

**AGREEMENT FOR CONSULTANT SERVICES BETWEEN
CITY OF TEMECULA AND CLIFTONLARSONALLEN LLP**

PROFESSIONAL AUDIT SERVICES

THIS AGREEMENT is made and effective as of **March 10, 2026**, between the **City of Temecula**, a municipal corporation (hereinafter referred to as "City"), and **CliftonLarsonAllen LLP** a **Partnership**, (hereinafter referred to as "Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on **March 10, 2026** and shall remain and continue in effect until tasks described herein are completed, but in no event later than **March 10, 2029**, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the services and tasks described and set forth in Exhibit A, attached hereto and incorporated herein as though set forth in full. Consultant shall complete the tasks according to the schedule of performance which is also set forth in Exhibit A.

3. PERFORMANCE

Consultant shall faithfully and competently exercise the ordinary skill and competence of members of their profession. Consultant shall employ all generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. PAYMENT

a. The City agrees to pay Consultant monthly, in accordance with the payment rates and terms and the schedule of payment as set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B, other than the payment rates and schedule of payment, are null and void. This amount shall not exceed **Two Hundred Sixty One Thousand Three Hundred Dollars and No Cents (\$261,300.00)**, for the total term of this agreement unless additional payment is approved as provided in this Agreement.

b. Consultant shall not be compensated for any services rendered in connection with its 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 . Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City Manager and Consultant at the time City's written authorization is given to Consultant for the performance of said services.

c. Consultant will submit invoices monthly for actual services performed. Invoices shall be submitted between the first and fifteenth business day of each month, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed

fees set forth on the invoice. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Director of Finance.

5. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

a. The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at least ten (10) days prior written notice. Upon receipt of said notice, the Consultant 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.

b. In the event this Agreement is terminated pursuant to this Section, the City shall pay to Consultant 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 Consultant will submit an invoice to the City, pursuant to Section entitled "**PAYMENT**" herein.

6. DEFAULT OF CONSULTANT

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

b. If the City Manager or his delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, it shall serve the Consultant with written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant 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.

7. OWNERSHIP OF DOCUMENTS

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

b. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, 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 Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

8. INDEMNIFICATION

The Consultant agrees to defend, indemnify, protect and hold harmless the City of Temecula, Temecula Community Services District, and/or the Successor Agency to the Temecula Redevelopment Agency, its officers, officials, employees and volunteers from and against any and all claims, demands, losses, defense costs or expenses, including attorney fees and expert witness fees, or liability of any kind or nature which the City of Temecula, Temecula Community Services District, and/or the Successor Agency to the Temecula Redevelopment Agency, its officers, agents, employees or volunteers may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property arising out of Consultant's negligent or wrongful acts or omissions arising out of or in any way related to the performance or non-performance of this Agreement, excepting only liability arising out of the negligence of the City of Temecula, Temecula Community Services District, and/or the Successor Agency to the Temecula Redevelopment Agency.

9. INSURANCE REQUIREMENTS

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

1) Minimum Scope of Insurance. Coverage shall be at least as broad as: Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operation, property damage, bodily injury, and personal & advertising with limits no less than One Million (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 05 09 or 25 04 05 09) or the general aggregate limit shall be twice the required occurrence limit.

2) Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, covering hired, (Code8) and non-owned autos (Code 9), with limits no less than One Million (\$1,000,000) per accident for bodily injury, including death, of one or more persons, property damage and personal injury.

3) Workers' Compensation: as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than One million (\$1,000,000) per accident for bodily injury or disease. In accordance with the provisions of Labor Code Section 3700, every Consultant will be required to secure the payment of compensation to it's employees. Pursuant to Labor Code Section 1861, Consultant must submit to City the following certification before beginning any work on the Improvements:

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

By executing this Agreement, Consultant is submitting the certification required above.

The policy must contain a waiver of subrogation in favor of the City of Temecula, the Temecula Community Services District, the Successor Agency to the Temecula Redevelopment Agency, their officers, officials, employees or volunteers.

4) Professional Liability (Errors and Omissions): One million (\$1,000,000) per occurrence and in aggregate. Professional Liability Insurance shall be written on a policy form providing professional liability for the Consultant's profession.

a. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared and approved by the Risk Manager.

b. Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

1) The City of Temecula, the Temecula Community Services District, the Successor Agency to the Temecula Redevelopment Agency, their officers, officials, employees and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant's products and completed operations of the Consultant; premises owned, occupied or used by the Consultant. General liability coverage can be provided in the form of an endorsement to the Consultant Insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used). The coverage shall contain no special limitations on the scope of protection afforded to the City of Temecula, the Temecula Community Services District, the Successor Agency to the Temecula Redevelopment Agency, their officers, officials, employees, or volunteers.

2) For any claims related to this project, the Consultant insurance coverage shall be primary and non-contributory and at least as broad as ISO CG 20 01 04 13 as respects the City, the Temecula Community Services District, the Successor Agency to the Temecula Redevelopment Agency, their officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Temecula, Temecula Community Services District, and/or the Successor Agency to the Temecula Redevelopment Agency, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it. This also applies to any Excess or Umbrella liability policies.

3) The Consultant may use Umbrella or Excess Policies to provide the limits as required in this agreement. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability Insurance.

4) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect the indemnification provided to the City of Temecula, the Temecula Community Services District, and/or the Successor Agency to the Temecula Redevelopment Agency, their officers, officials, employees, or volunteers.

5) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6) If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the consultant.

7) If insurance coverage is canceled or, reduced in coverage or in limits the Consultant shall within two (2) business days of notice from insurer phone, fax, and/or notify the City via certified mail, return receipt requested of the changes to or cancellation of the policy.

8) Unless otherwise approved by City, if any part of the Services and Tasks is subcontracted, the Minimum Insurance Requirements must be provided by, or on behalf of, all subcontractors even if city has approved lesser insurance requirements for Consultant, and all subcontractors must agree in writing to be bound by the provisions of this section.

c. Acceptability of Insurers. Insurance required above, except for workers' compensation insurance, must be placed with insurers with a current A.M. Best rating of A-:VII or better, unless otherwise acceptable to the City. Self-insurance shall not be considered to comply with these insurance requirements.

d. Verification of Coverage. Consultant shall furnish the City with original certificates and amendatory endorsements, or copies of the applicable policy language affecting coverage required by this clause. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

e. Special Risks or Circumstances. The City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

10. INDEPENDENT CONTRACTOR

a. Consultant 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 Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents except as set forth in this Agreement. Consultant 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. Consultant shall not incur or have the power to incur any debt, obligation or liability whatever against City, or bind City in any manner.

