



# CITY OF ATASCADERO FINANCE COMMITTEE

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## AGENDA

**Thursday, May 23, 2019  
3:00 p.m.**

**Atascadero City Hall – Conference Room 306  
6500 Palma Avenue, Atascadero, California**

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the City Clerk's Office, (805) 470-3400, at least 48 hours prior to the start of the meeting to enable the City to make reasonable arrangements. Thank you.

### CALL TO ORDER:

**ROLL CALL:**

Chairperson:	Charles Bourbeau
Vice-Chairperson:	Susan Funk
Committee Member:	Gere Sibbach
Committee Member:	Rachelle Rickard
Committee Member:	Jeri Rangel

### A. CONSENT CALENDAR:

#### 1. Finance Committee Draft Action Minutes – May 16, 2019

- Recommendation: Committee approve the Draft Action Minutes of the May 16, 2019 Finance Committee Meeting. [City Clerk]

**PUBLIC COMMENT:** At this time members of the public may address the Committee regarding any items within the subject matter jurisdiction of the Committee whether or not the item appears on the agenda. Individual audience participation is limited to three minutes per speaker. Please state your name for the record before making your presentation. Following Public Comment, the floor will be closed to public participation and open for business.

**B. BUSINESS:** This portion of the agenda is for all matters where staff and public participation is anticipated. Individual audience participation is limited to three minutes per speaker. Please state your name for the record before making your presentation.

**1. Recommendation for Preferred Audit Services Consultant**

- Fiscal Impact: Up to \$114,400 for Fiscal Years June 30, 2019, 2020 and 2021.
- Recommendation: Committee review and select preferred audit services consultant to perform audit services for the City of Atascadero for Fiscal Years ending June 30, 2019, 2020 and 2021.

**2. Budget Review – Operational Funds**

**C. INDIVIDUAL DETERMINATIONS:**

1. Chair
2. Vice Chair
3. Treasurer
4. City Staff

**ADJOURN**



# CITY OF ATASCADERO FINANCE COMMITTEE

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## DRAFT MINUTES

Thursday, May 16, 2019  
4:00 p.m.

Atascadero City Hall – Conference Room 306  
6500 Palma Avenue, Atascadero, California

### CALL TO ORDER:

Chairperson Bourbeau called the meeting to order at 4:03 p.m.

PRESENT: COMMITTEE MEMBERS: Charles Bourbeau, Chair  
Susan Funk, Vice Chair  
Gere Sibbach  
Rachelle Rickard  
Jeri Rangel

ABSENT: COMMITTEE MEMBERS: None

ALSO PRESENT: Amanda Muther, Deputy City Clerk  
Nick DeBar, Public Works Director  
Cindy Chavez, Deputy Administrative Services Director

### A. CONSENT CALENDAR:

#### 1. Finance Committee Draft Action Minutes – April 25, 2019

- Recommendation: Committee approve the Draft Action Minutes of the April 25, 2019 Finance Committee Meeting. [City Clerk]

**Motion: By Vice Chairperson Funk and seconded by Committee Member Sibbach to approve the Consent Calendar.**

***Motion passed 5:0 by a roll-call vote.***

**PUBLIC COMMENT:**

The following citizens spoke during Public Comment: None.

**Chairperson Bourbeau *closed the PUBLIC COMMENT period.***

**B. BUSINESS:** This portion of the agenda is for all matters where staff and public participation is anticipated. Individual audience participation is limited to three minutes per speaker. Please state your name for the record before making your presentation.

**1. Budget Review – Capital Projects**

Administrative Services Director Rangel provided a packet (Exhibit A), gave an overview of the Capital Projects section of the City's Budget and answered questions from the Committee. City Manager Rachelle Rickard and Public Works Director Nick DeBar also answered questions from the Committee.

**PUBLIC COMMENT:**

The following citizens spoke on this item: Karen Peterson

**Chairperson Bourbeau *closed the Public Comment period.***

**C. INDIVIDUAL DETERMINATIONS:** None.

**ADJOURN**

Chairperson Bourbeau adjourned the meeting at 5:31 p.m.

**MINUTES PREPARED BY:**

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Amanda Muther  
Deputy City Clerk

The following exhibits are available for review in the City Clerk's office:

- Exhibit A – Capital Projects handout

**APPROVED:**



# Atascadero Finance Committee

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## Staff Report – Administrative Services Department

### Recommendation for Preferred Audit Services Consultant

**RECOMMENDATION:**

Committee review and select preferred audit services consultant to perform audit services for the City of Atascadero for Fiscal Years ending June 30, 2019, 2020 and 2021.

**DISCUSSION:**

Each year, the City undergoes a complete audit of its financial transactions and activities by an outside independent audit firm. Moss, Levy, & Hartzheim has been the City’s audit firm from 2009-2018. The City has appreciated the thorough and complete auditing services Moss, Levy & Hartzheim has provided. The contract with Moss, Levy & Hartzheim has now expired and the City sent out a request for proposal (RFP) for professional auditing services on May 10, 2019.

The RFP was sent to six audit firms and was published on the City’s website and the California Society of Municipal Finance Officers’ (CSMFO) member listserv. The City received four proposals. City staff have thoroughly evaluated the proposals for qualifications, experience, audit approach, and price.

City staff has narrowed down the selections to two firms, and are recommending the Finance Committee make the final selection. The top two scoring firms are Van Lant & Fankhanel, LLP, and Moss, Levy & Hartzheim LLP.

**FISCAL IMPACT:**

Approval of either of the audit firms would result in following potential expenditures:

	Fiscal Year 2018/2019		Fiscal Year 2019/2020		Fiscal Year 2020/2021		Three Year Total Cost
	General Fund	Transit Fund	General Fund	Transit Fund	General Fund	Transit Fund	
VLF	\$ 35,400	\$ 2,300	\$ 35,400	\$ 2,300	\$ 36,600	\$ 2,400	<b>\$ 114,400</b>
MLH	\$ 24,000	\$ 1,500	\$ 24,550	\$ 1,500	\$ 25,115	\$ 1,500	<b>\$ 78,165</b>

**ATTACHMENTS:**

1. Audit Request for Proposals
2. Overview of Audit Firms Used by Neighboring Cities
3. Proposal from Van Lant & Fankhanel, LLP
4. Proposal from Moss, Levy & Harzheim, LLP



## Memorandum – Administrative Services Department

**To: Audit Firms Interested in Responding to a Request for Proposals**

**From: Jeri Rangel  
Director of Administrative Services**

**Date: April 10, 2019**

**Regarding: Notification of Interest**

The City of Atascadero is soliciting proposals from qualified firms of certified public accountants to audit the City of Atascadero's financial statements for the fiscal years ending June 30, 2019, 2020, and 2021, with the option of auditing its financial statements for each of the two subsequent fiscal years. Enclosed for your consideration is a Request for Proposal (RFP).

To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in the RFP. Completed proposals must be received by 4:00 p.m. on May 10, 2019 and must be submitted to:

Cindy Chavez  
Deputy Director of Administrative Services  
City of Atascadero  
6500 Palma Avenue  
Atascadero, CA 93422

All questions and correspondence should be directed to Cindy Chavez at the above address or by email at [cchavez@atascadero.org](mailto:cchavez@atascadero.org).



**CITY OF ATASCADERO  
6500 PALMA AVENUE  
ATASCADERO, CA 93422**

**REQUEST FOR PROPOSALS  
FOR  
AUDIT SERVICES**

**April 10, 2019**



**CITY OF ATASCADERO  
REQUEST FOR PROPOSALS  
TABLE OF CONTENTS**

**I. INTRODUCTION ..... 1**

- A. General Information..... 1
- B. Auditing Standards ..... 2
- C. Scope of Work to be Performed ..... 2
- D. Reports to be Issued ..... 2
- E. Internal Control and Compliance Reports..... 3

**II. GENERAL TERMS AND CONDITIONS ..... 3**

- A. Proposal Requirements ..... 3
- B. Contract Performance ..... 4

**III. PROPOSAL REQUIREMENTS ..... 5**

- A. General Requirements ..... 5
- B. Independence..... 5
- C. License to Practice in California ..... 6
- D. Firm Qualifications and Experience ..... 6
- E. Partner, Supervisory and Staff Qualifications and Experience ..... 6
- F. Similar Engagements with other Governmental Entities..... 6
- G. Specific Audit Approach ..... 7
- H. Total Maximum Price..... 7
- I. Rates by Partner, Specialist, Supervisor and Staff Level Times Hours Antcipated for Each..... 7
- J. Out-of-Pocket Expenses in the Total Maximum Price and Reimbursement Rates 7
- K. City Staff Hours ..... 7
- L. Rates for Additional Professional Services..... 8

**IV. DESCRIPTION OF THE GOVERNMENT ..... 8**

- A. Name and Telephone Number of Principal Contact ..... 8
- B. Background Information ..... 8
- C. Fund Structure..... 8
- D. Budgetary Basis of Accounting..... 8

E. Federal and State Financial Assistance ..... 9  
F. Pension Plans ..... 9  
G. Component Units..... 9  
H. Current Financial Software ..... 9  
I. Statements and Schedules to be Prepared by the Staff of the City of Atascadero 9  
J. Work Area, Internet, and Photocopying..... 9

**EXHIBITS..... 10**



## City of Atascadero

### *Request for Proposals for Audit Services*

#### I. INTRODUCTION

##### A. General Information

The City of Atascadero is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2019, 2020, and 2021, with the option of auditing its financial statements for each of the two subsequent fiscal years.

The proposal must be received by the City of Atascadero via email at [cchavez@atascadero.org](mailto:cchavez@atascadero.org) or at the office of City Hall at 6500 Palma Avenue, Atascadero, California, 93422, **by 4:00 p.m. on May 10, 2019**. The City of Atascadero reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right, where it may serve the City of Atascadero's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. The City of Atascadero reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Atascadero and the firm selected. There is no expressed or implied obligation for the City of Atascadero to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

It is anticipated that the selected firm will be notified no later than June 7, 2019.

All inquiries relating to this Request for Proposals should be submitted to:

Cindy Chavez  
Deputy Director of Administrative Services  
City of Atascadero  
6500 Palma Avenue  
Atascadero, CA 93422  
(805) 470-3484 phone  
(805) 470-3485 fax  
[cchavez@atascadero.org](mailto:cchavez@atascadero.org)

## B. Auditing Standards

These audits are to be performed in accordance with generally accepted government auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations or latest versions thereof, and the applicable laws, rules and regulations of the Transportation Development Act (TDA). The financial statements are prepared in accordance with the latest Governmental Accounting Standard Board (GASB) pronouncements, as required.

## C. Scope of Work to be Performed

1. **City of Atascadero.** The City of Atascadero desires the auditor to express an opinion on the fair presentation of its basic financial statements. The auditor is not required to express an opinion on the combining and individual non-major fund financial statements and schedules. However, the auditor is to provide an "in-relation-to" report based on the auditing procedures applied during the audit of the basic financial statements. Certain limited procedures should be applied to the supplementary information, management's discussion and analysis, and budgetary comparison information, but an expression of an opinion is not required. The auditor is not required to express an opinion on the introductory and statistical sections.
2. **Transit Review Report.** The City receives Transportation Development Act (TDA) funds which require a financial and compliance audit and a separate audit report in accordance with the TDA section of the California Administrative Code. The auditor will also complete the Independent Auditor Statement for Financial Data (IAS-FD) for National Transit Database (NTD) compliance.
3. **Single Audit Act Report.** The City receives federal funds which come under the provision of the Single Audit Act. The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements. This report must satisfy all requirements of the federal Single Audit Act of 1996.
4. **Additional Consulting Hours.** The auditor shall be prepared to provide up to 20 additional consulting hours on accounting and technical matters throughout the year.
5. **Updates.** The auditor shall keep the City abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The auditor will also provide advice to City staff related to the proper accounting treatment for transactions as needed and without additional costs.

## D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report of the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on internal controls over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
3. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
4. Reports of the fair presentation of the financial reporting and on compliance with applicable statutes, rules and regulations of TDA, the California Code of Regulations and the San Luis Obispo Council of Governments for the Transit Fund and the TDA Fund. The auditor will also complete the Independent Auditor Statement for Financial Data (IAS-FD) for National Transit Database (NTD) compliance.

## E. Internal Control and Compliance Reports

In the required reports on internal control, the auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the Director of Administrative Services, the City Manager, and the City Attorney.

Auditors shall assure themselves that the City is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

## II. GENERAL TERMS AND CONDITIONS

### A. Proposal Requirements

1. **Requirement to Meet All Provisions.** Each individual or firm submitting a proposal (proposer) shall meet all of the terms and conditions of this Request for Proposals (RFP) specifications package. By virtue of its proposal submittal, the proposer acknowledges agreement with and acceptance of all provisions of the RFP specifications.
2. **Proposal Submittal.** Each proposal must be submitted in the format described in the RFP specifications and accompanied by any other required submittals for supplemental materials. Proposal documents shall be either emailed to [cchavez@atascadero.org](mailto:cchavez@atascadero.org) or submitted in person or by mail to City of Atascadero, Administrative Services Department, 6500 Palma Avenue, Atascadero, CA 93422 **by 4:00 p.m. on May 10, 2019.**
3. **Insurance Certificate.** Each proposal must include a certificate of insurance showing:
  - a. The insurance carrier and its A.M. Best rating.
  - b. Scope of coverage and limits.
  - c. Deductibles and self-insured retention.

