



**Agenda Item B.4**  
**CONSENT CALENDAR**  
**Meeting Date: April 15, 2008**

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**TO:** Mayor and Councilmembers  
**FROM:** Daniel Singer, City Manager  
**CONTACT:** Alvertina Rivera, Finance Director  
**SUBJECT:** Award of Contract for Auditing Services

**RECOMMENDATION:**

Authorize the City Manager to execute a three-year Auditing Services contract to Rogers, Anderson, Malody and Scott, LLP in an amount not exceed \$37,450 for FY 2007-08.

**BACKGROUND:**

Since incorporation, the City has contracted with Mayer Hoffman and McCann to audit the City's financial records and assist in the preparation of the CAFR (Comprehensive Audited Financial Reports). It is standard practice to periodically rotate auditors in order to preserve auditor independence and provide the agency being audited the benefit of a fresh perspective.

**DISCUSSION:**

On January 16, 2007 staff issued a Request for Proposals for Audit Services. The RFP was sent to approximately 20 audit firms listed on the CSMFO (California Society Municipal Finance Officers) website. The RFP was for a three-year contract with an option to extend two additional years, for a total of five. By March 14<sup>th</sup>, the closing date of the RFP, only one response was received from Rogers, Anderson, Malody and Scott, LLP of San Bernardino.

Staff has contacted the references provided by Rogers. The results of the reference checks were overwhelmingly positive. The general feedback is that of high competence and professionalism, while being responsive and accommodating to their clients. Rogers, Anderson, Malody and Scott, LLP has extensive experience auditing agencies including the cities of:

Blythe	San Jacinto	Grand Terrace	Lake Elsinore
Banning	Canyon Lake	Norco	Twenty-nine Palms
Galt	Perris	Ontario	Calimesa

Their list of clients also includes the Goleta Sanitary District and the Ventura Regional Sanitation District.

Below is a summary of the auditor's cost proposal:

<b>Service</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
City Audit & Related Reports	\$ 21,500	\$ 22,200	\$ 23,750
GANN Limit Review Report	\$ 800	\$ 830	\$ 860
Single Audit & Related Report, if necessary	\$ 3,250	\$ 3,400	\$ 3,500
Redevelopment Audit and Related Reports	\$ 5,500	\$ 6,000	\$ 6,500
City State Controllers Report	\$ 4,200	\$ 4,400	\$ 4,600
RDA State Controllers Report	\$ 2,200	\$ 2,400	\$ 2,600
<b>Total</b>	<b>\$ 37,450</b>	<b>\$ 39,230</b>	<b>\$ 41,810</b>

Based on the proposer's extensive audit experience and favorable commendations, Rogers, Anderson, Malody and Scott, LLP has been deemed the lowest responsive bidder. Staff is therefore recommending award of the three-year Auditing Services contract to Rogers, Anderson, Malody and Scott, LLP.

**BUDGET/FISCAL IMPACTS:**

The FY 2007-08 and 2008-09 budgets for the Finance Department and the Redevelopment Agency include allocations totaling \$40,000 and \$42,500 which are sufficient to cover the fees proposed. No additional allocations are required.

Submitted By:

Reviewed By:

Approved By:

\_\_\_\_\_  
Alvertina Rivera  
Finance Director

\_\_\_\_\_  
Michelle Greene  
Admin. Svcs. Director

\_\_\_\_\_  
Daniel Singer  
City Manager

**ATTACHMENT:**

1. Proposal submitted by Rogers, Anderson, Malody and Scott, LLP

*Proposal*

# **CITY OF GOLETA**

## ***Proposal for Professional Auditing Services***

***For the fiscal years ending June 30, 2008, 2009 and 2010  
(with the option to extend for two years)***

PREPARED BY:

**ROGERS, ANDERSON, MALODY AND SCOTT, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

290 NORTH "D" STREET, SUITE 300  
SAN BERNARDINO, CALIFORNIA 92401  
(909) 889-0871

**CONTACT PERSON: TERRY SHEA, PARTNER**  
tshea@ramscpa.net

**ALTERNATE CONTACT: SCOTT MANNO, PARTNER**  
smanno@ramscpa.net

March 14, 2008

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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**Attachment A: Quality Control Review Report**  
**Attachment B: Scope of Services**



**ROGERS, ANDERSON, MALODY & SCOTT, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

JAY H. ZERCHER, C.P.A.  
ROBERT B. MEMORY, C.P.A.  
PHILLIP H. WALLER, C.P.A.  
BRENDA L. ODLE, C.P.A.  
TERRY P. SHEA, C.P.A.  
KIRK A. FRANKS, C.P.A.  
MATTHEW B. WILSON, C.P.A.  
SCOTT W. MANNO, C.P.A.  
LEENA SHANBHAG, C.P.A.

NANCY O'RAFFERTY, C.P.A.  
BRAD A. WELEBIR, C.P.A.  
LYNN W. JENKINS, C.P.A.  
MARION M. HABERKORN, C.P.A.

