and Children
U.S. Department of Housing & Urban Development	14.195	Section 8 Housing Assistance Payment Program
U.S. Department of Housing & Urban Development	14.218	Community Development Block Grants/Entitlement Grants
U.S. Department of Housing & Urban Development	14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
U.S. Department of Housing & Urban Development	14.239	HOME Investment Partnerships Program
U.S. Department of Housing & Urban Development	14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
U.S. Department of Housing & Urban Development	14.871	Section 8 Housing Choice Vouchers
U.S. Department of Transportation	20.106	Airport Improvement Program
U.S. Department of Transportation	20.205	Highway Planning and Construction
U.S. Department of Transportation	20.507	Federal Transit Formula Grants
U.S. Department of Treasury	21.019	Coronavirus Relief Fund (CRF)
U.S. Department of Treasury	21.027	Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
U.S. Environmental Protection Agency	66.458	Capitalization Grants for Clean Water State Revolving Funds
U.S. Department of Health and Human Services	93.563	Child Support Enforcement
U.S. Department of Health and Human Services	93.667	Social Services Block Grant
U.S. Department of Health and Human Services	93.676	Unaccompanied Alien Children Program
U.S. Department of Health and Human Services	93.778	Medical Assistant Program - Medicaid Cluster
U.S. Department of Homeland Security	97.036	Disaster Grants- Public Assistance (Presidentially Declared Disasters)
U.S. Department of Homeland Security	97.067	Homeland Security Grant Program

GFOA AWARD PROGRAM

LSL understands the significance of obtaining and maintaining the Certificate of Excellence in Financial Reporting from the GFOA. We have prepared financial statements and footnote disclosures for many of our local government clients who have received this award. Our governmental partners, managers, and seniors are closely involved in the preparation of these reports. Clients currently receiving the GFOA award are also noted in Exhibit B.

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS

ORGANIZATIONAL CHART





Ryan Domino, CPA
Engagement Partner

Ryan Domino has a strong technical focus and specializes in governmental accounting and auditing. He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and regularly presents at our firm's annual GASB Update and at CSMFO's chapter meetings where he presents and trains on the latest GASB pronouncements. Ryan is an expert on Single Audit planning and execution and holds advanced certification from the AICPA. Ryan provides our clients with a competitive advantage as a member of GFOA's Special Review Committee for the Award for Excellence in Financial Reporting and able to provide valuable insights and recommendations to help organizations achieve excellence in financial reporting.



Brandon Young, CPA
Quality Assurance Partner

Brandon is an expert in governmental accounting and auditing and trains our government team on the proper implementation of new GASB pronouncements, ensuring that our clients receive the highest level of service and expertise. Brandon was recently appointed to the AICPA State and Local Government Expert Panel, further demonstrating his expertise in the field. Brandon also serves on the CalCPA Governmental Accounting and Auditing Committee, specific to the State of California, and he is responsible for numerous white papers and technical clarifications, including those for GASB 68, 75, and 87. His contributions to this committee have helped to shape the accounting and auditing practices of government organizations in California.



Kelly Telford, CPA
Consulting Partner

Kelly has a wealth of experience in both public accounting and local government. She has previously served as Finance Director for the City of Costa Mesa and the City of Seal Beach. She has also conducted numerous presentations focused on GASB 87 and 96 and has assisted many clients with implementing these standards. In addition to her experience with GASB standards, Kelly has a proven track record of helping agencies overcome internal control challenges, completing year-end close procedures, and serving as an outsourced Finance Director. Her practical recommendations are instrumental in helping our audit staff and clients achieve a high-quality and efficient audit while providing valuable feedback for organizational improvements.

Other key employees who would be assigned to this engagement include Christian Townes and Riley Greenlee. The audit team will also consist of an additional 3-4 staff auditors for audit fieldwork.

ENGAGEMENT TEAM RESUMES

Team resumes are available in **Exhibit C**, which detail the position of each team member in the firm, their educational background, and their years and types of experience. The resumes also provide information on any continuing education courses taken by the team members during the past three years.

LSL TEAM RESOURCES

LSL will not be subcontracting any portion of the City's audit. All staff assigned to the audit engagement will be employed by LSL on a full-time basis and have extensive experience providing auditing services for cities, counties, and special-purpose government agencies. LSL collaborates with a third-party for the preparation of the SCO (State Controller's Office) reports to ensure that reports are prepared and filed correctly and timely by experts in those reports.

Our governmental staff consists of three (3) Partners, two (2) Senior Managers, six (6) Managers, three (3) Supervisors, and sixteen (16) Professional Staff. Proposed team members will be available for ninety (90) days from the proposal due date. LSL will promptly notify the City of any changes in key personnel prior to award.

Staff Continuity

To ensure the quality of our staffing, we have established firm policies that prioritize the continuity of engagement teams, except in cases where an employee has left the firm or has been promoted. In the event of any changes in staffing at the Manager position and above, LSL will first seek written permission from the City.

Quality of Staff Assurance

LSL is committed to providing the City with a stable and experienced team that is dedicated to delivering a high-quality audit and exceptional service. We understand the importance of maintaining a strong and reliable team throughout the engagement, and we will work closely with the City to ensure that any staffing changes are handled with minimal disruption to the continuity of the engagement.

Continuing Education

At LSL, we strongly emphasize professional development and continuing education to ensure that our team members are up to date on the latest developments in governmental accounting and auditing. As a firm policy, all LSL government staff are required to complete a minimum of

40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two-year period.

Our educational programs are designed to provide our team members with the knowledge and skills necessary to deliver high-quality services to our clients. We offer a variety of training opportunities, including those provided by CalCPA, AICPA, Government Audit Quality Center, and GFOA.

REFERENCES

The following references highlight our experience in providing professional auditing services to other governmental organizations with similar size and scope as the City of Needles. We invite you to contact them to gain insight into our working relationships and quality of service.