The purpose of this submittal is to generally assess the adequacy of the proposer's insurance coverage during proposal evaluation; endorsements are not required until contract award. The City's insurance requirements are detailed in Section F.

4. **Proposal Quotes.** The prices quoted by the proposer must be entered in figures in the spaces provided on the form in Exhibit A.
5. **Proposal Withdrawal.** A proposer may withdraw its proposal, without prejudice prior to the deadline submission, by submitting a written request to the Director of Administrative Services for its withdrawal.
6. **Proposal Retention and Award.** The City reserves the right to retain all proposals for a period of 60 days for examination and comparison. The City also reserves the right to waive non-substantial irregularities in any proposal, to reject any or all proposals, to reject or delete one part of a proposal and accept the other, except to the extent that proposals are qualified by specific limitations.
7. **Competency and Responsibility of Proposer.** The City reserves full discretion to determine the competence and responsibility, professionally and/or financially, of proposers. Proposers will provide, in a timely manner, all information that the City deems necessary to make such a decision.
8. **Contract Requirement.** The proposer to whom the award is made (Contractor) shall execute a written contract with the City within ten (10) calendar days after notice of the award has been sent by mail to the address given in its proposal. The contract shall be made in the form adopted by the City and incorporated in these specifications as Exhibit E.
9. **Insurance Requirements.** The Contractor shall provide proof of insurance in the form, coverages and amounts specified in Section F of these specifications within ten (10) calendar days after notice of contract award as a precondition to the contract execution.
10. **Business License.** The Contractor must have a valid City of Atascadero business license before execution of the contract. Additional information regarding the City's Business License program may be obtained by calling (805) 461-5000.

## B. Contract Performance

1. **Ability to perform.** The Contractor warrants that it possesses, or has arranged through subcontracts, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal, state, county, city and special district laws, ordinances, and regulations.
2. **Safety Provisions.** The Contractor shall conform to the rules and regulations pertaining to safety established by OSHA and the California Division of Industrial Safety.
3. **Contractor non-Discrimination.** In the performance of this work, the Contractor agrees that it will not engage in, nor permit such subcontractors as it may employ, to engage in discrimination in employment of persons because of age, race, color, sex, national origin or ancestry, sexual orientation, religion, disability, mental condition, genetic characteristics or information, marital status or any other basis protected by law.
4. **Work Delays.** Should the Contractor be obstructed or delayed in the work required to be done hereunder by changes in the work or by any default, act, or omission of the City, or by strikes, fire, earthquake, or any of Act of God, or by the inability to obtain materials, equipment, or labor due to federal government restrictions arising out of defense or war programs, then the time of completion may, at the City's sole option, be extended for such periods as may be agreed upon by the City and the Contractor.
5. **Payment Terms.** Interim progress payments may be made on the basis of progress points on each audit service. These are at the 25%, 50%, 75% and 90% levels of completion. Payment to the auditor will be made within thirty days of receipt of auditor's invoice. Final payment will be made upon acceptance of each audit service as complete by the City.
6. **Working Papers.** All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of Atascadero of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the City of Atascadero.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

7. **Contract Term.** The contract will have a three-year term with an option to renew for an additional year, with a maximum of two years. At the end of each year, the City reserves the right to terminate services for the subsequent year upon 90 days notification.
8. **Field Work.** The City of Atascadero anticipates and expects the major field work for the City to begin on or near the first week of October of each year. This does not include preliminary field work which may occur in May, June or July.
9. **Draft Reports.** The auditor shall provide draft copies of the audit reports and management letter no later than December 15 of each year.
10. **Final Reports.** The auditor shall provide final copies of the audit reports and management letter no later than December 31 of each year.
11. **Attendance at Meetings and Hearings.** As part of the workscope, and included in the contract price, is attendance by the Contractor at up to three (3) public meetings to present and discuss its findings and recommendations. Contractor shall attend as many "working" meetings with staff as necessary in performing workscope tasks.

### III. PROPOSAL REQUIREMENTS

#### A. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Atascadero in conformity with the requirements of this request for proposals. As such, the substance of the proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal's requirements.

The Technical Proposal should address all the points outlined in the request for proposals. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, items B through J must be included. They represent the criteria against which the proposal will be evaluated.

#### B. Independence

The firm should provide an affirmative statement that it is independent of the City of Atascadero, as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City of Atascadero, as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City of Atascadero or any of its agencies and component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the firm shall give the City of Atascadero written notice of any such professional relationships entered into during the period of this agreement.

#### C. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

#### **D. Firm Qualifications and Experience**

The proposer should state the size of the firm, the size of the firms' governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations, as well as any pending or settled litigation within the past three (3) years.

#### **E. Partner, Supervisory and Staff Qualifications and Experience**

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Include affirmative statement that engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons **only** with the express prior written permission of the City of Atascadero. However, in either case, the City of Atascadero retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Atascadero which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

#### **F. Similar Engagements with other Governmental Entities**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. A list of all governmental audit clients in this section for the principal office should also be supplied.

#### **G. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal.



Proposers will be required to provide the following information on their audit approach:

1. Proposed segmentation of the engagement
2. Sample size and the extent to which statistical sampling is to be used in the engagement
3. Type and extent of analytical procedures to be used in the engagement
4. Approach to be taken to gain and document an understanding of the City of Atascadero's internal control structure.
5. Approach to be taken in determining laws and regulations that will be subject to audit test.
6. Approach to be taken in drawing audit samples for purposes of tests of compliance

#### **H. Total Maximum Price**

The cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The cost bid should be submitted in a format consistent with Exhibit A. The total maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. Cost should be specified for each fiscal year. Costs within each fiscal year should also specify the amount for each individual assignment. For example, costs for the Transit Audit should be separately identified.

The City of Atascadero will not be responsible for expenses incurred in preparing and submitting the technical proposal and cost bid. Such costs should not be included in the proposal. The cost bid must include the following information:

1. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Atascadero.
2. A total maximum price for the five-year engagement.

#### **I. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each**

The cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Exhibit B), which supports the total maximum price. Separate forms should be prepared for each of the fiscal years 2018-19, 2019-2020, 2020-2021, 2021-2022, and 2022-2023.

#### **J. Out-of-Pocket Expenses in the Total Maximum Price and Reimbursement Rates**

All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the cost bid in the format provided in the attachment (Exhibit B). All expense reimbursements will be charged against the total maximum price submitted by the firm.

#### **K. City Staff Hours**

An estimate of the number of "additional" City staff hours required to assist the auditors and the tasks to be performed by City staff. (Present in the format provided in Exhibit C.) Do not include time preparing correspondence, discussions with auditors, or preparing balance sheet support schedules (in the City's format). Do include any time pulling invoices, copying or otherwise assisting the auditors.

#### **L. Rates for Additional Professional Services**

If it should become necessary for City of Atascadero to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between City of Atascadero and the firm. Any such additional work agreed to between City of Atascadero and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost bid.

#### IV. DESCRIPTION OF THE GOVERNMENT

##### A. Name and Telephone Number of Principal Contact

The auditor's principal contact with the City of Atascadero will be Jeri Rangel, Director of Administrative Services who will coordinate the assistance to be provided by the City of Atascadero to the auditor. Her telephone number is (805) 470-3428.

##### B. Background Information

The City of Atascadero, incorporated in 1979, has a population of approximately 30,000. The City is a general law City and operates under the City Council/City Manager form of government. The City is located approximately 20 miles north of San Luis Obispo in the County of San Luis Obispo. The City of Atascadero's fiscal year begins on July 1 and ends on June 30.

The City of Atascadero provides the following services to its citizens:

Highways and Streets	Police
Public Improvements	Fire
Planning and Zoning	Wastewater (sewer)
Recreation and Parks	Transportation
General Administrative Support	Zoo

The City of Atascadero has a total payroll of approximately \$18 million covering about 125 full-time employees.

##### C. Fund Structure

The City of Atascadero uses the following fund types in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>
General Fund	1
Special Revenue Funds	26
Debt Service Funds	1
Capital Project Funds	3
Enterprise Funds	2
Internal Service Funds	3
Private Purpose Trust Funds	4

##### D. Budgetary Basis of Accounting

The City of Atascadero prepares its budgets on a basis consistent with generally accepted accounting principles.

##### E. Federal and State Financial Assistance

During the initial fiscal year to be audited (2018-2019), the City of Atascadero received the following financial assistance:

Community Development Block Grant (HUD)  
 Federal Emergency Management Agency (DHS)  
 Department of Transportation

Other forms of Federal financial assistance may be added to the list before the fiscal year ends.

## **F. Pension Plans**

The City of Atascadero participates in the State of California Public Employees' Retirement System (PERS), an agent multiple-employer retirement system. The City also maintains defined benefit plans for anyone who is not covered by PERS, such as hourly employees.

## **G. Component Units**

The City of Atascadero is defined, for financial reporting purposes, in conformity with the Government Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The City's previous component unit is now included in the City of Atascadero's financial statements as a Private Purpose Trust Fund (former redevelopment agency).

## **H. Current Financial Software**

The City of Atascadero currently uses Tyler's Eden software.

## **I. Statements and Schedules to be Prepared by the Staff of the City of Atascadero**

City staff currently produces schedules and other backup for most balance sheet accounts at year end (accounts receivable listing, accounts payable listing, compensated absences listing, bank reconciliations, schedule of fixed assets etc.). The auditor is expected to produce any other necessary schedules. City staff will help obtain any necessary information.

In addition to this, auditors are expected to pull their own invoices and documentation whenever possible. If this is not your firm's practice, please estimate the staff time necessary to perform this function in a format similar to Exhibit C.

## **J. Work Area, Internet, and Photocopying**

The City of Atascadero will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to an internet connection and photocopying facilities to be used for the audit.

**EXHIBITS**

***EXHIBIT A***  
**Total Maximum Price**

	2018-19	2019-20	2020-21	2021-22	2022-23	5-Year Total
City						
Transit						
Single Audit (if applicable)						
<b>Grand Total*</b>						

\*All-inclusive total for services, out-of-pocket expenses, meals, lodging, transportation, printing and other costs. (Should tie to maximum price on Exhibit B.)

**I (name, title and firm) am empowered to submit this bid, and am authorized to sign a contract with the City of Atascadero.**

\_\_\_\_\_  
 (Signature)

***EXHIBIT B***

**Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year \_\_\_\_\_ Financial Statements**

	<b>Rate</b>	<b>Hours</b>	<b>Cost (rate x hours)</b>
<b>Partners</b>	\$ -	\$ -	\$ -
<b>Managers</b>			
<b>Supervisory Staff</b>			
<b>Staff</b>			
<b>Other (Specify)</b>			
<b><i>Subtotal Staff</i></b>	\$ -	\$ -	

<b>Billable Expenses</b>	\$ -	\$ -	\$ -
<b>Meals &amp; Lodging</b>			
<b>Transportation</b>			
<b>Other (Specify)</b>			
<b><i>Subtotal Billable Expenses</i></b>	\$ -	\$ -	\$ -

<b><i>Total Maximum Cost</i></b>	\$ -	\$ -	\$ -
----------------------------------	------	------	------

- Notes: - The quoted hourly rate should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total maximum price.  
 - A separate Exhibit B should be completed for each fiscal year being proposed.

**EXHIBIT C**  
**Estimated Additional City Staff Requirements**

**STAFF HOURS**

<b>Tasks*</b>	<b>Dir. of Admin. Services</b>	<b>Dep. Dir. of Admin. Services</b>	<b>Accting. Splst.</b>	<b>A/P Clerk</b>	<b>Payroll Clerk</b>	<b>Acct. Clerks</b>	<b>Total</b>
<b>Total</b>							

\*List anticipated tasks such as “pulling and filing invoices for system testing” or “pulling and filing timecards”, etc.

***EXHIBIT D***  
**Audit Services Planning Calendar**

<b>Due date for Proposals</b>	<b>May 10, 2019</b>
Award Contract	June 7, 2019
Year End Field Work Begins	October 7, 2019
Draft Financials Submitted to Auditor	November 15, 2019
Draft Financials Returned by Auditor	December 15, 2019
Audit Reports submitted to City	December 31, 2019
Presentation to City Council	January 14, 2020



***EXHIBIT E***

**Sample Contract**

**CITY OF ATASCADERO**



**CONTRACT FOR**  
**[Name of Consultant]**  
**for**  
**AUDIT SERVICES**



**CONSULTANT SERVICES AGREEMENT  
FOR THE  
CITY OF ATASCADERO**

[NAME OF CONSULTANT]

THIS CONTRACT is made and entered into between City of Atascadero, a Municipal Corporation (“City”) and [Name of Consultant] (“Consultant”). City and Consultant agree as follows:

1. SCOPE AND STANDARDS:

A. CONTRACT. Consultant shall do all work, attend all meetings, produce all reports and carry out all activities necessary to complete the services described in the SCOPE OF WORK AND STANDARDS FOR SERVICES, attached hereto and incorporated herein by this reference as Exhibit A, as requested by the City. This Contract and its exhibits shall be known as the “Contract Documents.” Terms set forth in any Contract Document shall be deemed to be incorporated in all Contract Documents as if set forth in full therein.

