

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO: Honorable City Council**

**FROM: Ron Ahlers, Finance Director**

**BY: Irmina Lumbad, Budget and Finance Manager** 

**DATE: March 19, 2012 (City Council Meeting of April 4, 2012)**

**SUBJECT: Consider Award of Contract for Independent Auditing Professional Services Agreement to Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, for City of Moorpark for Fiscal Years 2011-12, 2012-13, 2013-14, 2014-15, and 2015-16**

**BACKGROUND**

For the past five years, the City of Moorpark (City) has retained the accounting firm of Teaman, Ramirez & Smith (TRS), for auditing services for the City and the Redevelopment Agency. They prepared the City's Comprehensive Annual Financial Report (CAFR), the Redevelopment Agency's (Agency) Annual Financial Report, the Single Audit Report, the State Controller's Cities Financial Transactions and Transit Operators Financial Transactions Reports. The current agreement with TRS expired with the completion of the audit and the preparation of the reports for fiscal year ending June 30, 2011, which were completed last December 31, 2011.

The Government Finance Officers Association (GFOA) recommends that governmental entities enter into multi-year agreements when obtaining the services of independent auditors. However, mandatory rotation of audit firms is not required. Governmental entities should periodically undertake a full-scale competitive process for the selection of independent auditors, consistent with applicable legal requirements. This process should actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory.

**DISCUSSION**

On November 16, 2011 staff sought the City Council's approval to solicit proposals from qualified certified public accounting firms to provide the following basic services: a) perform the City's and Agency's annual audit; b) prepare CAFR and other financial reports; and c) complete Single Audit and related reports, if applicable. These tasks form the base cost of the proposal. At the City's option, the consultant may be directed to prepare the State Controller's Cities Financial Transactions and the Transit Operators

Financial Transactions Reports. Firms will price these options separately. Staff was authorized to proceed with the Request for Proposal (RFP) for professional auditing services to cover five years beginning with the fiscal year ending June 30, 2012. The RFP was sent to fourteen qualified certified public accounting firms and was posted on the City's website as well as the California Society of Municipal Finance Officers (CSMFO) website. Six audit proposals were received on the due date of December 29, 2011. Each proposal was initially evaluated against the RFP's requirements and they were found to be in compliance. The audit review team, consisted of the Deputy City Manager; Finance Director; Budget and Finance Manager; and Accountant I, thoroughly reviewed each proposal and rated each firm based on three criteria: mandatory elements, technical qualifications and cost. All firms passed the mandatory elements listed on the RFP. It was determined that all prospective consultants have over 40 years of public accounting and auditing experience; and they have performed numerous engagements with local government agencies and special districts ranging from CAFR, Single Audit, State Controller's Reporting and Governmental Accounting Standards Board (GASB) implementations. The cost proposal for each fiscal year is as follows:

**ALL-INCLUSIVE COST PROPOSAL COMPARISON**

<b>BASE COST</b>	2012	2013	2014	2015	2016	TOTAL
Vasquez & Company	\$61,700	\$61,700	\$64,700	\$67,700	\$70,800	\$326,600
Windes & McClaughry	\$57,300	\$58,430	\$59,595	\$60,775	\$61,885	\$297,985
White Nelson Diehl Evans	\$40,445	\$41,457	\$42,492	\$43,555	\$44,645	\$212,594
Moss, Levy & Hartzheim	\$32,900	\$33,560	\$34,220	\$34,880	\$35,540	\$171,100
Teaman, Ramirez & Smith	\$31,800	\$31,800	\$31,800	\$33,100	\$33,100	\$161,600
Rogers, Anderson, Malody & Scott	\$29,200	\$29,200	\$29,900	\$29,900	\$31,500	\$149,700
<b>OPTION COSTS</b>						
Vasquez & Company	\$2,500	\$2,500	\$2,500	\$3,000	\$3,000	\$13,500
Windes & McClaughry	\$3,875	\$3,950	\$4,030	\$4,110	\$4,100	\$20,065
White Nelson Diehl Evans	\$5,485	\$5,623	\$5,762	\$5,907	\$6,054	\$28,831
Moss, Levy & Hartzheim <sup>1</sup>	\$1,210	\$1,234	\$1,258	\$1,282	\$1,306	\$6,290
Teaman, Ramirez & Smith	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$16,500
Rogers, Anderson, Malody & Scott	\$3,450	\$3,450	\$3,725	\$3,725	\$3,950	\$18,300
<b>TOTAL COSTS</b>						
Vasquez & Company	\$64,200	\$64,200	\$67,200	\$70,700	\$73,800	\$340,100
Windes & McClaughry	\$61,175	\$62,380	\$63,625	\$64,885	\$65,985	\$318,050
White Nelson Diehl Evans	\$45,930	\$47,080	\$48,254	\$49,462	\$50,699	\$241,425
Teaman, Ramirez & Smith	\$35,100	\$35,100	\$35,100	\$36,400	\$36,400	\$178,100
Moss, Levy & Hartzheim	\$34,110	\$34,794	\$35,478	\$36,162	\$36,846	\$177,390
Rogers, Anderson, Malody & Scott	\$32,650	\$32,650	\$33,625	\$33,625	\$35,450	\$168,000

<sup>1</sup> Includes 10% discount

The audit review team invited the three lowest bidders: Rogers, Anderson, Malody & Scott, LLP (RAMS); Moss, Levy & Hartzheim, LLP (MLH); and TRS to the oral interview conducted on January 31, 2012. Based on this meeting, staff decided to conduct reference checks on the top two firms, RAMS and MLH. We contacted two references for each firm, which resulted in positive feedback. After careful consideration, staff recommends that the firm of Rogers, Anderson, Malody & Scott, LLP, be awarded the contract to provide professional auditing services to the City.

### **FISCAL IMPACT**

There will be no fiscal impact in the current year. The firm's annual total cost will be included during the budget development for fiscal year 2012/13.

### **STAFF RECOMMENDATION**

Award the independent auditing services agreement to Rogers, Anderson, Malody & Scott, LLP; and authorize the City Manager to execute the agreement, subject to the final language approval by the City Manager and City Attorney.

