

CITY OF MANHATTAN BEACH

**PROPOSAL TO PROVIDE
AUDITING SERVICES**

RFP #974-14, Auditing Services

ORIGINAL

CITY OF MANHATTAN BEACH

**PROPOSAL TO PROVIDE
AUDITING SERVICES**

RFP #974-14, Auditing Services

COPY



**PROPOSAL TO PROVIDE
AUDITING SERVICES**

RFP #974-14 Audit Services

Prepared by:

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 N. Brea Blvd, Suite 203
Brea, California 92821
(714) 672-0022



February 5, 2014

Contact Person:

Richard K. Kikuchi, CPA, Partner
richard.kikuchi@lslcpas.com

CITY OF MANHATTAN BEACH

PROPOSAL TO PROVIDE
AUDITING SERVICES

TABLE OF CONTENTS

Page No.

Letter of Transmittal	1
Introduction to Lance, Soll & Lunghard, LLP	
Regional Accounting Firm	3
Independence	3
License to Practice in California	3
Firm Qualifications and Experience	
Number of Personnel	3
Location of Offices	3
Range of Activities	4
GFOA Awards Program	4
Federal Single Audit - OMB Circular A-133	4
Other Related Services	5
References of Governmental Clients	5
Peer Review	5
Summary of Personnel Qualifications and Experience	
Personnel Assigned to the Audit	5
Staff Auditors	6
Continuing Education	6
Prior Engagements with the City of Manhattan Beach	7
Similar Engagements with Other Governmental Entities	7
Specific Audit Approach	
Proposed Segmentation of the Engagement	8
Level of Staff and Number of Hours to be Assigned	8
Sample Size and Extent of Statistical Sampling	8
Analytical Procedures	8
Approach to Understanding City's Internal Control Structure	9
Approach in Determining Laws and Regulations Subject to Audit	9
Drawing on Sample Sizes	9

CITY OF MANHATTAN BEACH

PROPOSAL TO PROVIDE
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TABLE OF CONTENTS

	<u>Page No.</u>
Identification of Anticipated Potential Audit Problems	10
Services to be Provided	10
Cost Proposal (Separately Sealed Envelope)	11
Appendices	
Appendix A - Listing of Governmental Audit Clients	12
Appendix B – Personnel Resumes	
Richard K. Kikuchi, CPA, Partner In Charge	14
Deborah A. Harper, CPA, Concurring Partner	16
Kimberly A. Manning, CPA, Audit Manager	18
Joe A. Santos, Audit Senior	20
Appendix C – Peer Review Report	21

February 5, 2014

City of Manhattan Beach
Office of City Clerk
1400 Highland Ave.
Manhattan Beach, CA 90266

Lance, Soll & Lunghard, LLP is pleased to respond to your Request for Proposal for Professional Auditing Services. As a leader in the field of governmental accounting and auditing, we appreciate this opportunity given us to present our professional qualifications. Because of our extensive public sector experience (including with the City of Manhattan Beach), dedication to excellence and determination to retain the brightest and most talented professionals, we are certain that Lance, Soll & Lunghard, LLP is the most qualified accounting firm to provide professional auditing services to the City of Manhattan Beach.

The annual services that would be provided for the City of Manhattan Beach, for the fiscal year ending June 30, 2014 and the subsequent two fiscal years, would be as follows:

1. Perform a financial audit of the Basic Financial Statements of the City of Manhattan Beach that would include the following oversight and component units:
 - City of Manhattan Beach
 - Manhattan Beach Capital Improvements Corporation

We understand that the City will be responsible for preparing this report. These financial statements will be included within a Comprehensive Annual Financial Report (CAFR) which will be submitted under the National awards programs. Our audit would be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We would express an opinion as to whether the financial statements and associated notes conform to accounting principles generally accepted in the United States of America.

2. Perform a Single Audit of all federal grants of the City utilizing auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. This audit would be performed according to the requirements of OMB Circular A-133 and the AICPA Industry Audit Guide. Our audit would include preparing all the required audit reports and schedules.
3. Review and issue a report on the calculation of the City's Appropriations Limit (GANN), as required by Article XIII B Section 1.5 of the California Constitution and Proposition 111.



City of Manhattan Beach
Office of City Clerk
February 5, 2014

4. Perform a review and make recommendations on the internal control structure, which consists of the Control Environment, Accounting System and Control Procedures. Annually, we will prepare and issue a SAS 115 management letter. Also, we shall make an immediate and written report of any irregularities and illegal acts or indication of illegal acts coming to our attention. We will also, annually, issue our SAS 114 letter to communicate with those in charge with governance.