City of Indio	
Contact	Rob Rockwell, Assistant City Manager/Finance Director
E-mail Address	RRockwell@indio.org
Address	100 Civic Center Mall Indio, CA. 92201
Telephone	(760) 391-4029
Dates of Service	2015-present
Scope of Work	Audit of the City's ACFR, which receives the GFOA Award; Single Audit; Measure S AUP; Measure X Audit AUP; AQMD Audit; ERICA Audit; EVRA Audit; AUP over the City's GANN limit; Indio Water Authority Audit; Landmark Golf AUP

City of Barstow

Contact	Heidi Riley, Administrative Services Manager
Telephone	(760) 255-5151
Email Address	HRiley@barstowca.org
Address	City Hall 220 E. Mountain View Street, Suite A Barstow, CA 92311
Dates of Service	2020-present
Type of Service	Audit of the City's ACFR, which receives the GFOA Award; Single Audit; State Controller's Reports: City, Street Report, Fire Protection District, Odessa Water District; Measure Q Audit; AUP over the City's GANN limit; GASB 96 Consulting Services; Special consulting projects

City of Big Bear Lake

Contact	Kelly Ent, Deputy City Manager/CFO
Telephone	(909) 866-5831 ext. 119
Email Address	kent@citybigbearlake.com
Address	39707 Big Bear Blvd. Big Bear Lake, CA 92315
Dates of Service	2014-present
Type of Service	Audit of the City's ACFR, which receives the GFOA Award; Single Audit; audit of the City's BBL Fire Protection District; Big Bear Fire Authority; State Controller Reports: City, NPC, PFA, financing authority; TOT Audits; AUP over the City's GANN limit; TOT/TBID AUP

PROJECT WORK PLAN

LSL'S UNDERSTANDING OF THE SCOPE OF WORK

LSL understands that the City of Needles is seeking a qualified firm to perform the City's financial audit and related services, consisting of the following final financial and compliance reports:

1. City's ACFR Financial Audit
2. Single Audit
3. State Controller's Report for Cities' Financial Transactions Report

4. State Controller's Report for Annual Street Report
5. Needles Public Financing Authority (NPFA)

PROJECT MANAGEMENT METHODOLOGY

The LSL team holds itself to a high standard for timely delivery and effective communication of key milestones. We recognize the importance of being responsive and communicative with our clients, and we are committed to being available on a day-to-day basis to address any questions or concerns that may arise throughout the engagement. Areas of concern and potential findings will be communicated to the City as soon as they are discovered to mitigate any surprises throughout the audit.

At the beginning of the engagement, we will hold a planning meeting with you to determine the timeline, expectations, and desired outcome of the agreement on the issuance of financial statements. Throughout the process, we will have periodic meetings with you to provide updates and discuss progress. Upon award of contract and per the City's requested timeline, LSL will work closely with the City to develop an audit plan and timeline to ensure compliance and timely deliverables.

As part of the Scope of Work and time requirements, we assume that the City will provide all necessary information needed to complete the financial statement and single audits. We will proactively identify and communicate any pending information from the City that could hinder our ability to complete the objectives of the engagement in a timely manner.

PROJECT TIMELINE

Due to the late timing of the City's Request for Proposal, the audit timeline for the Fiscal Year Ending 2023 will be discussed and mutually agreed upon by LSL and the City prior to award of contract.

LSL assumes under the time requirements that the City will have closed its books and will present the LSL team with general ledger balances that are auditable prior to the start of fieldwork. A sample timeline is provided on the following page:



PROPOSED WORK PLAN

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

Our approach is designed to increase audit efficiency by linking financial statement assertions, audit objectives, and procedures that are basic to most governmental audit engagements.

Proposed Segmentation

Our audit services will be divided into the three succeeding segments, which are detailed on the following pages.

- Segment 1 – Planning and Obtaining an Understanding
- Segment 2 – Financial Audit Testing
- Segment 3 – Conclusion

Segment 1 – Planning and Obtaining an Understanding

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

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

A trial balance is requested for our planning meeting to assist the LSL team in obtaining knowledge of economic conditions, industry elements, and new standards that may affect the City. We will compile a list of PBC items based on our review of the prior year's financial statements and the gathered information that will be provided to the City one month prior to testing or earlier if requested. We operate on a paperless software system and provide a secured cloud-based portal for all clients. The City will have a separate folder that can be customized to organize, and upload requested schedules, support documents, etc.

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

Segment 2 – Financial Audit Testing

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

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

Segment 3 – Conclusion

Based on our year-end exit meeting we will discuss a plan to finalize the financial statements according to the timetable of the City. We will schedule dates for the initial and final drafts including time for LSL's and the City's review and approval of the financial statements. This period will also account for review by the engagement partner and quality assurance partner. After the review and receipt of the signed Representation Letter from the City, LSL will provide a final report around December 15th of each year.

APPROACH TO SELECTING SAMPLE SIZES

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

TYPE AND EXTENT OF ANALYTICAL PROCEDURES

For the audits of the financial statements, we will use analytical procedures as an overall review of the financial information in the preliminary and final stages of the audits. These procedures are designed to assist us in planning our audits and in assessing the propriety of the conclusions reached and evaluating the overall financial statement presentation.

The procedures to be utilized consist of determining expectations for changes to significant revenue, expenditure, and balance sheet accounts, reading the financial statements and related notes, reviewing the budget and related material, and focusing on overall relationships within the financial statements.

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

DRAWING AUDIT SAMPLES FOR COMPLIANCE

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

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

LSL will perform procedures as required by SAS 122-125 to obtain an understanding of the City and its environment along with assessing the risks of material misstatements in order to gain insight into the internal control structure over the financial statements. Our review will encompass various areas such as financial reporting, cash, revenues and receivables, utility billing, expenses, accounts payable, payroll, capital assets, long-term debt, and grant reporting. We will issue a management letter (SAS 115 Letter) that identifies any significant deficiencies and/or material weaknesses found as required by the Government Auditing Standards.

Throughout the year, LSL will conduct interviews with the management of finance and responsible parties of each audit section to understand the processes and controls through observation and discussions. We will also perform sampling transactions as part of a "walk-through" process to verify that the system of control is functioning as per the policies and procedures.

DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT TEST WORK

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

WORKING PAPER RETENTION AND ACCESS

All working papers and reports will be retained at LSL's expense for a minimum of seven (7) years unless otherwise notified in writing by the City of the need to extend that retention period. Upon written request, we will make working papers available to parties designated by the City. Furthermore, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

[Professional Fees on the following page]

PROFESSIONAL FEES

ALL-INCLUSIVE MAXIMUM PRICE

All-Inclusive Maximum Price by Report				
Report	FY 2022-23	FY 2023-24	Optional FY 2024-25	Optional FY 2025-26
City Financial Audit	\$48,680	\$50,140	\$51,640	\$53,190
Single Audit *	\$5,320	\$5,480	\$5,640	\$5,810
Cities' Financial Transactions Report	\$4,280	\$4,410	\$4,540	\$4,680
NPFA Financial Transactions Report	\$1,380	\$1,420	\$1,460	\$1,500
Street Report	\$1,380	\$1,420	\$1,460	\$1,500
Travel Costs (if necessary)	\$1,700	\$1,750	\$1,800	\$1,850
Total for Fiscal Year (Not-to-Exceed)	\$62,740	\$64,620	\$66,540	\$68,530

*Price includes one (1) major program. Each additional program is \$2,500.

LSL'S STANDARD HOURLY RATES

Position	FY 2022-23	FY 2023-24	Optional FY 2024-25	Optional FY 2025-26
Partner	\$360	\$380	\$400	\$420
Senior Manager	\$270	\$280	\$290	\$300
Manager	\$230	\$240	\$250	\$260
Supervisor	\$200	\$210	\$220	\$230
Senior Accountant	\$180	\$190	\$200	\$210
Experienced Staff	\$150	\$160	\$170	\$180
Staff Accountant	\$130	\$140	\$150	\$160
Clerical	\$110	\$120	\$130	\$140

The quoted fees above include a standard 3% increase year-over-year. However, this percentage increase will be compared to the CPI indicator each year and will be adjusted if that amount exceeds 3%. The higher of the 3% or CPI indicator will be used each year.

LEVEL OF STAFF ASSIGNED AND NUMBER OF HOURS TO BE ASSIGNED

TOTAL PROPOSED HOURS						
Segment/Task	Partners	Manager	Senior	Staff	Clerical	Total
City Financial Audit						
Interim Testwork	0	0	15	31	0	46
Year-End Testwork	0	0	47	94	0	141
Report/Review/Supervision	25	37	0	0	6	68
Subtotal	25	37	62	125	6	255
Single Audit *						
Testwork	0	0	3	15	0	18
Report/Review/Supervision	3	4	4	0	1	12
Subtotal	3	4	7	15	1	30
Cities' Financial Transactions Report						
Testwork	0	0	0	0	0	0
Report/Review/Supervision	0	4	0	25	1	30
Subtotal	0	4	0	25	1	30
NPFA Financial Transactions Report						
Testwork	0	0	0	0	0	0
Report/Review/Supervision	0	1	0	8	1	10
Subtotal	0	1	0	8	1	10
Street Report						
Testwork	0	0	0	0	0	0
Report/Review/Supervision	0	1	0	8	1	10
Subtotal	0	1	0	8	1	10
TOTAL PROPOSED HOURS:	28	47	69	181	10	335

*Hours proposed are for one (1) major program.

MANNER OF PAYMENT

Progress payments will be made on the basis of hours of work 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 a calendar month. The final ten percent (10%) of the total all-inclusive maximum price will be paid upon delivery of the firm's final reports.

BENEFITS OF WORKING WITH LSL

LSL is a multi-location firm with formidable resources that provides a personal feel and hands-on client experience. LSL is ranked #15 on the Orange County Business Journal's CPA Firm Book of Lists, which highlights the top accounting firms in Orange County.



**Ranked # 15 on the Orange
County Business Journal's
CPA Firm Book of Lists**



**94 years young and the
wisdom to go with it!**



**15 Partners who are
dedicated to solving your
issues**



**145 employees (and
growing!)**

OUR CORE VALUES

As we continue to grow and evolve, we recognized our core values needed to grow and change with us. Our values weren't decided on by management and handed down, every member of the LSL team worked together to share what values matter most to us. From there, we came up with the following five core values that embody how we approach each other, our work, and our clients.



PURSUE EXCELLENCE



LOVE WHAT YOU DO



LEAD WITH INTEGRITY



**ACCOMPLISH MORE
TOGETHER**



FORWARD THINKING

BEST OF ACCOUNTING AWARD

LSL CPAs delivers high-quality service and has consistently secured the ClearlyRated *Best of Accounting* award. This exclusive program awards accounting firms who demonstrate high-level service of excellence within the accounting industry and solely leverages statistically validated survey responses from our clients.



4.7 based on 646 ratings

ACCOUNTING TODAY REGIONAL LEADER

LSL CPAs has been recognized as an Accounting Today Regional Leader in 2023. The list ranks the top CPA firms that have shown exceptional growth, embraced technology, and who 'think outside the box' when providing solutions.



TRAINING & SEMINARS

LSL regularly leads seminars and training courses on introductory governmental accounting, preliminary views on financial reporting, internal control risk assessments, and all GASB updates and best practices, which are made available to our clients for additional information and continued support. These will be opportunities made available through our firm to the City for training or continuing professional education credits on current issues or governmental auditing and accounting in general.

EXHIBIT A – COI EVIDENCE OF COVERAGE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/5/2022

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 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).