#### Attachments:

1. Rogers, Anderson, Malody & Scott, LLP Proposal for Professional Auditing Services
2. Agreement between the City of Moorpark and Rogers, Anderson, Malody & Scott, LLP for Independent Auditing Services

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DEC 29 2011

CITY CLERK'S DIVISION  
CITY OF MOORPARK

*Proposal*

# **CITY OF MOORPARK**

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

***For the fiscal years ending June 30, 2012, 2013, 2014, 2015 & 2016***

PREPARED BY:

**ROGERS, ANDERSON, MALODY AND SCOTT, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

CPA LICENSE NUMBER 2596

FEIN 95-2662063

735 E. CARNEGIE DRIVE, SUITE 100

SAN BERNARDINO, CA 92408

(909) 889-0871

**CONTACT: TERRY SHEA, PARTNER**

tshea@ramscpa.net

**ALTERNATE CONTACT PERSON: SCOTT MANNO, PARTNER**

smanno@ramscpa.net

December 29, 2011

**CITY OF MOORPARK**  
**PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

December 29, 2011

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

City of Moorpark  
Attn: Ron Ahlers, Finance Director  
799 Moorpark Avenue  
Moorpark, CA 93021

**PARTNERS**

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Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Matthew B. Wilson, CPA, MSA  
Scott W. Manno, CPA  
Leena Shanbhag, CPA, MST  
Jay H. Zercher, CPA (Retired)

**MANAGERS / STAFF**

Nancy O'Rafferty, CPA, MBA  
Bradferd A. Welebir, CPA, MBA  
Jenny Liu, CPA, MST  
Katie L. Millsom, CPA  
Papa Matar Thiaw, CPA, MBA  
Maya S. Ivanova, CPA, MBA  
Danielle E. Odgers, CPA  
William C. Clayton, CPA  
Peter E. Murray, CPA  
Genivive Schwarzkopf, CPA  
Megan Hackney, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

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

For 63 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 extensive 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 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 providing you with quality audit services.

We understand that the City has requested proposals from many other firms, but feel we would be the most qualified choice for the City's engagement based on the following:

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. 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.

# ***CITY OF MOORPARK***

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

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

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#### ***Independence***

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

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

We have had no professional relationships with the City for the past five (5) years.

#### ***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.

# CITY OF MOORPARK

## 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 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We are one of the oldest CPA firms in Southern California, with over 63 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-three people, which includes sixteen certified public accountants. Our staff consists of seven partners, four managers, six seniors, eleven staff accountants and five secretarial/support staff. Our municipal audit staff consists of twenty 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: one audit partner, an audit manager 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 with the highest quality service at the most reasonable fee. The professionals assigned to the City's 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 partial 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>Town of Yucca Valley</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 Twentynine Palms</i>	<i>City of Goleta</i>
<i>City of La Verne</i>	<i>City of Rosemead</i>	<i>City of Lemon Grove</i>
<i>City of San Juan Capistrano</i>	<i>City of La Mesa</i>	<i>City of Eastvale</i>
<i>City of Fillmore</i>	<i>City of San Bernardino EDA</i>	<i>Heartland Fire Training Authority</i>
<i>Running Springs Water District</i>	<i>Inland Valley Development</i>	<i>Ventura Regional Sanitation</i>
<i>Heartland Communications</i>	<i>Agency</i>	<i>District</i>
<i>Facility Authority</i>	<i>Inland Empire West Resource</i>	<i>Rossmoor Community Services</i>
<i>San Bernardino International</i>	<i>Conservation District</i>	<i>District</i>
<i>Airport Authority</i>	<i>Western Regional Council of</i>	<i>Ventura County Regional</i>
<i>Rim of the World Recreation</i>	<i>Governments – TUMF audits</i>	<i>Energy Alliance</i>
<i>and Park District</i>		

# *CITY OF MOORPARK*

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

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#### *Range of activities*

We have performed audits for redevelopment agencies, pension plans, and compliance requirements in accordance with *OMB Circular A-133*, as well as for water and sewer utility districts and public financing authorities. We have assisted in the creation of several special districts which have split from the County of San Bernardino to become independent districts.

In addition, we have provided audit and consulting services for various private enterprises.

We also provide tax and consulting/planning services to individuals, not-for-profit and for-profit enterprises.

#### *Single audit experience*

Over the past several years, many of our 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. For the fiscal year ending June 30, 2011, we performed single audits for the City of San Bernardino, the City of Goleta, the City of La Mesa, the City of El Cajon, the City of La Verne, the City of Rosemead, the City of San Juan Capistrano, the City of Twentynine Palms, the City of Chino, the Inland Valley Development Agency and the San Bernardino International Airport Authority.

During the fiscal year ended, several of our clients received ARRA money which was subject to single audit standards.

#### *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 September 2, 2009 for the year ended November 30, 2008 (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 MOORPARK*

## 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 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 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 that our 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 MOORPARK***

## **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 personable 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 Audit Partner – Engagement Partner*

Mr. Terry Shea, CPA is a municipal audit partner with the firm and will be the engagement partner. Mr. Shea has been in public accounting for 30 years serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. He 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. He currently serves as the Contract Finance Director for two Riverside County cities.

Mr. Shea has extensive experience both in auditing and consulting for redevelopment agencies. He has been auditing cities and redevelopment agencies since the early 1980's, which was when most cities activated their redevelopment agencies. He has audited the City of San Bernardino Economic Development Agency, one of the largest redevelopment agencies in the State with eleven project areas and over \$180 million in long-term debt, for 17 years. He served as a contract accounting manager for the City of Fontana for two years where he devoted a substantial amount of time to the City's Redevelopment Agency. He assisted the Inland Valley Development Agency, a redevelopment agency created by special legislation for the reuse of the former Norton Air Force Base, in setting up their general ledger and fund accounting system.

# **CITY OF MOORPARK**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

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

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#### *Scott Manno, CPA Quality Control Partner*

Mr. Scott Manno, CPA will be the Quality Control Partner. Mr. Manno has over 15 years of practical, governmental accounting and auditing experience. He will be responsible for overall engagement quality. Mr. Manno will review all required reports.

Mr. Manno has 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, Rincon del Diablo Municipal Water District, 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.

Both Mr. Shea and Mr. Manno are working partners and will be actively and continually involved in all aspects of the engagement.

#### *Brad Welebir, CPA, Manager*

Mr. Brad A. Welebir, CPA, is a manager with the firm. He is licensed to practice as a certified public accountant in the State of California. Mr. Welebir has over eight years of public accounting experience. He has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various nonprofit organizations. He will be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, he will also be responsible for the preparation of any required reports.

#### *Katie Millsom, CPA, Senior*

Mrs. Katie Millsom, CPA is a senior accountant with the firm. Mrs. Millsom has six years of 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 MOORPARK***

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### ***Prior engagements with the City of Moorpark***

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#### ***Prior engagements with the City of Moorpark***

We have not had any prior engagements with the City of Moorpark within the last five (5) years.