March 14, 2008

City of Goleta  
Attn: Tina Rivera, Director of Finance  
130 Cremona Drive, Suite B  
Goleta, CA 93117

Rogers, Anderson, Malody and Scott, LLP is pleased to present this proposal for professional auditing services to the City of Goleta (the City).

For over 60 years, Rogers, Anderson, Malody and Scott, LLP has been providing honest, accurate, objective results to all of our clients, including governmental agencies such as yours. We pride ourselves on developing solid relationships with all of our clients, but first and foremost, we view our relationship with you as professional; we are your auditor and advisor. That is what we have been hired to do; these are the responsibilities we are hired to fulfill.

Our experience has helped us understand the complex requirements and issues encountered by agencies like yours. We also understand the desire for the timely delivery of accurate reports (including the timely submission of the Comprehensive Annual Financial Report (CAFR) and the Cities Financial Transaction Reports to the State Controller's Office) and the desire for a quality audit performed in a competent, efficient manner. We pride ourselves on helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.) and by providing you with quality audit services.

We understand that the City has requested proposals from many other firms, but we believe we would be the appropriate choice for the City's engagement for the following reasons:

1. As a recognized leader in the governmental accounting and auditing community, we are committed to providing excellent, timely service and quality reports to all of our clients. We take pride in providing the most experienced and technically skilled professionals on all of our engagements. We strive to recruit and retain the best and brightest professionals in our field ensuring you receive qualified professional staff on your engagement. The professionals in our firm have the technical knowledge to satisfy the requirements of the engagement, but more than that, our professionals have the interpersonal and "common sense" skills to augment their technical expertise. In addition, our staff prides itself on being able to take a proactive approach to serving the City by actively seeking opportunities to improve the efficiency and effectiveness of your operations. Simply stated, we are a full service firm committed to providing the highest standards of quality and professionalism to all of our clients.

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

PCPS THE AICPA ALLIANCE FOR CPA FIRMS

CALIFORNIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

VANIR TOWER • 290 NORTH "D" STREET • SUITE 300  
SAN BERNARDINO, CA 92401  
(909) 889-0871 • (909) 824-6736 • FAX (909) 889-5361  
Website: [www.ramscpa.net](http://www.ramscpa.net)

2. We understand that the audit process as a whole can be a taxing experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit period. For all of our clients, we make every effort to ensure the audit process, from the interim field work to the preparation of the required financial reports, will be as trouble-free as possible for you and your staff. We do this by planning the audit properly and utilizing our staff in the most efficient and effective manner. Also, we keep an open line of communication with all parties involved in the audit process.
3. As governmental accountants and auditors, we understand the time constraints that our clients face. Therefore, as with all of our clients, we will be committed to performing quality work within the required time frame.

Over the past year, there have been significant changes in the audit profession. Several new auditing standards become effective for the fiscal year ended June 30, 2008. Our firm began to analyze the new standards in 2007 and determined we will be required to perform more detailed procedures than were required in the past with regards to your internal controls. We anticipate audit fees will increase as a result of the new standards. Our proposed fee takes into account the additional time we feel we will need in performing the audit of your City. ***Since our proposed fee includes the additional time required by the new standards, a comparison of our fee with the prior year fee will be difficult.***

After reading through our proposal, we hope that you will have gained an understanding of our firm's commitment to our clients, that is, our commitment to providing exceptional and timely service, quality products, and experienced staff to all of our clients, whether new or continuing. Also, you can see we are also upfront and honest in dealing with all of our clients.

We understand the scope of the engagement as described in the City's *Request for Proposal* (see attachment B).

Mr. Shea and Mr. Manno, Partners, are authorized to act on behalf of Rogers, Anderson, Malody and Scott, LLP. They can be reached at: 290 North "D" Street, Suite 300, San Bernardino, CA 92401, (909) 889-0871, [tshea@ramscca.net](mailto:tshea@ramscca.net) or [smanno@ramscca.net](mailto:smanno@ramscca.net).

Thank you for the opportunity to serve the City of Goleta. We look forward to having a long and mutually beneficial association.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

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Terry Shea, Certified Public Accountant  
Partner

# **CITY OF GOLETA**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *License to practice in California and Independence*

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#### *License to practice in California*

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. The key professional staff, which includes the partners and managers, are all certified public accountants licensed to practice in the State of California.

#### *Independence*

Rogers, Anderson, Malody & Scott, LLP is independent of the City of Goleta and its component units, as defined by general standard number two of the generally accepted auditing standards.

We are also independent of the City of Goleta and its component units, as defined by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards* (2007).

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience

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#### *About our firm*

Rogers, Anderson, Malody & Scott, LLP was founded in 1948 and is located at 290 North "D" Street, Suite 300, San Bernardino, California. We are one of the oldest CPA firms in Southern California, with over 60 years of public practice experience, specializing in governmental agency auditing, accounting and management advisory services. Over *fifteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment agencies, water districts, other special districts, nonprofit corporations and joint power authorities.

Our firm has a total staff of thirty-one people, which includes fourteen certified public accountants. Our staff consists of nine partners, four managers, five seniors, eight staff accountants and five secretarial staff. Our municipal audit staff consists of twenty-one members who devote approximately 75% of their time to municipal engagements. Tentatively, the audit team assigned to the City engagement will consist of the following full-time staff: two audit partners and two auditing professionals. There will be no part-time staff assigned to the engagement. All personnel are located in our San Bernardino office.