2. EMPLOYMENT STATUS OF PERSONNEL:

A. INDEPENDENT CONTRACTOR; EMPLOYEES OF CONSULTANT. Consultant enters into this Contract as, and shall at all times remain as to the City, an independent contractor and not as an employee of the City. Nothing in this Contract shall be construed to be inconsistent with this relationship or status. Any persons employed by Consultant for the performance of services pursuant to this Contract shall remain employees of Consultant, shall at all times be under the direction and control of Consultant, and shall not be considered employees of City. All persons employed by Consultant to perform services pursuant to this Contract shall be entitled solely to the right and privileges afforded to Consultant employees and shall not be entitled, as a result of providing services hereunder, to any additional rights or privileges that may be afforded to City employees.

B. INDEPENDENT INVESTIGATION. The Consultant agrees and hereby represents it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

C. COMPLIANCE WITH EMPLOYMENT LAWS. The Consultant shall keep itself fully informed of, shall observe and comply with, and shall cause any and all persons, firms or corporations employed by it or under its control to observe and comply with, applicable federal, state, county and municipal laws, ordinances, regulations, orders and decrees which in any manner affect those engaged or employed on the work described by this Contract or the materials used or which in any way affect the conduct of the work.

D. UNLAWFUL DISCRIMINATION PROHIBITED. Consultant shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation.

3. TIME OF PERFORMANCE:

The services of Consultant are to commence upon execution of this Contract by City, and shall be undertaken and completed in a prompt and timely manner, in accordance with the Scope of Work referenced in Exhibit A. Except as provided in Sections 6 and 19 below, this Contract shall be for the audit of the fiscal years ended June 30, 2019, 2020 and 2021 unless extended as set forth in this Section. The City, with the agreement of the Consultant, is authorized to extend the term of this Contract beyond the termination date, as needed, under the same terms and conditions set forth in this Contract, for two terms of one-year each. Any such extension shall be in writing and be an amendment to this Contract.

4. COMPENSATION:

A. TERMS. Compensation to the Consultant shall be as set forth in Exhibit B attached hereto and made a part hereof.

B. NO PAY FOR ADDITIONAL SERVICES WITHOUT WRITING. Consultant shall not be compensated for any services rendered in connection with its performance of this Contract, which are in addition to those set forth herein or listed in Exhibit A, unless such additional services are authorized in advance and in writing by the City Manager or the City Manager's designee (hereinafter "City Manager" shall include the City Manager's designee). Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's express written authorization signed by the City Manager is given to Consultant for the performance of said services.

5. SUPERVISION, LABOR AGREEMENTS AND PERSONNEL:

A. CONSULTANT SUPERVISES PERSONNEL. The Consultant shall have the responsibility for supervising the services provided under this Contract, hiring of personnel, establishing standards of performance, assignment of personnel, determining and affecting discipline, determining required training, maintaining personnel files, and other matters relating to the performance of services and control of personnel. The City Manager may use any reasonable means to monitor performance and the Consultant shall comply with the City Manager's request to monitor performance.

B. PERFORMANCE NOT SUBJECT TO EMPLOYMENT AGREEMENTS. The City acknowledges that the Consultant may be obligated to comply with bargaining agreements and/or other agreements with employees and that the Consultant is legally obligated to comply with these Contracts. It is expressly the intent of the parties and it is agreed by the parties that the Consultant's performance shall not in any manner be subject to any bargaining agreement(s) or any other agreement(s) the Consultant may have covering and/or with its employees.

C. APPROVAL OF STAFF MEMBERS. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Contract. Consultant shall notify City of any changes in Consultant's staff to be assigned to perform the services required under this Contract and shall obtain the approval of the City Manager of a list of all proposed staff members who are to be assigned to perform services under this Contract prior to any such performance.

6. TERMINATION:

A. 30 DAYS NOTICE. The City, upon thirty (30) days written notice, may terminate this Contract, without cause, at any time. In the event of such termination, Consultant shall be compensated for non-disputed fees under the terms of this Contract up to the date of termination.

B. OBLIGATIONS SURVIVE TERMINATION. Notwithstanding any termination of this Contract, Consultant shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of this Contract by Consultant, and the City may withhold any payments due to Consultant until such time as the exact amount of damages, if any, due the City from Consultant is determined. All of the indemnification, defense and hold harmless obligations in this Contract shall survive termination.

7. CHANGES:

The City or Consultant may, from time to time, request changes in the scope of the services of Consultant to be performed hereunder. Such changes, including any increase or decrease in the amount of Consultant's compensation and/or changes in the schedule must be authorized in advance by both Parties in writing. Mutually agreed changes shall be incorporated in written amendments to this Contract. Any increase in the amount of Consultant's compensation and/or changes in Exhibit A and or Exhibit B must be authorized in advance by the City Manager.

8. PROPERTY OF CITY:

A. MATERIALS PREPARED EXCLUSIVE PROPERTY OF CITY. It is mutually agreed that all materials prepared by the Consultant under this Contract are upon creation and shall be at all times the exclusive property of the City, and the Consultant shall have no property right therein whatsoever. City agrees that Consultant shall bear no responsibility for any reuse of the materials prepared by the Consultant if used for purposes other than those expressly set forth in the Intended Use of Consultant's Products and Materials section of this Contract. Consultant shall not disseminate any information or reports gathered or created pursuant to this Contract without the prior written approval of City including without limitation information or reports required by government agencies to enable Consultant to perform its duties under this Contract and as may be required under the California Public Records Act excepting therefrom as may be provided by court order. Consultant will be allowed to retain copies of all deliverables.

B. CONSULTANT TO DELIVER CITY PROPERTY. Immediately upon termination, or upon the request by the City, the City shall be entitled to, and the Consultant shall deliver to the City, all data, drawings, specifications, reports, estimates, summaries and other such materials and property of the City as may have been prepared or accumulated to date by the Consultant in performing this Contract. Consultant will be allowed to retain copies of all deliverables to the City.

9. CONFLICTS OF INTEREST:

A. CONSULTANT covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Contract. Consultant further covenants that in the performance of this Contract, Consultant shall take reasonable care to ensure that no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Contract. Consultant agrees to include language similar to this Section 9(A) in all contracts with subcontractors and agents for the work contemplated herein.

10. CONFIDENTIAL INFORMATION:

A. ALL INFORMATION KEPT IN CONFIDENCE. All materials prepared or assembled by Consultant pursuant to performance of this Contract are confidential and Consultant agrees

that they shall not be made available to any individual or organization without the prior written approval of the City, except by court order.

B. REIMBURSEMENT FOR UNAUTHORIZED RELEASE. If Consultant or any of its officers, employees, or subcontractors does voluntarily provide information in violation of this Contract, the City has the right to reimbursement and indemnity from party releasing such information for any damages caused by the releasing party's, including the non-releasing party's attorney's fees and disbursements, including without limitation expert's fees and disbursements.

C. COOPERATION. City and Consultant shall promptly notify the other party should Consultant or City, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Contract and the work performed thereunder or with respect to any project or property located within the City. City and Consultant each retains the right, but has no obligation, to represent the other party and/or be present at any deposition, hearing or similar proceeding. Consultant and City agree to cooperate fully with the other party and to provide the other party with the opportunity to review any response to discovery requests provided by Consultant or City. However, City and Consultant's right to review any such response does not imply or mean the right by the other party to control, direct, or rewrite said response.

#### 11. PROVISION OF LABOR, EQUIPMENT AND SUPPLIES:

A. CONSULTANT PROPERTY. Consultant shall furnish all necessary labor, supervision, equipment, communications facilities, and supplies necessary to perform the services required by this Contract. The City agrees to comply with all reasonable requests of Consultant necessary to the performance of Consultant's duties under this Contract. City acknowledges that all equipment and other tangible assets used by Consultant in providing these services are the property of Consultant and shall remain the property of Consultant upon termination of this Contract.

B. SPECIAL SUPPLIES. City shall be responsible for supplying any special supplies, stationary, notices, forms or similar items that it requires to be issued with a City logo. All such items shall be approved by the City Manager and shall be provided at City's sole cost and expense.

#### 12. COMPLIANCE WITH LAW:

A. COMPLIANCE REQUIRED. Consultant shall keep itself informed of applicable local, state, and federal laws and regulations which may affect those employed by it or in any way affect the performance of its services pursuant to this Contract. Consultant shall observe and comply with all applicable laws, ordinances, regulations and codes of federal, state and local governments, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract. Consultant shall at all times hold a valid contractor's license if performing any function or activity for which a license is required pursuant to Chapter 9 (commencing with section 7000) of Division 3 of the California Business and Professions Code, and Consultant shall provide a copy of the license(s) upon the request of the City. The City, its officials, officers, elected officials, appointed officials and employees

shall not be liable at law or in equity as a result of any failure of consultant to comply with this section.

B. **PREVAILING WAGES.** In the event it is determined that the Consultant is required to pay prevailing wages for the work performed under this Agreement, the Consultant shall pay all penalties and wages as required by applicable law.

13. **SUBCONTRACTING:**

None of the services covered by this Contract shall be subcontracted without the prior written consent of the City Manager. Consultant shall be as fully responsible to the City for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the negligent acts and omissions of persons directly employed by Consultant.

14. **ASSIGNABILITY:**

Consultant shall not assign or transfer any interest in this Contract whether by assignment or notation. However, claims for money due or to become due Consultant from the City under this Contract may be assigned to a financial institution, but only with prior written consent of the City Manager. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the City. The rights and benefits under this agreement are for the sole and exclusive benefit of the City and this Contract shall not be construed that any third party has an interest in the Contract.

15. **LIABILITY OF CONSULTANT:**

Consultant shall be responsible for performing the work under this Contract in a manner which is consistent with the generally accepted standards of Consultant's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. The City shall have no right of control over the manner in which the work is to be done but only as to its outcome, and shall not be charged with the responsibility of preventing risk to Consultant or its employees, agents, contractors or subcontractors.

16. **INDEMNIFICATION:**

A. **INDEMNIFICATION 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 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 attorney's fees and costs to the extent same are caused in whole or in part by any negligence or wrongful act, error or omission of Consultant, willful misconduct, or recklessness of its officers, agents, employees or subconsultants (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement.

B. **INDEMNIFICATION FOR 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 attorney's 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 or entity for which consultant is legally liable, including but not limited to officers, agents, employees or subconsultants of Consultant.

C. GENERAL INDEMNIFICATION PROVISIONS. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section for each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this agreement. In the event consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City as set forth here is binding on the successor, assigns or heirs of Consultant and shall survive the termination of this agreement or this section.

17. 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 part of this agreement.

18. RECORDS:

Consultant shall maintain complete and accurate records with respect to labor costs, material expenses, parcels abated or serviced and other such information required by City that relates to the performance of services under this Contract. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible and in a form acceptable to the City, which the City may specify and change from time to time. Consultant shall provide free access to the representatives of City or its designees, at reasonable times, to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings, and activities related to this Contract. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

19. MISCELLANEOUS PROVISIONS:

A. ASSIGNMENT OR SUBSTITUTION. City has a NONDISCRIMINATION / NONPREFERENTIAL TREATMENT STATEMENT. In performing this Contract, the parties shall not discriminate or grant preferential treatment on the basis of race, sex, color, age, religion, sexual orientation, disability, ethnicity, or national origin, and shall comply to the fullest extent allowed by law, with all applicable local, state, and federal laws relating to nondiscrimination.



B. UNAUTHORIZED ALIENS. Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. & 1101 et seq.), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this contract, and should the Federal Government impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

C. GOVERNING LAW. The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Contract and also govern the interpretation of this Contract. Any litigation concerning this Contract shall take place in the San Luis Obispo Superior Court, federal diversity jurisdiction being expressly waived.

D. City has an interest in the qualifications of and capability of the persons and entities that will fulfill the duties and obligations imposed upon Consultant by this Contract. In recognition of that interest, neither any complete nor partial assignment of this Contract, may be made by Consultant nor changed, substituted for, deleted, or added to without the prior written consent of City which consent shall not be unreasonably withheld. Any attempted assignment or substitution shall be ineffective, null, and void, and constitute a material breach of this Contract entitling City to any and all remedies at law or in equity, including summary termination of this Contract. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Contract.

E. ENTIRE CONTRACT. This Contract constitutes the entire Contract and understanding between the parties relative to the services specified herein and there are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in this Contract and this Contract supersedes all prior understandings, agreements, courses of conduct, prior dealings among the parties and documentation of any kind without limitation.

F. AMENDMENTS. This Contract may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties. The parties agree that this requirement for written modifications cannot be waived and any attempted waiver shall be void.

G. CONSTRUCTION AND INTERPRETATION. Consultant and City agree and acknowledge that the provisions of this Contract have been arrived at through negotiation and that each party has had a full and fair opportunity revise the provisions of this Contract and to have such provisions reviewed by legal counsel. Therefore, any ambiguities in construing or interpreting this Contract shall not be resolved against the drafting party. The titles of the various sections are merely informational and shall not be construed as a substantive portion of this Contract.

H. WAIVER. The waiver at any time by any party of any of its rights with respect to a default or other matter arising in connection with this Contract shall not be deemed a waiver with respect to any subsequent default or other matter.

I. SEVERABILITY. The invalidity, illegality or unenforceability, of any provision of this Contract shall not render the other provisions invalid, illegal or unenforceable.

J. NOTICES. All invoices, payments, notices, demands, requests, comments, or approvals that are required to be given by one party to the other under this Contract shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties (deemed to have been received three (3) business days after deposit in the U.S. Mail) at the following addresses:

City: City of Atascadero  
City Manager  
6500 Palma Avenue  
Atascadero, CA 93422

Consultant [NAME OF CONSULTANT]  
[CONTACT PERSON]  
[Street Address]  
[City, state and zip code]

Each party may change the address at which it gives notice by giving ten (10) days advance, written notice to the other party.