# CITY OF MOORPARK

## 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 /RDA Audit/CAFR\*/GASB 34/  
AQMD Audit/SCR  
**Date:** Years ending June 30, 2006 through 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Total Hours:** Approximately 1,400 hours  
**Contact Person:** Ms. Barbara Pachon, Finance Director, (909) 384-5242  
pachon\_ba@sbcity.org
  
2. **Entity:** **CITY OF NORCO**  
**Scope of Work:** Financial Audit/Single Audit /RDA Audit/CAFR\*/GASB 34  
**Date:** Years ending June 30, 2001 through 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Total Hours:** Approximately 500 hours each year  
**Contact Person:** Ms. Olivia Hoyt, Accounting Manager, (951) 735-3900  
ohoyt@ci.norco.ca.us
  
3. **Entity:** **CITY OF EL CAJON**  
**Scope of Work:** Financial Audit/Single Audit /RDA Audit/CAFR\*/GASB 34  
**Date:** Years ending June 30, 2007 through 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Total Hours:** Approximately 500 hours each year  
**Contact Person:** Mrs. Holly Reed-Falk, Financial Operations Manager,  
(619) 441-1722, hrfalk@ci.el-cajon.ca.us
  
4. **Entity:** **CITY OF GOLETA**  
**Scope of Work:** Financial Audit/Single Audit /RDA Audit/CAFR\*/GASB 34  
**Date:** Years ending June 30, 2008 through 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Total Hours:** Approximately 300 hours each year  
**Contact Person:** Ms. Tina Rivera, Finance Director, (805) 961-7527  
trivera@cityofgoleta.org
  
5. **Entity:** **CITY OF DANA POINT**  
**Scope of Work:** Financial Audit/Single Audit /CAFR\*/GASB 34  
**Date:** Years ending June 30, 2007 through 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Total Hours:** Approximately 275 hours each year  
**Contact Person:** Mr. Mike Killebrew, Assistant City Manager, (949) 248-3524  
mkillebrew@danapoint.org

\* = Received GFOA award

# CITY OF MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

*Similar engagements with other government entities (continued)*

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### *Similar engagements with other government entities*

6. **Entity:** **CITY OF LEMON GROVE**  
**Scope of Work:** Financial Audit/RDA Audit  
**Date:** Years ending June 30, 2008 through 2011  
**Engagement Partner:** Mr. Scott Manno  
**Contact Person:** Mrs. Cathy Till, Finance Director, (619) 825-3800  
ctill@ci.lemon-grove.ca.us
7. **Entity:** **TOWN OF YUCCA VALLEY**  
**Scope of Work:** Financial Audit/RDA/CAFR\*  
**Date:** Years ending June 30, 2008 through 2011  
**Engagement Partner:** Mr. Scott Manno  
**Contact Person:** Mr. Curtis Yakimow, Director of Administrative Services,  
(760) 369-7207, cyakimow@yucca-valley.org
8. **Entity:** **CITY OF SAN JUAN CAPISTRANO**  
**Scope of Work:** Financial Audit/RDA Audit/Single Audit/CAFR\*  
**Date:** Years ending June 30, 2011  
**Engagement Partner:** Mr. Terry Shea  
**Contact Person:** Mr. Brad Rockabrand, Accountant (949) 443-6304
9. **Entity:** **CITY OF FILLMORE**  
**Scope of Work:** Financial Audit/RDA/Single Audit  
**Date:** Years ending June 30, 2009 through 2011  
**Engagement Partner:** Mr. Scott Manno  
**Contact Person:** Ms. Glenda Jay, Finance Director, (805) 524-1500
10. **Entity:** **CITY OF GRAND TERRACE**  
**Scope of Work:** Financial Audit /RDA Audit  
**Date:** Years ending June 30, 2003 through June 30, 2011  
**Engagement Partner:** Mr. Terry P. Shea  
**Contact Person:** Mr. Bernie Simon, Finance Director, (909) 430-2216

\* = Received GFOA award

# CITY OF MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Similar engagements with other government entities*

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### *Similar engagements with other government entities*

11. *Entity:* **CITY OF LA VERNE**  
*Scope of Work:* Financial Audit/RDA Audit/Single Audit/CAFR\*  
*Date:* Year ending June 30, 2011  
*Engagement Partner:* Mr. Terry Shea  
*Contact Person:* Mr. Ron Clark, Finance Officer, (909) 569-8726
12. *Entity:* **CITY OF LA MESA**  
*Scope of Work:* Financial Audit/RDA Audit/Single Audit  
*Date:* Year ending June 30, 2011  
*Engagement Partner:* Mr. Terry Shea  
*Contact Person:* Mrs. Sarah Waller-Bullock, Director of Finance,  
(619) 667-1125
13. *Entity:* **CITY OF ROSEMEAD**  
*Scope of Work:* Financial Audit/RDA Audit/Single Audit/CAFR\*  
*Date:* Year ending June 30, 2011  
*Engagement Partner:* Mr. Terry Shea  
*Contact Person:* Mr. Steve Brisco, Director of Finance, (626) 569-2120
14. *Entity:* **CITY OF TWENTYNINE PALMS**  
*Scope of Work:* Financial Audit/RDA Audit/Single Audit  
*Date:* Years ending June 30, 2010 through 2011  
*Engagement Partner:* Mr. Scott Manno  
*Contact Person:* Mr. Ronald Peck, Finance Director, (760) 367-6799
15. *Entity:* **CITY OF CHINO**  
*Scope of Work:* Financial Audit/RDA Audit/Single Audit/CAFR  
*Date:* Years ending June 30, 2011  
*Engagement Partner:* Mr. Scott Manno  
*Contact Person:* Mr. Rob Burns, Finance Director, (909) 591-9819

\* = Received GFOA award

# **CITY OF MOORPARK**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *Capabilities in general consulting and compliance auditing*

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### *Capabilities in general consulting and compliance auditing*

The firm provides various other services to governmental agencies. Services to these governments include:

- Contract compliance agreed upon procedures
- Treasurer duties
- Contract Finance Director
- Study and evaluation of financial condition and fiscal policies
- Transient Occupancy Tax agreed upon procedures
- Financial projections
- Franchise (refuse, cable) agreed upon procedures
- EDP control reviews and computer feasibility studies
- 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.)

# CITY OF MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Specific audit strategy (approach, scope and timing)*

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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 Moorpark 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 the City's 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 the City's 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 sessions 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 MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Specific audit strategy (approach, scope and timing) (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 audit manager and two accounting professionals will perform this phase. This phase will take approximately 110 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 on all significant accounts over materiality levels 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 (develop audit programs).

The audit partner, manager and two audit professionals will perform this phase. This phase will take approximately 200 hours.

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

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

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

# CITY OF MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Specific audit strategy (approach, scope and timing) (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 engagement's quality control partner.
- Issue all reports by agreed upon dates.

The two audit partners, a manager and one audit professional will perform this phase. This phase will take approximately 100 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.

### *Paperless audit*

Our firm has adopted a paperless audit approach. Therefore, we would prefer all audit information in electronic format, particularly trial balances and general ledgers. If electronic formatting is not available, all audit teams have portable scanners in the field.

### *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 MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

*Specific audit strategy (approach, scope and timing) (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 MOORPARK***

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

*Specific audit strategy (approach, scope and timing) (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 Moorpark
- ◆ 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*

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 the financial statements.