PRODUCER Liberty Company Insurance Brokers 250 Bel Marin Keys Blvd, E-1 Novato CA 94949		CONTACT NAME: Lindsey Jamall PHONE (A/C, No, Ext): (415) 883-2525 E-MAIL ADDRESS: ljamall@libertycompany.com FAX (A/C, No): INSURER(S) AFFORDING COVERAGE INSURER A: Sentinel Insurance Company NAIC # 11000 INSURER B: The Hanover American Insurance Company 36064 INSURER C: Continental Casualty Co 20443 INSURER D: INSURER E: INSURER F:	
INSURED Lance, Soll & Lunghard, LLP 203 N Brea Blvd Ste 203 Brea CA 92821			

COVERAGES CERTIFICATE NUMBER: CL2010577849 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	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER: <input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			57SBABM1263	10/12/2022	10/12/2023	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			57SBABM1263	10/12/2022	10/12/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N N/A			WZPH37614	10/01/2022	10/12/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Professional Liability (E&O)			APL275513554	10/12/2022	10/12/2023	Per Claim/Aggregate \$3,000,000
C	Cyber Liability			APL275513554	10/12/2022	10/12/2023	Per Claim/Aggregate \$2,000,000

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

Evidence of Coverage

CERTIFICATE HOLDER

CANCELLATION

Evidence of Coverage

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

Gustavo Ruano/GRUANO

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EXHIBIT B – CURRENT LIST OF MUNICIPAL CLIENTS

Current List of Municipal Clients

Client	Contact Person	Services	Years	Phone
Agoura Hills	Ms. C. Pinuelas, Finance Manager	F	8	818-597-7319
* Barstow	Ms. H. Riley, Admin Services Manager	F, S	3	760-255-5115
* Big Bear Lake	Ms. K. Ent, Director of Government Services	F, S	25	909-866-5831
Burbank	Ms. C. L. Giraldo, Financial Services Director	I	12	818-238-5487
Canyon Lake	Mr. C. Mann, City Manager	F	28	909-244-2955
* Cathedral City	Mr. K. Biersack, Fiscal Officer	F, S	13	760-770-0378
* Chino Hills	Ms. C. Buhagiar, Finance Director	F, S	26	909-364-2600
* Chula Vista	Ms. S. Schoen, Director of Finance	F, S	9	619-409-3818
* Citrus Heights	Mr. A. Preciado, Accounting Manager	F, S	4	916-727-4705
* Citrus Heights Water District	Ms. T. Nossardi, Finance Manager	F, U	2	916-735-7703
* Cypress	Ms. D. Mullally, Assistant Finance Director	F, S	6	714-229-6700
* Diamond Bar	Mr. R. Samario, Interim Finance Director	F, S	13	909-839-7051
* Dixon	Ms. K. Zawadzki, Finance Director	F, S	9	707-678-7000
* Downey	Mr. A. Gandhi, Finance Director	F, S	8	562-904-7265
* East Bay Municipal Utility District	Ms. A. Miller, Controller	F, U	5	510-287-0230
* Eastern Municipal Water District	Ms. W. Garriz, Controller	F, S	2	951-928-3777
* Fullerton	Ms. T. Smart, Fiscal Services Manager	F, S	12	714-738-3139
* Galt	Mr. M. Boring, Finance Director	F, S	6	209-366-7140
Georgetown Divide Public Utility District	Ms. J. Buckle, Accounting Manager	F, S, C	6	530-333-4356
Grand Terrace	Ms. C. Clayton, Senior Accountant	F	9	909-824-6621
* Indio	Mr. R. Rockwell, Assistant City Manager/Director of Finance	F, S	7	760-391-4029
Inglewood	Ms. L. Gomez, Accounting Manager	F, S	8	310-412-5127
* Irwindale	Ms. K. Borhani, Finance Director	F	28	626-430-2268
Jurupa Community Services District	Mr. S. Popelar, Director of Finance and Administration	F	4	951-685-7434
* Lake Elsinore	Ms. N. Lassey, Finance Manager	F, S	6	951-674-3124
* Lathrop	Mr. T. Hedegard, Deputy Finance Director	F, S	3	209-941-7320
Livingston	Ms. V. Portillo, City Manager	F, S	2	209-394-5550
* Lodi	Ms. M. Munoz, Accounting Manager	F, S	1	209-333-6700
* Lompoc	Ms. C. Donnelly, Acting Management Services Director	F, S	2	805-875-8283
* Los Angeles County Development Authority	Mr. M. Fortini, Finance Director	F, S	6	626-586-1890
* Malibu	Ms. R. Feldman, City Manager	F	19	310-456-2489
* Manhattan Beach	Mr. S. Charelian, Finance Director	F	18	310-802-5553
* Menlo Park	Mr. M. Davis, Finance & Budget Manager	F	5	650-330-6632
* Monrovia	Ms. B. Bullis, Director of Administrative Services	F, S	22	626-932-5510
* Monterey One Water	Mr. F. Marsh, Chief Financial Officer	F, S, U	9	831-645-4623
Monterey Peninsula Airport District	Mr. M. Wilson, Controller	F, S	5	831-648-7000 x201
* Moorpark	Mr. P. Gagajena, Finance Director	F, S	5	805-517-6213
* Newark	Ms. K. Lee, Finance Director	F	5	510-578-4288
* Oceanside	Ms. J. Moya, Accounting Manager	F, S	14	760-435-3887
Ontario International Airport	Ms. K. Snow, Finance Manager	F, S	6	714-415-9636
* Orange	Ms. K. Bandhauer, Assistant Finance Director	F, S	2	714-744-5500
* Orange County Fire Authority	Ms. G. Cheung, Accounting Manager	F, S	4	714-573-6000
* Orange County Water District	Mr. R. Fick, CFO/Treasurer	F, S	2	714-378-3200
Orchard Dale Water District	Mr. R. Richard, Finance Manager	F, U	4	562-941-0114
* Palm Desert	Mr. V. Chavez, Finance Director	F	6	760-346-0611
* Pleasanton	Ms. D. Punzo, Financial Services Manager	F, S	3	925-931-5402
* Rainbow Municipal Water District	Ms. T. Largent, Finance Manager	F, S	3	760-728-1178
* Rancho Cucamonga	Ms. N. Daniels, Finance Director	F, S, U	45	909-989-1851
* Redondo Beach	Ms. W. Collazo, Chief Deputy City Treasurer	F, S	6	310-372-1171 x2428