K. AUTHORITY TO EXECUTE. The person or persons executing this Contract on behalf of Consultant warrant and represent that they have the authority to execute this Contract on behalf of their agency and further warrant and represent that they have the authority to bind Consultant to the performance of its obligations hereunder.

Effective to this \_\_\_\_\_ day of \_\_\_\_\_, 2019 by the parties as follows.

Approved as to form:

**[NAME OF CONSULTANT]**

\_\_\_\_\_  
Counsel for consultant

By: \_\_\_\_\_  
[Name and Title]

**CITY OF ATASCADERO**

By: \_\_\_\_\_  
[Name and Title]

**CERTIFICATE OF COMPLIANCE  
WITH LABOR CODE § 3700**

I am aware of the provisions of Section 3700 of the 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 I have complied or will comply with such provisions before commencing the performance of the work of this contract. (Cal. Labor C. §§1860, 1861.)

CONSULTANT

\_\_\_\_\_  
[Insert Consultant Name and Title]

**EXHIBIT A**

**Scope of Work**

**EXHIBIT B**  
**Compensation and Method of Payment**

## EXHIBIT C Insurance Requirements

The Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, employees, or subconsultants.

Minimum Scope of Insurance. Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Errors and Omissions Liability insurance as appropriate to the consultant's profession.

Minimum Limits of Insurance. Consultant shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Errors and Omissions Liability: \$1,000,000 per occurrence.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City, its officers, officials, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, official, employees, agents or volunteers.
2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

### Additional Insured

The City of Atascadero will need to be added to the policy as Additional Insured by endorsement, adding the City's name to the Certificate of Insurance is not sufficient and will not be accepted.

Verification of Coverage. Consultant shall furnish the City with a certificate of insurance showing maintenance of the required insurance coverage. Original endorsements effecting general liability and automobile liability coverage required by this clause must also be provided. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received and approved by the City before work commences.

**Overview of Audit Firms Used by Neighboring Cities**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Atascadero	Glenn Burdette	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim
Arroyo Grande	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim
Grover Beach	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim
Morro Bay	Pressley & Associates, Inc.	Pressley & Associates, Inc.	Pressley & Associates, Inc.	Pressley & Associates, Inc.	Pressley & Associates, Inc.	Pressley & Associates, Inc.	Pressley & Associates, Inc.	The Pun Group	The Pun Group	The Pun Group	The Pun Group
Paso Robles	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim
Pismo Beach	Terry Krieg, CPA	Terry Krieg, CPA	Terry Krieg, CPA	Terry Krieg, CPA	Terry Krieg, CPA	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Teaman, Ramirez & Smith
San Luis Obispo	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette	Glenn Burdette
Santa Maria	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim	Moss, Levy & Hartzheim

**Proposal to Perform Audit Services for the**

# **City of Atascadero**



**Submitted by:**



**California License No. PAR 7535**

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May 10, 2019



**CITY OF ATASCADERO**  
**PROPOSAL TO PERFORM ANNUAL AUDIT SERVICES**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Letter of Transmittal	1
License, Independence, and Insurance	3
Firm Qualifications and Experience:	3
Current Municipal Audit Clients	4
Participation in External Quality Control Review Program	4
Disciplinary Action	5
Partner, Supervisory, and Staff Qualifications and Experience:	5
Engagement Partner Resume – Greg Fankhanel, CPA, CFE	7
Quality Control Reviewer Resume – Brett Van Lant, CPA	8
Engagement Supervisor Resume – Enrico Tobing	9
Senior Accountant Resume – Antonio Moran	10
Similar Engagements with Other Government Entities	11
Specific Audit Approach	13
Proposed Audit Fees	18
Estimated Additional City Staff Time Requirements	21
Appendix A – Peer Review Report	
Appendix B – Insurance Certificates	

May 10, 2019

Cindy Chavez, Deputy Director of Administrative Services  
City of Atascadero  
6500 Palma Avenue  
Atascadero, CA 93422

Dear Cindy,

Van Lant & Fankhanel, LLP (VLF) is pleased to submit our proposal to perform professional audit services for the City of Atascadero (City). We hope this proposal conveys our strong desire and qualifications to fulfill your requirements. We understand this proposal is to audit the City's financial statements for three fiscal years, beginning with the fiscal year ending June 30, 2019, with the option to extend for two additional years.

VLF is a local firm of Certified Public Accountants with offices located in Loma Linda and Murrieta, California. The principals of the firm (Brett Van Lant and Greg Fankhanel) have been providing governmental accounting and auditing services to California cities and special districts for 40 years combined. VLF is dedicated to providing the highest level of experience and expertise in governmental accounting knowledge to ensure a smooth audit process, resulting in minimal disruption to the City's ongoing daily administrative operations.

VLF is the best choice to provide annual audit services to the City of Atascadero for the following significant reasons:

- We have extensive experience auditing similar California cities.
- Significant Partner involvement throughout the audit engagement. Audit Partners will be performing fieldwork and preparing reports with the assistance of senior-level auditors. Having the Audit Partners involved in all aspects of the audit assures continuity of the audit team each year.
- A complete understanding of the City's reporting requirements and deadlines. In addition, we assist a number of cities and special districts each year in obtaining the GFOA award for excellence in financial reporting.
- Mr. Fankhanel is also a Certified Fraud Examiner which adds another level of expertise to the audit process. We have assisted many California cities in strengthening internal controls, and establishing effective policies and procedures.

What sets us apart from other audit firms? You are not just a number to us – every audit client is unique and important to us. As a smaller firm, we believe the **personal service and attention** we will provide cannot be duplicated at larger firms. While many firms have knowledgeable and experienced individuals on staff, the quality of each audit ultimately depends on the audit personnel involved in the daily audit process, including fieldwork and report preparation. With VLF, you will be dealing with partner-level personnel throughout the audit process, including fieldwork.

We are passionate about providing the highest level of service. We believe one the best services we can provide is to be available throughout the year to assist our clients with questions and keep them apprised of new accounting and financial reporting requirements. We encourage our clients to communicate questions or concerns, not only during the audit process, but as they arise at any time during the year. You will have access to the audit partners on a daily basis, throughout each audit and each fiscal year.

We certify that VLF and the audit partners are properly licensed to practice in California. Greg Fankhanel is authorized to represent VLF, empowered to submit this proposal, and authorized to sign a contract with the City. Should you have any questions regarding our proposal or desire additional information, please call Greg Fankhanel, CPA, at (909) 856-6879, or email to [gfankhanel@vlfcpa.com](mailto:gfankhanel@vlfcpa.com).

Respectfully submitted,



Greg Fankhanel, CPA, CFE  
Managing Partner

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## *License, Independence, and Insurance*

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VLF and all assigned key professional staff are properly licensed by the California State Board of Accountancy to practice in the State of California (License No. PAR 7535).

We are independent of the City of Atascadero and its component units in accordance with generally accepted auditing standards as promulgated by Rule 101 of the American Institute of Certified Public Accountants Code of Professional Ethics, generally accepted government auditing standards promulgated by the U.S. General Accounting Office (GAO), and the rules of the California State Board of Accountancy and Accounting Oversight Board.

We will provide the City with written notice of any professional relationships entered into during the period of our engagement that may impair our independence, if necessary.

VLF currently maintains, and will continue to maintain, insurance coverage, as described in the City's RFP for audit services.

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## *Firm Qualifications and Experience*

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Van Lant & Fankhanel, LLP (VLF) is a local firm of Certified Public Accountants, specializing in local government accounting and financial reporting. VLF currently serves a number of local governments throughout California. Our mission is to provide our clients with the highest level of experience and expertise, throughout each year of our engagement. Because VLF is a smaller firm dedicated to governmental accounting and auditing services, we provide our clients with partner-level individuals, throughout each year of the audit engagement. This has proven to be a valuable service to our clients and helps to significantly reduce the amount of client staff time consumed by the audit process.

The proposed audit team will include 2 full-time Audit Partners and 2 full-time Senior Accountants. One of the Audit Partners will be the in-charge on the engagement, and the other Audit Partner will be assigned to perform quality control reviews and assist with audit fieldwork as necessary.

Both offices (Loma Linda and Murrieta) will be involved in the City's audits. VLF currently provides audit and accounting services to a number of cities and special districts throughout California. Several of our current audit clients have been included as references for your inquiry. Please contact these organizations to learn more about our firm's ability to provide excellent audit services.

Our Firm focuses on providing audit and assurance services to California municipalities. Other services include tax, accounting and consulting, and fraud examinations. The Partners have also provided TOT and Franchise Fee audit services.

The proposed engagement team members are highly-trained government auditors. One of our goals is to avoid putting our clients in a position of having to “train” the auditors. We avoid this by ensuring that all fieldwork is properly staffed and supervised at the Partner level. We are required to complete at least 80 hours of continuing education every 2 years, with a majority of these hours relating specifically to government accounting and auditing subjects. Continuing education requirements are met through classes developed by professional organizations, such as the CSCPA, GFOA, and the AICPA. As a Certified Fraud Examiner, Mr. Fankhanel also completes significant continuing education relating to fraud prevention and detection, each year.

***Current Municipal Audit Clients***

Below is a list of current municipal audit clients:

<b>Municipal Client</b>
Town of Apple Valley
City of Highland
City of La Puente
City of Montclair
City of San Fernando
City of Santa Paula
City of St. Helena
City of Tehachapi
City of Upland
City of Winters
City of Yucaipa
Apple Valley Fire Protection District
Lake Arrowhead Community Services District
Running Springs Water District
Tehachapi Cummings County Water District
Temescal Valley Water District

***Participation in External Quality Control Review Program***

As required by Government Auditing Standards, our firm must have a peer review once every three years. We received a “clean” opinion with no deficiencies in our most recent peer review report, which included a review of specific government engagements. A copy of the report is included at **Appendix A**.

In addition, we have established a quality control program to adhere to the stringent quality control standards established by the AICPA. We have also developed policies and procedures to ensure our engagements are properly supervised and staff receives necessary training to handle the responsibilities afforded them.

### *Disciplinary Action*

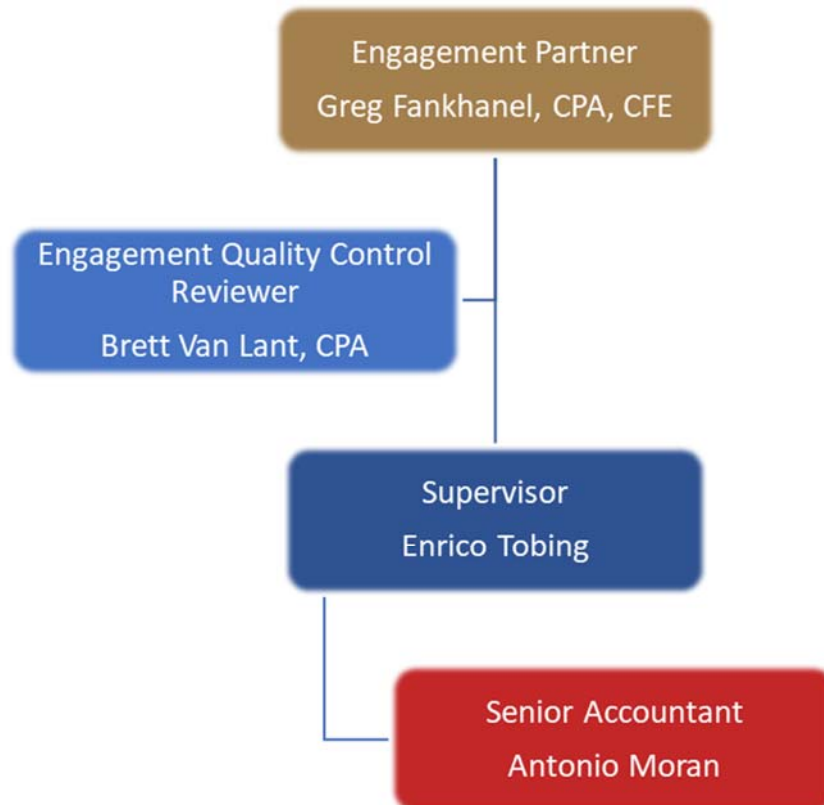
There have been no disciplinary or regulatory actions taken against our CPA firm, or the partners. The firm has had no negative federal or state reviews.

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### *Partner, Supervisory, and Staff Qualifications and Experience*

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The proposed Engagement Team selected to serve the City have extensive experience and a proven record of providing excellent audit services to Cities of similar size and operations.



We will provide continuity of audit staff from year to year, which is in the best interest of the City and is most efficient from our firm's perspective. Additionally, the audit partners assigned to this engagement are working partners and therefore will be involved throughout the entire engagement each year, including fieldwork.

We affirm that engagement partners, managers, and other supervisory staff may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons only with the express prior written permission of the City. We agree the City retains the right to approve or reject replacements.

*Greg W. Fankhanel, CPA, CFE*  
*Engagement Partner*

Mr. Fankhanel is the managing Partner of VLF and has 30 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. Mr. Fankhanel will be extensively involved throughout the audit process. His duties will include supervising the engagement team during fieldwork, reviewing all reports, and performing the review and approval of the audit engagement. He has been a **GFOA CAFR reviewer** for several years, and will be the point of contact for the City throughout the engagement.