# ***CITY OF MOORPARK***

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

### *Identification of anticipated potential audit problems*

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

One potential problem could be the State of California eliminating California redevelopment agencies. Our approach to this would be to stay on top of the outcome of the lawsuit filed by the CRA and any guidance put out by the CRA or the State on how to record transactions and how to report the activity of the continuing entity.

# CITY OF MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### *Resumes of key engagement personnel*

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#### **Terry P. Shea, Engagement 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 and redevelopment agencies.

##### *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 Loma Linda*
City of Grand Terrace*	City of La Verne*
City of La Mesa	City of San Jacinto*
City of Corona*	City of Riverside
City of Norco*	City of San Bernardino
City of Goleta*	City of San Bernardino EDA
City of Indian Wells*	City of El Cajon*
City of Calimesa	City of Rosemead

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 two cities in Riverside County.

##### *Continuing Professional Education*

Mr. Shea has completed approximately 200 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, *Risk Based Auditing*
- ◆ California CPA Education Foundation, *Audit Standards Update*
- ◆ California CPA Education Foundation, *Governmental Auditing Skills*
- ◆ American Institute of Certified Public Accountants, *2010 Governmental and Not-for-Profit Training Program*

##### *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 MOORPARK

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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

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#### **Scott W. Manno, Quality Control Partner**

#### ***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*	Lake Elsinore Public Financing Authority
City of Twentynine Palms*	City of Perris*
City of Canyon Lake	City of Lemon Grove
Town of Yucca Valley*	City of Ontario*
City of Norco*	City of Isleton*
City of Banning*	City of Calimesa
City of Galt	Ventura Regional Sanitation District
Goleta Sanitary District	City of Goleta
Elsinore Valley Municipal Water District	

#### *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 MOORPARK**

## **PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

*Resumes of key engagement personnel (continued)*

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### **Brad A. Welebir, MBA, Audit Manager**

#### ***Certified Public Accountant***

#### *Professional Experience*

Mr. Welebir joined Rogers, Anderson, Malody and Scott, LLP in January 2004. He works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Prior to joining our firm, he began his career with Sam's Club, where he was the operations manager. He then worked for La Sierra Academy as an accountant.

#### *Education*

Masters of Business Administration – Accounting Emphasis from California State University, Fullerton in June 2003

Bachelor of Arts in Business Administration from La Sierra University in 1996

Certified Public Accountant – State of California

#### *Related Professional Experience*

Organizations that Mr. Welebir has served include the following:

- Vista Irrigation District
- City of San Juan Capistrano
- Crestline Village Water District
- Lake Elsinore & San Jacinto Watersheds Authority
- San Bernardino Municipal Water District
- Running Springs Water District
- Santa Ana Watershed Project Authority
- West Valley Water District
- City of La Verne
- City of San Bernardino
- City of Norco

#### *Continuing Professional Education*

Mr. Welebir has completed 81 hours of continuing professional education courses in the past two years of which the following select courses are relevant to this engagement:

- ◆ Thomson Reuters, *Audits of State and Local Governments*
- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and auditing Update*
- ◆ American Institute of Certified Public Accountants, *Applying A-133 to Nonprofit and Governmental Organizations*

#### *Professional Affiliations*

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

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

**Katie L. Millsom, Senior Accountant**  
**Certified Public Accountant**

*Professional Experience*

Mrs. Millsom began her career with Rogers, Anderson, Malody and Scott, LLP in August 2006. During her time with the firm, she has worked primarily on audits of municipalities, special districts and redevelopment agencies, as well as various non-profit organizations.

*Education*

Bachelor of Science degree from University of California, Los Angeles  
Certified Public Accountant – State of California

*Related Professional Experience*

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

- City of Grand Terrace
- City of San Bernardino\*
- City of Dana Point
- City of El Cajon\*
- City of Goleta\*
- County of San Bernardino Special Districts
- Perris Valley Cemetery District
- Rincon del Diablo Municipal Water District

*Continuing Professional Education*

Mrs. Millsom has completed over 120 hours of continuing professional education courses over the past two years, of which the following select courses are relevant to this engagement:

- ◆ Government Finance Officers Association, *Advanced Financial Reporting for Governments*
- ◆ Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ California Society of Municipal Finance Officers, *GFOA Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *GAO: Yellow Book, Single Audits and More*
- ◆ American Institute of Certified Public Accountants, *2010 Governmental and Not-for-Profit Training Program*

*Professional Affiliations*

Mrs. Millsom is a member of the following organizations:

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

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

CONSULTANT

William J. Boyle, CPA

FIRM ADMINISTRATOR

Liz Davis

System Review Report

September 2, 2009

To the Owners of  
Rogers, Anderson, Malody & Scott, LLP  
and the Peer Review Committee of the  
California Society of Certified Public Accountants

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, 2008. 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](http://www.aicpa.org/prsummary).

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

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, 2008, 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*. **Rogers, Anderson, Malody & Scott, LLP** has received a peer review rating of *pass*.

*Timpson Garcia, LLP*

Attached is a partial listing of entities in which our firm or members of our firm have served over the years (\*current client):

*Special Districts:*

Rincon del Diablo Municipal Water District\*  
 Valley Water District\*  
 Helendale Community Services District\*  
 Mojave Water Agency  
 Rossmoor Community Services District\*  
 Elsinore Valley Municipal Water District  
 San Bernardino County Special Districts  
 audits (over 100 districts)\*  
 Pine Cove Water District\*  
 Victor Valley Wastewater Reclamation  
 Authority  
 Twentynine Palms Water District  
 Valley Sanitary District  
 Ventura Regional Sanitation District\*  
 Citrus Pest Control District  
 Coachella Valley Mosquito and Vector  
 Control District  
 Coachella Valley Public Cemetery District  
 Goleta Sanitary District  
 Inland Empire Resource Conservation  
 District\*  
 Riverside County Regional Park and Open  
 Spaces District  
 Saticoy Sanitary District\*  
 Triunfo Sanitary District  
 East Valley Water District  
 San Bernardino Valley Municipal Water  
 District\*  
 San Geronio Pass Water Agency\*  
 San Bernardino Water Conservation  
 District\*  
 Crestline-Lake Arrowhead Water Agency\*  
 Crestline Village Water District\*  
 Running Springs Water District\*  
 Rancho California Water District  
 Joshua Basin Water District  
 Yucaipa Valley Water District  
 Inland Empire Utilities Agency  
 Barstow Fire Protection District\*  
 Rim of the World Recreation and Park  
 District\*  
 Hi-Desert Water Agency  
 Jurupa Community Services District  
 Vista Irrigation District\*  
 Western Municipal Water District\*

