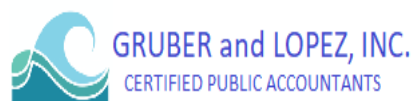


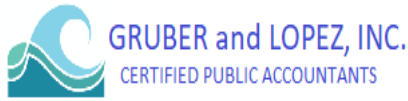
***MIDWAY CITY SANITARY DISTRICT
PROPOSAL FOR
PROFESSIONAL AUDITING SERVICES***

January 20, 2025

Proposal Due Date: February 7, 2025



Submitted By:
Ron Lopez, CPA, Managing Partner
Gruber and Lopez, Inc, CPAs
438 Old Newport Blvd
Newport Beach, CA 92663
Ph (949) 346-2900
rlopez@gruber-inc.com



February 20, 2025

Midway City Sanitary District
Attn: Gordon Copley, Director of Finance
14451 Cedarwood Street
Westminster, CA 92683

Re: Professional Auditing Services

Dear Mr. Copley:

Gruber and Lopez, Inc. is pleased to submit our proposal to provide local government independent audit services in response to your Request for Proposal (RFP). We understand the work that needs to be performed and are committed to complete the projects in the desired time frame indicated in the RFP. Gruber and Lopez, Inc. is a licensed Certified Public Accounting and Consulting firm with offices based in Newport Beach, California. For numerous years, the firm has specialized in providing accounting, auditing, tax and business consulting services to a wide variety of industries including local government, government grants, and non-profits. Gruber and Lopez, Inc. has the necessary experience to perform the local government auditing services described in your RFP. We have read the RFP and take no exception to it.

We are aware that the Midway City Sanitary District (District) has solicited a number of proposals, however, Gruber and Lopez, Inc. would be your best selection for the following reasons which are set forth in greater detail in our proposal:

- Extensive knowledge of the project is due to the significant experience of the engagement team, who has performed hundreds of governmental financial statement audits that contain significantly large federal and state grants. Gruber and Lopez, Inc. has a proven track record in serving the State of California, California cities and counties, redevelopment agencies (successor agencies), special districts and authorities. Mr. Lopez was also one of the first auditors to implement GASB 34 (City of Indian Wells 1999).
- Mr. Lopez and Mr. Lenton have vast experience in Uniform Grant Guidance single audits (including Covid 19-Relief Grants). In 2005, they were both selected to serve as lead auditors in the 2005 National Single Audit Project of which the U.S. Department of Education, on behalf of all federal agencies, selected them and their firm to perform quality control reviews of other C.P.A. firm audits conducted under OMB Circular A-133.
- Mr. Lopez and Mr. Lenton have previously performed the annual audits of the following cities: Cities of Bell Gardens, La Habra Heights, Los Alamitos, Hawaiian Gardens, Villa Park, Lomita, Laguna Woods, Inglewood, Hermosa Beach, Burbank, Indio, Indian Wells, Rancho Santa Margarita, Carlsbad, Rancho Mirage, Carson, Santa Monica, Stanton, Pico Water District, South Montebello Irrigation District, and more. A complete listing of experience with California local governments is identified within our resume section.
- Gruber and Lopez, Inc. has also performed 92 special district audits on behalf of the County of San Bernardino.

Midway City Sanitary District
Attn: Gordon Copley, Director of Finance
January 20, 2025
Page Two

- Mrs. Danaher (Engagement Director/ Manager) has 25 years of experience in government accounting and auditing, and before coming aboard in January of 2017 and was the Finance Director for the City of Villa Park for 10 years. Hence, Mrs. Danaher brings a unique audit approach as she understands the wants and demands of Finance and can recommend ways to create efficiency.
- Gruber and Lopez, Inc. also has performed hundreds of program specific compliance audits (including federal and non-federally funded service providers) on behalf of the County of Orange since 2009 and was awarded the contract again in 2025.
- All of our local government clients we audit have annually obtained the GFOA award for excellence in financial reporting.
- Gruber and Lopez, Inc. adheres to the strict quality control measures and high professional standards of the American Institute of Certified Public Accountants (AICPA) and California State Board of Accountancy and have always been in good standing.
- Since our inception, we have always received an unmodified opinion in our Quality Control Peer Reviews under Government Auditing Standards and ERISA.
- Gruber and Lopez, Inc. understand the scope of services to be provided to the City and we are committed to performing the work in accordance with the schedule and timing required by the District.
- We acknowledge any and all addenda to the RFP.
- Gruber and Lopez, Inc. has no conflict of interest with regard to any of the work performed by our firm for the District.

We are honored to submit our proposal to you. We hope it conveys our sincere desire to provide outstanding services to your organization in the timeframe indicated in your RFP. If you find our proposal acceptable, please notify us and we will be prepared to commence work as soon as we receive the signed contract. Please do not hesitate to call my office if you have any questions about the scope of our proposed services or if we can provide you with any additional information about our firm. I am a partner with Gruber and Lopez, Inc. and am authorized to bind the firm in contractual matters. I can be reached at the phone number below or by e-mail at rlopez@gruber-inc.com. Our proposal and fee schedule shall remain valid for 120 days following the proposal due date and will become part of the contract that is negotiated with the City.

Very truly yours,

GRUBER AND LOPEZ, INC.