*Brett Van Lant, CPA*  
*Engagement Quality Control Reviewer*

Mr. Van Lant is an Audit Partner for VLF and has over 12 years of experience auditing local governments and non-profits, including cities and special districts throughout the State of California. His duties will include performing quality control reviews of the engagement and assist with audit fieldwork as necessary.

*Enrico Tobing*  
*Supervisor*

Mr. Tobing is an Audit Supervisor with VLF. He will work closely with Mr. Fankhanel during the audit fieldwork and report preparation for the City. Mr. Tobing has extensive experience auditing local governments, including cities and special districts throughout the State of California.

*Antonio Moran*  
*Senior Accountant*

Mr. Moran is a Senior Accountant with VLF. He will work closely with Mr. Fankhanel and Mr. Tobing throughout the audit fieldwork. Mr. Moran has two years of experience auditing local governments.

Resumes of the proposed engagement team are provided below:

# GREG W. FANKHANEL, CPA, CFE

Engagement Partner

Greg W. Fankhanel is the Managing Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Fankhanel spent 24 years with Teaman, Ramirez, & Smith where he served as an Audit Partner for over 12 years.

Mr. Fankhanel has extensive experience in leading and performing financial statement audit engagements for government agencies. In addition, as a Certified Fraud Examiner (CFE), he takes a proactive approach in providing information and assistance in fraud prevention and detection, which provides an excellent resource for audit clients.

## PROFESSIONAL MEMBERSHIPS

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- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)
- Member, Association of Certified Fraud Examiners (ACFE)
- GFOA Certificate reviewer

## PROFESSIONAL EXPERIENCE (PARTIAL LIST)

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- Town of Apple Valley
- City of Corona
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

## CONTINUING PROFESSIONAL EDUCATION

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Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with fraud prevention and detection.

## EDUCATION

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### University of Hawaii

BS Degree in Business Administration, Emphasis in Accounting



# BRETT VAN LANT, CPA

Engagement Partner

Brett Van Lant is an audit Partner of Van Lant & Fankhanel, LLP. Prior to co-founding our firm, Mr. Van Lant spent 6 years with Teaman, Ramirez, & Smith where he served as an Audit Manager for over 4 years.

Mr. Van Lant has extensive experience in leading and performing financial statement audit engagements for government agencies. He has worked closely with many local governments over the year assisting with the implementation of significant accounting pronouncements including GASB 67/68 and GASB 75.

## PROFESSIONAL MEMBERSHIPS

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- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)

## PROFESSIONAL EXPERIENCE (PARTIAL LIST)

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- Town of Apple Valley
- City of Healdsburg
- City of Highland
- City of La Puente
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District
- Valley Sanitary District

## CONTINUING PROFESSIONAL EDUCATION

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Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

## EDUCATION

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**California State University, San Bernardino**

BS Degree in Business Administration, Emphasis in Accounting

# ENRICO TOBING

Engagement Supervisor

Enrico Tobing is an audit Supervisor at Van Lant & Fankhanel, LLP. Enrico joined VLF upon graduating from California State University, San Bernardino.

Mr. Tobing has over 4 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, developing the detailed audit approach, performing single audit compliance testing, supervising staff, and the preparation of financial and other required reports.

## PROFESSIONAL MEMBERSHIPS

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- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

## PROFESSIONAL EXPERIENCE (PARTIAL LIST)

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- Town of Apple Valley
- City of Healdsburg
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of Murrieta
- City of San Fernando
- City of San Clemente
- City of Tehachapi
- City of Yucaipa
- Town of Windsor
- City of Winters
- East Valley Water District
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

## CONTINUING PROFESSIONAL EDUCATION

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Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

## EDUCATION

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### California State University, San Bernardino

BS Degree in Business Administration, Emphasis in Accounting

# ANTONIO MORAN

## Senior Accountant

Antonio Moran is a Senior Accountant at Van Lant & Fankhanel, LLP. Antonio joined VLF upon graduating from California State University, San Bernardino.

Mr. Moran has over 2 years' experience performing financial statement audit engagements for government agencies. He has been involved in numerous audit engagements throughout the years participating in the planning process, performing audit procedures, performing single audit compliance testing, and the preparation of financial and other required reports.

### PROFESSIONAL MEMBERSHIPS

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- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

### PROFESSIONAL EXPERIENCE (PARTIAL LIST)

---

- Town of Apple Valley
- City of Highland
- City of La Puente
- City of Lemon Grove
- City of Montclair
- City of San Fernando
- City of Tehachapi
- City of Yucaipa
- Town of Windsor
- City of Winters
- Running Springs Water District
- Lake Arrowhead Community Services District
- Temescal Valley Water District
- Tehachapi-Cummings County Water District

### CONTINUING PROFESSIONAL EDUCATION

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Over 120 hours of continuing education over the past three years with a focus on governmental accounting and auditing topics, along with topics related to audits performed under the Uniform Guidance.

### EDUCATION

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#### California State University, San Bernardino

BS Degree in Business Administration, Emphasis in Accounting

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## *Similar Engagements with Other Government Entities*

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The following are audit client references for which similar services have been provided in the past five years. The audit clients listed below are all current audit clients of our firm.

1) City of San Fernando

Nick Kimball, Director of Finance  
117 MacNeil Street  
San Fernando, California 91340  
(818) 898-1215

Engagement Partner: Greg Fankhanel  
Total Hours: 300

The City of San Fernando is a full-service city in Los Angeles County. We performed the audit of the City's financial statements for the past five fiscal years, including Single Audit. We have assisted the City with the implementation of various GASB Pronouncements, and with the submission of the CAFR to the GFOA financial statements award program.

2) City of Tehachapi

Hannah Chung, CPA, Finance Director  
115 S Robinson Street  
Tehachapi, CA 93561  
(661) 822-2200

Engagement Partner: Brett Van Lant  
Total Hours: 350

The City of Tehachapi was incorporated in 1909 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, refuse, airport, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2011 through 2018 (including single audit) and provided assistance with the implementation of GASB 68 and other accounting standards. We also prepared the State Controller's Reports and provided assistance in submitting for and obtaining the GFOA financial statement award.

3) City of Montclair

Donald Parker, CPA, Finance Director  
5111 Benito Street  
Montclair, CA 91763  
(909) 626-8571

Engagement Partner: Greg Fankhanel  
Total Hours: 325

The City of Montclair was incorporated in 1956 as a General Law City and provides the following services: public safety, streets, planning, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2011 through 2018 (including single audit) and provided assistance with the implementation of GASB 68, GASB 75 and other accounting standards. We also prepared the State Controller's Reports.

4) City of Winters

Shelly Gunby, Director of Financial Mgmt.  
City of Winters  
318 First Street  
Winters, CA 95694  
(530) 795-4910

Engagement Partner: Brett Van Lant  
Total Hours: 285

The City of Winters was incorporated in 1898 as a General Law City and provides the following services: public safety, streets, planning, water, wastewater, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2014 through 2018 (including single audit) and provided assistance with the implementation of GASB 68 and other accounting standards. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

5) City of Highland

Chuck Dantuono, Director of  
Administrative Services/City Treasurer  
27215 Base Line  
Highland, CA 92346  
(909) 864-6861

Engagement Partner: Greg Fankhanel  
Total Hours: 300

The City of Highland is a General Law City that provides the following services: public safety, streets, planning, and general administrative services. We conducted the annual audit of the City for the years ended June 30, 2017 and 2018 (including single audit) and provided assistance with the implementation of GASB 75. We also provided assistance in submitting for and obtaining the GFOA financial statement award.

***Additional Current Municipal Audit Client References***

The table on the following page provides additional current municipal audit clients for your reference.

Municipal Client	Dates of Service	Service	Contact Information
City of La Puente	2015-2018	Audit * #	Troy Grunklee, Finance Manager Address: 15900 Main St., La Puente, CA 91744 Phone: (626) 855-1509 Email: tgrunklee@lapuente.org
City of Yucaipa	2009-2018	Audit * #	Greg Franklin, Finance Director Address: 34272 Yucaipa Blvd., Yucaipa, CA 92399 Phone: (909) 797-2489 Email: gfranklin@yucaipa.org
City of St. Helena	2015-2018	Audit *	April Mitts, Director of Finance Address: 1480 Main St., St. Helena, CA 94574 Phone: (707) 967-2792 Email: amitts@cityofsthelena.org
City of Upland	2018	Audit *	Londa Helms, Finance Officer Address: 460 N. Euclid Ave., Upland, CA 91786 Phone: (909) 931-4100 Email: lhelms@ci.upland.ca.us
Apple Valley Fire Protection District	2017-2018	Audit	Mark Shaker, Finance Officer Address: 22400 Headquarters Dr., Apple Valley, CA 92307 Phone: (760) 247-7618 Email: mshaker@applevalleyfd.com

\* - GFOA Award  
 # - Single Audit

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### *Specific Audit Approach*

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We believe that timely and adequate audit planning, along with proper communication throughout the audit process, helps to achieve highly efficient and effective audits. We also believe that one of the most important services that can be rendered to clients is to be available at all times during the year. This approach allows the clients the opportunity to consult with the auditors about technical problems and alternative approaches to accounting issues throughout each year. We emphasize audit partner availability at all times.

### *Proposed Segmentation*

The following is a proposed segmentation of the engagement, including the level of staff and proposed completion dates for each segment.

Description	Level of Staff	Estimated Dates
Preaudit planning, detailed request list provided	Partner	June
Preliminary audit fieldwork (risk assessment, evaluating internal controls, etc.)	Partners, Supervisor, Senior	June/July
Auditors mail confirmation letters provided by the City, as applicable	Supervisor, Senior	July
Year-end audit procedures performed	Partners, Supervisor, Senior	October
Exit/progress meetings with management	Partner	October
Auditors provide draft financial statements and related reports for review	Partner, Supervisor, Senior	November
Final reviews, completion of audit reports	Partner, Supervisor	December

The audit process is further explained below:

### *Planning Phase*

Shortly after our appointment as auditors, we will schedule a preaudit planning meeting during which we will discuss any special concerns, needs and the timing of the audit with appropriate members of the City’s staff. We will provide a customized request list or “PBC list” to City staff in advance of our arrival for interim fieldwork.

All members of the proposed engagement team are highly trained municipal auditors with extensive experience auditing Cities in California. Therefore, we tailor our approach with the focus of being the least disruptive as possible to the City’s staff. To achieve this, as part of the planning phase, the engagement team will review City budgets, organizational charts, year-to-date accounting records, applicable accounting policies and procedures, prior year financial statements, the City’s website, and minutes of Council meetings to gain a thorough understanding of the City’s operations and activities.

### *Interim Fieldwork*

We take a customized approach to each and every audit. We will apply the “Risk Assessment” audit standards to your audits. An overriding objective throughout the planning process is the identification of risks that should be assessed as to whether they could result in material misstatement of the financial statements whether due to error or fraud. Due to the complex nature of the risk assessment process, it is performed at the Partner level for all of our audit engagements.

The main focus of the interim audit fieldwork is to obtain an understanding and evaluate the City's specific internal accounting control systems. Our review and evaluation of your internal control systems will be completed by inspecting supporting documentation for transactions, walk-throughs, and interviews of City staff. Each of these approaches requires inquiry and observation of City personnel and operations. We will also utilize the City's budget, organizational charts, financial reports, policies and procedures, and other applicable documents.

Interim financial reports will be reviewed and limited analytical procedures will be applied to significant account balances in order to identify potential misstatements early in the audit process.

As required by our audit standards, we will also perform procedures to identify the risk of fraud within the organization. In addition to reviewing pertinent accounting records and policies and procedures, we will conduct fraud inquiries with various selected City staff. Given the sensitive nature of these procedures, these inquiries will be conducted by the Audit Partners.

We will conclude the interim audit period with an exit conference with the appropriate City staff to discuss any findings or control risks we encountered during this interim phase, along with practical recommendations to mitigate these risks. Our recommendations will be directed at safeguarding City assets, improving the effectiveness of City procedures, and improving the reporting of financial information, as applicable.

### ***Year-end Fieldwork***

This phase of the audit will focus on verifying account balances in the City's general ledger. Balance sheet accounts, along with certain revenue and expenditure/expense will be reviewed for reasonableness and verified with supporting documentation, including third-party confirmations, loan and debt agreements, and other supporting schedules. Analytical and substantive procedures will be performed based on our judgment and the results of our risk assessment.

We will conclude the year-end audit fieldwork with an exit conference with the appropriate City staff to discuss the results of our audit procedures, as well as discuss any proposed journal entries not yet posted. We will also discuss the preparation of the CAFR and various other reports to be issued for the audit period.

### ***Report Preparation***

Partners and senior staff will be solely responsible for preparing the applicable reports.

Our draft reports go through an extensive review process before they are sent to City staff for review. Our goal is to provide "print ready" reports when City staff receives the first draft. This ensures City staff will not have to spend time correcting our mistakes. We have a proven track record of meeting deadlines and being flexible to meet the City's needs as they may change throughout the engagement.

### ***City Staff Assistance***

Assistance expected from City staff will include answering procedural questions, and answering other questions regarding the City's activities.



### ***Sampling***

Our sampling methods are designed to provide the most coverage possible without expending excess time where impractical. We also concentrate efforts towards those areas known to be susceptible to error. Sample sizes will depend upon our preliminary assessment of control risk and the extent of our planned substantive tests and analytical procedures. We use models based on statistical sampling theories to help determine the sample size of a given population of transactions. In addition, we may select transactions above a certain dollar threshold, based on materiality, to review. We use sampling in the areas of cash receipts, cash disbursements, payroll, and utility billing, among others as deemed necessary.