*Cities and Redevelopment Agency's:*

City of San Jacinto  
 San Jacinto Redevelopment Agency  
 City of Eastvale\*  
 City of Goleta\*  
 Goleta Redevelopment Agency\*  
 City of Canyon Lake\*  
 City of Twentynine Palms\*  
 City of El Cajon\*  
 El Cajon Redevelopment Agency\*  
 City of Dana Point\*  
 City of Fillmore\*  
 Fillmore Redevelopment Agency\*  
 City of Grand Terrace\*  
 Grand Terrace Redevelopment Agency\*  
 City of Calimesa  
 Calimesa Redevelopment Agency  
 City of Escondido  
 City of Lake Elsinore  
 Lake Elsinore Redevelopment Agency  
 Lake Elsinore Public Financing Authority  
 Lake Elsinore Recreation Authority  
 City of Norco\*  
 Norco Redevelopment Agency\*  
 City of San Bernardino\*  
 City of San Bernardino Economic  
 Development  
 Agency\*  
 City of Lemon Grove\*  
 Lemon Grove Community Development  
 Agency\*  
 Town of Yucca Valley\*  
 Yucca Valley Redevelopment Agency\*  
 City of Banning  
 Banning Redevelopment Agency  
 City of Blythe  
 Blythe Financing Authority  
 Blythe Redevelopment Agency  
 City of Ontario  
 Ontario Redevelopment Agency  
 Ontario Redevelopment Financing Authority  
 City of Perris  
 Perris Redevelopment Agency  
 City of Corona  
 Corona Redevelopment Agency

City of Indio  
Indio Redevelopment Agency  
City of Indian Wells  
City of Fontana  
Fontana Redevelopment Agency  
City of Loma Linda  
Loma Linda Redevelopment Agency  
City of Palm Desert  
Palm Desert Redevelopment Agency  
City of Riverside  
Riverside County Economic Development  
Agency  
San Bernardino International Airport  
Authority\*  
Inland Valley Development Agency\*  
Heartland Communications Facility  
Authority\*  
City of Colton  
Colton Redevelopment Agency  
City of La Verne\*  
City of Rosemead\*  
City of San Juan Capistrano\*  
City of Chino\*

**City of Moorpark**  
**Proposal for Professional Auditing Services**

**COST PROPOSAL FORM**

Service	2011/12	2012/13	2013/14	2014/15	2015/16
City Audit and Related Reports	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 23,000
Redevelopment Audit and Related Reports	\$ 4,000	\$ 4,000	\$ 4,500	\$ 4,500	\$ 5,000
Single Audit and Related Reports (if applicable)	\$ 3,200	\$ 3,200	\$ 3,400	\$ 3,400	\$ 3,500
Subtotal	\$ 29,200	\$ 29,200	\$ 29,900	\$ 29,900	\$ 31,500
At the City's option:					
City State Controller's Report	\$ 2,750	\$ 2,750	\$ 3,000	\$ 3,000	\$ 3,200
Transit State Controller's Report	\$ 700	\$ 700	\$ 725	\$ 725	\$ 750
Total for Fiscal Year (not-to-exceed)	\$ 32,650	\$ 32,650	\$ 33,625	\$ 33,625	\$ 35,450

**STANDARD BILLING RATES**

Auditors Standard Hourly Billing Rates					
Position	2011/12	2012/13	2013/14	2014/15	2015/16
Partner	\$ 195	\$ 195	\$ 200	\$ 200	\$ 205
Manager	\$ 140	\$ 140	\$ 143	\$ 143	\$ 145
Supervisor	\$ 125	\$ 125	\$ 130	\$ 130	\$ 135
Senior Accountant	\$ 95	\$ 95	\$ 100	\$ 100	\$ 105
Staff Accountant	\$ 75	\$ 75	\$ 78	\$ 78	\$ 80
Paraprofessional	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45

**AGREEMENT BETWEEN THE CITY OF MOORPARK AND  
ROGERS, ANDERSON, MALODY & SCOTT, LLP FOR  
INDEPENDENT AUDIT SERVICES**

THIS AGREEMENT, is made and effective as of \_\_\_\_\_, 2012 between the City of Moorpark, a municipal corporation ("CITY") and Rogers, Anderson, Malody & Scott, a limited liability partnership ("AUDITOR"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

WHEREAS, CITY has the need for professional auditing services; and

WHEREAS, on November 16, 2011, CITY invited proposals for auditing services to perform related duties as set forth in the Request for Proposal (RFP) Exhibit C; and

WHEREAS, AUDITOR has submitted to CITY a proposal dated December 29, 2011, which is attached hereto as Exhibit B for professional auditing services for five fiscal years ending June 30, 2012, through fiscal year ending June 30, 2016; and

WHEREAS, AUDITOR specializes in providing such services and has the proper work experience, certifications and background to carry out the duties involved; and

WHEREAS, AUDITOR is staffed with personnel knowledgeable and experienced in the requirements of independent financial audit services and Government Finance Officers (GFOA) as well as California Society of Municipal Finance Officers Association (CSMFO) certification;

NOW, THEREFORE, in consideration of the mutual covenants, benefits and premises herein stated, the parties hereto agree as follows:

1. TERM

The term of this Agreement shall be from the date of execution and shall remain and continue in effect until tasks described herein are completed, but in no event later than December 30, 2016, unless sooner terminated or suspended pursuant to the provisions of this Agreement.

2. SCOPE OF SERVICES

CITY does hereby retain AUDITOR, as an independent contractor, in a contractual capacity to perform the following tasks described below for fiscal years 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16, in accordance with the prescribed standards in Section II.B of the RFP, attached hereto as Exhibit C and incorporated herein by this reference as though set forth in full:

- A. Conduct an annual audit of all funds of the CITY and render an auditor' report on the basic financial statements, which will include both Government-wide Financial Statements and Fund Financial Statements;

- B. Prepare and word process the CITY's Comprehensive Annual Financial Report (CAFR) to be in full compliance with all the Governmental Accounting Standards Board Statements (GASB);
- C. Complete a Single Audit Report on federal award programs, if applicable;
- D. Conduct a financial and compliance audit of the Redevelopment Agency of the City of Moorpark ("Agency") financial statements for period ending February 1, 2012;
- E. Assist in the preparation and submittal of the CAFR for the GFOA "Certificate of Achievement for Excellence in Financial Reporting" and for the CSMFO "Certificate of Award for Outstanding Financial Reporting";
- F. Prepare the State Controller's Cities Financial Transactions Report;
- G. Prepare the State Controller's Transit Operators Financial Transactions Report; and
- H. Issue the Independent Auditors' Management Letter that identifies issues not required to be disclosed, but represent the auditors' concerns; include recommendations for improvements suggestions noted in the audit as appropriate.

In the event there is a conflict between the provisions of the RFP and this Agreement, the language contained in this Agreement shall take precedence.

### 3. PERFORMANCE

AUDITOR shall at all times faithfully, competently and to the best of their ability, experience, standard of care, and talent, perform all tasks described herein. AUDITOR shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of AUDITOR hereunder in meeting its obligations under this Agreement.