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

11. LEGAL RESPONSIBILITIES

The Consultant shall keep itself informed of all local, State and Federal ordinances, 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 Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

12. RELEASE OF INFORMATION

a. All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without City's prior written authorization. Consultant, its officers, employees, agents or subcontractors, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

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

13. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by Notice. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

Mailing Address: City of Temecula
Attn: City Manager
41000 Main Street
Temecula, CA 92590

To Consultant: CliftonLarsonAllen LLP
Attn: Daphnie Munoz
220 S 6th St, Ste 300
Minneapolis, MN 55402

14. ASSIGNMENT; CONSULTANT WORK WITH ITS EMPLOYEES; SUBCONTRACTS

The Consultant shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City. Consultant shall perform all work under this agreement with its own employees unless City Manager approves in writing a subcontractor prior to start of subcontractor's work. Consultant shall not retain independent contractors to perform work for it under this Agreement. Upon termination of this Agreement, Consultant's sole compensation shall be payment for actual services performed up to, and

including, the date of termination or as may be otherwise agreed to in writing between the City Council and the Consultant.

15. LICENSES

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

16. GOVERNING LAW

The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with geographic jurisdiction over the City of Temecula. In the event such litigation is filed by one party against the other to enforce its rights under this Agreement, the prevailing party, as determined by the Court's judgment, shall be entitled to reasonable attorney fees and litigation expenses for the relief granted.

17. PROHIBITED INTEREST

No officer, or employee of the City of Temecula that has participated in the development of this agreement or its approval shall have any financial interest, direct or indirect, in this Agreement, the proceeds thereof, the Consultant, or Consultant's sub-contractors for this project, during his/her tenure or for one year thereafter. The Consultant hereby warrants and represents to the City that no officer or employee of the City of Temecula that has participated in the development of this agreement or its approval has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, the proceeds thereof, or in the business of the Consultant or Consultant's sub-contractors on this project. Consultant further agrees to notify the City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement.

18. ENTIRE AGREEMENT

This Agreement contains 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.

19. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder. The City Manager is authorized to enter into an amendment on behalf of the City to make the following non-substantive modifications to the agreement: (a) name changes; (b) extension of time; (c) non-monetary changes in scope of work; (d) agreement termination.

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

CITY OF TEMECULA

(Two Signatures of corporate officers required unless corporate documents authorize only one person to sign the agreement on behalf of the corporation.)

By: _____
Jessica Alexander, Mayor

DocuSigned by:
By: Joe Ludin
D8B8F03E20E448D...
Joe Ludin, Principal

ATTEST:

By: _____
Randi Johl, City Clerk

DocuSigned by:
By: Daphnie Munoz
EE9C7ADCE3FE4EB...
Daphnie Munoz, Principal

APPROVED AS TO FORM:

Signed by:
By: Peter M. Thorson
C343367EB2E3496...
Peter M. Thorson, City Attorney

CONSULTANT

CliftonLarsonAllen LLP

Daphnie Munoz

220 S 6th St, Ste 300

Minneapolis, MN 55402

(714) 795-5474

Daphnie.Munoz@claconnect.com

Risk Mgmt. Initial
MF

EXHIBIT A

Tasks to be Performed

The specific elements (scope of work) of this service include:

All tasks to be performed are per the proposal provided by the Consultant attached hereto and incorporated herein as though set forth in full.

EXHIBIT B

Payment Rates and Schedule

Cost for services shall be as per Consultant's proposal attached hereto and incorporated herein as though set forth in full but in no event shall the total cost of services exceed \$261,300.00 for the total term of the Agreement unless additional payment is approved as provided in the Payment section of this Agreement.



December 17, 2025

Proposal to provide professional
audit services to:

City of Temecula, California

Prepared by:

Daphnie Munoz, CPA, Principal
daphnie.munoz@CLAconnect.com
Direct 714-795-5474

CLAconnect.com

CPAS | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.





CliftonLarsonAllen LLP
CLAconnect.com

December 17, 2025

Purchasing Officer
City of Temecula
41000 Main St
Temecula, CA 92592

Via electronic submission only

Dear Purchasing Officer:

Thank you for inviting us to propose. We look forward to the opportunity to provide services to City of Temecula (the City).

We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the City's consideration:

- **Industry-specialized insight and resources** – As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist the City with their audit needs. In addition to your experienced local engagement team, the City will have access to one of the country's largest and most knowledgeable pools of regulated industry resources.
 - **OMB Uniform Guidance (UG) experience** – CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. The single audit requires a specific set of skills to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
 - **Strong methodology and responsive timeline** – In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our experience and work with similar clients. Our local government clients are included amongst the more than 3,700 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. The work plan also reduces disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.
 - **Communication and proactive leadership** – The City will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the City and take an active role in addressing them.
- A focus on providing consistent, dependable service** – We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the City will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

- **Fresh perspective** – By engaging CLA, the City will benefit from a fresh look at its business operations, information systems, and financial risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to the City new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before the City.

We want to serve you and we have the qualifications to deliver quality, timely work. Throughout this proposal, we take you on a journey outlining how we'll work together and the value you can come to appreciate when we exceed expectations. For ease of evaluation, the structure of our proposal follows your RFP section titled, *Proposal Content*.

Please contact me if I can provide additional information on our firm or our proposal.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in blue ink that reads "Daphne Munoz". The signature is written in a cursive style with a long, sweeping tail on the letter 'z'.

Daphne Munoz, CPA
Principal
714-795-5474
daphnie.munoz@CLAconnect.com

Table of Contents

- Qualifications and Experience..... 5**
 - 1. Years providing services..... 5
 - 2. Principal/project manager responsible for the project 13
 - 3. Resumes and responsibilities..... 14
 - 4. References..... 15
 - 5. Use of subcontractor..... 16
 - 6. License to practice 16
 - 7. DIR registrations..... 16
 - 8. Business safety record 16
 - 9. Litigation 17
- Technical Approach and Timeline 18**
 - Easing the transition 18
 - The CLA seamless assurance advantage (SAA) 18
 - Financial statement audit approach 19
 - Single audit approach 22
 - Communication process 24
 - Data analytics..... 25
 - CLA Intelligence Platform: Digital services and generative AI 27
 - Engagement timeline 28
- Price..... 30**
 - 1. Name of firm 30
 - 2. Total all-inclusive cost not-to-exceed 30
 - 3. Component costs 32
 - 4. Rates for additional professional services 33
 - 5. Manner of payment 33
 - 6. Expenses..... 33
- Statement of Local Vendor Certification 35**
- Appendix..... 36**
 - A. Your service team biographies 36
 - B. Quality control procedures and peer review report 40



Qualifications and Experience

1. Years providing services

State and local government experience

You can benefit from a close personal connection with a team of professionals devoted to governments. Our goal is to become familiar with all aspects of your operations — not just the information needed for the year-end audit so — that we can offer proactive approaches in the areas that matter most to you:

- Finding new ways to operate more effectively and efficiently
- Responding to regulatory pressures and complexities
- Maintaining quality services in the face of changing budgetary priorities
- Providing transparent, accurate, and meaningful financial information to stakeholders, decision-makers, and your constituents



Office location assigned to manage the engagement

Our firm matches the necessary skill set to an engagement before considering the geographic location of the staff. Assigning team members who specialize in working with similar clients can provide the City higher quality services and allows us to complete the engagement in a more efficient and effective manner with little interruption to your staff.