The audit team will have laptop computers onsite during the audit fieldwork utilizing state-of-the-art software. We utilize programs such as Microsoft Excel to assist in our audit procedures and provide for greater efficiency and effectiveness, including data extraction procedures and analysis. We have significant experience working with many various accounting systems in our government audits.

### ***Analytical Procedures***

Analytical procedures will be performed in the planning stage of the audit (risk assessment process) and in our substantive testing, based on the results of our risk assessment. These procedures will include comparing account balances to prior years and to the current period's budget, and consideration of expected relationships among the accounts and periods. To be effective, the analytical procedures can only be performed once we have determined our expectations based on our understanding of the City's activities and changes from one year to the next. For results that do not meet our expectations, we perform additional substantive procedures to understand and verify the causes for the fluctuations. We make every effort to investigate the fluctuations before obtaining explanations from City staff and consuming staff time unnecessarily. In addition, analytical procedures will also be performed in the overall review stage of the audit.

### ***Approach to Understanding the City's Internal Controls***

We will obtain an understanding of the design and implementation of the City's internal controls by performing the procedures as required by SAS 109. This involves documenting our understanding of the internal controls over the areas of cash, investments, revenues and receivables, utility revenues and receivables, expenditures and accounts payable, capital assets, debt, payroll and related liabilities, self-insurance and claims liabilities and grant compliance. We will then evaluate the design of controls and determine whether they have been properly implemented. Evaluating the design of controls involves considering whether the control, individually or in combination with other controls, is capable of effectively preventing or detecting and correcting material misstatements.

### ***Approach to Understanding Laws and Regulations Subject to Audit Test Work***

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As part of the audit, we obtain an understanding of those laws and

regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting material instances of noncompliance. We obtain our understanding of applicable laws and regulations by becoming familiar with the following:

- 1) The terms and provisions of grant agreements and contracts.
- 2) State and federal restrictions affecting funding received by the City;
- 3) The Municipal Code of the City.
- 4) State laws regarding authorized investments, spending limits, debt limits, etc.
- 5) City policies regarding investments, purchasing, budgets, and the establishment of funds.
- 6) Debt covenants.
- 7) Personnel Policies adopted by the City.
- 8) Other Federal and State laws and regulations, as appropriate.

### ***Approach to Drawing Samples for Purposes of Tests of Compliance***

The objective of tests of compliance is to determine whether an organization has complied with laws and regulations that may have a material effect on each major program. Therefore, we select samples that will provide sufficient evidence for that purpose. After defining the population, we determine sample sizes and select samples from each major program. Factors that may affect the sample sizes include the following:

- a) The amount of program expenditures and the newness of the program, or changes;
- b) Prior experience with the program, particularly as revealed in audits and other evaluations;
- c) The extent to which the program is carried out through subrecipients;
- d) The level to which the program is already subject to program reviews or oversight;
- e) The adequacy of controls for ensuring compliance;
- f) The expectation of adherence or lack of adherence to the applicable laws and regulations;
- g) The potential impact of adverse findings.

In the event that any irregularity in records indicates the City may have suffered or will suffer a monetary loss, we will report such loss to the appropriate City personnel immediately upon discovery in the form of a written report. Responses to City notifications will be prompt and all reports will be remitted in a timely manner to meet your needs. We make it a practice to be proactive in providing guidance and assistance to our audit clients throughout each fiscal year to ensure proper and timely implementation of new and significant accounting pronouncements, and also compliance with laws and regulations.

Assistance expected from City staff will include providing us with documents and information included in our comprehensive request list provided at the start of the audit process, answering operational and procedural type questions, and preparing confirmation letters.

*Why hire VLF?*

Based on our experience, our approach to the City’s audit is unlike other audit firms. The significant involvement of the Audit Partners throughout the audit process helps to achieve highly efficient and effective audits. We customize each audit, each year, and believe our approach will help the City in its efforts to achieve excellence in financial reporting and provide excellent service to the citizens of Atascadero. Your City will be top priority for our firm, and you will have access to the Audit Partners on a daily basis. While we are a growing audit firm, we only take on new audits when we feel that we can continue to provide this high level of service. In addition, the Audit Partner in charge of the City’s audit is a Certified Fraud Examiner, providing a level of service unlike most audit firms.

The Partners and all professional staff have significant training and experience in assisting our clients with the implementation of new GASB pronouncements. We will provide a proactive approach to ensure the City has taken the necessary steps to effectively implement new standards. We are committed to being available throughout the year to provide assistance, answer questions, and offer technical advice and examples.

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*Proposed Audit Fees*

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**Total All-Inclusive Maximum Fees**

The total all-inclusive maximum fees for the audit services described in this proposal, for the fiscal years ending June 30, 2019 through June 30, 2023, are provided below:

Service	Fiscal Year					5-Year
	2018/19	2019/20	2020/21	2021/22	2022/23	Total
City Audit and Related Reports	\$ 32,000	\$ 32,000	\$ 33,000	\$ 33,000	\$ 33,800	\$ 163,800
Transit Audit	2,300	2,300	2,400	2,400	2,400	11,800
Single Audit, if required	3,400	3,400	3,600	3,600	3,700	17,700
<b>Grand Total (not-to-exceed)</b>	<b>\$ 37,700</b>	<b>\$ 37,700</b>	<b>\$ 39,000</b>	<b>\$ 39,000</b>	<b>\$ 39,900</b>	<b>\$ 193,300</b>

The above fees for Single Audit are based on the assumption there will be no more than two major federal programs in accordance with the Uniform Guidance. If additional federal programs are determined to be major in any fiscal year, we will negotiate additional fees at that time.

Detail for the above fees is presented on the following pages.

**Schedules of Professional Fees and Expenses**

**For the 2018/19 Fiscal Year Audit**

	<b>Estimated Hours</b>	<b>Hourly Rates</b>	<b>Total</b>
<b>Partners</b>	100	\$ 190	\$ 19,000
<b>Managers</b>	N/A	N/A	-
<b>Supervisory Staff</b>	100	130	13,000
<b>Senior Accountant</b>	90	120	10,800
<b><i>Sub-Total</i></b>	<u>290</u>		\$ 42,800
<b>Other Expenses</b>			-
<b>Estimated Discount</b>			(5,100)
<b>Total for the 2018-19 Audit</b>			<u>\$ 37,700</u>

**For the 2019/20 Fiscal Year Audit**

	<b>Estimated Hours</b>	<b>Hourly Rates</b>	<b>Total</b>
<b>Partners</b>	100	\$ 190	\$ 19,000
<b>Managers</b>	N/A	N/A	-
<b>Supervisory Staff</b>	90	130	11,700
<b>Senior Accountant</b>	90	120	10,800
<b><i>Sub-Total</i></b>	<u>280</u>		\$ 41,500
<b>Other Expenses</b>			-
<b>Estimated Discount</b>			(3,800)
<b>Total for the 2018-19 Audit</b>			<u>\$ 37,700</u>

**Schedules of Professional Fees and Expenses - Continued**

**For the 2020/21 Fiscal Year Audit**

	Estimated Hours	Hourly Rates	Total
<b>Partners</b>	100	\$ 190	\$ 19,000
<b>Managers</b>	N/A	N/A	-
<b>Supervisory Staff</b>	90	130	11,700
<b>Senior Accountant</b>	90	120	10,800
<b>Sub-Total</b>	<u>280</u>		\$ 41,500
<b>Other Expenses</b>			-
<b>Estimated Discount</b>			(2,500)
<b>Total for the 2018-19 Audit</b>			<u>\$ 39,000</u>

**For the 2021/22 Fiscal Year Audit**

	Estimated Hours	Hourly Rates	Total
<b>Partners</b>	100	\$ 190	\$ 19,000
<b>Managers</b>	N/A	N/A	-
<b>Supervisory Staff</b>	90	130	11,700
<b>Senior Accountant</b>	90	120	10,800
<b>Sub-Total</b>	<u>280</u>		\$ 41,500
<b>Other Expenses</b>			-
<b>Estimated Discount</b>			(2,500)
<b>Total for the 2018-19 Audit</b>			<u>\$ 39,000</u>

**Schedules of Professional Fees and Expenses – Continued**

**For the 2022/23 Fiscal Year Audit**

	Estimated Hours	Hourly Rates	Total
<b>Partners</b>	100	\$ 190	\$ 19,000
<b>Managers</b>	N/A	N/A	-
<b>Supervisory Staff</b>	90	130	11,700
<b>Senior Accountant</b>	90	120	10,800
<b>Sub-Total</b>	<u>280</u>		\$ 41,500
<b>Other Expenses</b>			-
<b>Estimated Discount</b>			(1,600)
<b>Total for the 2018-19 Audit</b>			<u>\$ 39,900</u>

**Payment Terms**

Invoices for our services will be submitted at two stages each fiscal year: one invoice subsequent to our preliminary audit work for approximately 1/3 of the total price (in August of each year), and the second invoice for the remainder after all reports have been issued.

**I, Greg Fankhanel, Managing Partner of Van Lant & Fankhanel, LLP, am empowered to submit this bid, and am authorized to sign a contract with the City of Atascadero.**

*Greg Fankhanel*

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*Estimated Additional City Staff Time Requirements*

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According to the City’s RFP, we are to provide a schedule of estimated City staff time requirements (specifically the Administrative Services Department) during the audit process, except for tasks such as the following: preparing correspondence, discussions with auditors, or preparing balance sheet support schedules.

We do not anticipate utilizing the Administrative Services Department staff for other tasks not listed above, except for locating and pulling vendor contracts and grant agreements. Typically, these documents are maintained by the City Clerk or other departments. We estimate approximately 2 hours for these tasks.

# APPENDIX A



**POWELL & SPAFFORD, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

ITEM NUMBER: FC B-1  
DATE: 05/23/19  
ATTACHMENT: 3

Jessie C. Powell, CPA (Ret.)  
Patrick D. Spafford, 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 Van Lant & Fankhanel, 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 Van Lant & Fankhanel, LLP (the firm) in effect for the year ended February 28, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

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

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



**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Van Lant & Fankhanel, LLP in effect for the year ended February 28, 2017, 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*. Van Lant & Fankhanel, LLP has received a peer review rating of *pass*.



September 15, 2017

# APPENDIX B





# CERTIFICATE OF LIABILITY INSURANCE

ITEM NUMBER: FC B-1

DATE: 05/23/19

ATTACHMENT: 

DATE (MM/DD/YYYY)
-------------------

05/10/2019

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).**

<b>PRODUCER</b> CAMICO Mutual Insurance Company 1800 Gateway Drive, Suite 300 San Mateo, CA 94404	<b>CONTACT NAME:</b> Agustin Olivares	
	<b>PHONE (A/C, No, Ext):</b> 800-652-1772	<b>FAX (A/C, No):</b> 800-227-2090
<b>INSURED</b>  Van Lant & Fankhanel, LLP 25901 Kellogg Street Loma Linda, CA 92354	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A:</b> CAMICO Mutual Insurance Company	
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
		<b>NAIC #</b>

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **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 INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>UMBRELLA LIAB</b> <b>EXCESS LIAB</b>  DEDUCTIBLE RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N <input type="checkbox"/> N/A (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below						WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability Insurance			CAB201296	03/20/19	03/20/20	Per Claim: \$1,000,000 Per Aggregate: \$1,000,000

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

should any of the above described policies be canceled before the expiration date thereof, CAMICO will mail 30 days written notice to the certificate holder.

**CERTIFICATE HOLDER****CANCELLATION**Attn: Lory Limbird  
Public Works and Human Resources  
City of Ukiah  
300 Seminary Avenue  
Ukiah, California 95482

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

AUTHORIZED REPRESENTATIVE

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**CITY OF ATASCADERO**

**AUDIT PROPOSAL**

For Fiscal Years Ending June 30, 2019, 2020, and 2021  
With options for fiscal years ending June 30, 2022 and 2023

**Submitted By:**

Moss, Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455  
Phone: 805.925.2579  
Fax: 805.925.2147

**Submitted On:**

May 10, 2019

**Contact Person:**

Travis J. Hole, CPA  
thole@mlhcpas.com

**CITY OF ATASCADERO**  
AUDIT PROPOSAL  
TABLE OF CONTENTS

---

Letter of Transmittal ..... 1

**Detailed Proposal:**

License to Practice in California ..... 3  
Independence ..... 3  
Firm Qualifications and Experience ..... 3  
Partner, Supervisory, and Staff Qualifications and Experience ..... 3  
Similar Engagements with Other Government Entities ..... 4  
Specific Audit Approach ..... 4  
Total Maximum All-inclusive Price ..... 6  
City Staff Hours ..... 6

**Appendices:**

Appendix A – Peer Review ..... 7  
Appendix B – Fee Schedule ..... 9  
Appendix C – Resumes ..... 15  
Appendix D - References ..... 19  
Appendix E – City Staff Hours ..... 20  
Appendix F – Insurance Certificates ..... 21



Attention: Cindy Chavez, Deputy Director of Administrative Services  
City of Atascadero  
6500 Palma Ave  
Atascadero, CA 93422

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

After 61 years in public accounting and more than 41 years of performing nonprofit and local governmental audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim LLP. The firm has evolved from a one-person operation to a regional public accounting firm with offices in Beverly Hills, Santa Maria, and Culver City with clients throughout the State of California, as well as thirty-one other states. The audit will be conducted by staff out of the Santa Maria office. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements and that is why we strive to constantly improve the quality of our professional services. This degree of dedication coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

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

It is our understanding that we will be responsible for expressing an opinion on the City's financial statements in conformity with accounting principles generally accepted in the United States of America. It is also our understanding that we will be responsible for issuing the following:

1. An auditor's opinion letter on the fair presentation of the financial statements of the City in accordance with auditing standards generally accepted in the United States of America.
2. An in-relation-to report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general-purpose financial statements.
3. We will complete the City's Single Audit on the federal expenditures of grants in accordance with the U.S. Office of Management and Budget Grant Guidance/Super Circular.
4. We will communicate in a letter to the City Manager and Administrative Services Director any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure or accounting system, which could affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
5. We will make immediate, written notification to the City Council, City Manager, City Attorney, and Administrative Services Director of all irregularities and illegal acts or indications of illegal acts of which we become aware.
6. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
7. A report on compliance with applicable laws and regulations.
8. We will keep the City informed of new guidance and developments that may affect municipal accounting and finance.
9. We can prepare the City's Annual State Controller's Report and Street Annual State Controller's Report if the City wishes.