- A. The services to be provided by AUDITOR pursuant to this Agreement shall begin with the audit of the fiscal year ending June 30, 2012.
- B. AUDITOR shall conduct preliminary and field audit work such as to complete the City, Agency, and Single Audits and provide a draft report with final adjustments to the CITY no later than the end of the second week of November. The AUDITOR should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed CAFR, component unit financial statements, Single Audit Report (if applicable) and other reports shall be delivered to the Finance Director by the end of the third week in December.

- C. Management findings shall be presented in draft form no later than November 15, 2012, 2013, 2014, 2015, and 2016, with final report delivered with completed CAFR.
- D. Assistance with the preparation of the submittal for the GFOA and CSMFO Certificates shall be such that deadlines are met.
- E. Preparation of the submittal of State Controller's Cities and Transit Operators Financial Transactions Reports shall be in accordance with State guidelines.
- F. Preparation of the submittal of Agency's Financial Statements shall be in accordance with State reporting guidelines.
- G. Preparation of the Single Audit shall be in accordance with the Federal Single Audit reporting guidelines.

4. CITY MANAGEMENT

The individual directly responsible for AUDITOR's overall performance of the Agreement provisions herein above set forth and to serve as principal liaison between CITY and AUDITOR shall be the City Manager or the City Manager's designee.

5. PAYMENT

Taxpayer ID or Social Security number must be provided, on an IRS 1099 form, before payments may be made to AUDITOR.

The CITY agrees to pay AUDITOR, in accordance with the payment rates and terms and the schedule of payment as set forth in the Cost Proposal Form Attachment C of Exhibit B, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. This amount shall not exceed One Hundred Sixty-Eight Thousand dollars (\$168,000.00) for the term of the Agreement. Fiscal Year (FY) maximum fees to the AUDITOR are as follows:

	Base	Option	Annual Total
Audit Year 2011/12	\$29,200	\$3,450	\$32,650
Audit Year 2012/13	\$29,200	\$3,450	\$32,650
Audit Year 2013/14	\$29,900	\$3,725	\$33,625
Audit Year 2014/15	\$29,900	\$3,725	\$33,625
Audit Year 2015/16	\$31,500	\$3,950	\$35,450
<b>Total</b>	<b>\$149,700</b>	<b>\$18,300</b>	<b>\$168,000</b>

AUDITOR shall not be compensated for any services rendered in connection with

the performance of this Agreement, which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. AUDITOR shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and AUDITOR at the time CITY's written authorization is given to AUDITOR for the performance of said services. The City Manager may approve additional work not to exceed ten percent (10%) of the amount of the Agreement.

AUDITOR shall receive payment within thirty (30) days of receipt of each invoice as to all non-disputed fees. Any expense or reimbursable cost appearing on any invoice shall be accompanied by a receipt. If the CITY disputes any of AUDITOR's fees or expenses it shall give written notice to AUDITOR within thirty (30) days of receipt of any disputed fees set forth on the invoice.

6. TERMINATION OR SUSPENSION WITHOUT CAUSE

The CITY may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion thereof, by serving upon the AUDITOR at least ten (10) days prior written notice. Upon receipt of said notice, the AUDITOR shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the CITY suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

The AUDITOR may terminate this Agreement only by providing CITY with written notice no less than thirty (30) days in advance of such termination. In the event of such termination or suspension, AUDITOR shall be compensated for such services up to the date of termination or suspension. Such compensation for work in progress shall be prorated as to the percentage of progress completed at the date of termination or suspension.

In the event this Agreement is terminated pursuant to this Section, the CITY shall pay to AUDITOR the actual value of the work performed up to the time of termination, provided that the work performed is of value to the CITY. Upon termination of the Agreement pursuant to this Section, the AUDITOR will submit an invoice to the CITY pursuant to Article 5 herein.

7. DEFAULT OF AUDITOR

The AUDITOR's failure to comply with the provisions of this Agreement shall constitute a default. In the event that AUDITOR is in default for cause under the terms of this Agreement, CITY shall have no obligation or duty to continue compensating AUDITOR for any work performed after the date of default and can terminate this Agreement immediately by written notice to the AUDITOR. If such failure by the AUDITOR to make progress in the performance of work hereunder arises out of causes beyond the AUDITOR's control, and without fault or negligence of the AUDITOR, it shall not be considered a default.

If the City Manager or the City Manager's designee determines that the AUDITOR is in default in the performance of any of the terms or conditions of this Agreement, designee shall cause to be served upon the AUDITOR a written notice of the default. The AUDITOR shall have thirty (30) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the AUDITOR fails to cure its default within such period of time, the CITY shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

8. OWNERSHIP OF DOCUMENTS

AUDITOR shall maintain complete and accurate records with respect to costs, expenses, receipts, and other such information required by CITY that relate to the performance of services under this Agreement. AUDITOR shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. AUDITOR shall provide free access to the representatives of CITY or its designees at reasonable times to such books and records; shall give the CITY the right to examine and audit said books and records; shall permit CITY to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Notification of audit shall be provided at least thirty (30) days before any such audit is conducted. Such records, together with supporting documents, shall be maintained for a period of seven (7) years after receipt of final payment.

Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, computer files, audit work papers, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the CITY and may be used, reused, or otherwise disposed of by the CITY without the permission of the AUDITOR. With respect to computer files, AUDITOR shall make available to the CITY, at the AUDITOR's office and upon reasonable written request by the CITY, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

9. INDEMNIFICATION AND HOLD HARMLESS

Professional Liability: AUDITOR shall indemnify, defend (with counsel reasonably acceptable to CITY) and hold harmless CITY, and any and all of its officials, employees, and agents ("the Indemnitees") from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arises out of, are a consequence of, or are in any way attributable to, in whole or in part,

the negligence, willful misconduct, errors or omissions, in performance of this Agreement by AUDITOR or by any individual, or entity for which AUDITOR is legally liable, including but not limited to officers, agents, employees, or subcontractors of AUDITOR, except such damage as is caused by negligence of the CITY or any of its officials, employees, or agents.

Other than Professional Liability: AUDITOR shall indemnify, defend and hold harmless CITY, and any and all of its employees, officials, and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, or costs of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in way attributable to, in whole or in part, the performance of this Agreement by AUDITOR or by any individual or entity for which AUDITOR is legally liable, including but not limited to officers, agents, employees, or sub-consultants of AUDITOR.

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

CITY does not and shall not waive any rights that it may have against AUDITOR by reason of this Section, because of the acceptance by CITY, or the deposit with CITY, of any insurance policy or certificate required pursuant to this Agreement. The hold harmless and indemnification provisions shall apply regardless of whether or not said insurance policies are determined to be applicable to any losses, liabilities, damages, costs, and expenses described in this Section.