The City will be served by an industry-specialized engagement team located in our Irvine, California office. The Irvine office, formerly White Nelson Diehl Evans (WNDE), has 15 professionals solely focused on providing high quality accounting, auditing, and consulting services to California municipalities, special districts, school districts, community colleges, and other government entities.



CLA Irvine
2875 Michelle Drive, Suite 300
Irvine, CA 92606
P: 714-978-1300 | F: 714-978-7893

California government experience

CLA is a leading provider of government audit and consulting services in California. We serve more than 130 California municipalities, special purpose governments, and school districts, including more than 20 California counties. As such, we understand the complexities within California governments, grant funding, and the specific federal and state compliance requirements of that funding. Inherently, with the size of CLA’s government practice, we are continually consulting other governments and professionals to stay current on constant changes and local issues that may affect the City.



The following represents California clients audited by CLA during the last five years

Client	Service provided
City of Alhambra	City audit, single audit, GANN, SCO, Housing Successor
City of Camarillo	City audit, single audit, GANN, SCO, Housing Successor
City of Cerritos	City audit, single audit, GANN, SCO
City of Colton	City audit, single audit, childcare audit, GANN, Housing Successor
City of Covina	City audit, single audit, GANN, SCO, Housing Successor
City of Del Mar	City audit, single audit, GANN, SCO
City of El Segundo	City audit, single audit, GANN
City of Escondido	City audit, single audit, GANN
City of Fillmore	City audit, single audit, GANN, SCO
City of Glendale	City audit, JPA audit, single audit, GANN, SCO, REAC, Housing Successor
City of Hesperia	City audit, single audit, GANN, SCO, Housing Successor
City of Irvine	City audit, single audit, pension plan audits, AQMD audit, fund audits, SCO, GANN
City of La Cañada Flintridge	City audit, single audit, GANN, SCO
City of La Habra	City audit, single audit, childcare audit, GANN
City of Lake Forest	City audit, single audit, AQMD audit, Housing Authority audit, GANN, SCO, Housing Successor
City of Lancaster	City audit, single audit, CCEA audit, GANN, SCO, Housing Successor
City of Norco	City audit, single audit, GANN, SCO



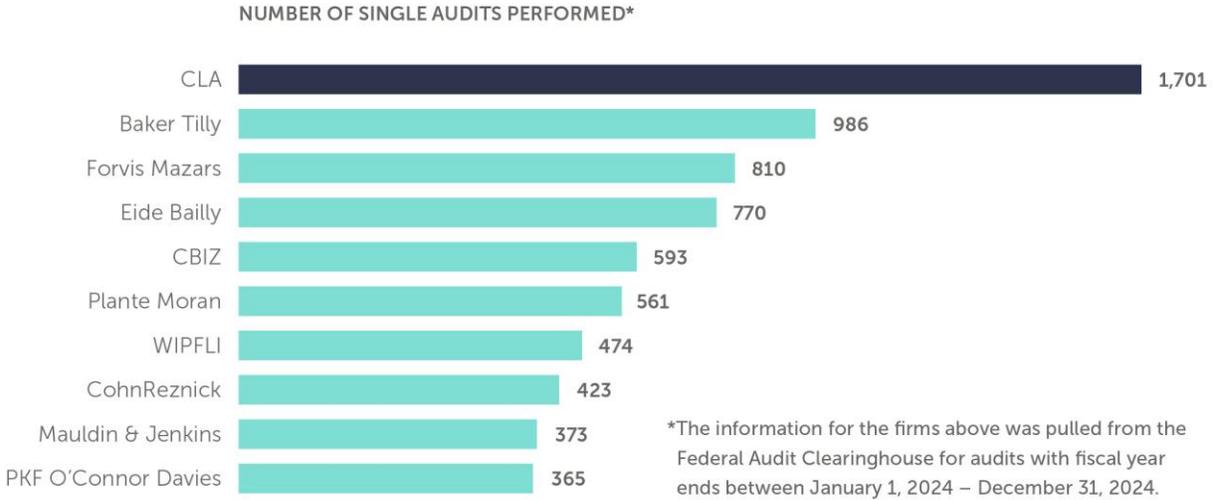
Client	Service provided
City of Pico Rivera	City audit, single audit, GANN, SCO, Measure W
City of Placentia	City audit, single audit, GANN, SCO
City of Rancho Palos Verdes	City audit, single audit, GANN, SCO
City of Riverside	City audit, single audit, GANN, SCO, Housing Successor
City of San Buenaventura	City audit, single audit, GANN, SCO
City of Santa Ana	City audit, single audit, investment AUP, Measure X AUP, GANN, SCO
City of Santa Barbara	City audit, single audit, PFC audit (airport), custodial fund audit, GANN, SCO
City of Santa Fe Springs	City audit, single audit, GANN, SCO
City of Temple City	City audit, single audit, GANN, SCO
City of Victorville	City audit, water district audit, SCLAA (airport) audit, single audit, GANN
City of Westminster	City audit, single audit, AQMD audit, GANN, SCO



Single audit experience

CLA performs the largest number of single audits in the United States

We audited \$249 billion dollars in federal funds expended in 2024. The chart below illustrates CLA’s experience in serving organizations that receive federal funds and demonstrates our firm’s dedication to serving the government and nonprofit industry.



It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City’s single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB’s *Uniform Guidance* and who can offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA's experience in this area.

Single Audit Resource Center (SARC) award

CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.

The survey queried more than 9,000 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2024 fiscal year-end audit. The SARC award demonstrates CLA’s dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.



Deep industry connections

CLA actively supports industry education as a thought leader and industry speaker. We focus on supporting the educational needs of the industry through nationally sponsored trade events. Our team of professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations, including those shown here.

We are also actively involved in and/or are members of the following professional organizations:



- American Institute of Certified Public Accountants (AICPA)
- AICPA’s State and Local Government Expert Panel
- AICPA’s Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA’s Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- Association of Government Accountants
- California State Society of CPA's
- Government Accounting and Auditing Committee
- California State GFOA
- Accounting, Auditing and Financial Reporting Committee

Our involvement in these professional organizations, combined with various technical services we subscribe to, allows us to be at the forefront of change in the constantly changing government environment. We take our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations seriously.