We will make all communications to the City as required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditors' responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgment and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Errors, irregularities, and illegal acts.

All work papers and reports will be retained, at our expense, for a minimum of seven years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of the need to extend the retention period. The work papers are subject to review by state and county agencies and other individuals designated by the City. Accordingly, the work papers will be made available upon request.

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

All adjusting journal entries made by us will be discussed and explained to the designated personnel prior to recording.

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

1. Preliminary audit entrance conference with staff – Date chosen by City if needed
2. Detailed audit plan – July 29
3. Interim audit fieldwork – August 5-7
4. Year-end audit fieldwork – October 7-10
5. Exit conference with staff – October 10
6. Issue final audit report and management letter – within three days of the City's final approval of the financial statements
7. Present and discuss annual financial statements with City Council – Date of City's Choice

Minimal assistance of the City's staff is required during the course of the audit, however, we ask that the City provide the following: cooperation in answering questions, requested audit confirmations, bank reconciliations, trial balance at June 30, 2019, detailed general ledger for the fiscal year, and other original documentation supporting amounts and disclosures in the financial statements.

This proposal is a firm and irrevocable offer until July 10, 2019.

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

Travis J. Hole, CPA, Partner  
2400 Professional Parkway, Ste. 205  
Santa Maria CA 93455  
(805) 925-2579

Sincerely,

  
Travis J. Hole, CPA

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## LICENSE TO PRACTICE IN CALIFORNIA

Moss, Levy & Hartzheim LLP is a properly licensed certified public accounting firm in the State of California, license # 5863. All certified public accountants engaged in the audit of the District are licensed to practice in the State of California and have received at least the minimum number of continuing professional education hours required by the State Board of Accountancy to perform audits under professional standards.

## INDEPENDENCE

Moss, Levy & Hartzheim LLP is independent of the City of Atascadero, and its component units, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accountability Office's *Government Auditing Standards*.

Moss, Levy & Hartzheim LLP has provided financial audit services for the City of Atascadero for the last five fiscal years. This relationship does not constitute a conflict of interest.

## FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim LLP is a minority owned regional firm that performs audits of entities throughout the State of California. The firm currently employs 31 professionals and has annual gross revenues between 5.0 and 5.5 million dollars. Eighty-four percent of the 31 total employees are women or belong to an ethnic minority. The firm has three offices in California: Beverly Hills, Santa Maria, and Culver City.

The firm is in good standing with both the America Institute of Certified Public Accounts and the California Society of Certified Public Accountants.

The audit work will be completed by staff from our Santa Maria office.

The Santa Maria office is currently staffed by seven certified public accountants (five partners, two managers). In addition, the office employs three senior accountants, five staff accountants, and two administrators.

The District will have one partner and one alternate partner assigned to the audit at all times. In addition, two other partners, one in a managerial role and one in a supervisory role, and one or two staff accountants will be assigned on a full-time basis to the audit from the Santa Maria office. The City of Atascadero will also have a computer specialist assigned to the audit on a full-time basis. This individual assists the audit team in documenting the computer system internal control structure.

Please see *Appendix A - Peer Quality Review Report* for a copy of our firm's most recent quality review report.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

It is the firm's policy to have our partners involved in the management function of our audits. Having multiple partners involved in the engagement allows the District to receive immediate responses to questions about accounting and audit topics, concerns, and recommendations.

Mr. Ronald Levy will be the partner in charge of the District's audit. Mr. Levy will have primary responsibility for the audit. Mr. Levy will be responsible for final review of the District's audit report and financial statements. Mr. Levy will also be responsible for addressing any questions or concerns that arise during the fiscal year.

Mr. Craig Hartzheim will be the alternate partner assigned to the audit. As alternate partner, it is his responsibility to be familiar with the District, its staff, the audit, and any special problem areas of the District in the event that Mr. Levy is unavailable.

Mr. Travis Hole will be the manager assigned to the audit. As the manager, Mr. Hole will oversee the day to day operations of the audit and will review all audit areas. Mr. Hole will be at the District for 100% of the fieldwork. He is a partner of the firm and performs in-house training for governmental auditing staff members and is in charge of keeping the firm updated on aspects of governmental accounting and auditing issues.

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## **PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE-** continued

Mr. Adam Guise will be the supervisor assigned to the audit. As the supervisor, it will be Mr. Guise's responsibility to help oversee the senior accountant and staff accountants, do reviews of the audit sections and to perform more difficult audit sections.

Mr. David Ortiz will be the Information Technology Director assigned to the audit. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz will also perform the statistical sampling procedures for the audit and will document and test the internal control structure of the computer systems.

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

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances. At the request of the District, any Moss, Levy & Hartzheim LLP employee assigned to the audit can be removed and replaced by another qualified employee. Moss, Levy & Hartzheim LLP has an advantage in that there is relatively low turnover in employees, as can be seen on individual resumes, and therefore the firm will not use the District as a training ground for its employees.

Please see *Appendix C - Resumes* for each individual's resume.

## **SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES**

Please see *Appendix D - References*

## **SPECIFIC AUDIT APPROACH**

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

1. *AICPA Industry Audit Guide for Local Governments*,
2. *AICPA Audit Standards*,
3. Laws of the State of California,
4. Generally Accepted Accounting Principles, and
5. Our firm's own additional standards and procedures.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America.

The primary purpose of the audit is to express an opinion on the financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District.

Our audit will begin when it is convenient for the District's staff. We estimate this date to be in August to perform audit planning and interim fieldwork. Upon acceptance of the audit proposal, the engagement partner or fieldwork managing partner will contact your Administrative Services director to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, to prepare audit confirmations, and to address any concerns or questions you may have about the impending audit. We will schedule approximately four days of interim work each fiscal year. We will put together narrative flow charts and other documentation of the internal control structure and of the major systems, such as revenue and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities and the budget process.

We will utilize the prior fiscal year's financial statements and our learned knowledge of your systems to determine materiality for the different audit sections. Each fiscal year, we will select a sample of transactions to determine to what extent the systems are functioning

## SPECIFIC AUDIT APPROACH – continued

as described to us. The extent of our sample size will depend upon our assessment of the internal control structure. The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all the requirements of the AICPA Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS Nos. 78 and 99, *Consideration of Fraud in a Financial Statement Audit*. We will also perform preliminary analytical review procedures using the prior fiscal year's audited financial statements.

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

- (a) Minutes of the District Board of Directors with special attention to: indications of new income sources, including state and local grants; expenditure authorizations and related disbursements, including any special or restrictive provisions; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines or fees; and authorization for significant new employees hired,
- (b) New agreements and amendments to new agreements including but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; and other miscellaneous agreements,
- (c) Administrative Code, and
- (d) Investment and/or Endowment Policies.

The objective in testing transactions for compliance with laws, regulations, and the provisions of contracts and grant agreements is to express an opinion on whether the District has complied, in all material respects, with applicable compliance requirements, noncompliance with which could have a material effect on each major program. In selecting audit samples for purposes of tests of compliance, we will plan our tests to support a low assessed level of control risk. We will select transactions from each program or area that requires testing. The selection of transactions to test is based on the auditors' professional judgment.

Our year-end audit fieldwork will begin after the District has closed its books which we anticipate will be in October. The fiscal year-end audit work will begin with an analytical review of all significant balance sheet and revenue and expense accounts, which includes a comparison of prior fiscal year financial statements and current fiscal year budget, to the fiscal year-end trial balance.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the District's financial statements. Our fieldwork includes procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*. We will also maintain compliance with SAS Nos. 103-112 during the fiscal year ended June 30, 2019. These procedures significantly changed the way auditors approach audits and are required for audits with a fiscal year ended beginning after December 31, 2006. This will entail a risk-based audit approach that will increase the time spent on audit planning. Standards also require interviews with audit committee members (if applicable), and/or members of the board of directors and management.

We will also perform audit procedures such as:

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

SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*, impacts both the planning and the performance of the audit. In planning, the audit team will discuss how and where the financial statements might be susceptible to material misstatement due to fraud.

To determine this, we will inquire of management, consider results of analytical procedures, and consider other fraud risk factors. We will review the results of our inquiries and identification of potential fraud areas on a daily basis to ensure compliance with SAS No. 99. We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting

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## SPECIFIC AUDIT APPROACH - continued

software and database systems. This assistance has provided our firm with a thorough background in computer systems in both software applications, and auditing such systems. It is our policy to have a computer specialist as part of the audit team. This individual assists the audit team in documenting the computer system's internal control structure and highlighting strengths and weaknesses relating to the computer structure of the District.

Moss, Levy & Hartzheim LLP uses networked laptop computers for audit fieldwork that connect to our office computer network via the internet. Software used by our staff includes Word, Excel, PPC Engagement Manager, and AuditWare for financial statements preparation. The firm employs a paperless audit approach. We will request the majority of the audit schedules and information electronically.

As part of the audit, we will compose a management letter, informing you of required audit disclosures, and noting certain observations or recommendations that we feel will assist you in strengthening internal control, and/or gaining efficiency in conducting your daily operations. The management letter is intended to be a helpful tool for management based on our experience, and never a critique of operations or management. The management letter is provided to management in draft form, and is subject to revision and approval, prior to issuance.

We will retain working papers and reports at our expense for a period of seven years. In addition, we will make our working papers available, upon your request, to any oversight District or successor auditor, if any.

## TOTAL MAXIMUM ALL-INCLUSIVE PRICE

Please see *Appendix B – Fee Schedule*

## CITY STAFF HOURS

We know it is important to disrupt the day-to-day activities of the City as little as possible while performing audit fieldwork. As the predecessor auditor, we have the advantage in that we have the processes of the City documented, we know where files are kept, and we are familiar with the different departments of the City. This will help cut down on time required of City Staff.

Please see *Appendix E – City Staff Hours*

Respectfully submitted,



Travis J. Hole, CPA

Moss, Levy & Hartzheim LLP is an Equal Opportunity Employer

## APPENDICES



POWELL & SPAFFORD, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)  
Patrick D. Spafford, CPA

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

### System Review Report

To the Partners of  
Moss, Levy & Hartzheim, LLP  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2014. Our review was conducted in accordance with standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

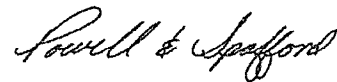
As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiencies during our review:

1. *Deficiency* – The firm does not have quality control policies and procedures to address the form and content of workpaper documentation or a related file review process by the engagement partner for its audit engagements, including audits of employee benefit plans and audits subject to *Government Auditing Standards*. As a result, we noted documentation deficiencies on the engagements reviewed in the following areas: 1) compliance payroll testing for an ERISA audit engagement; 2) proper testing of certain major program compliance requirements, low risk determination and fraud considerations; 3) the 80 hour requirement for engagements performed under *Government Auditing Standards* was not met for certain engagement team members; and 4) lock down of audit files. The firm also did not perform annual monitoring that properly covered all areas of quality control. There were documentation issues noted in the firm's previous peer review. The firm will perform the required procedures when subsequent engagements are performed, which is imminent.

*Recommendation* – We recommend that the firm modify its current policies and procedures to include a mechanism for assuring the firm's documentation is properly prepared, reviewed and included in the work files. The firm should also expand on its monitoring procedures to cover these areas.

In our opinion, except for the deficiency described above, the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiencies*.



July 22, 2015



**CITY OF ATASCADERO**  
 Appendix B

**TOTAL ALL-INCLUSIVE MAXIMUM COST**

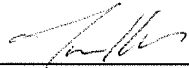
Service	2018-19	2019-20	2020-2021	2021-22, Option	2022-23, Option	Total
City Audit	\$ 22,000	\$ 22,550	\$ 23,115	\$ 23,695	\$ 24,285	\$ 115,645
TDA Audit	1,500	1,500	1,500	1,500	1,500	7,500
Single Audit, if applicable	2,000	2,000	2,000	2,000	2,000	10,000
Total all-inclusive maximum cost	\$ 25,500	\$ 26,050	\$ 26,615	\$ 27,195	\$ 27,785	\$ 133,145

- \* See Component Cost Schedule for breakdown of costs by staff level, hourly rates and out of pocket costs
- \* All-inclusive total for services, out-of-pocket expenses, meals, lodging, transportation, printing, and other costs.