Client	Contact Person	Services	Years	Phone
* Rialto	Ms. K. Stevens, Deputy Director of Finance	F, S	2	909-421-7242
* Riverside	Ms. N. Garcia, Controller	F, S, U	4	951-826-5466
Rolling Hills	Mr. R. Samario, Interim Finance Director	F	14	310-377-1521
* Rosemead	Ms. G. Molleda, City Manager	F, S	5	626-569-2146
* Roseville	Mr. D. Kaufman, Assistant City Manager/CFO	F, S	2	916-774-5314
* San Bernardino Municipal Water Depl.	Ms. C. Mouser, Director of Finance	F	4	909-453-6010
* San Clemente	Mr. J. Rahn, Finance Director	F	5	949-361-8360
* San Joaquin Council of Governments	Ms. G. Orosco, Manager of Finance	F, S	4	209-235-0454
* San Juan Capistrano	Mr. K. Al-Imam, Chief Financial Officer	F, S	2	949-443-6301
San Marino	Mr. M. Siegfried, Controller	F	29	626-300-0700
* Santa Clarita Valley Water Agency	Ms. A. Aguer, Controller	F, U	4	661-513-1237
* Santa Monica	Ms. G. Decavalles-Hughes, Finance Director	F, S	7	310-458-8281
Shafter	Mr. R. Sanchez, Administrative Services Director	F, S	2	661-746-5043
Six Basins Watermaster	Mr. L. Stalhoefer, Controller	F	14	949-420-3030
* Solana Beach	Mr. R. Smith, Finance Director	F	11	858-720-2463
Sonoma County Fair & Exposition, Inc.	Mr. M. Margetts, Fair Financial Officer	F	5	707-573-9342
Sutter County	Mr. N. Black, Auditor-Controller	F, S	4	530-822-7439
* Three Valleys Water District	Mr. J. Linthicum, Chief Financial Officer	F, U	15	909-621-5568
* Union Sanitary District	Mr. M. Carlson, CFO/Business Services Manager	F, U	6	510-477-7647
* Vacaville	Ms. C. Reams, Accounting Manager	F, S	3	707-449-5688
* Vallejo	Ms. F. Cruz, Assistant Director, Finance	F, S	4	707-648-5542
* Yolo County	Mr. T. Haynes, Interim Chief Financial Officer	F, S	4	530-666-8050
* Yorba Linda Water District	Ms. D. Lugo, Finance Manager	F	2	714-701-3040

Service Codes:

F - Financial Audit

S - Single Audit

I - Internal Audit

C - Consulting

U - Utility Agency

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

EXHIBIT C – ENGAGEMENT TEAM RESUMES



Ryan Domino, CPA

ENGAGEMENT PARTNER

ACHIEVEMENTS

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

CONTINUING EDUCATION

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

EXPERIENCE

Ryan has over 11 years of experience in governmental auditing including financial statement audits, preparation of Annual Comprehensive Financial Reports, Housing Successor compliance audits, TDA compliance audits, Single Audits, Federal Student Financial Aid audits, and various consulting and agreed-upon procedures projects.

Ryan is one of the firm's leaders in ensuring audit quality control and Government Practice training for staff. He is a regular presenter at the firm's annual GASB Update where he has presented training to our clients on the latest GASB pronouncements and has been a presenter for CSMFO's chapter meetings.

Some of his presentations have covered:

- General auditing in accordance with GAGAS
- Accounting for capital assets
- GASB Statement Nos. 89, 90, 91, and 94

MEMBERSHIPS

AICPA, CalCPA, CSMFO, GFOA

EDUCATION

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

LICENSES & CERTIFICATIONS

Certified Public Accountant:
California
Texas
AICPA Advanced Single
Audit Certification

AUDIT ENGAGEMENTS

City of Agoura Hills, CA
City of Carlsbad, CA
City of Cathedral City, CA
City of Chula Vista, CA
City of Fullerton, CA
City of Indio, CA
City of Lompoc, CA
City of Moorpark, CA
City of Orange, CA
City of Pleasanton, CA
City of Rialto, CA
City of Riverside, CA
City of San Clemente, CA
City of San Juan Capistrano, CA
City of Santa Monica, CA
Eastern Municipal Water District
Jurupa Community Services District
Orange County Fire Authority
Orange County Water District
Orchard Dale Water District
Rainbow Municipal Water District
San Bernardino Muni. Water Dept.
Three Valleys Muni. Water Dist.
United Water Conservation Dist.
Yorba Linda Water Dist.

OTHER ENGAGEMENTS

California Dept. of Healthcare Svcs.
City of American Canyon, CA
City of Marfa, TX



Brandon Young, CPA

QUALITY ASSURANCE PARTNER

LICENSE

Certified Public Accountant
California

ENGAGEMENTS

City of Chula Vista
City of Citrus Heights
City of Coronado
City of Dinuba
City of Dixon
City of Emeryville
City of Galt
City of Lathrop
City of Live Oak
City of Livingston
City of Menlo Park
City of Newark
City of Pasadena
City of Pleasanton
City of Riverside
City of Roseville
City of Santa Monica
City of Shafter
Coachella Valley Water District
County of Sutter
County of Yolo
Covered California
East Bay Municipal Utility District
GDPUD
Inland Empire Utilities Agency
Monterey Peninsula Airport District
Orange County Water District
San Joaquin Council of Gov.
Santa Clarita Valley Water Agency
Three Valleys Municipal Water Dist.
Union Sanitary District

ACHIEVEMENTS

Brandon is an expert in Governmental Accounting and Auditing, with over 12 years of experience serving a wide range of clients. He recently was appointed to serve on the prestigious AICPA State and Local Government Expert Panel, with the term beginning in May of 2023, and also has served on the CalCPA Governmental Accounting and Auditing Committee since 2018.

CONTINUING EDUCATION

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

EXPERIENCE

Brandon has performed all phases of governmental audits with numerous presentations to City Councils, Board of Supervisors, Board of Directors, and Audit Committees over the past twelve years. He routinely presents at CSMFO, local chapter meetings and CalSACA on current accounting and auditing material. He also regularly teaches current audit and accounting-related material at LSL training seminars, webinars, and client education workshops and training events.