As governmental auditors, we understand that the City desires its auditors to have a thorough understanding of the complex accounting and compliance issues confronting governmental entities such as yours. Our firm is committed to providing our clients the highest quality service at the most reasonable fee. The professionals assigned to the City financial audit have each made providing quality services their priority.

As stated earlier, our firm has a long history of governmental accounting and auditing. Over the years, we have gained valuable experience, acquired an in-depth knowledge and obtained the technical expertise needed for governmental accounting and auditing. Our firm's partners and professional staff assigned to the City have performed audits, various accounting services and management advisory services for many governmental agencies like yours. The following is a listing of current clients, similar to the type of audit requested, that our firm serves:

<i>City of Norco</i>	<i>City of Grand Terrace</i>	<i>City of Twentynine Palms</i>
<i>City of Dana Point</i>	<i>City of San Bernardino</i>	<i>City of El Cajon</i>
<i>City of Canyon Lake</i>	<i>City of Calimesa</i>	<i>Saticoy Sanitary District</i>
<i>Running Springs Water District</i>	<i>Perris Valley Cemetery District</i>	<i>West Valley Water District</i>
<i>Crestline-Lake Arrowhead Water Agency</i>	<i>Crestline Village Water District</i>	<i>County of San Bernardino Special Districts</i>
<i>Redevelopment Agency of San Bernardino County</i>	<i>Rincon del Diablo Municipal Water District</i>	<i>San Bernardino Valley Municipal Water District</i>
<i>Valley Water District</i>	<i>City of San Bernardino EDA</i>	<i>Heartland Fire Training Authority</i>
<i>Heartland Communications Facility Authority</i>	<i>Inland Valley Development Agency</i>	<i>Ventura Regional Sanitation District</i>
<i>San Bernardino International Airport Authority</i>	<i>Inland Empire West Resource Conservation District</i>	<i>Rossmoor Community Services District</i>
<i>Rim of the World Recreation and Park District</i>	<i>Western Regional Council of Governments – TUMF audits</i>	<i>Ventura County Regional Energy Alliance</i>



# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Firm qualifications and experience (continued)*

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We have also performed audits for redevelopment agencies, pension plans, and compliance requirements in accordance with *OMB Circular A-133*, as well as water and sewer utility districts and public financing authorities. In addition, we have provided audit and consulting services for various private enterprises.

The firm provides various other services to governmental agencies. Services to these governments, in addition to auditing services, include:

- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax audits
- Transportation Fund audits
- Financial projections
- Organizational studies
- Development of budgeting systems
- EDP control reviews and computer feasibility studies
- System design, analysis and review
- Job classification and compensation studies
- Accounting policies and procedures
- Utility rate studies
- Cost control and cost allocation plans
- Capital improvement program procedures and policies
- Cash management studies
- Financing and public bond offering assistance
- Assistance in development of internal audit programs
- Employee benefit consulting
- Franchise agreement assistance (ambulance, cable, television, refuse, etc.)

We also provide tax and consulting services to various not-for-profit and for-profit enterprises.

### *Single audit experience*

Over the past several years, all of our city clients have been subject to an audit in accordance with OMB A-133. In addition, we have many other government and nonprofit clients that are also subject to single audit standards. A current audit client of ours receives approximately 92% of its revenues from Federal, State and local grants.

# **CITY OF GOLETA**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *Firm qualifications and experience (continued)*

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#### *External quality control examinations*

As a member of the AICPA Private Companies Practice Section, our firm has participated in "Peer Review" since 1993 and has been examined every three years since that date. During participation in this program, the firm has received unqualified opinions from the peer reviewers. A copy of our most recent external quality control review dated August 16, 2006 for the year ended November 30, 2005 (Attachment A) is attached. The latest review included reviews of specific governmental agencies.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

The firm has not had any disciplinary action taken or pending against them during the past three years with state regulatory bodies or professional organizations, nor has it had any pending or settled litigation, present civil or criminal investigations within the past three years. Our firm does not have a record of substandard work.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Partner, supervisory and staff qualifications and experience*

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The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental accounting and auditing. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental entities operate.

### *Partner and supervisory staff involvement*

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory level staff personnel involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork thus facilitating a proper, efficient and effective audit, with minimal disruption of City staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of all the City's accounting processes and procedures, which will enable them to evaluate, develop opportunities for efficiency, and offer practical and functional advice for improving your accounting processes and procedures.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service the City will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the City's audit have worked together as a multi-disciplined team, thus ensuring a smooth, efficient and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the City.

### *Continuing professional education*

All professionals at our firm participate in continuing professional education programs which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the Association of Government Accountants. Participation in these classes helps us to ensure that our clients are receiving the best trained and proficient government auditors and accountants available.