The sections that follow describe the benefits your organization would receive from Lance, Soll & Lunghard, LLP. **We are committed to provide the services discussed above in accordance with the timetable specified in your request for proposal.** This proposal is a firm and irrevocable offer for the fiscal years ending June 30, 2014 and the two subsequent fiscal years. For purposes of this proposal, Richard K. Kikuchi, Partner is authorized to make representations for our firm. I can be reached at the address below, by phone at (714) 672-0022 or by email at richard.kikuchi@lslcpas.com.

Very truly yours,

A handwritten signature in black ink, appearing to read "Richard K. Kikuchi". The signature is fluid and cursive.

Richard K. Kikuchi, Partner
LANCE, SOLL & LUNGHARD, LLP

INTRODUCTION TO LANCE, SOLL & LUNGHARD, LLP

Lance, Soll & Lunghard, LLP is a regional public accounting firm that has met the auditing needs of governmental entities throughout California for over 80 years. This experience has led to the development of efficient procedures that provide numerous client benefits. Our clients have grown to understand that an audit from Lance, Soll & Lunghard, LLP provides them with a wealth of knowledge, confidence and value added services. For this and many other reasons, Lance, Soll & Lunghard, LLP has consistently been recognized as one of the “Top Accounting Firms” in the Orange County Business Journal.

INDEPENDENCE

We meet the independence requirements as defined by Auditing Standards Generally Accepted in the United States of America and the U.S. General Accounting Office’s *Government Auditing Standards* (July 2011 revision). We are a partnership consisting of ten partners who do not own any other business organization that has in the past, or will in the future, be providing services, supplies, materials or equipment to the City of Manhattan Beach or any of its component units. Lance, Soll & Lunghard, LLP will provide written notice of any professional relationship entered into during the period of the proposed agreement.

LICENSE TO PRACTICE IN CALIFORNIA

We are a public accounting firm licensed by the State of California, Department of Consumer Affairs, as a Public Accounting Partnership. All of our partners are Certified Public Accountants licensed by the State of California. As a firm, we are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. All key staff to be assigned to this engagement are or will be licensed by the State of California to practice as Certified Public Accountants.

FIRM QUALIFICATIONS AND EXPERIENCE

NUMBER OF PERSONNEL

LSL employs approximately 65 people. We presently have ten partners. Professional staff consists of fourteen managers, three supervisors, eight seniors and thirty associates. Our Government Services professional staff consists of three partners, five managers, two supervisors, five seniors and ten staff auditors.

Public Sector expertise in the Orange County office is led by the following partners:

Richard K. Kikuchi, CPA, Partner
Bryan S. Gruber, CPA, Partner
Deborah A. Harper, CPA, Partner

LOCATION OF OFFICES

We have four offices which provide services to the western region of the United States. Our headquarters are located in Orange County in the City of Brea, California, our Los Angeles County office is located in the City of Whittier, California, our Temecula Valley office is located in the City of Murrieta, California and our Silicon Valley office is located in the City of San Jose, California. Staffing of the Manhattan Beach audit would come primarily from our Orange County Office. The audit team would include: Partner in Charge, Concurring Partner, Audit Manager, Audit Senior and support staff. Please see our Personnel Assigned to the Audit section for more information.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

RANGE OF ACTIVITIES

Our activities overall cover assurance services, consulting services and income tax services. Approximately **50%** of our practice deals with Public Sector auditing and related services. Generally, our Public Sector services break down into the following major classifications:

Financial Auditing:

Governmental Entities (See **Appendix A** for an additional breakdown)

Management Services:

Agreed Upon Procedures

Compliance Reviews (Franchise Fee, TOT, etc.)

GFOA Awards Program

We prepare the financial statements and footnote disclosures for most of our clients that have received the GFOA award. All of our governmental partners, managers and seniors have been closely involved in the preparation of these reports. Our current government clients which are presently receiving these awards are as follows:

City of Azusa	City of Cathedral City
City of Chino Hills	City of Escondido
City of Emeryville	City of Claremont
City of Fontana	City of Indian Wells
City of La Quinta	City of South Gate
City of Malibu	City of Monrovia
<u>City of Manhattan Beach</u>	City of Ontario
City of Palm Springs	City of Solana Beach
City of South Pasadena	City of Oceanside
City of Rancho Cucamonga	City of Walnut
City of West Hollywood	City of Simi Valley
City of Thousand Oaks	City of Vista

Federal Single Audit – OMB Circular A-133

We perform single audit services for all of our cities that have federal grants and meet the requirements as stipulated under OMB Circular A-133. These engagements fully comply with OMB Circular A-133 and include preparing the Schedule of Federal Expenditures along with all required opinions. Our procedures in this area were reviewed by the State Controller's Office acting in their capacity as cognizant agency and we were given high marks for our approach and documentation. Presently, we perform or have performed the Federal Single Audits for the following government clients:

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City of Cathedral City	City of Santa Cruz
City of La Quinta	City of Azusa
City of Bell Gardens	Foothill Transit Authority
City of Emeryville	City of Yorba Linda
City of Fontana	City of Rancho Cucamonga
City of Corona	City of San Dimas
City of Monrovia	City of Big Bear Lake
City of Oceanside	City of Imperial Beach
City of Escondido	City of Walnut
<u>City of Manhattan Beach</u>	City of West Hollywood
City of Coronado	City of Vista
City of Palm Springs	

Other Related Services

We perform an array of different audits and Agreed Upon Procedures for our Public Sector Clients. Among these include: Franchise Fee audits, State Controllers Report Preparation, TOT audits, Internal Audit Services, etc.

REFERENCES OF GOVERNMENTAL CLIENTS

As previously mentioned, we have over 80 years of experience auditing the governmental entities (including cities, special districts, joint powers authorities and single audits performed under OMB Circular A-133).

A complete listing of our current governmental audit clients, along with phone numbers of contact personnel and references as to services provided, is contained in **Appendix A** to this proposal. We welcome you contacting any or all of these to get their opinion on the services we provide.

PEER REVIEW

We are members of the American Institute of Certified Public Accountant's Private Companies Practice Section, which has the requirement for peer review along with Generally Accepted Government Auditing Standards. We have participated in the peer review program since its inception and have undergone several peer reviews. The first review was conducted by Arthur Young & Company (now Ernst & Young) and the most recent by Johnston and Company. Overall, they confirmed what we already knew, that our approach and procedures are in compliance with technical and professional pronouncements. All of these peer reviews covered governmental engagements. Our most recent peer review, conducted by Johnston & Company, is included in **Appendix C** to this proposal.

SUMMARY OF PERSONNEL QUALIFICATIONS AND EXPERIENCE

PERSONNEL ASSIGNED TO THE AUDIT

The most critical component in the successful completion of an audit is the personnel assigned to carry out the responsibilities. We have assembled an **LSL Team** composed of individuals with the optimum mix of talents. The individuals assigned have experience in performing the tasks for which they are responsible, as well as familiarity with all municipal accounting operations. In addition, each has developed extensive skills in a variety of other complementary subjects through their work with clients in other industries. Thus, the experience gained on previous assignments can be applied and tailored to the unique needs of your organization.

The partners at Lance, Soll & Lunghard, LLP are routinely an integral part of the audit process and will be overseeing and supervising staff personnel in the field. For the City of Manhattan Beach, the personnel assigned to the engagement would be as follows:

Partner In Charge	Richard K. Kikuchi, CPA
Concurring Partner	Deborah A. Harper, CPA
Audit Manager	Kimberly A. Manning, CPA
Audit Senior	Joseph A. Santos, MBA
Professional Staff	2 to 3

Resumes for these individuals are located in **Appendix B**.

STAFF AUDITORS

The firm's policy of assigning seniors to an engagement requires that the senior have at least two years of municipal auditing experience. He or she must have demonstrated a high degree of understanding of governmental accounting and auditing, as well as of the firm's overall client philosophy. Having been assigned to the engagement before is also an important factor in assigning a senior to an engagement. Any changes in personnel at the senior level or above will be approved by the City of Manhattan Beach. Lance, Soll & Lunghard, LLP's philosophy is to provide **quality audit services with minimal disruption to City staff**. Our focused efforts to obtain and retain quality staff have further enabled us to provide this to our clients.

CONTINUING EDUCATION

As a firm policy, and in compliance with the continuing education requirements promulgated by the AICPA, General Accounting Office and the California Society of CPAs, all our staff auditors (certified and non-certified) meet the requirement of 40 hours of continuing education every year, with at least 24 hours in governmental accounting and auditing in a two year period. For our educational programs, we utilize in-house seminars, California Society of CPAs attendance courses, AICPA training video tapes, and self-study AICPA/California Society of CPAs materials. Our formal education program was reviewed by independent firms during our peer review process and no exceptions were noted.

PRIOR ENGAGEMENTS WITH THE CITY OF MANHATTAN BEACH

Lance, Soll & Lunghard, LLP is proud to have been the auditors for the City of Manhattan Beach for the past few years. The services provided included the entire scope of work as detailed in your RFP for audit services.

AB Section 1345 Section 12410.6 (b) states “Commencing with the 2013–14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years.”