Ron Lopez

Ron Lopez, C.P.A., Managing Partner (President)
(949) 346-2900 x 1
<http://www.gruberlopezinc.com/>

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**MIDWAY CITY SANITARY DISTRICT
REQUEST FOR PROPOSAL**

1. FIRM QUALIFICATIONS AND EXPERIENCE

a. Company Profile

Below is a listing of the specified information of our firm:

Company Name:	Gruber and Lopez, Inc.
Company Type :	S - Corporation
Business and mailing address:	438 Old Newport Blvd Newport Beach, CA 92663
Telephone and fax number:	(949)346-2900 phone (714)901-0024 fax
Website address:	www.gruberlopezinc.com
Federal Tax I.D. no.:	27-1110267
Incorporation:	Incorporated in the State of California
Regular business hours:	Monday through Friday, 8am to 5pm
Contact's name in reference to bid:	Ron Lopez
Contact's number:	(949)346-2900 phone; (949)322-0092 cell
Contact's email address:	rlopez@gruber-inc.com
Length of firm existence:	14 years

GRUBER AND LOPEZ, INC. www.gruberlopezinc.com is a local accounting and consulting firm that specializes in providing high quality accounting, auditing, tax and consulting services and is licensed in the state of California as a CPA firm. GRUBER AND LOPEZ, INC. is highly regarded for its expertise in several industries (including the government sector). We have been recognized for our professionalism and expertise, but what is more important is the fact that our clientele has been earned strictly through referral. We are convinced that our recent growth attests to the recognition of the quality and timeliness of our services. In addition, our firm has been presented unqualified clean opinions in our initial and all subsequent peer reviews.

Bankers, attorneys, clients, sureties, insurance companies, and other financial institutions have acknowledged our expertise. What makes us most unique, however, is our drive to succeed without compromising professional standards and without unnecessary fees.

Our philosophy of service is to provide timely professional service and to bear in mind at all times that the value of our service must outweigh the cost. We plan proactively and always weigh the merit of our planning versus the cost of the planning. We put our client's interest above ours. We believe in timeliness and will do whatever it takes to achieve your satisfaction. We will always provide you with adequate time to review audit reports.

GRUBER AND LOPEZ, INC. adheres to the strict quality control measures and high professional standards of the American Institute of Certified Public Accountants (AICPA), and the California State Board of Accountancy (as well as other states when applicable).

1. FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

As a member of the AICPA our audit procedures and working papers are regularly examined by another CPA firm in the firm-on-firm peer review program. In addition, all aspects of the firm’s quality control practices have been reviewed, including the firm’s commitment to extensive training programs. In every member firm, each member of the professional staff must enroll in continuous professional education courses. Each is required to take at least 80 hours of classes over a two-year period (24 of which relate to Government Audit and Accounting). Courses cover a wide spectrum of professional and technical subjects, and include Fraud Auditing, Professional Ethics and Governmental Accounting and Auditing topics to help the practitioner maintain his/her professional expertise. Included as Attachment to this proposal is a copy of GRUBER AND LOPEZ, INC.’s Quality Control Review which was recently completed in May 2023 for the year ended December 31, 2022 and we received a clean (unqualified) opinion under Government Auditing Standards and ERISA. In all instances of Peer Review GRUBER AND LOPEZ, INC. has never had a record of substandard audit work.

GRUBER AND LOPEZ, INC. presently has 10 full time employees of which 9 are professionals who have multidisciplinary backgrounds to address the services outlined in this RFP as follows:

Labor Category	Number of Personnel	Years’ Experience	Degrees and Certifications	Relevant Project Experience
Partners & Directors	3	15-20	BA, CPA	Government, Commercial, Single Audit, Non-profit Auditing & Consulting, Tax & Litigation Services
Managers	4	10-15	BA, BS, CPA	Government, Commercial, Single Audit, Non-profit Auditing & Consulting, Tax & Litigation Services
Seniors	2	5-9	BA, BS	Government, Commercial, Single Audit, Non-profit Auditing & Consulting

GRUBER AND LOPEZ, INC. has a long history of efficiently staffing its accounting and consulting projects and bringing the projects in on time and on budget. We employ a detailed project management approach whereby each project is carefully planned by program area. Budgets are prepared and monitored daily to compare budgeted time against actual; variances from budgets are analyzed and explained, and weekly status reports are prepared to ensure that the project is on schedule and within budget.

Gruber and Lopez, Inc. has assembled an engagement team that has the core competencies in all areas identified in District’s RFP. Our team has been drawn from experienced professionals based in Gruber and Lopez, Inc. southern California practice office.

The professionals who will service the District have the experience and ability to provide a level of service second to none. They are sensitive to the concerns and characteristics of operations such as yours. Our experience in government audits will allow us to “hit the ground running”. We will perform our services in a smooth, efficient and effective manner, which will prove to be of minimal disruption to client operations. We understand the importance of continuity of key personnel throughout the engagement and have had a very low history of turnover.

1. **FIRM QUALIFICATIONS AND EXPERIENCE** (*Continued*)

b. **Project Goals**

Gruber and Lopez, Inc., Inc. understands that the Midway City Sanitary District (District) is requesting an audit of the District's Financial Statements in accordance with Generally Accepted Government Auditing Standards (GAGAS) and *Government Auditing Standards* issued by the Comptroller General of the United States for the year ended June 30, 2025 through 2029.

c. **Core Requirements and Deliverables**

We will review, edit, print, and bind the following District reports: (1) Financial Statements and Supplementary Information; (2) Agreed-upon Procedures Review of the GANN Appropriations Limit; (3) SAS 114 Communication Letter; and (4) GAS /SAS 115 Internal Controls Letter.

d. **Independence**

Gruber and Lopez, Inc. is independent of the District as defined by generally accepted auditing standards and *Government Auditing Standards*. Gruber and Lopez, Inc. does not utilize sub-contractors and has no relationship that would constitute a conflict of interest with the District.

e. **License to Practice in California**

Gruber and Lopez, Inc. and all assigned key professional staff are properly licensed to practice in California. Gruber and Lopez, Inc. has never had any federal or state desk reviews or field reviews of its audits. Gruber and Lopez, Inc. also never had any disciplinary action taken or pending with state regulatory bodies or professional organizations in its history. Gruber and Lopez, Inc. has complied with all applicable California Board of Accountancy requirements; our proposal is in strict compliance with said RFP including its terms and conditions.

f. **Evidence of Insurance Coverage**

Gruber and Lopez, Inc. possesses the required insurance coverage (which will be provided upon acceptance of award) including:

1. Commercial General Liability
2. Worker's Compensation
3. Employer's Liability
4. Professional Liability
3. Auto Liability

2. PARTNER, SUPERVISORY, AND STAFF QUALIFICATION

The following summarizes our proposed project organization structure, which includes personnel from Gruber and Lopez, Inc..