Insight to strengthen your organization

When you’re ready to go beyond the numbers to find value-added strategies, we offer resources to help you respond to challenges and opportunities including:

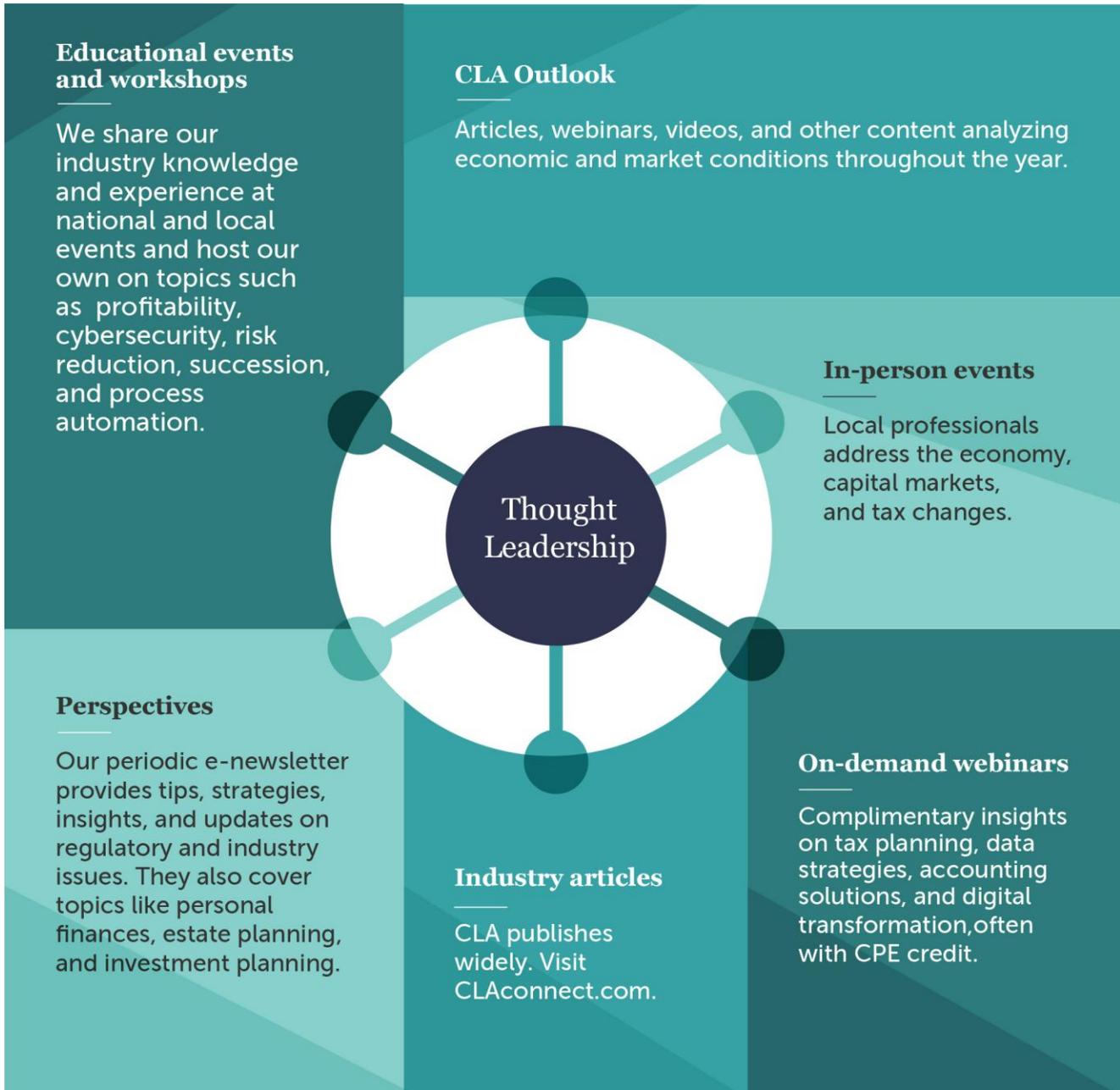
- [National webinars](#) — Access complimentary professional development opportunities for your team.
- [Articles and white papers](#) — Stay current on industry information as issues arise.

Curious: We care, we listen, we get to know you.



Thought leadership

Throughout the year, we send email publications and host webinars and events to keep you informed of relevant industry updates. You can find an extensive resource library on our [website](#) and subscribe for event invitations and industry insights at CLAAconnect.com/subscribe.



Support at every turn

With [dedicated services specific to state and local governments](#), you have access to guidance on all aspects of your operations.

- [Audit](#), review, and compilation of financial statements
- Compliance audits (HUD, OMB Single Audits)
- [Cybersecurity](#)
- [Enterprise risk management](#)
- [Forensic accounting, auditing, and fraud investigation](#)
- Fraud risk management
- [Grant compliance](#)
- Implementation assistance for complex Governmental Accounting Standards Board (GASB) statements
- [Internal audit](#)
- [Outsourced business operations](#)
- [Performance auditing](#)
- [Purchase card \(p-card\) monitoring and analytics](#)
- [Risk assessments](#)
- Strategic, financial, and operational consulting
- [Telecom management services](#)
- [Business opportunity assessments](#)
- [System optimization and selection](#)



Firm overview

It takes balance.™ With CLA by your side, you will find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.



As a professional services firm, we exist to create opportunities ... for you, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. We do this when we live the CLA Promise — a promise to know you and help you.

Opportunities for you



Opportunities for our people

At CLA, people find meaningful work in a fun, compelling, and energizing culture. Our people design their own customized careers through our inspired careers strategic advantage. In 2024 our total headcount was relatively the same as in 2023, and we continue to witness a remarkable retention rate of 89%. Inspired by their careers, our family members develop client relationships that bring deeper knowledge and help you shine. We're one family, working together to create opportunities.

What's more, CLA is building a culture of [connection and belonging](#) that welcomes different beliefs and perspectives. We want to represent the communities we serve and foster an environment of inclusion and belonging, resulting in enhanced value for our clients, our communities, and each other.

Inclusive: *We embrace all voices and create opportunities by removing barriers and helping our people build inspired careers.*

Opportunities for our community

CLA's community impact team unifies the work of connection, belonging and the CLA Foundation with a laser focus on advancing education, employment, and entrepreneurship within CLA and throughout our society.

Since 2015, our [CLA Foundation](#) has granted more than \$13 million from nominations made by and funds raised from CLA family members. Each grant recipient's work aligns with the foundation's mission to create career opportunities through education, employment, and entrepreneurship by connecting networks inclusive of all genders and races, veterans, and the disability community.

Read more in CLA's annual [Promise Report](#).

2. Principal/project manager responsible for the project

Daphnie Munoz, your engagement principal-in-charge, will serve as the City's primary contact for this engagement. As a principal of CLA, she is authorized to sign, bind, and commit the firm to the obligations contained in this proposal and the City's RFP. Her contact information is:



Daphnie Munoz, CPA, Principal

2875 Michelle Drive, Suite 300

Irvine, CA 92606

714-795-5474

daphnie.munoz@CLAconnect.com

Rebecca Hoang, CPA, Director

2875 Michelle Drive, Suite 300

Irvine, CA 92606

714-795-5442

rebecca.hoang@CLAconnect.com

3. Resumes and responsibilities

The true value in working with our team is developing a personal and professional relationship with leaders who understand your industry, challenges, and opportunities — with the full support of an entire CLA family behind them.