With the passage of AB Section 1345 and because LSL has several qualified and experienced government partners, we have decided to establish a policy to rotate our engagement partners every five years. By adhering to this policy, our clients will always have an engagement partner overseeing their audit in accordance with AB Section 1345.

Another benefit of this rotation of engagement partners is that our clients will benefit with LSL’s experience (especially during the implementation of new GASB’s such as GASB 68) and also be ensured a fresh set of eyes overseeing their audit.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

Similar engagements performed would be as follows:

City of West Hollywood – Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award. Last audit performed was for June 30, 2013. Total hours were approximately 587. Engagement partner is Mr. Richard K. Kikuchi. Contact person: Mr. David Wilson, Finance Director (323) 84-6524. dwilson@weho.org

City of Corona – Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award. Last audit performed was for June 30, 2013. Total hours were approximately 521. Engagement partner is Ms. Deborah A. Harper. Contact person: Ms. Patricia Song, Finance Manager (951) 736-2327. Patricia.song@ci.corona.ca.us

City of Simi Valley – Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award. Last audit was for June 30, 2013. Total hours were approximately 472. Engagement partner is Ms. Deborah A. Harper. Contact person: Mr. Jim Purtee, Assistant City Manager (805) 583-6749. jpurtee@simivalley.org

City of Indian Wells – Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award. Last audit was for June 30, 2013. Total hours were approximately 434. Engagement partner is Mr. Richard K. Kikuchi. Contact person: Mr. Kevin McCarthy, Finance Director (760) 346-2489. kmccarthy@indianwells.com

City of South Gate – Audit and preparation of a Comprehensive Annual Financial Report (CAFR) which receives the GFOA award. Last audit performed was for June 30, 2013. Total hours were approximately 412. Engagement partner is Mr. Richard K. Kikuchi. Contact person: Mr. Bryan Cook, Finance Director (323) 563-9524. bcook@sogate.org

A complete listing of current governmental clients is contained in **Appendix A** to this proposal. We welcome you contacting any or all of these to get their opinion on the services we provide.

SPECIFIC AUDIT APPROACH

PROPOSED SEGMENTATION OF ENGAGEMENT

We utilize a standardized governmental audit program which we will tailor to the City of Manhattan Beach's operations. The tailoring is necessary to accommodate specific client circumstances and to recognize differences in local statutes, ordinances, and similar unique characteristics. Our audit programs are organized using the financial statement (balance sheet) category approach. This approach takes full advantage of our accumulated experience. The primary benefit is that the risk of omitting important procedures is substantially reduced. We believe that this approach tends to be the most effective and efficient for an entity such as the City of Manhattan Beach. In a standardized program, the audit procedures are listed in the most logical sequence, and that improves efficiency. The savings in effort and time gained by using a standardized audit program can free an auditor's attention for unusual or difficult situations that may arise. The audit programs are designed to increase audit efficiency by linking financial statement assertions, audit objectives, and procedures that are basic to most governmental audit engagements.

LEVEL OF STAFF AND NUMBER OF HOURS TO BE ASSIGNED

The level of personnel assigned to the engagements and number of hours estimated to be spent on each proposed segment is as follows:

<u>Segment</u>	<u>Partner</u>	<u>Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Total</u>
City of Manhattan Beach	18	40	62	264	384
Single Audit*	6	6	10	14	36
Total	<u>24</u>	<u>46</u>	<u>72</u>	<u>278</u>	<u>420</u>

*Includes Single Audit and up to 3 major programs

SAMPLE SIZE AND EXTENT OF STATISTICAL SAMPLING

Our approach is to utilize statistical sampling in the areas of receipts, disbursements, utility billing and payroll. Here we develop a statistical conclusion based upon an initial computer selected random sample of 20 transactions. If errors are noted in the sample, the sample size will be expanded. We believe that a random selection can be the most efficient, while providing each item in the population an equal chance of being selected. Additionally, for receipts and disbursements, we select a stratified sample of all transactions over a specified dollar limit for review. This allows us to cover all high dollar value transactions not otherwise selected in the random sample. Our samples are selected randomly utilizing IDEA software.

ANALYTICAL PROCEDURES

We use analytical procedures as an overall review of the financial information in the preliminary and final stages of the audit. These procedures are designed to assist us in planning our audit and in assessing the propriety of the conclusions reached and in the evaluation of the overall financial statement presentation. The procedures to be utilized consist of determining percentage increases and decreases between significant revenue, expenditure and balance sheet accounts, reading the financial statements and related notes, and we focus on overall relationships within the financial statements. Once determined, these are reviewed to determine if the changes appear reasonable or require further analysis. For all significant differences, explanations are obtained as to why the situation occurred and additional substantive procedures may be applied and related evidence gathered to resolve concerns and questions.