Continuity of audit staff is a principal concern with our firm. Therefore, we plan to provide staff continuity from year to year, which is in the best interest of the City and our firm, thus ensuring an orderly, efficient and less disruptive audit experience by competent professionals. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff and specialists, may be changed if those personnel leave the firm or are promoted.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

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#### *Assigned personnel*

It is our goal to provide the City with capable, competent and personal individuals who offer an extensive background, not only in governmental accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental accounting and provides you with the support you need in dealing with the complex issues confronting governments such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the City with a comprehensive audit of the highest quality, while still focusing on personal service. The following individuals will be assigned to the engagement for the entire contract period:

#### *Terry Shea, CPA Engagement Partner*

Mr. Terry Shea, CPA will be the Engagement Partner. Mr. Shea, who has over 27 years of practical, governmental accounting and auditing experience, will be directly responsible for the engagement as a whole. He will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Mr. Shea will review all work-papers prepared during the engagement, in addition to all required reports. Mr. Shea provides real world experience to all of our governmental engagements. He has gained this experience by serving as interim/contract finance director for several cities over the years. He served as Interim Finance Director for the City of Perris from July 1998 to October 2001, where he was instrumental in turning a \$2.3 million general fund deficit into a \$3.1 million surplus. He currently serves as the Contract Finance Director for a Riverside County city. Mr. Shea is a working partner and will be actively and continually involved in all aspects of the engagement.

#### *Robert Memory, CPA Engagement Quality Control Partner*

As part of our firm's commitment to customer service and delivering quality reports, each engagement is overseen by a quality control partner. For the City's audit, this partner will be Mr. Robert Memory. Mr. Memory is the firm's managing partner and has over 36 years experience providing audit and consulting services to governmental agencies like yours. As the firm's Coordinator of Governmental Services, he is responsible for the firm's governmental practice, including administration, professional development, practice standards and procedures, and quality control. Quality control activities include the pre-release review of all governmental unit audits and management advisory services reports issued by him or by other qualified industry specialists.

# **CITY OF GOLETA**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *Partner, supervisory and staff qualifications and experience (continued)*

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#### *Scott Manno, CPA Audit Partner – Engagement Leader*

Mr. Scott Manno, CPA is a municipal audit partner with the firm and will be the engagement leader. Mr. Manno has been in public accounting for 12 years serving local governments such as yours. As the engagement leader, Mr. Manno will be responsible for planning the audit, supervising staff assigned to the engagement as well as performing reviews of all work-papers prepared during the engagement. He will also be responsible for preparation of any required reports. In addition, Mr. Manno also assisted the following cities in their endeavors to obtain the CSMFO and/or GFOA awards for outstanding financial reporting: Town of Yucca Valley, Elsinore Valley Municipal Water District, City of Galt, City of Lake Elsinore, City of Ontario, the Ventura Regional Sanitary District, the City of Norco and the City of Twentynine Palms. From 1997-2000, Mr. Manno served as a technical reviewer under the CSMFO award program.

#### *Anastasia Cortes, Senior Accountant*

Ms. Anastasia Cortes is a senior accountant with the firm. Ms. Cortes has over ten years experience in providing accounting and auditing services for municipalities, special districts and redevelopment agencies. As a senior accountant, she will be responsible for examining general ledger accounts, verifying revenues and expenditures, preparing work-papers, supervising staff accountants and assisting in the preparation of the financial statements and any other required reports.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Similar engagements with other Government entities*

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### *Similar engagements with other Government entities*

1.     **Entity:**                                 **CITY OF SAN BERNARDINO**  
       **Scope of Work:**                 Financial Audit/Single Audit/CAFR/GASB 34  
       **Date:**                                 Years ending June 30, 2006 through 2007  
       **Engagement Partner:**             Mr. Terry P. Shea  
       **Total Hours:**                     Approximately 1,550 hours  
       **Contact Person:**                 Ms. Barbara Pachon, Finance Director  
   (909) 384-5242
  
2.     **Entity:**                                 **CITY OF NORCO**  
       **Scope of Work:**                 Financial Audit/Single Audit/RDA/CAFR\*/GASB 34  
       **Date:**                                 Years ending June 30, 2001 through 2007  
       **Engagement Partner:**             Mr. Terry P. Shea  
       **Total Hours:**                     Approximately 475 hours each year  
       **Contact Person:**                 Ms. Olivia Hoyt, Accounting Manager, (951) 735-3900
  
3.     **Entity:**                                 **CITY OF EL CAJON**  
       **Scope of Work:**                 Financial Audit/Single Audit/RDA Audit/CAFR\*/GASB 34  
       **Date:**                                 Year ending June 30, 2007  
       **Engagement Partner:**             Mr. Terry P. Shea  
       **Total Hours:**                     Approximately 550 hours each year  
       **Contact Person:**                 Mrs. Sarah Castillo, Finance Manager, (619) 441-1722
  
4.     **Entity:**                                 **CITY OF TWENTYNINE PALMS**  
       **Scope of Work:**                 Financial Audit/Single Audit/RDA Audit/CAFR\*/GASB 34  
       **Date:**                                 Years ending June 30, 2003 through 2007  
       **Engagement Partner:**             Mr. Terry P. Shea  
       **Total Hours:**                     Approximately 300 hours each year  
       **Contact Person:**                 Mr. Ronald Peck, Finance Director, (760) 367-6799
  