Meet your service team below. Detailed resumes can be found in the *Appendix*.

Engagement Team Member	Role	Years' Experience
Daphnie Munoz, CPA	Engagement principal – Daphnie will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Daphnie is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	27+
Joe Ludin, CPA	Technical resource principal – Joe will be the technical resource for the audit team as well as the City personnel. Joe’s many years of serving governmental entities will be an invaluable resource.	17+
Rebecca Hoang, CPA	Engagement director – Rebecca will act as the lead director on the engagement. In this role, Rebecca will assist the engagement principal with planning the engagement and performing complex audit areas. They will perform a technical review of all work performed and is responsible for the review of comprehensive annual financial report and all related reports.	12+
Stephen Coverstone, CPA	Senior – Stephen Coverstone, will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	5+

Additional staff – We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments.

Collaborative: Support from a responsive local team complemented by national resources. We consider the whole of your organization, bringing innovative teams to the table.



4. References

Our clients say it best. And their independent, authentic perspective is invaluable in learning about the experience you'll have when working with us. We encourage you to connect with our clients to hear about it firsthand.

City of Glendale, California	
Contact Name	Shun-Jun Li, Director of Finance
Phone Number Email	818-551-3048 sli@glendaleca.gov
Services	Audit of City's Annual Comprehensive Financial Report; Single audit; Electric and Water Utility Fund Financial Statement audits; Successor agency audit; GANN appropriations limit AUP; REAC AUP; NTD AUP

City of Santa Ana, California	
Contact Name	Sarah Ro, Accounting Manager
Phone Number Email	714-647-5437 sro@santa-ana.org
Services	Financial statement audit (ACFR), single audit, AQMD, State Controller's report

City of Palm Springs, California	
Contact Name	Heather Cain, Assistant Finance Director
Phone Number Email	760-322-8340 Heather.Cain@palmspringca.gov
Services	City audit, single audit, PFC audit (airport), Measure J audit, Measure AUP, GANN, SCO

City of Irvine, California	
Contact Name	Josh Brooks, Deputy Director of Administrative Services
Phone Number Email	949-724-6264 jobrooks@cityofirvine.org
Services	City audit, single audit, pension plan audits, AQMD audit, fund audits, SCO, GANN



City of Camarillo, California	
Contact Name	Kristen Madary, Finance Director
Phone Number Email	805-388-5328 kmadary@cityofcamarillo.org
Services	City audit, single audit, GANN, SCO

i.

Transparent: We place honesty and integrity at the center of all communication. We welcome you to start an open and candid conversation with those who know us best.

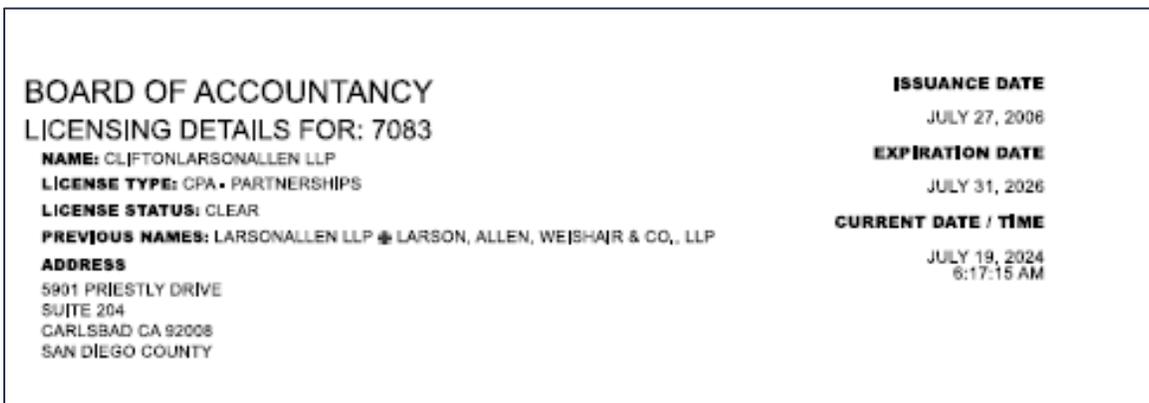
5. Use of subcontractor

While we are not a small or minority-owned business, we are committed to utilizing the services of such firms whenever possible. This includes using small and/or minority-owned businesses as subcontractors, as well as vendors. For this engagement, however, we do not foresee using any subcontractors.

CLA strives to fill its professional positions with skilled and experienced accountants regardless of race or gender.

6. License to practice

CLA is a limited liability partnership and is duly licensed to practice public accountancy in the state of California. A copy of our state license is provided below:



7. DIR registrations

n/a

8. Business safety record

n/a



9. Litigation

From time to time, the firm is a defendant in lawsuits involving alleged professional malpractice. In all cases, the firm believes that it has a strong position and intends to defend it vigorously. Should the ultimate outcome be unfavorable, however, net of the deductible provisions of the firm's malpractice insurance, all cases are expected to be fully covered by insurance and will not have a material impact on the firm or its ability to perform these services.

Moreover, in those cases where claims have been resolved by settlement (the vast majority of our cases), the firm is typically subject to confidentiality agreements that prohibit the disclosure of information regarding those matters. Disclosure by the firm of any details about those matters could invalidate the settlement agreements.



Technical Approach and Timeline

Easing the transition

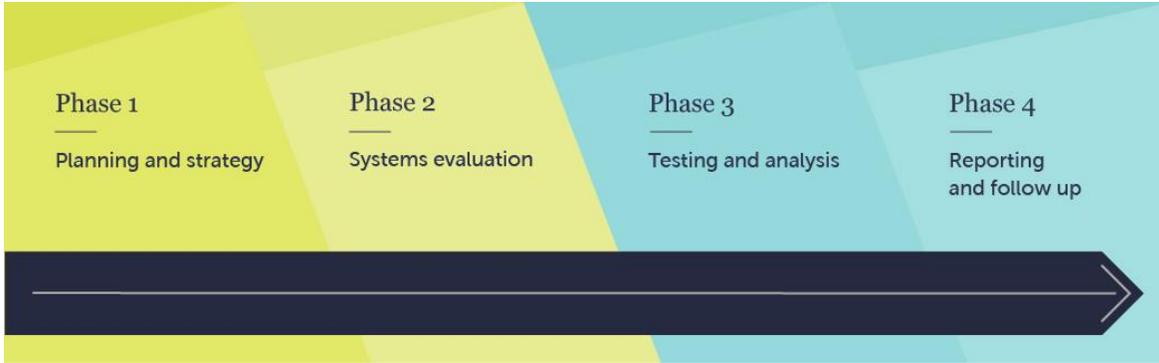
We recognize that a move to a new firm presents an opportunity as well as a challenge. Over our 70-year history, we have transitioned many clients and have a collegial and professional relationship with many firms.