Gruber and Lopez, Inc. has identified the Engagement Partner and Project Leads as “Key” personnel. We understand the importance of continuity of key personnel throughout the engagement.

Engagement Partner – (KEY) The Engagement Partners are responsible for the overall completion and quality of project objectives and deliverables. The Engagement Partner identifies and coordinates the engagement using our resources to meet project objectives and interfaces with the District and client personnel to ensure their satisfaction at all points throughout the engagement. The Engagement Partners are available to other team members throughout the life cycle of the engagement and typically is involved in status meetings and deliverable presentations.

Project Leads – (KEY) The Project Leads are our day-to-day project managers responsible for all tasks and deliverables in the execution of the project plan in their respective functional areas. They interface with the District and client’s staff and project personnel on a daily basis in executing and achieving project objectives. The Project Leads are responsible for the planning, execution, and completion of all tasks associated with the project. This will include performing individual tasks and activities as well as supervising those tasks of assigned professional staff.

Seniors – Seniors are assigned to the project tasks as needed to perform and execute individual audit and review tasks and supervise the work of the Staff. Gruber and Lopez, Inc. may assign one or more Seniors throughout the life cycle of the project to complete required project tasks. Seniors are assigned based upon the task/project needs and skill sets required. These individuals possess a bachelor or graduate degree and have or in the process of obtaining professional certifications (CPA).

Staff – Staff are assigned to the project, as needed to aid in performance and execution of defined tasks. They are responsible for task execution and are directed and supervised by the Management and Seniors. Staff are assigned based upon the task/project needs and skill sets required. These individuals possess a minimum bachelors’ degree in accounting, business or related field and are in the process of obtaining a professional designation.

Gruber and Lopez, Inc. has assembled an engagement team that has the core competencies in all areas identified in the District’s RFP. Our team has been drawn from experienced professionals based in Gruber and Lopez, Inc. southern California practice office.

The professionals who will service the District have the experience and ability to provide a level of service second to none. They are sensitive to the concerns and characteristics of operations such as yours. Our experience in government audits will allow us to “hit the ground running”. We will perform our services in a smooth, efficient and effective manner, which will prove to be of minimal disruption to client operations. We understand the importance of continuity of key personnel throughout the engagement and have had a very low history of turnover. **These individuals will be dedicated and committed to the project for its duration:**

2. **PARTNER, SUPERVISORY, AND STAFF QUALIFICATION** (*Continued*)

Engagement Audit Partner – Ron Lopez, CPA

Mr. Ron Lopez is a CPA and graduated with a Bachelor of Arts degree in Business Administration with an emphasis in Accounting from California State University of Fullerton. He has over 26 years of audit experience (including numerous years with a national firm) in accounting and auditing with comprehensive knowledge in all accounting principles, concepts and standards including FASB, GASB, SAS, GAS, and GAAS. He will plan and coordinate the engagement, prepare workpapers, and conduct reviews of all workpapers prepared by the professional staff assigned to this engagement. He will discuss with client management the auditing and compliance issues that arise during the course of the audit. Mr. Lopez has significant experience in performing financial and compliance audits of local governments, including redevelopment agencies, housing authorities, special districts, single audits (including audits of *Covid - 19 Relief grant funds*), and other federal and state government grants.

In 2005, he was selected to serve as engagement manager in the 2005 National Single Audit Project of which the U.S. Department of Education, on behalf of all federal agencies, selected him to perform quality control reviews of other C.P.A. firm audits conducted under OMB Circular A-133.

In 2012, Mr. Lopez as part of Gruber and Lopez, Inc. entered into a 5 year contract with the County of San Bernardino to audit 92 special districts annually. Mr. Lopez was also one of the first auditors to implement GASB 34 (City of Indian Wells 1999).

Mr. Lopez also has performed hundreds of program specific compliance audits (including federal and non-federally funded service providers) on behalf of the County of Orange and was awarded the contract again in 2024.

Engagement Director/Manager and Project Lead – Matthew Lenton, CPA

Mr. Lenton is the Director of Audit and Accounting and has over 23 years of prior experience including several with a national firm where he was a Shareholder. He has performed numerous financial statement, compliance, operational and performance audits of municipalities (including tribal governments and special districts), transit agencies, government grants (including single audits), other contracts and cooperative agreements, not-for-profit organizations, and ERISA (401k & 403b) plans.

Mr. Lenton has comprehensive knowledge in all accounting principles, concepts and standards including GASB, FASB, SAS, GAS, GAAS and more. He has reviewed and evaluated entity's accounting policies, regulatory laws, internal controls and financial management systems and suggested areas of improvements in formal letters to clients and grantors. Documented matters pertaining to each phase of the risk assessment process for all cycles (i.e. payroll, cash receipts, cash disbursements, cash and investment reconciliation including wire transfers, journal entry preparation, and IT) that clearly demonstrated procedures performed, results, evidence obtained and conclusions reached.