5.     **Entity:**                                 **CITY OF CALIMESA**  
       **Scope of Work:**                 Financial Audit/RDA Audit/GASB 34  
       **Date:**                                 Years ending June 30, 2004 through 2007  
       **Engagement Partner:**             Mr. Terry P. Shea  
       **Total Hours:**                     Approximately 250 hours each year  
       **Contact Person:**                 Mrs. Debbie Cain, Finance Director, (909) 795-9801

\* = Received GFOA or CSMFO award

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Client references*

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### *Client references*

1.     *Entity:*                                 **CITY OF EL CAJON**  
       *Type of Service:*             Financial Audit/Single Audit/RDA Compliance Audit/CAFR  
       *Date:*                                 Year ending June 30, 2007  
       *Contact Person:*             Mrs. Sarah Castillo, Finance Manager, (619) 441-1722
  
2.     *Entity:*                                 **CITY OF NORCO**  
       *Type of Service:*             Financial Audit/Single Audit/RDA Compliance Audit/CAFR\*  
       *Date:*                                 Years ending June 30, 2001 through 2007  
       *Contact Person:*             Mrs. Olivia Hoyt, Accounting Manager, (951) 735-3900
  
3.     *Entity:*                                 **CITY OF CALIMESA**  
       *Type of Service:*             Financial Audit/RDA Compliance Audit  
       *Date:*                                 Years ending June 30, 2004 through 2007  
       *Contact Person:*             Mrs. Debbie Cain, Finance Director, (909) 795-9801
  
4.     *Entity:*                                 **CITY OF SAN BERNARDINO**  
       *Scope of Work:*             Financial Audit/Single Audit/CAFR  
       *Date:*                                 Years ending June 30, 2006 through 2007  
       *Contact Person:*             Ms. Barbara Pachon, Finance Director, (909) 384-5242
  
5.     *Entity:*                                 **CITY OF DANA POINT**  
       *Type of Service:*             Financial Audit/CAFR  
       *Date:*                                 Year ending June 30, 2007  
       *Contact Person:*             Mr. Andrew Glass, Accounting Manager (949) 248-3500

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Specific audit strategy*

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#### *Specific audit strategy and proposed segmentation*

The following is a summary of the audit team's approach for the City of Goleta engagement. The audit will be divided into the following phases:

#### *Interim phase – planning, pre-audit administration and internal control testing:*

During this phase of the audit, our principal objectives will be as follows:

- ✓ Discuss the dates of the interim and year-end fieldwork.
- ✓ Gather information about the City and its environment, including internal control.
- ✓ Obtain an understanding of the City and its environment, including its internal control sufficient to plan the audit.
- ✓ Evaluate the design and effectiveness of the City's internal controls and determine whether they have been implemented.
- ✓ Perform single audit testing procedures, if applicable.
- ✓ Perform tests of controls, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with City staff in order to determine convenient dates for the City in which we can begin our audit and to discuss the assistance to be provided by City staff.
- Review and evaluate the City's accounting and reporting processes by reviewing the prior year audit work-papers, any City prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of council meetings, etc. and by using various analytical procedures. Analytical procedures will enhance our understanding of the City and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the City. We will also review and retain copies of any agreements or contractual obligations (e.g., bond and grant documents, lease agreements, contracts for deposit of monies, revenue agreements, etc).
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the City's internal controls over financial reporting and compliance by documenting key internal control components utilizing questionnaires, walkthroughs, inquiring of City personnel, and observing and reviewing of key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Hold brainstorming session with engagement team members to discuss the susceptibility of the City's financial statements to material misstatement and fraud.
- Review and analyze supporting data and determine what reliance will be placed on internal controls and assess control risk.



# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Specific audit strategy (continued)*

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- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations noted during our internal control analysis and tests of controls. The letter will also include suggestions for improving the efficiency of the City's operations.

The engagement leader and two accounting professionals will perform this phase, with direct oversight of the engagement partner. This phase will take approximately 65 hours.

#### *Year-end phase I – substantive testing:*

During this phase of the audit, our principal objectives will be as follows:

- ✓ Assess the risk of material misstatement at the financial statement level and specific assertions.
- ✓ Design overall responses to assessed risks and further audit procedures.
- ✓ Perform substantive tests, as needed and complete the audit.
- ✓ Evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.
- Design substantive tests of balances, designed and modified specifically for the City's operations and assessed level of risk.

The engagement partner, leader and two audit professionals will perform this phase. This phase will take approximately 180 hours.

#### *Year-end phase II – reporting/audit conclusion:*

During this phase of the audit, our principal objectives will be as follows:

- ✓ Evaluate whether financial statements taken as a whole are free from material misstatement.
- ✓ Form an opinion and issue the audit reports.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit strategy (continued)

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In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion.
- Review all audit work-papers by the engagement partner and manager to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAAS, etc.).
- Prepare drafts of all required reports by the agreed upon dates.
- Conduct an independent review of financial statement draft by firm's managing partner.
- Issue all reports by agreed upon date.