SPECIFIC AUDIT APPROACH (Continued)

APPROACH TO UNDERSTANDING CITY'S INTERNAL CONTROL STRUCTURE

To gain an understanding of the City's internal control structure, we will perform procedures as required Auditing Standards, primarily SAS 104-111. This will include completing forms taken from the Local Government Publication of Practitioners Publishing Company. These forms meet the technical standards of the AICPA and allow us to document the major transaction classes, purpose of funds, the structure of the City and to quantify materiality. We will review and make recommendations on the internal control structure, which consists of Control Environment, Accounting System and Control Procedures. We will review internal controls in the area of cash; investments; revenues and receivables; expenditures and accounts payable; payroll; inventories; property and equipment, debt and debt service; insurance and claims. In addition, during the performance of the Single Audit, we will review areas of internal controls over federal grants, including general requirements; specific requirements; claims for advances and reimbursements and amounts claimed or used for matching. Based on the result of our review, we will issue a formal internal control report (SAS 115 Letter) that will identify any significant deficiencies and or material weaknesses. This report is required by the *Government Auditing Standards* issued by the Comptroller General of the United States, as well as the Single Audit Act. In addition, we will also issue a separate communication letter directly to the governing board. This letter would communicate any significant deficiencies or material weaknesses in the internal control system and other matters that we feel should be communicated to the governing board. All internal control issues will initially also be discussed with management of the City.

APPROACH TO DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT

The Laws and Regulations that will be subject to audit test work are determined from the municipal code of the City (we would ask for access to a volume of the Code during our fieldwork), applicable sections of Governmental Code for the State of California and our extensive experience with governmental entities.

DRAWING ON SAMPLE SIZES

For the purpose of tests of controls and tests of compliances with laws and regulations, we use audit sampling. Tests of controls are procedures directed towards determining the effectiveness of the design or operation of an internal structure policy or procedures. Normally, audit sampling is used for tests of controls that involve inspection of documents and reports indicating performance of the policy or procedures and, in many cases, reperformance of the application of the policy or procedures. These sampling procedures test the operating effectiveness of an internal control structure policy or procedures by determining how the policy or procedure was applied, the consistency with which it was applied during the audit period, and by whom it was applied. To achieve this goal, we draw samples in the area of disbursements, receipts and payroll. Each document selected will be tested for various attributes that are designed to verify compliance with different aspects of internal controls. Additionally, each sample item will be tested for coding to the proper accounts and posting to the general ledger.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate any significant potential audit problems. However, our approach to resolving audit problems, once they have been identified, is to draw upon our internal resources to get the job done. Most of our clients have us prepare the financial statements and assist them in handling complicated accounting matters. Therefore, we have the resources to handle most problems encountered. With regard to City staff time, we recognize that the City of Manhattan Beach' finance department staff is being fully utilized and thus we would attempt to resolve audit problems without the assistance of City staff.

SERVICES TO BE PROVIDED

Perform a financial audit of the Basic Financial Statements of the City of Manhattan Beach. We understand that the City will be preparing this report. These financial statements will be included within a Comprehensive Annual Financial Report (CAFR) which may be submitted under the National awards program. Our audit would express an opinion as to whether the financial statements and associated notes conform to accounting principles generally accepted in the United States of America. **All working papers and reports will be retained (at our expense) for a minimum of seven (7) years, unless we are notified by the City of Manhattan Beach of the need to extend that retention period.**

Perform a Single Audit of all federal grants of the City of Manhattan Beach utilizing generally accepted government auditing standards. This audit would be performed according to OMB Circular A-133, *Government Auditing Standards* issued by the GAO and the AICPA Industry Audit Guide. Our reports will be included in a separate financial statement apart from the statements prepared for the award programs and will include the following:

- Report on Compliance and on Internal control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
- Schedule of Expenditures of Federal Awards.
- Schedule of Findings and Questioned Costs.

We will review and make recommendations on the internal control structure, which consists of Control Environment, Accounting System and Control Procedures. We will review internal controls in the area of cash; investments; revenues and receivables; expenditures and accounts payable; payroll; inventories; property and equipment, debt and debt service; insurance and claims. In addition, during the performance of the single audit, we will review areas of internal controls over federal grants, including general requirements; specific requirements; claims for advances and reimbursements and amounts claimed or used for matching. Based on the result of our review, we will issue a formal internal control report that will identify any significant deficiencies or material weaknesses. This report is required by the *Government Auditing Standards* issued by the Comptroller General of the United States, as well as the Single Audit Act. In addition, we will also issue a separate management letter directly to the City's governing board. The letter would communicate any significant deficiencies or material weaknesses in the internal control system and other matters that we feel should be communicated to the governing board. All internal control issues would also be discussed with management of the City.