The CLA seamless assurance advantage (SAA)

SAA is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience.

 	<h3>A different approach</h3> <p>SAA is unlike any conventional audit process. SAA does not depend on physical location. It reduces the time our professionals spend on site, creates fewer disruptions, enables more efficient use of resources (yours and ours), and allows for more impactful interactions with your people.</p>
<h3>Insights through analytics</h3> <p>CLA uses strategic data analysis to examine whole data sets to gain a deeper understanding of your organization. Insights that were once impossible can now come into focus to help you measure performance, enhance strategic decision making, and understand your competitive opportunities.</p>	 
 	<h3>Effective technology</h3> <p>Client HQ is a personalized hub designed to deliver the content and resources most relevant to your business. From industry insights to tools curated specifically for you, Client HQ helps you stay informed and ahead.</p> <p>Within this hub, HQ Exchange is the engagement platform that powers your relationship with CLA. Whether your engagement involves assurance, tax, consulting, or a combination, HQ Exchange provides a single point of access where you can track progress, share information securely, and maintain visibility into the work we're doing together.</p>

Financial statement audit approach



Phase 1: Planning and strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

- Conduct an entrance meeting – Daphnie Munoz and staff will meet with the City personnel to agree on an outline of responsibilities and time frames
 - Establish audit approach and timing schedule
 - Determine assistance to be provided by the City personnel
 - Discuss application of generally accepted accounting principles
 - Address initial audit concerns
 - Establish report parameters and timetables
 - Progress reporting process
 - Establish principal contacts
- Gain an understanding of your operations, including any changes in organization, management style, and internal and external factors influencing the operating environment
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics and Expert Analyzer (TeamMate), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the City, and establish deadlines

We will document our planning through:

- **Entity profile** — This profile will help us understand the City's activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary analytical procedures** — These procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General risk analysis** — This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations, and other key planning considerations.

- **Account risk analysis** — This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by client listing** — This document will contain a listing of schedules and reports to be prepared by the City personnel with due dates for each item.
- **HQ Exchange** — HQ Exchange is where your engagement lives. It creates clarity and accountability by making every step of the process visible to you, from initial planning through final delivery. By using HQ Exchange across all CLA service lines, we bring a consistent way of working — reducing the need for duplicate conversations and helping prevent things from getting lost between teams. For you, this means fewer surprises, faster answers, and confidence that your entire CLA team is aligned and working toward the same goals. Even with many professionals involved, HQ Exchange makes the experience feel seamless, collaborative, and transparent.

The audit engagement will be planned under the direction of the engagement leader and in-charge. We will clearly communicate any issues in a timely manner and will be in constant contact as to what we are finding and where we expect it will lead.

Using the information we have gathered and the risks identified, we will produce an audit program specifically tailored to the City that will detail the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

Phase 2: Systems evaluation

We will gain an understanding of the internal control structure of the City for financial accounting and relevant operations. Next, we will identify control objectives for each type of control material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles, not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated prepared by client listing based on our test results and anticipated substantive testing.



During the internal control phase, we will also perform a review of general and application IS controls for applications significant to financial statements to conclude whether IS general controls are properly designed and operating effectively.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then assess the significant computer-related controls.

For IS-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support findings and will provide recommendations for improvement. For IS controls we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Phase 3: Testing and analysis

The extent of our substantive testing will be based on results of our internal control tests. Audit sampling will be used only in those situations where it is the most effective method of testing.

After identifying individually significant or unusual items, we will decide the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will provide the City with status reports and be in constant communication with the City to determine that all identified issues are resolved in a timely manner. We will hold a final exit conference with the City to summarize the results of our fieldwork and review significant findings.

Phase 4: Reporting and follow up

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing the audited financial statements
 - Disagreements with the City
 - The City's consultations with other accountants
 - Major issues discussed with management prior to retention



- Difficulties encountered in performing the audit
- Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, our opinion, the financial statements, and management letter will be issued.

The City will be given a draft of any comments we propose to include in the management letter. Items not considered major may be discussed verbally with management instead of in the management letter. Our management letter will include items noted during our analysis of your operations.

We will make a formal presentation of the audit results to those charged with governance, if requested.

Elevating with artificial intelligence (AI)

CLA is committed to harnessing cutting-edge technology to enhance client service. We may use AI to enhance your audit engagements. This can include:

- **Research and document drafting:** CLA professionals may use Microsoft Copilot to ask questions and make requests of generative AI with secure access to CLA-specific resources.
- **Document summarization:** We may use CLA Family Assistant to help extract and summarize information relevant to our audits, including minutes review, leases, debt agreements, and other document types.
- **Invoice extraction:** CLA may use AI tools to extract relevant fields from invoices and other documents.

When AI is used, the work is supervised by CLA professionals who verify results before making final decisions. Client information remains confidential when working with these tools.

Single audit approach

OMB's *Uniform Guidance* (2 CFR Part 200) affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA professionals are available to provide guidance and tools tailored to the City's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits", requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We conduct our single audit in three primary phases, as shown, below:



Phase 1: Risk assessment and planning

The risk assessment and planning phase encompasses the overall planning stage of the single audit engagement. During this phase, we work closely with the City's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we can identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

Phase 2: Major program testing

We determine the programs to be audited based on the risk assessment performed in the planning phase. We perform the audit of the programs in accordance with *Uniform Guidance*.

To accomplish this, we perform the following:

- Schedule an introductory meeting and notify the City's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final assessment and reporting

We re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we perform the following:

- Identify Type A and significant Type B programs which were not previously identified
- Re-assess the risk and determine if we are required to audit additional programs
- Perform compliance testing at the entity wide level related to procurement and cash management requirements
- Perform testing to validate the status of prior year findings for those programs not selected for audit.

- Prepare the Schedule of Findings and Questioned Costs
- Conduct exit conference with the City’s management to review drafts of required reports:
 - Independent Auditors’ Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
 - Independent Auditors’ Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

Throughout the single audit, we maintain communication through periodic progress meetings with those designated by the City. These meetings will be on a set schedule, but as frequently as the City determines. During these meetings, we discuss progress impediments and findings as they arise.

Communication process

Effective communication is critical to a successful engagement. This includes weekly status meetings where observations, potential exceptions, and leading practices are discussed. To avoid surprises at the end of the engagement, we discuss and document our observations, clarify fact patterns, and confirm management’s understanding and agreement with our findings.