The engagement leader and one audit professional, with direct oversight of the engagement partner, will perform this phase. This phase will take approximately 55 hours.

### *Sample sizes*

Our sample sizes will be determined in accordance with the AICPA *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment as permitted by SAS 39. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, as well as our planned substantive testing and analytical procedures.

### *EDP software*

It is our intent to audit *around* the City's computer system. However, if we determine that it would be more efficient and cost effective to audit *through* the City's system, we will apply the necessary procedures after discussing the matter with the City.

### *Analytical procedures*

We will utilize analytical review procedures throughout our audit of the City. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the City's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the City and various other entities.

# **CITY OF GOLETA**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *Specific audit strategy (continued)*

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#### *Understanding of internal control*

Our approach to obtaining an understanding of the City's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring*. Our approach is as follows:

**Control Environment.** Through inquiry of the City's personnel prompted by questionnaires and personal knowledge and review of the minutes of the City council meetings, we will obtain an understanding of management's and the City council's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

**Risk Assessment.** Again, through inquiry of the City's personnel and the use of questionnaires, we will obtain sufficient knowledge of the City's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

**Control Activities.** Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the City's major transaction cycles. As mentioned above, we will test the City's control procedures on which we intend to rely for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs and financial and management information systems will be analyzed during this process.

**Information and Communication.** Again, through inquiry of the City's personnel, we will identify the major types of transactions engaged in by the City. Next, we will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records and the manner of processing the transactions. Finally, we will obtain an understanding of the City's financial reporting process used to prepare financial reports, including the approaches used to make accounting estimates and disclosures.

**Monitoring.** With the use of questionnaires we will obtain sufficient knowledge of the major types of activities the City uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit strategy (continued)

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#### *Approach in determining applicable laws and regulations*

As governmental auditors, we realize the importance of laws and regulations in planning an audit of a local government agency. As part of our audit process, our audit team will obtain an understanding of the laws that will have a direct and material effect on the City's financial statements. In determining which laws and regulations are applicable to the City's financial statement audit, we will consult the following sources:

- ◆ AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- ◆ The Division of Local Government Fiscal Affairs Minimum Audit Requirements
- ◆ U. S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2007 Revision
- ◆ Applicable contracts/grants of the City of Goleta
- ◆ The Single Audit Act Amendments of 1996
- ◆ Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- ◆ OMB Circular A-87, *Cost Principles for State and Local Governments*
- ◆ OMB's Circular A-133, *Compliance Supplement*
- ◆ California Health and Safety Code
- ◆ Guidelines for Compliance Audits of California Redevelopment Agencies

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance.

#### *Approach in drawing samples for compliance testing*

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable) and the City's internal controls over the respective programs. We will select samples that will provide sufficient evidence of the City's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Identification of anticipated potential audit problems

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#### *Identification of anticipated potential audit problems*

Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication with Those Charged with Governance*, a replacement of SAS No. 61, *Communication with Audit Committees*, was adopted for fiscal years beginning on or after December 15, 2006. The new SAS emphasizes two-way communication between the auditor and those charged with governance, and establishes requirements for which matters should be communicated, to whom they should be communicated, and the form and timing of the communication.

The principal issue within the new SAS is the required evaluation of whether the communication between the auditor and those charged with governance has been adequate. The following is one of the required evaluation criterion:

1. Whether those charged with governance "Have the ability to fully comprehend matters communicated by the auditor."

This criterion requires at least one individual, classified as charged with governance, to be able to address the following:

1. What the requirements are for an annual audit,
2. What is included in the annual audit,
3. How the council should evaluate the results of the audit,
4. What the council's responsibilities are in connection with the audit process, and
5. How the council oversees the financial reporting process.

There are several options in which those charged with governance can gain the necessary skills to meet the responsibilities set forth in the new SAS:

1. Attend training sponsored by professional organizations (League of California Cities offers training specifically designed for those charged with governance),
2. The Government Finance Officers Association has several publications such as *Elected Officials Guide to Audit Committees* and *Elected Officials Guide to Auditing*,  
or
3. Hire an outside party to supplement the knowledge of those charged with governance.

We will work with City personnel to resolve any issues resulting from the new SAS as soon as possible.

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Resumes of key engagement personnel*

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#### **Terry P. Shea, Audit Partner** ***Certified Public Accountant***

##### *Professional Experience*

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent six years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined our firm in 1987 and has completed governmental audits including municipalities and has provided financial consulting services for various cities.

##### *Education*

Bachelor of Arts degree from California State University, Fullerton  
Certified Public Accountant – State of California

##### *Related Professional Experience*

Governmental agencies that Mr. Shea has served include the following (\*includes redevelopment agency):

City of Dana Point	City of Fontana*
City of Grand Terrace*	City of Loma Linda*
City of Twentynine Palms*	City of Palm Desert*
City of Corona*	City of San Jacinto*
City of Norco*	City of Riverside
City of Indio*	City of San Bernardino
City of Indian Wells*	City of San Bernardino EDA
City of Calimesa	City of El Cajon*

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for a city in Riverside County.