SERVICES TO BE PROVIDED (Continued)

Perform a review and make recommendations on the internal control structure, which consists of the Control Environment, Accounting System and Control Procedures. Annually, we will prepare and issue a SAS 115 management letter. Also, we shall make an immediate and written report of any irregularities and illegal acts or indication of illegal acts coming to our attention.

LSL prides itself on providing the highest level of services to its Public Sector clients. LSL will provide any necessary “comfort letters” and or “consent and citation of expertise” in relation to your official statements. We will provide assistance, as needed, in preparing your Statement of Cash Flows, as well as providing comprehensive review services of your CAFR. Several members of LSL have been GFOA technical reviewers for several years.

We will also provide the City of Manhattan Beach with additional financial services, collectively known as retainer services or “executive time”. This will include services not strictly within the purview of the audit, including but not limited to rendering assistance in ensuring that appropriate financial controls and procedures are in place and maintained; providing the City with payroll tax advice and other pertinent tax law changes; updating City staff with the latest development in governmental accounting and reporting issues; and assisting the City in implementing new GASB requirements. These services will be provided up to a maximum of 40 hours per year at **no additional cost** to the City of Manhattan Beach.

COST PROPOSAL

In Separately Sealed Envelope.

LSL LISTING OF GOVERNMENTAL AUDIT CLIENTS

	Client	Contact Person	Service Code	Years	Telephone
*	Aliso Viejo	Ms. Gina M Tharani, Director of Financial Services/City Treasurer	F	3	949-425-2520
	American Water Work Association	Ms. S. Ramakrishnan, Asst. Exec. Director	F	2	909-291-2114
*	Azusa	Mr. A. Kreimeier, Finance Director	F,S	17	626-812-5291
	Banning	Ms. M. Green, Accounting Manager	F,S	15	951-922-3118
	Bell Gardens	Mr. W. Kaholokula, Finance Director	F,S	9	562-806-7708
	Big Bear Lake	Ms. K. Smith, Finance Manager	F,S	16	909-866-5831
	Burbank	Ms. Cindy L Giraldo	I	2	818-238-5487
	Canyon Lake	Mr. T. Shea, Finance Director	F	18	909-244-2955
*	Cathedral City	Mr. K Biersack, Fiscal Officer	F,S	4	760-770-0378
*	Chino Hills	Ms. J. Lancaster, Finance Director	F,S	16	909-364-2600
*	Claremont	Mr. A. Pirrie, Acting Finance Director	F,S	9	909-399-5460
*	Coachella Valley Water District	Ms. Kay Godbey, Finance Director	F,S	1	760-398-2661
*	Corona	Ms. Kerry Eden, Finance Director	F,S	3	951-736-2315
	Coronado	Ms. L. Suelter, Finance Director	F,S	7	619-522-7300
*	Cucamonga Valley Water District	Mr. Chad Brantley, Finance Officer	F,S	2	909-483-7453
*	Diamond Bar	Ms. Dianna Honeywell, Finance Director	F,S	3	909-839-7051
	Duarte	Ms. K. Petersen, Finance Director	F	7	626-357-7931
*	Escondido	Ms. J. Ryan, Acting Finance Director	F,S	4	760-839-4338
*	Emeryville	Ms. D. Auker, Finance Director	F,S	10	510-596-4352
*	Fullerton	Ms. J. James, Director of Admin. Services	F,S	2	714-738-6522
*	Fontana	Ms. L. Strong, Director of Admin. Services	F,S	20	909-350-6778
*	Foothill Transit Authority	Mr. G. Victorio, Acting Finance Director	F,S	9	626-967-2274
*	Glendora	Ms. E. Stoddard, Accounting Manager	F,S	10	626-914-8238
	Greater Los Angeles Vector Control	Mr. K Bayless, District Manager	F	4	562-758-6501
	Hidden Hills	Ms. C. Paglia, City Clerk	F	28	818-888-9281
*	Indian Wells	Mr. K. McCarthy, Finance Director	F,S	2	760-346-2489
*	Irvine	Ms. D. Mullally, Manager of Fiscal Services	F,S	3	949-724-6037
	Irwindale	Ms. E. Carreon, Finance Director	F	18	626-430-2221
*	La Mirada	Ms. M. Pasqual, Finance Manager	F,S	10	562-943-0131
*	La Quinta	Ms. R. Byrd, Finance Director	F,S	7	760-777-7150
*	Laguna Niguel	Mr. S. Erlandson, Finance Director	F,S	3	949-362-4358
*	Malibu	Ms. R. Feldman, Finance Director	F	10	310-456-2489
*	Monrovia	Mr. M. Alvarado, Director of Admin. Services	F,S	13	626-932-5510
*	Moreno Valley	Mr. R. Teichert, Finance & Admin Svs Dir.	F,S	2	951-413-3021
*	Ontario	Mr. G. Yee, Director of Admin. Services	F,S	15	909-395-2000
	Orange	Mr. R. Jacobs, Finance Director	F,S	3	714-744-2235
*	Orange County Water District	Mr. R. Fick, Chief Financial Officer	F,S	2	714-378-3271
*	Palm Springs	Mr. G. Kiehl, Finance Director	F,S	4	760-323-8229
*	Palos Verdes Estates	Ms. L. Yamamoto, Acting Finance Director	F	3	310-378-0383
	Pomona	Ms. P. Chamberlain, Finance Director	F,S	2	919-620-2355
*	Rancho Cucamonga	Ms. T. Layne, Finance Officer	F,S	36	909-989-1851
	Rolling Hills	Mr. J. Walker, Finance Director	F	5	310-377-1521
	San Carlos	Ms. R. Mendenhall, Acting Admin Svcs Dir	F,S	3	650-802-4221
*	Santa Cruz	Mr. M. Pimentel, Director of Finance	F,S	2	831-420-5050
	San Dimas	Ms. B. Bishop, Finance Director	F,S	53	909-394-6200
	San Marino	Ms. L. Bailey, Finance Director	F	21	626-300-0700
*	Seal Beach	Ms. V. Beatley, Finance Director	F,S	3	562-431-2527
*	Simi Valley	Mr. J. Purtee, Asst City Manager	F,S	6	805-583-6747
*	South Pasadena	Mr. D. Batt, Acting Finance Director	F	11	626-403-7250
*	Three Valleys Water District	Mr. R. Hansen, General Manager	F	6	909-626-4631
*	Vista	Mr. D. Nielsen, Finance Manager	F	5	760-639-6170 x1023
*	Walnut	Ms. Marie Santos, Finance Manager	F	42	909-595-7543
*	West Hollywood	Mr. P. Arevalo, City Manager	F,S	23	323-848-6400