2. **PARTNER, SUPERVISORY, AND STAFF QUALIFICATION** (*Continued*)

Engagement Director/Manager and Project Lead – Matthew Lenton, CPA
(*Continued*)

Mr. Lenton will assist Mr. Lopez in planning and coordinating the engagement, prepare workpapers, and conduct reviews of all workpapers prepared by the professional staff assigned to this engagement. Local governments (and other relevant entities) audited by Mr. Lenton include the City's of Newport Beach; Bell Gardens, Villa Park, Highland, Rancho Santa Margarita; Indian Wells; Inglewood; Rancho Mirage; Stanton, Compton; National City; Lomita; Beverly Hills; Villa Park; Housing Authority of the City of Los Angeles; Fresno Housing Authority; Lake Arrowhead Community Services District; County of San Bernardino Special Districts, South Montebello Irrigation District, Pico Water District; and more.

Engagement Director/Manager – Michelle Danaher

Mrs. Michelle Danaher has over 26 years of accounting and audit experience (including numerous years with a national firm) as well as previously serving as Finance Director for the City of Villa Park for 10 years. Mrs. Danaher has comprehensive knowledge in all accounting principles, concepts and standards including FASB, GASB, SAS, GAS, and GAAS. She will help Mr. Lenton plan and coordinate the engagement, prepare workpapers and conduct reviews of all workpapers prepared by the professional staff assigned to this engagement. Mrs. Danaher has significant experience in performing financial and compliance audits of local government and government contracts. Local governments audited by Mrs. Danaher include City of Costa Mesa, City of Carlsbad, City of Palm Springs, City of San Bernardino, Orange County Water District, Big Bear Area Waste Water Authority, and more.

Engagement Supervisor – Chris Haro, CPA

Mr. Chris Haro is a CPA and has over 20 years of audit experience (including numerous years with a national firm) in accounting and auditing with comprehensive knowledge in all accounting principles, concepts and standards including FASB, GASB, SAS, GAS, and GAAS. He will help Mr. Lenton plan and coordinate the engagement, prepare workpapers and conduct reviews of all workpapers prepared by the professional staff assigned to this engagement. Mr. Haro has significant experience in performing financial and compliance audits of local government and government contracts. Local governments audited by Mr. Haro include City of San Carlos, City of Solana Beach, City of Palm Springs, City of Indio, City of San Bernardino, City of Cathedral City, Big Bear Community Services District, Big Bear Area Waste Water Authority, Orange County Social Security Administration, San Diego Port Authority, and more.

Detailed resumes of the engagement team are included in Attachment to this proposal.

3. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

a. Extended Education

GRUBER AND LOPEZ, INC. also believes in extended education. Recent relevant courses taken by our firm's attest division include the following: Annual Government GAAP Update-3/2024; Federal Single Audit Update-1/2024; Government and Nonprofit Update -1/2024; Audits of State and Local Governments-2/2024; GFOA's Government Accounting Standards Board Update-11/2024; and Economic Update-12/2024, and more.

b. Net Value Philosophy

Our net value philosophy is simple. A CPA firm should, over time, increase a client's efficiency through informed business advice. To avoid tunnel vision syndrome, we operate with the intent of providing a net value to our clients in the form of recommendations and advice that may result in strengthening net assets for our clients.

c. The Experience Factor

There is no substitute for experience. Therefore, we generally do not assign new staff members to work on clients in the field. Rather, a new staff member is assigned to an experienced CPA, who will be responsible for proper training without placing a burden on our clients. In this respect, our training is more of a structured apprenticeship. Our partners have a personal commitment to providing excellent client service. Such service requires "hands on" director involvement with each and every client. There is no increase in cost to our clients for this additional experience, only an increase in benefits. We believe that when you add continuity to this experience factor, you achieve a superior level of client service in all respects. The manner in which our work product is produced places far less burden on your accounting personnel. More importantly, it ensures that we are in a position for our most experienced individuals to thoroughly understand your organization.

d. Time is of the Essence

We are all too familiar with the delays that can result in financial statements being completed untimely. We enforce a policy whereby an extremely **efficient turnaround** is promised for all auditing and accounting services. We clearly understand that the value of our services diminishes with each and every delay.

e. Partner Involvement

Our partners spend substantially more time on each client than "Big Four" or national firm directors. You will see your engagement partners frequently during the year for meetings and planning sessions. The bottom line is that more partner involvement means better service to you. This is our firm-wide and personal commitment to you. Gruber and Lopez, Inc. has a long history of efficiently staffing its accounting and consulting projects and bringing the projects in on time and on budget. We employ a detailed project management approach whereby each project is carefully planned by program area. Budgets are prepared and monitored daily to compare budgeted time against actual; variances from budgets are analyzed and explained, and weekly status reports are prepared to ensure that the project is on schedule and within budget.

3. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES (Continued)

f. Similar Engagements and References

Recent relevant local government audit, accounting, and/ or federal grant experience and references **performed by Mr. Ron Lopez, Mr. Matthew Lenton** and other members of the engagement team are as follows:

<u>City in Accordance With GASB 34</u>	<u>GFOA/ CSMFO Award</u>	<u>TOT, Refuse, Cable Audits</u>	<u>OMB Uniform Single Audit</u>	<u>Preparation of SCR / Street Report</u>	<u>Govt. Auditing Standards</u>
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Contractual engagements performed under Gruber and Lopez, Inc.:

Lomita	x		x	x	x
Los Alamitos	x				x
La Habra Heights	x	x		x	x
Bell Gardens	x		x	x	x
Villa Park					x
Hawaiian Gardens	x		x		x
Gardena	x		x		x
Hermosa Beach	x			x	x
Stanton	x	x	x		x
County of San Bernardino-Special Districts*				x	x
County of Orange			x		x

Contractual engagements performed and lead by Gruber and Lopez, Inc. staff at previous firms:

Aliso Viejo	x			x	x
Carson	x		x		x
Escondido	x		x		x
Fountain Valley	x		x		x
Goleta	x		x	x	x
Hemet	x	x	x		x
Highland	x		x		x
Indian Wells	x	x			x
Inglewood	x	x	x		x
Lomita	x		x	x	x
National City	x		x		x
Newport Beach	x		x		x
Rancho Mirage	x	x			x
Rancho Santa Margarita	x		x		x
Santa Monica	x		x		x
Solana Beach	x	x	x		x

*5 year contract entered into in 2012 with County of San Bernardino consists of 92 annual audits of special districts. These audits were performed from 2012-2016.

3. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES (Continued)

- Pico Water District
Financial Statement and Compliance Audit of District.

Joe Basulto, General Manager
PO Box 758
Pico Rivera, CA 90660
(562) 692-3756
jbasulto@picowaterdistrict.net
- South Montebello Irrigation District
Financial Statements and Compliance Audit of the District.

Alberto Corrales, General Manager
437 S Bluff Road
Montebello, CA 90640
(323) 721-4735
a.corrales@pacbell.net
- City of Bell Gardens
GASB 34 Financial Statement and Compliance Audit of City (including Measure M, AQMD, and Gas Tax funds), and Single Audit in accordance with OMB UGG requirements.

Manuel Carrillo, Director of Finance and Administrative Services
(562) 806-7707
MCarrillo@bellgardens.org
- City of Hawaiian Gardens
GASB 34 Financial Statements and Compliance Audit of City (including Measure W, Successor Agency Private-Purpose Trust Fund, and Gas Tax funds), and Single Audit in accordance with OMB UGG requirements.

Linda Hollinsworth, Finance Director
(562) 420-2641 Ex 236
lindah@hgcity.org
- City of Stanton
GASB 34 Financial Statements and Compliance Audit of City (including Successor Agency Private-Purpose Trust Fund, and Gas Tax funds), and Single Audit in accordance with OMB UGG requirements.

Michelle Bannigan, Finance Director
7800 Katella Ave.
Stanton, CA 90680
(714) 890-4226
mbannigan@stantonca.gov

4. SPECIFIC AUDIT APPROACH

Gruber and Lopez, Inc. is very familiar with local government financial statement and government grant compliance audits and has specific relevant experience to similar challenges and undertakings. The firms' relevant experience is listed under Section 4 below. To maximize the benefit to the District as a result of this engagement, Gruber and Lopez, Inc. proposes to utilize our structured business process methodology, experience, and knowledge in executing this engagement. Our approach places great emphasis on using only proven and experienced auditors and consultants to perform the services required by the District. The following is a summary of the approach to the different types of tasks that may be assigned under this RFP and expected deliverables and work products.

On a date desired by management in April or May 2025, audit procedures that will be accomplished during the **planning stage** include the following:

- Entrance conference with the Finance Director and other key District personnel to: review project and task objectives; review scope of services and data collection methodology; discuss documentation needed; collect available data and published materials; establish meeting and presentation schedule; discuss dates for interim and final fieldwork and coordinate and establish communication channels in accordance with SAS 114.
- Prepare a list of items needed (our workpapers are in electronic form, so electronic files for schedules and documents requested will be preferred but not required). Our request of items to be provided will conform to what the District has previously provided to its existing Auditor. Should we need additional information, we will work with District staff to minimize any additional work load to the District. Each associate is assigned a lap top for fieldwork and we use primarily Microsoft Word and Excel for our audit engagements. We will also establish materiality levels for the government-wide and fund financial statements.
- Thoroughly review all relevant documents and agreements (debt issues, leases, significant contracts, joint power agreements etc.) and prepare an audit plan that will include an audit program, audit procedures, and timeline for all audits. Levels of materiality will also be developed.
- Planning will continue throughout the audit and be constantly updated as issues and scope may change as the audit proceeds.

On a date desired by management in April or May 2025, audit procedures that will be accomplished during our **interim fieldwork** include the following:

- We will provide instructions for mailing out letters to confirm bank balances for cash and investments, attorneys, debt, material receivables, OPEB, PERS and risk management insurance.
- We will review internal controls of the main cycles (cash receipts, cash disbursements/ procurement, payroll, capital assets, IT, and treasury management) and assess controls risk in accordance with the risk auditing standards (SAS 103 to 111) and fraud risk standards (SAS 99). We will identify areas of potential concern to District management.

4. SPECIFIC AUDIT APPROACH (Continued)

- Perform testing of controls where reliance can be placed. In conducting our tests of controls we will use the GAS Audit Sampling Guide parameters.
- Reviewing of minutes of the Board of Directors meeting minutes.
- Test a sample of journal entries to ensure reasonableness.
- Perform preliminary analytical reviews on balance sheet and income statement and investigate significant variances.
- We will perform a test of disbursement transactions to ensure that:
 - District has properly spent funds in accordance with various restricted funds and federal and state grant programs,
 - District procurement policies are being followed.
- Test salary expense by performing payroll test of transactions, review and test general managers contract, and interviewing employees.
- Compliance testing of District budgetary policies.

On a date desired by management in September 2025 (after the final closing of the books and preparation of final trial balances by District personnel for the year ended June 30), we will commence performing our **final fieldwork** which will include:

- Confirm cash and investment balances and test bank reconciliations. Also ensure the proper recording in accordance with GASB 31 *Fair Value Reporting for Investments* and GASB 40 *Deposit and Investment Risk Disclosures*.
- Test capital assets and accumulated depreciation to ensure they are fairly stated and in accordance with generally accepted accounting principles, and that streets and roads network are properly using the modified approach in accordance with GASB 34.
- Testing of allocations of interest income to the various funds.
- Examination of support and subsequent receipt of significant receivable balances.
- Search for unrecorded liabilities.
- Testing of long term debt balances and debt without government commitment.
- Consideration of support and proper valuation of the liabilities for compensated absences and claims and judgments.
- Testing of support for other significant assets and liabilities of the District.
- Testing for the proper establishment of non-spendable, restricted and assigned fund balances in accordance with GASB 54.
- Review of significant events after year end (through the completion of our audit).