##### *Continuing Professional Education*

Mr. Shea has completed approximately 112 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Applying A-133 to nonprofit and Governmental Organizations*
- ◆ Government Finance Officers Association, *OPEB Implementation*
- ◆ California CPA Education Foundation, *Governmental Auditing Skills*
- ◆ American Institute of Certified Public Accountants, *Yellow Book Governmental Auditing Standards*

##### *Professional Affiliations*

Mr. Shea is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Resumes of key engagement personnel (continued)*

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#### **Robert Memory, Engagement Quality Control Partner Certified Public Accountant**

##### *Professional Experience*

Mr. Memory has over thirty-five years of experience in public accounting having joined the firm of Rogers, Anderson, Malody & Scott, LLP in 1972. He is currently the partner in charge of the quality control reviews of all financial statements that are compiled, reviewed and audited by our firm. He is also in charge of planning the firm's continuing education programs and evaluating the educational requirements of the professional accounting staff.

##### *Education*

Bachelor of Science degree from California State Polytechnic College  
Certified Public Accountant – State of California

##### *Related Professional Experience*

Governmental agencies that Mr. Memory has served include the following (\*includes redevelopment agency):

City of Calimesa	City of San Jacinto*
City of Grand Terrace*	City of Twentynine Palms*
City of Norco*	City of San Bernardino
City of El Cajon	Mojave Water Agency
Crestline Lake Arrowhead Water Agency	Running Springs Water District
Crestline Village Water District	Santa Ana Watershed Project Authority
East Valley Water District	Bighorn-Desert View Water Agency
San Bernardino Public Financing Authority	San Geronio Pass Water Agency
San Bernardino County Special Districts	Water Facilities Authority

##### *Continuing Professional Education*

Mr. Memory has completed over 112 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Governmental Auditing Skills*
- ◆ American Institute of Certified Public Accountants, *New Financial Accounting Standards*
- ◆ American Institute of Certified Public Accountants, *Yellow Book Standards: 2003 revision*

##### *Professional Affiliations*

Mr. Memory is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)

# CITY OF GOLETA

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Resumes of key engagement personnel (continued)

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#### **Scott W. Manno, Audit Partner – Engagement Leader Certified Public Accountant**

##### *Professional Experience*

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various non-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001.

##### *Education*

Bachelor of Science degree from California State University, San Bernardino  
Certified Public Accountant – State of California

##### *Related Professional Experience*

Governmental agencies that Mr. Manno has served include the following (\*includes redevelopment agency):

City of Blythe*	City of San Jacinto*
City of Grand Terrace*	City of Lake Elsinore*
City of Twentynine Palms*	Lake Elsinore Public Financing Authority
City of Canyon Lake	City of Perris*
Town of Yucca Valley*	Perris Public Financing Authority
City of Norco*	City of Ontario*
City of Banning*	City of Isleton*
City of Galt	City of Calimesa
Goleta Sanitary District	Ventura Regional Sanitation District
Elsinore Valley Municipal Water District	Riverside County Economic

##### *Continuing Professional Education*

Mr. Manno has completed over 106 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*
- ◆ Association of Government Accountants, *Governmental Accounting, Financial Reporting and Budgeting*
- ◆ Government Finance Officers Association, *Advanced Governmental Accounting*

##### *Professional Affiliations*

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CSCPA)
- ◆ Association of Government Accountants (AGA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)



# ***CITY OF GOLETA***

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### ***Resumes of key engagement personnel (continued)***

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#### **Anastasia P. Cortes, Senior Accountant**

##### ***Professional Experience***

Ms. Cortes began her career with Thomas, Bigbie and Smith in 1997. She spent four years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various non-profit organizations. She joined Rogers, Anderson, Malody & Scott, LLP in December 2001.

##### ***Education***

Bachelor of Science degree from University of California, Riverside

##### ***Related Professional Experience***

Governmental agencies that Ms. Cortes has served include the following (\*includes redevelopment agency):

City of Blythe*	City of San Jacinto*
City of Grand Terrace*	City of Lake Elsinore*
City of Twentynine Palms*	Lake Elsinore Public Financing Authority
City of Solvang	City of Perris*
City of Norco*	Perris Public Financing Authority
City of Galt*	Goleta Sanitary District
City of Escondido*	City of Isleton*
City of Ontario*	County of San Bernardino Special Districts

##### ***Continuing Professional Education***

Ms. Cortes has completed over 119 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*
- ◆ Nevada Society of Certified Public Accountants, *Fraud in the Governmental and Not-for-Profit Environments*
- ◆ California Society of Municipal Finance Officers, *Developing Internal Control with Limited Staff*
- ◆ California Society of Municipal Finance Officers, *Latest from GASB*

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# TIMPSON GARCIA, LLP

CPAS AND CONSULTANTS

August 16, 2006

To the Owners  
Rogers, Anderson, Malody & Scott, LLP

We have reviewed the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** (the firm) in effect for the year ended November 30, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with 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 with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of **Rogers, Anderson, Malody & Scott, LLP** in effect for the year ended November 30, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