His work has entailed:

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

MEMBERSHIPS

AICPA, AICPA SLG Expert Panel CalCPA, CalCPA State GAA, CSMFO, GFOA

EDUCATION

Bachelor of Arts Degree in Accounting, Magna Cum Laude –
Vanguard University



Kelly A. Telford, CPA

CONSULTING PARTNER

LICENSE

Certified Public Accountant:
California
Texas

CONSULTING ENGAGEMENTS

City of Manteca, CA
City of Marfa, TX
City of Moses Lake, WA
City of Rancho Cucamonga, CA
City of Redondo Beach, CA
City of Tustin, CA
City of Winters, CA
County of Hidalgo, TX
County of San Bernardino, CA
Georgetown Divide Public Utilities
District, CA
Pomona Valley Transportation
Authority, CA
Puente Hills Habitat Preservation
Authority, CA
Yolo County Public Agency Risk
Management Insurance Auth., CA

AUDIT ENGAGEMENTS

City of Barstow
City of Downey
City of Inglewood
City of Irwindale
City of Lake Elsinore
City of Manhattan Beach
City of Palm Desert
City of Redondo Beach
City of Shafter
Mesa Water District
Ontario International Airport Auth.

ACHIEVEMENTS

Kelly has developed her expertise in accounting and auditing, financial forecasting, budget development, public utilities, investment management, grant management, human resources, and information technology. She has taught classes for GFOA and has presented at annual conferences for CSMFO and GFOA. She is a respected leader in public finance and known for being a change agent and thought leader in organizational strategy.

CONTINUING EDUCATION

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

EXPERIENCE

Kelly has 20 years of experience working both in and with government agencies including counties, cities, successor agencies, special districts, and native american tribes and tribal casinos. She served as a Director of Finance/City Treasurer for the cities of Seal Beach and Costa Mesa and has served as the Director of Financial Management for the Los Angeles County Community Development Agency. She has also been an auditor and consultant for 14 years specializing in the audits of government agencies.

Her work has entailed:

- Implementation of month-end and year-end close procedures, and preparation of the ACFR submissions for the GFOA award
- Implementation of new ERP systems, including PeopleSoft, Incode and QuickBooks.
- Audit review and technical assistance to deliver the most up-to-date information with current GASB pronouncements
- Presentations to City Councils, Board of Supervisors, Boards of Directors, and Audit Committees
- Technical reviewer for the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting and the Distinguished Budget Presentation Award Program
- Serves on the CSMFO Professional Standards Committee

MEMBERSHIPS

AICPA, CalCPA, CSMFO, GFOA, TML (Texas Municipal League), GFOA-T (GFOA of Texas)

EDUCATION

Bachelor of Arts, Accounting – California State University, Fullerton



Christian Townes, CPA

SENIOR MANAGER

ACHIEVEMENTS

Christian oversees audit engagements and completes technical reviews of financial statements. She brings with her extensive knowledge, with over 12 years of experience and application of GAAP, Auditing Standards (GAS & GAAS), and the principles of internal accounting controls as it relates to client-specific matters.

CONTINUING EDUCATION

142.7 total hours over the last three years, **127.2 of which were in governmental accounting and auditing subjects**. Christian meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

She has performed all phases of our government audits, including special districts, ACFR audits, and Single Audits.

Her work has entailed:

- Assisting in the preparation of the Annual Comprehensive Financial Report
- Performing analytical and substantive audit procedures on account balances
- Planning the nature, timing, and extent of procedures involved in the audit process audits in accordance with the provisions of Government Auditing Standards and the provisions of the Single Audit Act and the Uniform Guidance
- Assisting clients with the preparation and review of GASB 68, 75, and 84 journal entries

MEMBERSHIPS

AICPA, GFOA

EDUCATION

Bachelor of Science in Accounting with a minor in Economics –
The College at Brockport, State University of New York
A.S. in Business Administration – Genesee Community College

LICENSE

Certified Public Accountant
New York

ENGAGEMENTS

Bay Area Clean Water Agencies
City of Citrus Heights
City of Diamond Bar
City of Dixon
City of Escalon, TDA
City of Fullerton
City of Galt
City of Lathrop, TDA
City of Lodi, TDA
City of Orange
City of Ripon, TDA
City of San Clemente
City of Shafter
City of Stockton, TDA
City of Tracy, TDA
City of Vacaville
City of Vallejo
City of Woodland
DSRSD-EBMUD Recycled Water
Authority
East Bay Municipal Utility District
Freeport Regional Water Project
Monterey One Water
San Joaquin COG
San Joaquin Rail Commission, TDA
San Joaquin Transit District, TDA
San Joaquin County, TDA
Santa Clarita Valley Water Agency
Sutter County
Union Sanitary District
Upper Mokelumne River Watershed
Authority



Riley Greenlee, CPA

AUDIT MANAGER

LICENSE

Certified Public Accountant
California

AICPA Intermediate Single
Audit Certificate

AICPA Advanced Single
Audit Certificate

ENGAGEMENTS

Camarillo Ranch Foundation

City of Big Bear Lake

City of Camarillo

City of Cypress

City of Inglewood

City of Monrovia

City of Oceanside

City of Palm Desert

City of Pasadena

City of Riverside

City of San Clemente

City of San Marino

LA County Development
Authority

Monterey One Water

Orange County Fire Authority

SEAACA

ACHIEVEMENTS

Riley helps our clients prepare and implement their Annual Comprehensive Financial Report (ACFR) for the Government Finance Officers Association (GFOA) award. His background is in government and specializes in leveraging technology in accounting and cybercrime. Riley is certified by the AICPA in cybersecurity advisory services.

CONTINUING EDUCATION

272 total hours over the last three years, **217 of which were in governmental accounting and auditing subjects**. Riley meets the requirements of governmental CPE Government Auditing Standards.

EXPERIENCE

Riley has performed all phases of our government audits, including special districts, ACFR audits, and Single Audits.