CLA adheres to all auditing standards related to reporting observations, recommendations, and findings. All significant deficiencies and material weaknesses will be reported to the audit committee/governance in writing. Best practices, observations, and other matters will be reported to management in a management letter that can be used as a tool to track the implementation of our recommendations.

Report to those charged with governance — In addition to observations and recommendations, we will inform the audit committee of:

- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments and passed adjustments, if any
- Disagreements with management, if any
- Management consultation with other accountants, if any
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit, if any

We are sensitive and understanding of the fact that we report to those charged with governance, and our audit professionals maintain objectivity and independence in issuing audit opinions. If we identify significant fraud, illegal acts, or significant delays during the audit process, we will alert the audit committee timely.

Information related to overall fiscal health or other concerns of your organization observed during audit testing will be presented in the exit presentation and as part of the management letter. We will also help you create opportunities for improvement through recommendations and suggestions for strengthening your policies, accounting procedures, and processes.



Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA’s audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA’s data methodology is a six-phase, systematic approach to examining an organization’s known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.

Data analytics are utilized throughout our audit process, our Risk Assessment, Data Analytics and Review (“RADAR”) is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to assess risk.

3. Data acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.

4. Technical data analysis

Technical analysis of the data requires the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is “normal” and, in turn, be better suited to spot anomalies, red flags, and other indications of risk. Analytics generally fall into five categories, each looking into the data set in a different way and deployed with a different purpose.



5. Interpret results and subsequent risk assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified, they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

6. Response and document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts, or summaries of both trends and anomalies are retained in audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client-specific and proprietary data. Key benefits of data analytics include:

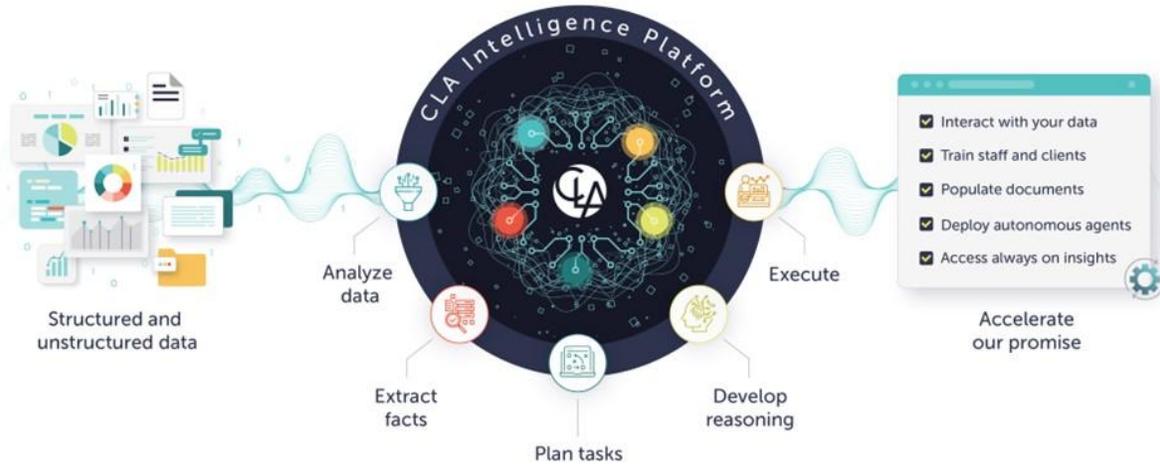
- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100% data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

The below figure illustrates typical data analytics scenarios.



CLA Intelligence Platform: Digital services and generative AI

Let us help you harness cutting-edge technology to transform the way your teams work and uncover deeper business and financial insights.



Digital transformation is no longer optional, it's a necessity. With CLA, you'll find a [comprehensive suite of capabilities](#) spanning automation and integration, data analytics, software, and cybersecurity — offering you new opportunities to navigate and thrive in the digital age.

By leveraging digital product solutions and services, you can improve your business operations and achieve big goals, whether that's streamlining processes, enhancing customer experiences, embracing generative artificial intelligence (AI), or driving innovation. We help you put digital solutions in place to:

Drive growth and profitability	Drive more value from software	Gain efficiencies and quality
Improve employee experience and retention	Make data-driven decisions	Make your data work for you
Manage security more effectively	Put the power of AI in your hands	Reduce cyber and other threats



Engagement timeline

Count on clear communication and regular updates.

Proposed work plan

We have designed a plan that meets your needs and key deadlines. In our planning meeting, we will discuss this timeline with you in greater detail and adjust as appropriate.

Date Completed By	Task
March	Pre-interim work Review prior year workpapers Request initial planning documents from the City
April	Initial planning meeting
June 15	Interim audit work
October 10	Field audit work
October 20	Management review and exit conference
See below	Draft and final reports
Ongoing	Planning and update meetings
Year round	General consultation regarding matters of accounting

Reports to be issued

Report	Draft Due Date	Final Due Date
Independent Auditor’s Report on Annual Comprehensive Financial Report	October 31	November 15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	October 31	November 15
Communication to Those In Charge of Governance	October 31	November 15
Report on Compliance with Article XIII B Appropriation Limit	October 31	November 15



Report	Draft Due Date	Final Due Date
Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	November 15	December 1
Annual State Controller's Reports for City, Community Service District, and Public Financing Authority (if requested)	Subject to availability of forms from SCO (normally available by third week of November)	Will be determined and discussed once forms are available
Annual Street Report (if requested)	Subject to availability of forms from SCO	Will be determined and discussed once forms are available

Reliable: Look for us to respond in hours, not days. We strive to deliver service that exceeds your expectations.



Price

1. Name of firm

CLA (CliftonLarsonAllen LLP)

Verification statement

I, Daphnie Munoz, your engagement principal-in-charge, will serve as the City’s primary contact for this engagement. As a principal of CLA, I am authorized to sign, bind, and commit the firm to the obligations contained in this proposal and the City’s RFP.

2. Total all-inclusive cost not-to-exceed

Having upfront conversations builds relationships.

The value we can provide your organization goes beyond meeting your compliance needs. We can help you discover opportunities to enhance your performance and achieve your strategic goals. Our insights and strategies are tailored to your specific situation and represent a return on your investment.