## Attachment A

### FOUNDERS

Lawrence S. Timpson, CPA (1891-1974)  
LeVerne W. Garcia, CPA (1904-1983)

### PARTNERS

Dennis S. Kaneshiro, CPA  
Elaine Lee Kawasaki, CPA  
William E. Moy, CPA  
Edgar Cagawan, CPA

### CONSULTANT

William J. Boyle, CPA

### FIRM ADMINISTRATOR

Liz Davis

*Timpson Garcia, LLP*

70 Washington Street, Suite 300  
Oakland, CA 94607-3705  
510.832.2325 or 800.941.2727  
Fax 510.465.2979

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### Scope of Services

The following is our understanding of the scope of the audit:

We will perform a financial audit of the City of Goleta (City) and the City of Goleta Redevelopment Agency (Agency) for the years ending June 30, 2008, 2009 and 2010. Our audits will be performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards (2007)*, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non Profit Organizations* (if applicable), the Federal Single Audit Act as amended in 1996 (if applicable), the provisions of Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non Profit Organizations*, Article XIII B of the California Constitution - Appropriations Limit, the provisions of *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by California State Controllers Office and any other applicable federal, state, local or programmatic audit requirements.

We will express an opinion(s) and issue reports on the fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America and any other applicable federal, state, local or programmatic audit requirements. We will also issue a Single Audit Report (including a report on compliance with requirements applicable to each major program and internal control over compliance and the schedule of findings and questioned costs), if applicable, a report on the City's internal control over financial reporting, and a report on the City's compliance with Article XIII B of the California State Constitution.

We will not provide an opinion on any combining and individual fund schedules, but will provide an "in-relation-to" report on the schedules based on the auditing procedures applied during the audit of the basic financial statements. We will not audit the statistical section of the report.

If a single audit is required, we will not audit the schedule of federal expenditures, but will provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the basic financial statements.

We will issue a report on compliance and internal control over financial reporting in accordance with the provisions of *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by California State Controllers Office for the Agency.

We will be responsible for performing certain limited procedures involving Management's Discussion and Analysis (MD&A) and any Required Supplementary Information (RSI) required by the Governmental Accounting Standards Board.

We will prepare the Annual State Controllers Reports for the City and Agency.

**Scope of Services (continued)**

We will prepare the financial statements for the City and the Agency and assist the City in meeting the requirements of the Government Finance Officers Association.

We will issue a separate "management letter" addressed to the City manager, which includes recommendations for improvements in internal control that are considered to be non-reportable conditions.

We shall make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the City council, City manager and City attorney.

# **CITY OF GOLETA**

***Proposal for professional auditing services***

***DOLLAR COST BID***

***For the fiscal years ending June 30, 2008, 2009 and 2010  
(with the option to extend for two years)***

PREPARED BY:

**ROGERS, ANDERSON, MALODY AND SCOTT, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

290 NORTH "D" STREET, SUITE 300  
SAN BERNARDINO, CALIFORNIA 92401  
(909) 889-0871

March 14, 2008

**Certification:** Terry Shea and Scott Manno are entitled to represent Rogers, Anderson, Malody & Scott, LLP, empowered to submit the bid, and are authorized to sign a contract with the City of Goleta.

Our proposed all-inclusive maximum fee for the audit of the City of Goleta is set forth in the attached *Cost Proposal* documents.

**City of Goleta**  
**AUDIT WORK COST PROPOSAL FORM**  
**For the years ended June 30, 2008, 2009 and 2010**

Service	2007/08	2008/09	2009/10
City Audit and Related Reports	\$ 21,500	\$ 22,200	\$ 23,750
GANN Limit Review Report	\$ 800	\$ 830	\$ 860
Single Audit and Related Reports, if necessary	\$ 3,250	\$ 3,400	\$ 3,500
Redevelopment Audit and Related Reports	\$ 5,500	\$ 6,000	\$ 6,500
City State Controllers Report	\$ 4,200	\$ 4,400	\$ 4,600
RDA State Controllers Report	\$ 2,200	\$ 2,400	\$ 2,600
<b>Total for Fiscal Year (not-to-exceed)</b>	<b>\$ 37,450</b>	<b>\$ 39,230</b>	<b>\$ 41,810</b>

## ESTIMATE OF COST

Name of Firm: Rogers, Anderson, Malody and Scott, LLP

Address: 290 North "D" Street, Suite 300  
San Bernardino, CA 92506

Contact Name: Terry Shea/Scott Manno

Contact Phone # 909-889-0871 Fax #: 909-889-5361

Contact Email: tshea@ramscpa.net or smanno@ramscpa.net

### 1. Auditor's Standard Billing Rates

<b>Auditors Standard Hourly Billing Rates</b>			
<b>POSITION</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Partner</b>	\$ 210	\$ 215	\$ 215
<b>Manager</b>	\$ 125	\$ 125	\$ 130
<b>Senior Accountant</b>	\$ 90	\$ 95	\$ 95
<b>Staff Accountant</b>	\$ 80	\$ 80	\$ 85
<b>Clerical</b>	\$ 55	\$ 60	\$ 65