Service Codes:

F - Financial Audit

S - Single Audit of Federal Grants in accordance with OMB Circular A-133

I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award

LSL LISTING OF GOVERNMENTAL AUDIT CLIENTS

	Client	Contact Person	Service Code	Years	Telephone
*	Wildomar	Mr. G. Nordquist, Finance Director	F	5	951-677-7751
*	Yorba Linda	Mr. D. Christian, Finance Director	F, S	14	714-961-7142

Service Codes:

F - Financial Audit

S - Single Audit of Federal Grants in accordance with OMB Circular A-133

I - Internal Audit Services

* - Participates in Award Programs and has received or anticipates receiving outstanding award

RICHARD K. KIKUCHI, CPA PARTNER IN CHARGE



Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 1985

License: Certified Public Accountant - California 1991

Continuing Education: Total hours were 142 in last three years of which 64 were in governmental accounting and auditing subjects. Mr. Kikuchi has met the Governmental Auditing Standards requirement for governmental CPE

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)

Experience: Over twenty five years of experience in governmental audits.

He is currently involved on the following major governmental engagements:

City of Burbank	City of Coronado
City of Cathedral City	City of Palm Springs
City of Diamond Bar	City of Escondido
City of Azusa	City of Canyon Lake
City of Big Bear Lake	City of Yorba Linda
City of Colton	City of Temecula
City of Imperial Beach	City of Rolling Hills
City of Monrovia	City of La Quinta
City of Malibu	City of Manhattan Beach
City of Oceanside	City of Meniffee
City of South Gate	City of Wildomar
Orange County Sanitation District	Foothill Transit Authority

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.
- Mr. Kikuchi has the responsibility for overseeing federal single audits for these and other clients of our firm. These audits have met the requirements of the OMB and have been desk reviewed by the State Controller's Office.

Richard K. Kikuchi, CPA, Partner (Continued)

Achievements: Mr. Kikuchi recently sat on the California State Board of Accountancy's Qualifications Committee, which is an advisory committee established to examine and to make recommendations for all applicants for the license of Certified Public Accountant.

He currently serves as a technical reviewer for the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO).

Mr. Kikuchi sat on the CSMFO Special Districts Technical Committee and teaches an Introductory Governmental Accounting course through the CSMFO Career Development Committee.