Any additional services shall be performed only if set forth in an addendum to the contract between the City and the firm.  
 Any such additional work would be performed at the same rates as seen in the Component Cost Schedule.

Name of Firm: MOSS, LEVY & HARTZHEIM LLP

I, Travis Hole, am the authorized representative of the firm, empowered to submit this bid and authorized to sign a contract with the City of Atascadero.

  
 \_\_\_\_\_  
 Signature

5/10/2019  
 \_\_\_\_\_  
 Date

**CITY OF ATASCADERO**  
 Appendix B

Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year 2019 Financial Statement

	Rate	Hours	Cost
Partners	\$ 110	\$ 16	\$ 1,760
Managers	90	112	10,080
Supervisory Staff	80	92	7,360
Staff	70	90	6,300
Subtotal Staff	\$ 350	\$ 310	\$ 25,500
Billable Expenses	\$ -	-	\$ -
Meals & Lodging			
Transportation			
Other (Specify)			
Subtotal Billable Expenses	\$ -	-	\$ -
Total Maximum Cost	\$ 350	\$ 310	\$ 25,500

**CITY OF ATASCADERO**  
 Appendix B

Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year 2020 Financial Statement

	Rate	Hours	Cost
Partners	\$ 110	\$ 16	\$ 1,760
Managers	92	112	10,304
Supervisory Staff	82	92	7,544
Staff	71.50	90	6,442
Subtotal Staff	\$ 355.50	\$ 310	\$ 26,050
Billable Expenses	\$ -	-	\$ -
Meals & Lodging			
Transportation			
Other (Specify)			
Subtotal Billable Expenses	\$ -	-	\$ -
Total Maximum Cost	\$ 355.50	\$ 310	\$ 26,050

Note: The above schedule may include rounding differences

**CITY OF ATASCADERO**  
 Appendix B

Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year 2021 Financial Statement

	Rate	Hours	Cost
Partners	\$ 110	\$ 16	\$ 1,760
Managers	94	112	10,528
Supervisory Staff	84	92	7,728
Staff	73.25	90	6,599
Subtotal Staff	\$ 361.25	\$ 310	\$ 26,615
Billable Expenses	\$ -	-	\$ -
Meals & Lodging			
Transportation			
Other (Specify)			
Subtotal Billable Expenses	\$ -	-	\$ -
Total Maximum Cost	\$ 361.25	\$ 310	\$ 26,615

Note: The above schedule may include rounding differences

**CITY OF ATASCADERO**  
 Appendix B

Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year 2022 Financial Statement

	Rate	Hours	Cost
Partners	\$ 110	\$ 16	\$ 1,760
Managers	95	112	10,640
Supervisory Staff	86	92	7,912
Staff	76.50	90	6,883
Subtotal Staff	\$ 367.50	\$ 310	\$ 27,195
Billable Expenses	\$ -	-	\$ -
Meals & Lodging			
Transportation			
Other (Specify)			
Subtotal Billable Expenses	\$ -	-	\$ -
Total Maximum Cost	\$ 367.50	\$ 310	\$ 27,195

Note: The above schedule may include rounding differences

**CITY OF ATASCADERO**  
 Appendix B

Schedule of Professional Fees and Expenses  
 For the Audit of Fiscal Year 2023 Financial Statement

	Rate	Hours	Cost
Partners	\$ 110	16	1,760
Managers	97	112	10,864
Supervisory Staff	88.50	92	8,141
Staff	78	90	7,020
Subtotal Staff	\$ 373.50	310	27,785
Billable Expenses	\$ -	-	\$ -
Meals & Lodging			
Transportation			
Other (Specify)			
Subtotal Billable Expenses	\$ -	-	\$ -
Total Maximum Cost	\$ 373.50	310	27,785

Note: The above schedule may include rounding differences

**CITY OF ATASCADERO**  
**APPENDIX C - RESUMES**

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**RONALD A. LEVY, CPA - PARTNER**

- California licensed CPA with 41 years of audit experience with governmental entities.
- Partner in charge of all governmental audits, currently including 30 municipal audits, 29 school district audits, and 62 special district audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, TDA audits, and preparation of State Controller's Reports.
- Honored as CPA of the year (2006) by the Santa Barbara Chapter of the California Special Districts Association.
- Has met or exceeded all continuing education requirements, including recent courses in:

*2019, 2018, and 2017 Governmental Accounting Conferences*  
*2019, 2018, and 2017 School District Conferences*  
*GASB Statement No. 34 Training Conference*  
*Compliance Auditing, Audit Sampling and Concluding the Audit*  
*Audits of State and Local Governments*  
*Governmental Accounting Update*  
*The Single Audit Act*  
*Auditor's Reports on Audits of Local Governments*  
*Planning a Governmental Audit Engagement*

- Member of the following:
  - California Society of Municipal Finance Officers
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
  - California Association of School Business Officials
  - Kiwanis Club
- A Bachelor of Science degree from Oregon State University conferred in 1977.
- Taught accounting courses at a branch of La Verne College and Chapman College.
- Knowledgeable about all areas of tax law.

**CITY OF ATASCADERO**  
**APPENDIX C - RESUMES**

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**CRAIG HARTZHEIM, CPA – PARTNER (ALTERNATE)**

- California licensed CPA with 30 years of audit experience with governmental, non-profit, and commercial entities.
- Engagement partner for governmental and non-profit audits (Beverly Hills office), currently including 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation District of Los Angeles County), 12 school districts and related audits, and 17 municipal audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, and preparation of State Controller's Reports.
- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2019, 2018, and 2017 Governmental Accounting Conferences*  
*2019, 2018, and 2017 School District Conferences*  
*Audits of States and Local Governments*  
*Preparing Governmental Financial Statements*  
*GAAS Guide*  
*Other Comprehensive Basis of Accounting (OCBOA) Statements*  
*Audit Standards Update*  
*Implementing SAS No. 112*  
*Implementing SAS No. 114*  
*Auditing Update*  
*Grants Management*

- A Bachelor of Science degree in Accounting from Marquette University conferred in 1982.
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable about all areas of tax law including non-profit and payroll tax issues.



**CITY OF ATASCADERO**  
**APPENDIX C - RESUMES**

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**TRAVIS HOLE, CPA-PARTNER (MANAGER)**

- California Licensed CPA with 9 years of audit experience with governmental and non-profit entities.
- A Bachelor of Arts degree in Economics & Business with a concentration in Accounting from Westmont College.
- Manager for City of Atascadero, as well as 7 special districts, and 4 school districts
- Has attended recent courses in the following:

*2019, 2018, and 2017 School District Conferences*  
*2019, 2018, and 2017 Governmental Accounting Conferences*  
*Government Financial Reporting*  
*Single Audits of Governmental Entities*  
*Governmental Auditing Standards*  
*Internal Control Over Governmental Financial Reporting*  
*Advanced Fraud Techniques*  
*California Ethics: Making Ethical Decisions in the Practice of Public Accounting*

**ADAM GUISE, CPA – PARTNER (SUPERVISOR)**

- California Licensed CPA with 12 years of audit experience with governmental, non-profit, and commercial entities.
- A Bachelor of Science degree in Business Administration with concentrations in Public Accounting and Financial Management from California Polytechnic State University, San Luis Obispo.
- Current audit manager for 7 cities, 3 school district audits, and 10 special districts. The city audits managed are:

*City of Goleta*  
*City of Paso Robles*  
*City of Arroyo Grande*  
*City of Buellton*  
*City of Grover Beach*  
*City of Ojai*  
*City of Greenfield*

- Has assisted governmental clients with year-end closings, preparation of award winning CAFRs, TDA audits, and preparation of State Controller's Reports.
- Has met or exceeded all continuing education requirements, including recent courses in the following:  
*2019, 2018, and 2017 School District Conferences*  
*2019, 2018, and 2017 Governmental Accounting Conferences*  
*Audits of State and Local Governments*  
*Single Audits of Governmental Entities*  
*Internal Control Over Governmental Financial Reporting*  
*Advanced Fraud Techniques*  
*California Ethics: Making Ethical Decisions in the Practice of Public Accounting*
- Previous work experience included 2 years auditing publicly traded corporations with an international public accounting firm.

**CITY OF ATASCADERO**  
**APPENDIX C - RESUMES**

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**DAVID ORTIZ – INFORMATION TECHNOLOGY DIRECTOR**

- Nineteen years of audit and computer experience with governmental entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Extensive knowledge of:
  - Network design and implementation
  - Network maintenance and troubleshooting
  - Network security
  - Microsoft, Mac, and Linux operating systems
  - Database systems
  - Various accounting programs

**CITY OF ATASCADERO**

**APPENDIX D - REFERENCES**

**CITY OF SANTA MARIA**

Contact: Mary Harvey, (805) 925-0951, mharvey@cityofsantamaria.org  
Administrative Services Director  
110 E. Cook Street  
Santa Maria, CA 93454  
Audited Years: 2005 - Present  
Engagement Partners: Ronald Levy, Craig Hartzheim  
Scope of Work: CAFR preparation, Single Audit, State Controller's Report, Street Report, TDA Audit, GFOA Award  
Audit Hours: 650

**CITY OF GOLETA**

Contact: Luke Rioux, (805) 562-5508, lrioux@cityofgoleta.org  
Finance Director  
130 Cremona Drive, Suite B  
Goleta, CA 93117  
Audited Years: 2018 - Present  
Engagement Partners: Ronald Levy, Craig Hartzheim, Adam Guise  
Scope of Work: Financial statement preparation, State Controller's Report  
Audit Hours: 500

**CITY OF PASO ROBLES**

Contact: Ryan Cornell, (805) 237-3999, rcornell@prcity.com  
Finance Manager  
1000 Spring Street  
Paso Robles, CA 93446  
Audited Years: 2007 - Present  
Engagement Partners: Ronald Levy, Craig Hartzheim, Adam Guise  
Scope of Work: CAFR preparation, Single Audit, State Controller's Report and TDA Audit, GFOA Award  
Audit Hours: 500

**CITY OF OJAI**

Contact: Rudy Livingston, (805) 646-5581, livingston@ci.ojai.ca.us  
Finance Director  
401 S. Ventura Street  
Ojai, CA 93023  
Audited Years: 2012 - Present  
Engagement Partners: Ronald Levy, Craig Hartzheim, Adam Guise  
Scope of Work: Financial statement preparation, Single Audit, State Controller's Report  
Audit Hours: 500

CITY OF ATASCADERO  
 APPENDIX E-STAFF HOURS

Estimated Additional City Staff Requirements

Staff Hours

Tasks*	Dir. Of Admin. Services	Dep. Dir. Of Admin. Services	Accting. Spclst.	A/P Clerk	Payroll Clerk	Acct. Clerks	Total
Prepare Confirmations		3					3
Assist in internal control testing	1	1	2	2	2	2	10
Review internal control memo	2	1					3
Meetings	1	1					2
							0
							0
							0
							0
							0
							0
<b>Total</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>18</b>



**DECLARATIONS**  
**ACCOUNTANTS PROFESSIONAL LIABILITY POLICY**

ITEM NUMBER: FC B-1  
DATE: 05/23/19  
ATTACHMENT: 4

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PRODUCER	BRANCH	PREFIX	POLICY NUMBER
<b>003613</b>	<b>970</b>	<b>APL</b>	<b>275441996</b>

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INSURANCE IS PROVIDED BY  
CONTINENTAL CASUALTY COMPANY  
CNA PLAZA, CHICAGO, IL 60685  
A STOCK INSURANCE COMPANY  
REFERRED TO IN THIS POLICY AS WE, US, OR OUR.

1. Named Insured and Mailing Address

Moss, Levy & Hartzheim, LLP  
5800 Hannum Avenue  
#E  
Culver City, CA 90230-6680

\* \* \* NOTICE \* \* \* \*

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND  
COVERS ONLY CLAIMS FIRST MADE AGAINST AN INSURED  
AND REPORTED IN WRITING TO THE COMPANY DURING  
THE POLICY PERIOD. PLEASE READ THIS POLICY  
CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR  
INSURANCE AGENT.

---

2. POLICY PERIOD: FROM: 10/01/18 TO: 10/01/19 at 12:01 A.M. Standard time at your address shown above.

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3. PRIOR ACTS DATE: NO PRIOR ACTS DATE LIMITATION APPLIES at 12:01 A.M.

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4. DEDUCTIBLE: Per Claim Deductible \_\_\_\_\_ or Aggregate Deductible \$75,000

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5. LIMITS OF LIABILITY: (INCLUDES CLAIM EXPENSES UNLESS AMENDED BY ENDORSEMENT)

<u>\$1,000,000</u>	PER CLAIM
<u>\$3,000,000</u>	AGGREGATE

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6. FOR NON-RENEWAL : 60 days notice will be given you in accordance with policy conditions.

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7. PRINTED ENDORSEMENTS ATTACHED AT POLICY ISSUANCE INCLUDE:

G-127136-A(1/16) Policy	CNA87510XX CPA NetProtect Endorsement
G-127137-A(7/12) Declarations Page	
G-127157-A(6/97) Nuclear Energy & Pollution Excl.	
G-127164-A04(6/97) Amend. Termination Provisions - CA	
G-141584-A(6/03) Policyholder Notice	
CNA90673XX-(11/17) Amend Limits of Liability Endorsement	
G-127152-AC(5/06) Claim Expenses Outside Limits - CA	
CNA69245XX Named Entity Exclusion	
CNA74066XX (07/13) Employee Theft Coverage	