4. SPECIFIC AUDIT APPROACH (Continued)

- Review of attorney letters for significant legal matters affecting the District's financial position.
- Perform other substantive procedures on other significant revenues and expenditures.
- Ensure operating leases are properly recorded and classified.
- Perform final analytical reviews on balance sheet and income statement and investigate significant variances.
- Test pension plan and other post employment benefits to determine accordance with GASB 68 and 45, respectively.
- Test interfund balances and transfers.
- Test of joint ventures and developer agreements, if any.

In September 2025, procedures that will be accomplished during the **report preparation/review** stage include the following:

- Single Audit Report (if needed), GAS or SAS 115 Internal Controls letter, and SAS 114 Communications letter in draft form will be developed and presented to District management for review. A schedule of adjusting journal entries will also be provided, if any. We will review the District's draft of the financial statements and make and edits as agreed to be the Finance Director.
- After District approval of all reports, we will print, bind and mail final copies of report to the District.

Should the District meet the Single Audit criteria for expenditures of federal funding during the fiscal year, we would perform the following procedures in performing the Single Audit during both the interim and final stages of the audit:

- The following relevant federal and AICPA publications will be addressed:
 - The *OMB Title II-Uniform Grant Guidance* for grants issued after 12/26/14.
 - *GAO Government Auditing Standards* (Yellow Book)- 2018 Revision
 - *AICPA Audit and Accounting Guide Audits of State and Local Government Units* (1994 revision) and *Statement of Position 98-3, Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*

4. SPECIFIC AUDIT APPROACH (Continued)

- SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Other Recipients of Federal Financial Assistance*
 - Most current *Compliance Supplement for Single Audits of State and Local Governments*
 - Catalog of Domestic Assistance Programs
-
- Identify the federal programs administered by the District and the amounts expended during the audit period.
 - Apply the risk-based auditing approach mandated by the *OMB Uniform Grant Guidance* or *Single Audit Act Amendments of 1996* (Public Law 104-156) and OMB Circular A-133 entitled *Audits of States, Local Governments, and Non-Profits Organizations* for the determination of major programs to be selected under the single audit process. As prescribed by the directives of the new single audit requirements, this will involve a consideration of the complexity of the program, prior audit findings, changes in personnel, the competency of personnel, the extent to which sub-recipients are used, the extent of overview and monitoring by granting agencies, the extent of recent changes in program requirements, the newness of the program, the size of the program, and the inherent risk of the program.
 - Identify the oversight audit agency, if any.
 - Identify and list the major compliance supplements and subrecipients of the District, if any.
 - Review the administrative control systems to ensure compliance.
 - Execute the sampling plan.
 - Perform audit procedures for the selected transactions.
 - Test compliance with other material compliance requirements.
 - Test matching requirements, if any.
 - Test indirect costs, if any.
 - Review reports and claims for advances and reimbursements to the federal government.
 - Review processing of audit reports for state and local government subrecipients, if any.
 - Prepare the independent auditors' reports required by OMB.
 - Prepare the data collection form required to be filed with the Single Audit Central Clearinghouse.

5. FIRM FIXED FEE PRICE SCHEDULE

Our total maximum price and schedule of professional fees are as shown below:

	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>Option Year 1 2027-28</u>	<u>Option Year 2 2028-29</u>	<u>Total</u>
Audit of the financial statements including management letter	\$21,500	\$21,823	\$22,150	\$22,842	\$23,186	\$111,501
Agreed-upon procedures review of the District's GANN Appropriations Limit	450	457	464	471	478	2,320
State Controller's Report	<u>1,125</u>	<u>1,142</u>	<u>1,159</u>	<u>1,176</u>	<u>1,194</u>	<u>5,796</u>
Total	<u>\$23,075</u>	<u>\$23,422</u>	<u>\$23,773</u>	<u>\$24,489</u>	<u>\$24,858</u>	<u>\$119,617</u>

6. CLOSING STATEMENT

Evolution in the financial services industry has been ponderously slow relative to the rest of the business sector. Many firms operate in the year 2025 with the same fundamental organization structure and approach to client service that they employed during the 1970's. However, the world is now a vastly different place. In today's business environment of high-speed telecommunications and information processing, a large bureaucratic structure can often bring client service to a grinding halt.

In response to this problem, we have created an accounting firm specifically designed and organized to serve a wide variety of companies. We provide the quality and depth traditionally associated with "Big Four" firms, while at the same time providing the security of attention and stability that is the hallmark of the local firm.

Every aspect of our practice is organized to respond to a changing environment and to prevent the "chains of bureaucracy" from inhibiting individual excellence and client service. For instance, our partners spend substantially more time on each client than "Big Four" or national firm directors. You will see your engagement partners almost daily during audit fieldwork. The bottom line is that more partner involvement means better service to you. This is our firm-wide and personal commitment to you.

Our net value philosophy is simple. A CPA firm should, over time, increase a client's efficiency and improve internal controls through informed business advice. To avoid tunnel vision syndrome, we operate with the intent of providing a net value to our clients in the form of recommendations and advice that may result in strengthening net assets for our clients.

In conclusion, we offer virtually all the services associated with the larger national firms but we provide these services on a personalized one-on-one basis and without unnecessary red tape or overhead. We are here to serve your needs.

Attachment A: Engagement Team Resumes

Ron K. Lopez, C.P.A. (CA License No. 82537)

Executive Summary

Mr. Lopez is a partner and has over 26 years of prior experience including several with a national firm. He has performed numerous financial statement, compliance, operational and performance audits of municipalities (including local governments, tribal governments and special districts), transit agencies, government grants (including federal single audits), other contracts and cooperative agreements, not-for-profit organizations, private companies (including manufacturing, franchising, software, medical receivables and more), ERISA (401k), medical expense reimbursement plans, real estate advisors and personal financial statements.