Mr. Kikuchi is a frequent guest speaker for CSMFO seminars and luncheons.

DEBORAH A. HARPER, CPA CONCURRING PARTNER



Education: Bachelor of Arts Degree in Business Administration with an emphasis in Accounting - California State University, Fullerton 2000

License: Certified Public Accountant – California 2005

Continuing Education: Total hours were 132 in last three years of which 68 were in governmental accounting and auditing subjects. Ms. Harper has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants
California Society of Municipal Finance Officers (Associate Member)
Government Finance Officers Association (Associate Member)
Governmental Accounting and Auditing Committee

Experience: Over fourteen years of experience in governmental audits. During her time with the firm, Ms. Harper has performed all phases of our government audits and made numerous presentations to Boards of Directors and Audit Committees. She has been involved on the following similar engagements:

- | | |
|----------------------------------|---------------------|
| Cucamonga Valley Water District | City of Chino Hills |
| Azusa Agricultural Water Company | City of Fontana |
| City of Aliso Viejo | City of Glendora |
| City of Irvine | City of Menifee |
| City of Yorba Linda | City of Corona |
| City of Laguna Niguel | City of Diamond Bar |
| City of Monrovia | City of Banning |
| City of Orange | City of Claremont |
| City of Seal Beach | City of Brea |
| City of Simi Valley | City of Fullerton |
| Foothill Transit Authority | |

- This work entailed the preparation of the Comprehensive Annual Financial Report for those entities involved in the award programs of the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada.

Deborah A. Harper, CPA, Partner (Continued)

- Review the audit of these entities and provide technical assistance throughout the year to provide the most up to date information with current GASB pronouncement.
- Present the overall audit results to audit committees or other Board Members.

Achievements: Ms. Harper has developed and conducts various Lance, Soll & Lunghard, LLP municipal training courses for new associates and members of the firm.

KIM A.MANNING, CPA AUDIT MANAGER



Education: Bachelor of Science Degree – University of California Los Angeles 1985

License: Certified Public Accountant – California 1990

Continuing Total hours were 148 in last three years of which 82 were in governmental accounting and auditing subjects. Mrs. Manning has met the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants

Experience: Over twenty five years of experience in governmental audits. During her time with the firm, Mrs. Manning has performed and overseen all phases of our governmental audits, including CAFR audits, Child Care Audits and Single Audits. Kim has recently been involved on the following municipal engagements:

City of West Hollywood

Ms. Manning has served as the Audit Manager for the City of West Hollywood for the past several years. The City of West Hollywood is a large city consisting of a variety of governmental and business-type funds. As the Audit Manager, it has been Mrs. Manning's responsibility to oversee the fieldwork for all areas of the financial audit, including preparation of the Comprehensive Annual Financial Report and the Single Audit in accordance with A-133.

City of Thousand Oaks

Mrs. Manning has served as the Audit Manager for the City of Thousand Oaks for the fiscal year ending 2008 through current. The City of Thousand Oaks is a large city consisting of a variety of governmental and business-type funds.

Kim A. Manning, CPA, Audit Manager (Continued)

As the Audit Manager, it has been Mrs. Manning's responsibility to oversee the fieldwork for all areas of the financial audit, including preparation of the Comprehensive Annual Financial Report, the Child Care Audit and the Single Audit in accordance with A-133. The City of Thousand receives the GFOA Award for Excellence in Financial Reporting each year.

Mrs. Manning has also been involved in the following engagements:

- City of Big Bear Lake
- City of Claremont
- City of Manhattan Beach
- City of San Marino
- San Marino School Foundation
- West Hollywood Library Fund
- West Hollywood Visitors Bureau

Achievements: Mrs. Manning has been involved with teaching current audit and accounting related material at Lance, Soll & Lunghard, LLP's in house training seminars. She also currently serves as a technical reviewer for the Government Finance Officers Association (GFOA).

JOSEPH A. SANTOS, MBA
SENIOR ACCOUNTANT

Education: Bachelor of Science Degree in Business Administration – University of California, Riverside, 2009

MBA in Accounting – La Sierra University, 2013

License: In Progress

Experience: Mr. Santos has several years of experience in governmental audits. During his audit experience he has performed all phases of government audits, including financial statements. He has been involved in the following governmental engagements:

Foothill Transit

Palos Verdes Estates

City of San Dimas

City of Manhattan Beach

City of Duarte

City of Imperial Beach

City of Cathedral City

City of Seal Beach

City of Cathedral City

City of Glendora

City of Bell Gardens

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Woodland Hills, California 91367
(818) 346-9800
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System Review Report

October 28, 2010

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

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

R.H. Johnston Accountancy Inc.