#### 10. INSURANCE

AUDITOR shall maintain prior to the beginning of and for the duration of this Agreement insurance coverage as specified in Exhibit A attached hereto and incorporated herein by this reference as though set forth in full.

#### 11. INDEPENDENT AUDITOR

AUDITOR is and shall at all times remain as to the CITY a wholly independent Contractor. The personnel performing the services under this Agreement on

behalf of AUDITOR shall at all times be under AUDITOR's exclusive direction and control. Neither CITY nor any of its officers, employees, or agents shall have control over the conduct of AUDITOR or any of AUDITOR's officers, employees, or agents, except as set forth in this Agreement. AUDITOR shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the CITY. AUDITOR shall not incur or have the power to incur any debt, obligation, or liability against CITY, or bind CITY in any manner.

No employee benefits shall be available to AUDITOR in connection with the performance of this Agreement. Except for the fees paid to AUDITOR as provided in the Agreement, CITY shall not pay salaries, wages, or other compensation to AUDITOR for performing services hereunder for CITY. CITY shall not be liable for compensation or indemnification to AUDITOR for injury or sickness arising out of performing services hereunder.

12. LEGAL RESPONSIBILITIES

The AUDITOR shall keep itself informed of local, state and federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The AUDITOR shall at all times observe and comply with all such laws and regulations. The CITY, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the AUDITOR to comply with this Section.

13. ANTI DISCRIMINATION

Neither the AUDITOR, nor any sub-consultant under the AUDITOR, shall discriminate in employment of persons upon the work because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or gender of such person, except as provided in Section 12940 of the Government Code. The AUDITOR shall have responsibility for compliance with this Section [Labor Code Sec. 1735].

14. UNDUE INFLUENCE

AUDITOR declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the CITY in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the CITY will receive compensation, directly or indirectly from AUDITOR, or any officer, employee or agent of AUDITOR, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the CITY to any and all remedies at law or in equity.

15. NO BENEFIT TO ARISE TO LOCAL EMPLOYEES

No member, officer, or employee of the CITY, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the services during his/her tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Services performed under this Agreement.

16. CONFLICT OF INTEREST

AUDITOR covenants that neither they nor any officer or principal of their firm have any interests, nor shall they acquire any interest, directly or indirectly, which will conflict in any manner or degree with the performance of their services hereunder. AUDITOR further covenants that in the performance of this Agreement, they shall employ no person having such interest as an officer, employee, agent, or sub-consultant. AUDITOR further covenants that AUDITOR has not contracted with nor is performing any services directly or indirectly, with the developer(s) and/or property owner(s) and/or firm(s) and/or partnership(s) and/or public agency(ies) owning property and/or processing an entitlement application for property in the CITY or its Area of Interest, now or within the past one (1) year, and further covenants and agrees that AUDITOR and/or its sub-consultants shall provide no service or enter into any contract with any developer(s) and/or property owner(s) and/or firm(s) and/or partnership(s) and/or public agency(ies) owning property and/or processing an entitlement application for property in the CITY or its Area of Interest, while under contract with the CITY and for a one-year time period following termination of this Agreement.

17. NOTICE

Any notice to be given pursuant to this Agreement shall be in writing, and all such notices and any other document to be delivered shall be delivered by personal service or by deposit in the United States mail, certified or registered, return receipt requested, with postage prepaid, and addressed to the party for whom intended as follows:

To: Steven Kueny  
City Manager  
City of Moorpark  
799 Moorpark Avenue  
Moorpark, California 93021

To: Terry Shea, Partner  
Rogers, Anderson, Malody & Scott, LLP  
Certified Public Accountants  
735 E. Carnegie Drive, Suite 100  
San Bernardino, CA 92408

Either party may, from time to time, by written notice to the other, designate a different address or contact person, which shall be substituted for the one above specified. Notices, payments and other documents shall be deemed delivered upon receipt by personal service or as of the third (3rd) day after deposit in the United States mail.

18. CHANGE IN NAME

Should a change be contemplated in the name or nature of the AUDITOR's legal entity, the AUDITOR shall first notify the CITY in order that proper steps may be taken to have the change reflected in the Agreement Documents.

19. ASSIGNMENT

AUDITOR shall not assign this Agreement or any of the rights, duties, or obligations hereunder. It is understood and acknowledged by the parties that AUDITOR is uniquely qualified to perform the services provided for in this Agreement.

20. LICENSES

At all times during the term of this Agreement, AUDITOR shall have in full force and effect, all licenses required of it by law for the performance of the services in this Agreement.

21. VENUE AND GOVERNING LAW

This Agreement is made, entered into, and executed in Ventura County, California, and any action filed in any court or for arbitration for the interpretation, enforcement or other action of the terms, conditions, or covenants referred to herein shall be filed in the applicable court in Ventura County, California. The CITY and AUDITOR understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement.

22. COST RECOVERY

In the event any action, suit or proceeding is brought for the enforcement of, or the declaration of any right or obligation pursuant to this Agreement or as a result of any alleged breach of any provision of this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including attorneys' fees, from the losing party, and any judgment or decree rendered in such a proceeding shall include an award thereof.

23. ARBITRATION

Cases involving a dispute between CITY and AUDITOR may be decided by an arbitrator if both sides agree in writing, with costs proportional to the judgment of the arbitrator.

24. ENTIRE AGREEMENT

This Agreement and the Exhibits attached hereto contain the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

25. CAPTIONS OR HEADINGS

The captions and headings of the various Articles, Paragraphs, and Exhibits of this Agreement are for convenience and identification only and shall not be deemed to limit or define the content of the respective Articles, Paragraphs, and Exhibits hereof.

26. AMENDMENTS

Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by both parties to this Agreement.

27. PRECEDENCE

AUDITOR is bound by the contents of CITY's RFP, Exhibit C attached hereto and incorporated herein by this reference as though set forth in full, and the contents of the proposal submitted by the AUDITOR, Exhibit B attached hereto and incorporated herein by this reference as though set forth in full. In the event of conflict, the requirements of the CITY's RFP and this Agreement shall take precedence over those contained in the AUDITOR's Proposal.

28. INTERPRETATION OF AGREEMENT

Should interpretation of this Agreement, or any portion thereof, be necessary, it is deemed that this Agreement was prepared by the parties jointly and equally, and shall not be interpreted against either party on the ground that the party prepared the Agreement or caused it to be prepared.

29. HIRING

During the term of this contract, and for a period of six (6) months after the term of this contract, AUDITOR agrees not to solicit, recruit, or contact any CITY employee for purposes of hiring such employee or for purposes of retaining such employee to work for AUDITOR. AUDITOR agrees that if any CITY employee submits an unsolicited application for employment or consulting work to AUDITOR and AUDITOR hires such CITY employee as an employee, AUDITOR shall pay to CITY a fee of Seventy-five Thousand Dollars (\$75,000.00) to compensate CITY for costs associated with recruitment of a replacement, training, temporary interim employees, and other related expenses.