Mr. Lopez has comprehensive knowledge in all accounting principles, concepts and standards including GASB, FASB, SAS, GAS, GAAS and more. He has reviewed and evaluated entity's accounting policies, regulatory laws, internal controls and financial management systems and suggested areas of improvements in formal letters to clients and grantors. Documented matters pertaining to each phase of the risk assessment process for all cycles (i.e. payroll, cash receipts, cash disbursements, cash and investment reconciliation including wire transfers, journal entry preparation, and IT) that clearly demonstrated procedures performed, results, evidence obtained and conclusions reached. Mr. Lopez also performed quality control reviews of other CPA firms on behalf of federal government. Lastly, Mr. Lopez was one of the first audit managers to audit a local government using the GASB 34 module (City of Indian Wells, 1999).

Education:

B.A.- Cal State University Fullerton, Business Administration with an emphasis in Accounting.

Professional Work History:

1994-2004: Conrad and Associates, CPAs
2004-2008: Mayer Hoffman McCann
2008-2009: Glenn Gelman and Associates, CPAs
2009-Present: Gruber and Lopez Inc.

Recent Audits of Municipalities (including Successor Agencies, Transit Agencies, Special Districts and OMB Uniform Grant Single Audits):

- Stanton, Eastvale, Bell Gardens, Hawaiian Gardens, Villa Park, La Habra Heights, Hermosa Beach, Newport Beach; Aliso Viejo; Rancho Santa Margarita; Laguna Woods; Carlsbad; Indian Wells; Fountain Valley Rancho Mirage; Solana Beach; National City; Escondido; Goleta; Lomita; Santa Monica; San Marcos; Big Bear Area Regional Wastewater Authority; Lake Arrowhead CSD; Big Bear CSD; Salt and Sea Water Authority, County of San Bernardino Special Districts, South Montebello Irrigation District, and more.

Recent Audits of Quasi Governmental and Nonprofit Organizations:

- Mexican Hass Avocado Board, Newport Beach Conference & Visitor's Bureau, Whittier First Day Coalition, Assistance League of Whittier, National Childhood Cancer Foundation (Curesearch), South County Outreach, Miracles for Kids, Grades of Green, Intercommunity Counseling Center, Community Legal Aid SoCal, Hass Avocado Board, Mexican Hass Avocado Importer's Association, Avocados from Mexico, Peruvian Avocado Commission, Substance Abuse Foundation of Long Beach, Center for Community Research, and more.

Ron K. Lopez, C.P.A. (continued)

Recent Performance and Program Specific Audits:

- Orange County Healthcare Agency and Social Services Agency

Recent Continuing Education:

- Fraud, Local Government; Ethics, Non-profit Updates, Risk Assessment (SAS Nos. 103 thru 114); GASB Audit and Accounting updates; Advanced Government Financial Reporting; FASB updates; Single Audit updates.

Memberships: AICPA; California Society of CPA's.

Matthew J. Lenton, C.P.A. (CA License No. 97111)

Executive Summary

Mr. Lenton is the Director of Audit and Accounting and has over 23 years of prior experience including several with a national firm where he was a Shareholder. He has performed numerous financial statement, compliance, operational and performance audits of municipalities (including tribal governments and special districts), transit agencies, government grants (including single audits), other contracts and cooperative agreements, not-for-profit organizations, private companies (including manufacturing, franchising, software, franchises and more), and ERISA (401k & 403b) plans.

Mr. Lenton has comprehensive knowledge in all accounting principles, concepts and standards including GASB, FASB, SAS, GAS, GAAS and more. He has reviewed and evaluated entity's accounting policies, regulatory laws, internal controls and financial management systems and suggested areas of improvements in formal letters to clients and grantors. Documented matters pertaining to each phase of the risk assessment process for all cycles (i.e. payroll, cash receipts, cash disbursements, cash and investment reconciliation including wire transfers, journal entry preparation, and IT) that clearly demonstrated procedures performed, results, evidence obtained and conclusions reached.

Education:

B.S.- California State Polytechnic University - Pomona, Business Administration with an emphasis in Accounting.

Professional Work History:

2001-2004: Conrad and Associates, CPAs
2004-2012: Mayer Hoffman McCann, PC
2012-2014: Whittaker & Company, CPAs
2014-Present: Gruber and Lopez Inc.

Recent Audits of Municipalities (including Redevelopment Agencies, Transit Agencies, Special Districts and OMB Uniform Grant Single Audits):

- Stanton, Eastvale, Bell Gardens, Villa Park, La Habra Heights, Hawaiian Gardens, Newport Beach; Rancho Santa Margarita; Indian Wells; Inglewood; Rancho Mirage; Compton; National City; Lomita; Beverly Hills; Highland; Housing Authority of the City of Los Angeles; Fresno Housing Authority; Lake Arrowhead CSD; County of San Bernardino Special Districts, South Montebello Irrigation District; and more including Orange County -Healthcare Agency and Social Services Agency

Recent Audits of Quasi Governmental and Nonprofit Organizations:

- Mexican Hass Avocado Board; Newport Beach Chamber of Commerce; Community Service Programs, Inc.; California Family Life Center; National Childhood Cancer Foundation (Curesearch); Community Legal Aid SoCal; Substance Abuse Foundation of Long Beach; American College of Trial Lawyers, Orange Coast Interfaith Shelter; New Directions for Women; Orange County Conservation Corps; Order of the Eastern Star; Beverly Hills Chamber of Commerce; Orange YMCA; Laguna Art Museum; and more.