His work has entailed:

- Assisting in the preparation of the Annual Comprehensive Financial Report
- Performing analytical and substantive audit procedures on account balances
- Planning the nature, timing, and extent of procedures involved in the audit process audits in accordance with the provisions of Government Auditing Standards and the provisions of the Single Audit Act and the Uniform Guidance
- Assisting clients with the preparation and review of GASB 68, 75, and 84 journal entries
- Review of capital assets, debt service, and federal and state award schedules

MEMBERSHIPS

CalCPA, GFOA

EDUCATION

Bachelor of Arts Degree in Economics and Accounting –
University of California, Santa Barbara

Attachment 1

CITY OF NEEDLES PROFESSIONAL SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this 8th day of November, 2023, between the **CITY OF NEEDLES**, a **California Charter City**, (hereinafter referred to as the "City") and Vasquez Company LLP (hereinafter referred to as "Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Services.

The City solicited proposals to provide Professional Auditing Services for the City of Needles pursuant to that certain Request for Proposals, which is attached hereto as Exhibit "A."

2.2 Proposal

Consultant has made a proposal ("Proposal") to the City dated November 7, 2023 to provide such professional services, which Proposal is attached hereto as Exhibit "B."

2.3 Consultant.

City desires to retain Consultant to perform and assume responsibility for the provision of such services required by the City on the terms and conditions set forth in this Agreement. Consultant represents and warrants to City that Consultant possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

3. TERMS.

3.1 Scope of Services and Term.

- 3.1.1 Professional Services. Consultant agrees to perform **the services described herein and in "Exhibit B"** ("Services"). All Services shall be performed in the manner and according to the timeframe set forth in the Proposal. Consultant designates Samuel Tolentino as Consultant's professional responsible for overseeing the Services provided by Consultant.

- 3.1.2 Term. This Agreement shall become effective when executed and shall remain in effect until terminated as provided herein. Notwithstanding anything to the contrary in this Agreement, this Agreement shall automatically terminate after two (2) years unless extended in writing by the Parties with the approval of the City Council of the City.
- 3.1.3 Conflict. In the event that the terms of the Proposal shall conflict with the terms of this Agreement, or contain additional terms other than the Services to be rendered and the price for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

3.2 Responsibilities of Consultant.

- 3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or by its employees under Consultant's supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The City retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for other clients during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of the City and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall determine its own work hours and schedule; provide its own equipment; maintain its own offices; provide its own vehicles; insurance; cell phones and office phones; and Consultant shall be solely responsible for managing and supervising its personnel and employees. Consultant shall further be responsible for all reports and obligations, including, but not limited to: social security taxes, income tax withholding, payroll taxes, unemployment insurance, disability insurance, and workers' compensation insurance.
- 3.2.2 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required

to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the applicable standard of care. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of a Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-assigned to perform any Services to City.

- 3.2.3 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with the Services. If the Consultant performs any work contrary to such laws, rules and regulations and without giving written notice to the City, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold the City, its officials, directors, officers, employees and agents harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.
- 3.2.4 Employment Eligibility. Consultant shall be solely responsible for obtaining Employment Eligibility Verification information from Consultant's employees, in compliance with the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a), and shall ensure that Consultant's employees are eligible to work in the United States.
- 3.2.5 CalPers. In the event that Consultant employs, contracts with, or otherwise utilizes any CalPers retirees in completing any of the Services performed hereunder, such instances shall be disclosed in advance to the City and shall be subject to the City's advance written approval.
- 3.2.6 Drug-free Workplace Certification. By signing this Agreement, the Consultant hereby certifies under penalty of perjury under the laws of the State of California that the Consultant will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code, Section 8350 et seq.) and will provide a drug-free workplace.

3.2.7 **Safety.** Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees, City personnel and third parties appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and life-saving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

4. Indemnification; Insurance.

4.1 Insurance. Consultant shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit "C" attached to and made a part of this Agreement.

4.2 Indemnity for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless the City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including legal counsel's fees and costs, caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subconsultants (or any agency or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this Agreement.

4.3 Indemnity Other than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

4.4 Duty to Defend. In the event the City, its officers, employees, agents and/or volunteers are made a party to any action, lawsuit, or other adversarial proceeding arising from the negligent performance of the Services encompassed by this Agreement, and upon demand by City, Consultant shall have an immediate duty to defend the City at Consultant's cost or at City's option, to reimburse City for its costs of defense, including reasonable attorney's fees and costs incurred in the defense of such matters. Payment by City is not a condition precedent to enforcement of this indemnity.

5. Responsibilities of City.

5.1 Requests. The City agrees to comply with all reasonable requests of Consultant and provide reasonable access to documents including objectives and constraints, space, capacity, and performance requirements, flexibility, and expandability, and any budgetary limitations, reasonably necessary to the performance of Consultant's duties under this Agreement. In order to facilitate Consultant's conformance with the performance schedule, the City shall respond to Consultant's submittals in a timely manner.

5.2 City Representative. The City designates the City Manager or his designee as City representative ("City Representative") with respect to the work to be performed under this Agreement. The City Representative shall have complete authority to transmit instructions, receive information, and interpret and define the City's policy and decisions with respect to materials, equipment, elements, and systems pertinent to the Services covered by this Agreement.

6. Fees and Payments.

6.1 Compensation. City agrees to pay Consultant the amount of \$65,100 for FY23 and \$66,903 for FY24. Consultant shall be paid at the rates set forth in the Proposal and shall not increase any rate without the prior written consent of the City. Notwithstanding anything in this Section 6, total fees and charges paid by City under this Agreement shall not exceed approved amount without approval by the City Council of City.

6.2 Invoices. Consultant shall submit to the City a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. City shall have the right to review and audit all invoices prior to or after payment to Consultant. This review and audit may include, but not be limited to City's:

- a. Determination that any hourly fee charged is consistent with this Agreement's approved hourly rate schedule;
- b. Determination that the multiplication of the hours billed times the approved rate schedule dollars is correct;
- c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If City determines an item charged is greater

than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, City shall either return the bill to Consultant with a request for explanation or adjust the payment accordingly, and give notice to Consultant of the adjustment.

6.3 Payment. If the work is satisfactorily completed, City shall pay such invoice within thirty (30) days of its receipt. Should City dispute any portion of any invoice, City shall pay the undisputed portion within the time stated above, and at the same time advise Consultant in writing of the disputed portion.