30. WAIVER

No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any such waiver constitute a continuing or subsequent waiver of the same provision. No waiver shall be binding unless executed in writing by the party making the waiver.

31. AUTHORITY TO EXECUTE

The person or persons executing this Agreement on behalf of the AUDITOR warrants and represents that he/she has the authority to execute this Agreement on behalf of the AUDITOR and has the authority to bind AUDITOR to the performance of obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

**CITY OF MOORPARK**

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

By: \_\_\_\_\_  
Steven Kueny  
City Manager

By: \_\_\_\_\_  
Terry Shea,  
Partner

Attest:

\_\_\_\_\_  
Maureen Benson, City Clerk

## Exhibit A

### INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of services, AUDITOR will maintain insurance in conformance with the requirements set forth below. AUDITOR will use existing coverage to comply with these requirements. If that existing coverage does not meet requirements set forth here, AUDITOR agrees to amend, supplement, or endorse the existing coverage to do so. AUDITOR acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to the CITY in excess of the limits and coverage required in this Agreement and which is applicable to a given loss, will be available to the CITY.

AUDITOR shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office (ISO) "Commercial General Liability" policy form CG 00 01 or the exact equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence for all covered losses and no less than \$2,000,000 general aggregate.

Business Auto Coverage on ISO Business Auto Coverage form CA 00 01 including symbol 1 (Any Auto) or the exact equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If AUDITOR owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If AUDITOR or AUDITOR's employees will use personal autos in any way on this project, AUDITOR shall provide evidence of personal auto liability for each such person.

Workers' Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

Excess or Umbrella Liability Insurance (Over Primary) if used to meet limit requirements, shall provide coverage at least as broad as specified for the underlying coverages. Any such coverage provided under an umbrella liability policy shall include a drop down provision providing primary coverage above a maximum of \$25,000 self-insured retention for liability not covered by primary but covered by umbrella. Coverage shall be provided on a "pay on behalf" basis, with defense costs payable in addition to policy limits. Policy shall contain a provision obligating insurer at the time insured's liability is determined, not requiring actual payment by the insured first. There shall be no cross liability exclusion precluding coverage for claims or suits by one insured against another. Coverage shall be applicable to the CITY for injury to employees of AUDITOR, sub-consultants, or others involved in the Work. The scope of coverage provided is subject to approval by the CITY following receipt of proof of insurance as

required herein. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors, or omissions of the AUDITOR and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

Insurance procured pursuant to these requirements shall be written by insurers that are admitted carriers in the State of California and with an A.M. Bests rating of A- or better and a minimum financial size of VII.

General conditions pertaining to provision of insurance coverage by AUDITOR. AUDITOR and CITY agree to the following with respect to insurance provided by AUDITOR:

1. AUDITOR agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insured the CITY, its officials, employees, and agents, using standard ISO endorsement CG 2010 with an edition prior to 1992. AUDITOR also agrees to require all contractors and subcontractors to do likewise.
2. No liability insurance coverage provided to comply with this Agreement shall prohibit AUDITOR, or AUDITOR's employees, or agents, from waiving the right to subrogation prior to a loss. AUDITOR agrees to waive subrogation rights against the CITY regardless of the applicability of any insurance proceeds, and to require all contractors and subcontractors to do likewise.
3. All insurance coverage and limits provided by AUDITOR and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the CITY or its operation limits the application of such insurance coverage.
4. None of the coverages required herein will be in compliance with these requirements if they include limiting endorsement of any kind that has not been first submitted to the CITY and approved in writing.
5. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.
6. All coverage types and limits required are subject to approval, modification, and additional requirements by the CITY, as the need arises. AUDITOR shall not make any reductions in scope of coverage (e.g. elimination of contractual liability

or reduction of discovery period) that may affect the CITY's protection without the CITY's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to AUDITOR's general liability policy, shall be delivered to CITY at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, the CITY has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other Agreement and to pay the premium. Any premium so paid by the CITY shall be charged to and promptly paid by AUDITOR or deducted from sums due AUDITOR, at the CITY's option.
8. Certificate(s) are to reflect that the insurer will provide 30 days notice to the CITY of any cancellation of coverage. AUDITOR agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will "endeavor" (as opposed to being required) to comply with the requirements of the certificate.
9. It is acknowledged by the parties of this Agreement that all insurance coverage required to be provided by AUDITOR or any subcontractor, is intended to apply first and on a primary, non-contributing basis in relation to any other insurance or self-insurance available to the CITY.
10. AUDITOR agrees to ensure that subcontractors, and any other party involved with the Services who is brought onto or involved in the Services by AUDITOR, provide the same minimum insurance required of AUDITOR. AUDITOR agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. AUDITOR agrees that upon request, all agreements with subcontractors and others engaged in the Services will be submitted to the CITY for review.
11. AUDITOR agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any contractor, subcontractor or other entity or person in any way involved in the performance of Services contemplated by this Agreement to self-insure its obligations to the CITY. If AUDITOR's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the CITY. At that time, the CITY shall review options with the AUDITOR, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.
12. The CITY reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the AUDITOR 90 days advance written notice of such change. If such change results in substantial

additional cost to the AUDITOR, the CITY will negotiate additional compensation proportional to the increased benefit to the CITY.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.
14. AUDITOR acknowledges and agrees that any actual or alleged failure on the part of the CITY to inform AUDITOR of non-compliance with an insurance requirement in no way imposes any additional obligations to the CITY nor does it waive any rights hereunder in this or any other regard.
15. AUDITOR will renew the required coverage annually as long as the CITY, or its employees or agents face an exposure from operations of any type pursuant to this Agreement. This obligation applies whether or not the Agreement is canceled or terminated for any reason. Termination of this obligation is not effective until the CITY executes a written statement to that effect.
16. AUDITOR shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. As coverage binder or letter from AUDITOR's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to the CITY within five days of the expiration of coverage.
17. The provisions of any Workers' Compensation or similar act will not limit the obligations of AUDITOR under this Agreement. AUDITOR expressly agrees not to use any statutory immunity defenses under such laws with respect to the CITY, its employees, officials, and agents.
18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits, or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.
19. These insurance requirements are intended to be separate and distinct from any other provision in this Agreement and are intended by the parties here to be interpreted as such.
20. The requirements in this section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts or impairs the provisions of this section.

21. AUDITOR agrees to be responsible for ensuring that no contract used by any party involved in any way with the Services reserves the right to charge the CITY or AUDITOR for the cost of additional insurance coverage required by this Agreement. Any such provisions are to be deleted with reference to the CITY. It is not the intent of the CITY to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against the CITY for payment of premiums or other amounts with respect thereto.
  
22. AUDITOR agrees to provide immediate notice to CITY of any claim or loss against AUDITOR arising out of the services performed under this Agreement. The CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve the CITY.