Recent Continuing Education:

- Fraud, Local Government; Ethics, Non-profit Updates, Risk Assessment (SAS Nos. 103 thru 114); GASB Audit and Accounting updates; Advanced Government Financial Reporting; FASB updates; Single Audit updates.

Memberships: AICPA; California Society of CPA's.

Michelle Danaher

Executive Summary

Mrs. Danaher is the Director of Audit and Accounting and has over 26 years of prior experience including several with a national firm, and most recently as the Finance Director of the City of Villa Park for over 10 years. She has performed numerous financial statement, compliance, operational and performance audits of municipalities (including special districts), government grants (including single audits), other contracts and cooperative agreements, not-for-profit organizations, along with overseeing all financial decisions over the City of Villa Park (including preparing the CAFR, annual state controller reports, State and County compliance reporting, and annual City Budget).

Mrs. Danaher has comprehensive knowledge in all accounting principles, concepts and standards including GASB, FASB, SAS, GAS, GAAS and more. She has reviewed, evaluated, and written accounting policies, regulatory laws, internal controls and financial management systems and suggested areas of improvements to provide efficiencies within entities. In her management role at the City, she was the key individual who documented and created segregation of duties over internal controls in payroll, cash receipts, cash disbursements, cash and investment reconciliation including wire transfers, journal entry preparation, and IT.

Education:

B.S.- Biola University, La Mirada, Business Administration with an emphasis in Accounting.

Professional Work History:

1994-1999: Conrad and Associates, CPAs
1999-2004: Santa Margarita Water District
2004-2007: Mayer Hoffman McCann, PC
2007-2018: City of Villa Park
2018-Present: Gruber and Lopez Inc.

Audits of Municipalities (including Special Districts and OMB Uniform Grant Single Audits):

- Stanton, Eastvale. Hawaiian Gardens, Bell Gardens, Hermosa Beach, La Habra Heights, Pico Water District, Costa Mesa, Orange County Water District, Carlsbad, Big Bear Area Regional Wastewater Agency, Palm Springs, San Bernardino and more.

Audits of Nonprofit Organizations:

- Girl Scouts of Orange County Olive Crest, Legal Aid Society of Orange County; Orange YMCA, Mexican Hass Avocado Board, Whittier First Day Coalition, Assistance League of Whittier, South County Outreach, Miracles for Kids, Grades of Green, Intercommunity Counseling Center, Community Legal Aid SoCal, Hass Avocado Board, Mexican Hass Avocado Importer's Association, Avocados from Mexico, Substance Abuse Foundation of Long Beach, Center for Community Research, and more.

Compliance, Performance and Program Specific Audits:

- Orange County -Healthcare Agency and Social Services Agency

Continuing Education:

- Fraud, Local Government; Ethics, Non-profit Updates, Risk Assessment (SAS Nos. 103 thru 114); GASB Audit and Accounting updates; Advanced Government Financial Reporting; Single Audit updates.

Memberships: CSMFO

Christopher Vincent Haro, C.P.A. (License No. 82294)

Executive Summary

Mr. Haro is a manager and has over 20 years of prior experience including several with a national firm. He has performed numerous financial statement, compliance, operational and performance audits of municipalities (including tribal governments and special districts), transit agencies, government grants (including single audits), other contracts and cooperative agreements, not-for-profit organizations, ERISA (401k), and more.

Mr. Haro has comprehensive knowledge in all accounting principles, concepts and standards including GASB, FASB, SAS, GAS, GAAS and more. He has reviewed and evaluated entity's accounting policies, regulatory laws, internal controls and financial management systems and suggested areas of improvements in formal letters to clients and grantors. Documented matters pertaining to each phase of the risk assessment process for all cycles (i.e. payroll, cash receipts, cash disbursements, cash and investment reconciliation including wire transfers, journal entry preparation, and IT) that clearly demonstrated procedures performed, results, evidence obtained and conclusions reached.

Education:

B.S.- Cal Poly Pomona, Business Administration with an emphasis in Accounting.

Professional Work History:

2000-2004: Conrad and Associates, CPAs

2004-2009: Mayer Hoffman McCann

2009-Present: Gruber and Lopez Inc.

Recent Audits of Municipalities (including Redevelopment Agencies, Transit Agencies, Special Districts and OMB Uniform Grant Single Audits):

- Lomita; La Habra Heights, Bell Gardens, Hawaiian Gardens, San Diego Port District; San Carlos; San Bernardino; Aliso Viejo; Laguna Woods; Indian Wells; Indio; Solana Beach; Big Bear Area Regional Wastewater Authority; Lake Arrowhead CSD; Big Bear CSD; Saltwater Authority, San Gabriel Valley Mosquito and County of San Bernardino Special Districts.

Recent Audits of Quasi Governmental and Nonprofit Organizations:

- Red Cross of Orange County; Orange County Performing Arts Center; Friend of the Cerritos Center, Chapter 13 Bankruptcy Trustee; Chapter 7 Bankruptcy Trustees; Boys and Girls Club of Anaheim; Boys and Girls Club of Huntington Valley; Southern California Alcohol and Drug Programs, and more.

Recent Compliance, Performance and Program Specific Audits:

- Orange County -Healthcare Agency and Social Services Agency

Recent Continuing Education:

- Fraud, Local Government; Ethics, Non-profit Updates, Risk Assessment (SAS Nos. 103 thru 114); GASB Audit and Accounting updates; Advanced Government Financial Reporting; FASB updates; Single Audit updates.

Membership: AICPA

Attachment B: Quality Control Peer Review Report

Report on the Firm's System of Quality Control

To Gruber and Lopez, Inc.
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Gruber and Lopez, Inc. (the firm) in effect for the year ended December 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selection and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an employee benefit plan audit.

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gruber and Lopez, Inc. in effect for the year ended December 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. Gruber and Lopez, Inc. has received a peer review rating of *pass*.



May 30, 2023