6.4 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by the City Manager.

6.5 Additional Services. In the event Consultant performs additional or different services than those described herein without the prior written approval of the City Manager and/or City Council of City, Consultant shall not be compensated for such services. Consultant expressly waives any right to be compensated for services and materials not covered by the scope of this Agreement or authorized by the City in writing.

6.6 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. The City shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

6.7 Accounting Records.

6.7.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of the City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

7. General Provisions.

7.1 Termination of Agreement.

- 7.1.1 Grounds for Termination. The City or Consultant may, by written notice to the other party, terminate this Agreement at any time and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been actually and adequately rendered to the City, and Consultant shall be entitled to no further compensation.
- 7.1.2 Effect of Termination. If this Agreement is terminated as provided herein, Consultant shall provide all finished or unfinished Documents and Data (as defined below), programming source code, plans reports and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such documents and other information within fifteen (15) days of the request.
- 7.1.3 Services. In the event this Agreement is terminated in whole or in part as provided herein, the City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

7.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

To Consultant: Vasquez & Company LLP
655 North Central Ave, Suite 1550
Glendale, CA 91203
Attn: Roger Martinez

To City: **City of Needles**
817 Third Street
Needles, CA 92363
Attention: City Manager

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

7.3 Ownership of Materials and Confidentiality.

7.3.1 City Ownership. All documents and data ("Documents & Data"), including data on electric, digital or magnetic media, prepared by Consultant under this Agreement shall be the property of the City, except that Consultant shall have the right to retain copies of all Documents & Data for its records. The City shall not be limited in any way in its use of the Documents & Data at any time. Should Consultant, either during or following termination of this Agreement, desire to use any Documents & Data prepared in connection with this Agreement, Consultant shall first obtain the written approval of the City Manager. This provision excludes all working papers prepared under Generally Accepted Government Auditing Standards or Generally Accepted Auditing Standards.

7.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of the City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use the City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the City.

7.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

7.5 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

7.6 Governing Law. This Agreement is entered into and shall be performed in Needles, California and shall be governed by the laws of the State of California. Any claims arising under this Agreement shall be brought in the state or federal courts located in San Bernardino County.

7.7 Time of Essence. Time is of the essence for each and every provision of this Agreement.

7.8 City's Right to Employ Other Consultants. The City reserves the right to employ other consultants at any time for any purpose.

7.9 Assignment; Sublease; Transfer. Consultant shall not assign, sublease, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior signed written consent of the City Manager. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

7.10 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subcontractors of Consultant, except as otherwise specified in this Agreement. All references to the City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

7.11 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

7.12 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

7.13 No Third Party Beneficiaries. The Needles Public Utility Authority and other City entities shall be intended beneficiaries of this Agreement. Otherwise, there are no intended third party beneficiaries of any right or obligation assumed by the Parties.

7.14 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

7.15 Improper Payment. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City shall have the right to rescind this Agreement without liability.

7.16 Conflict of Interest. For the term of this Agreement, no member, officer, or employee of the City, during the term of his or her service with the City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom. Consultant has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflicts of interest of public officers and employees. Consultant agrees that they are unaware of any financial or economic interest of any public officer or employee of the City relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the City may immediately terminate this Agreement by giving notice thereof. Consultant shall comply with the requirements of Government Code section 87100 et seq. and section 1090 in the performance of and during the term of this Agreement.

7.17 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

7.18 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

7.19 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

7.20 Attorney Fees. If any legal action or proceeding, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party may be entitled.

7.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

7.22 Contents of Request for Proposal and Proposal. Consultant is bound by the contents of City's Request for Proposal and the Proposal. In the event of conflict, the requirements of City's Request for Proposals and this Agreement shall take precedence over those contained in the Proposal. The incorporation of the Proposal shall be for the Services to be rendered and the price for such Services only, and any other terms and conditions included in the Proposal shall have no force and effect on this Agreement or the relationship between Consultant and/or City, unless expressly agreed to in writing.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the date and year set forth above.

CITY: (City of Needles)

BY: _____

TITLE: _____

DATE: _____

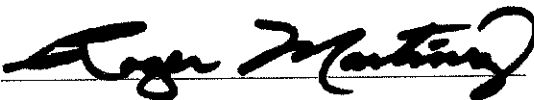
ATTEST:

BY: _____

TITLE: _____

DATE: _____

CONSULTANT:

BY:  _____

TITLE: Partner, Audit Practice Leader

DATE: November 8, 2023

EXHIBIT A

Request for Proposals

[Attached behind this page]

EXHIBIT B

Proposal

[Attached behind this page]

EXHIBIT C
Insurance Requirements

Time for Compliance.

Consultant shall not commence Services under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under this section.

Minimum Requirements.

Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subcontractors. Consultant shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

- i. **General liability.** Consultant shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.
- ii. **Automobile liability.** Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the Services to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.
- iii. **Professional liability (errors & omissions).** Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the Services required by this Agreement.
- iv. **Worker's Compensation.** Consultant shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000).

Other Provisions or Requirements

- **Separation of Insureds; No Special Limitations.** All insurance required by this Section shall contain standard separation of insured's provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the City, its directors, officials, officers, employees, agents and volunteers.
- **Deductibles and Self-Insurance Retentions.** Any deductibles or self-insured retentions must be declared to and approved by the City.
- **Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VII, licensed to do business in California, and satisfactory to the City.
- **Proof of insurance.** Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by the City prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.
- **City Approval.** All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.
- **Primary/noncontributing.** Coverage provided by Consultant shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement. Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

- **Waiver of subrogation.** All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.
- **Requirements not limiting.** Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.
- **Notice of cancellation.** Consultant agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage.
- **Additional insured status.** All policies required herein shall provide or be endorsed to provide that City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies.
- **Pass through clause.** Consultant agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to City for review.
- **City's right to revise specifications.** The City reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.
- **Timely notice of claims.** Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the

required liability policies.

- **Additional insurance.** Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.