Based on our understanding of your requirements, we propose the following fees:

Services	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2029-2030	FY 2030-2031
City Financial Statement Audit	\$62,860	\$65,060	\$67,340	\$69,700	\$72,140
Single Audit Report ⁽¹⁾	\$6,610	\$6,840	\$7,080	\$7,330	\$7,590
GANN Limit	\$705	\$730	\$760	\$790	\$820
Onboarding costs	\$7,220	-	-	-	-
5% Technology and Client Service Fee	\$3,510	\$3,630	\$3,760	\$3,890	\$4,030
Total	\$80,905	\$76,260	\$78,940	\$81,710	\$84,580

(1) This fee contemplates auditing one major program. Additional major programs will be audited for an additional cost of \$4,500 for 2025-2026 with an annual increase of 3.5%



Optional Services	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2029-2030	FY 2030-2031
City State Controller's Annual Report	\$4,680	\$4,680	\$4,770	\$4,870	\$4,970
Temecula Community Services District State Controller's Annual Report	\$3,045	\$3,045	\$3,105	\$3,165	\$3,225
Temecula Public Financing Authority State Controller's Annual Report	\$1,575	\$1,575	\$1,605	\$1,635	\$1,665
City Annual Street Report	\$3,045	\$3,045	\$3,105	\$3,165	\$3,225
5% Technology and Client Service Fee	\$620	\$620	\$630	\$640	\$650
Total with optional services	\$93,870	\$89,225	\$92,155	\$95,185	\$98,315

Our fee quote is designed with an understanding that:

- The City personnel will provide documents and information requested in a timely fashion.
- The operations of your organization do not change significantly and do not include any future acquisitions or significant changes in your business operations.
- There are no significant changes to the scope, including no significant changes in auditing, accounting, or reporting requirements.

The 5% technology and client support fee supports our continuous investment in technology and innovation to enhance your experience and protect your data.

Fee increase

Our fees are based on professional standards and regulations currently in effect and barring any changes in the nature or requirements of the engagement, our annual fees will increase in accordance with the increases in our payroll and overhead costs. In addition, costs could increase due to substantial changes in your office locations, asset size and/or operational structure. If fee increases are expected outside of the ranges provided above, we would discuss with management prior to the completion of the work.



3. Component costs

Hourly rates

The table below shows our standard hourly billing rates by classification:

Staff Level	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2029-2030	FY 2030-2031
Principal/Signing Directors	\$375	\$390	\$400	\$410	\$420
Managers/Directors	\$195	\$200	\$210	\$220	\$230
Supervisory Staff	\$145	\$150	\$160	\$170	\$180
Staff	\$135	\$140	\$140	\$140	\$140
Clerical	\$105	\$110	\$110	\$110	\$110

A 5% technology and client support fee will be added to your invoice. This fee is to support our continuous investment in technology and innovation to enhance your experience and protect your data.

Level of staff and number of hours to be assigned

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain the services are completed based on your requirements. The plan may also be amended during the year based on input from the internal auditor.

Please see the tables following for the segmentation of the audit by partner and staff level, as well as by phases of the audit:

By Partner and Staff Level	Principal	Manager	Supervisory Staff	Professional Staff	Clerical Staff	Total
City of Temecula	30	60	124	150	16	380
Single Audit	2	6	16	16	2	42
GANN Limit	-	1	-	3	1	5
Total Hours	32	67	140	169	19	427



By Phases of the Audit	Partners	Manager	Supervisory Staff	Staff	Clerical	Total
Planning	4	4	8	4	-	20
Interim Fieldwork	4	8	32	80	-	124
Final Fieldwork and review	24	55	100	85	19	283
Total Hours	32	67	140	169	19	427

4. Rates for additional professional services

For any additional work, it is our practice to bill for actual hours incurred at an hourly rate applicable to the professional completing the project at hand. If additional work is requested outside of the scope of requested services, we will discuss with you our proposed fee for additional services before we begin the project. Any such additional work agreed to between the City and CLA shall be performed at the below rates.

Level	Current Hourly Rate
Principal/Signing Director/Technical Director	\$375+
Manager/Director	\$195 - \$320
Senior	\$160 - \$220
Associate	\$140 - \$170

5. Manner of payment

Our invoices for these fees will be rendered in a manner consistent with our Statement of Work and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full.

6. Expenses

Out-of-pocket expenses

Please note that these are firm-fixed fees and include out-of-pocket costs associated with the engagement such as local travel. We understand that clients do not want fee surprises; our fee and billing practices reflect this understanding.



No surprises

Our clients don't like fee surprises. Neither do we. If changes or complexities occur — or any "out-of-scope" work is required — we'll discuss a revised proposal with you first.

It's not our policy or practice to bill our clients every time we receive a phone call or email. We're invested in our relationships and strongly encourage intentional and frequent communication. Contact us year-round as changes or questions arise.

Our last word on fees: we're committed to serving you and creating a long-standing relationship. If fees are a deciding factor in your selection of a professional services firm, give us a call and let's discuss.

Transparent: Clear, authentic communication and market-based fees.



Statement of Local Vendor Certification

n/a



Appendix

A. Your service team biographies





Daphnie Muñoz, CPA

CLA (CliftonLarsonAllen LLP)



Principal
Irvine, California

714-975-5474
daphnie.munoz@CLAconnect.com

Profile

Daphnie is an assurance principal at our CLA’s Irvine office (formerly White Nelson Diehl Evans [WNDE]). She has 27 years of experience with a focus on state and local government audit and assurance services. She earned her CPA designation in 2001 and became an audit and assurance principal in 2011.

A key figure in the firm’s government audit practice, Daphnie works closely with government entities to provide thorough attestation services, including single audits. She has extensive experience with a wide range of local government related audit engagements, including cities, successor and redevelopment agencies, federal grants, special districts, compliance audits, and agreed-upon procedures engagements.

Technical experience

- Government entities, including nonprofits and special districts

Education and professional involvement

- Bachelor of science in accounting from De La Salle University, Manila, Philippines
- Certified Public Accountant in the state of California
- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- California Society of Municipal Finance Officers (CSMFO)
- Government Finance Officers Association (GFOA)

Local government experience

California cities

- | | | | |
|------------|---------------|------------------------|-----------------|
| • Alhambra | • Fillmore | • Lancaster | • Santa Ana |
| • Banning | • Glendale | • Murrieta | • Santa Barbara |
| • Burbank | • Hesperia | • Palos Verdes Estates | • Stanton |
| • Colton | • Lake Forest | | • Torrance |

California special districts

- | | |
|---|--|
| • Grossmont Healthcare District | • Rancho Santa Fe Community Services District |
| • Fairbanks Community Services District | • Valley Wide Recreation and Park District |
| • Heber Public Utilities District | • Vista Irrigation District |
| • Midway City Sanitary District | • Whispering Palms Community Services District |
| • Placentia Library District | • Yorba Linda Water District |





Joseph Ludin, CPA

CLA (CliftonLarsonAllen LLP)



Principal
Irvine, California

714-795-5483
joe.ludin@CLAconnect.com

Profile

Joe is an assurance principal at CLA’s Irvine office (formerly White Nelson Diehl Evans [WNDE]). He has been a valued member to the team since 2009. He has performed all phases of local governmental audits including cities, successor agencies/redevelopment agencies, single audit of federal grants, special districts, retirement systems and agreed-upon procedures engagements. Joe is involved with planning the audit, performing fieldwork for all aspects of the audit, supervising staff accountants, and preparation of financial statements. Joe’s knowledge lies in performing audit, assurance, and consulting for governmental agencies as well as private companies. He works with clients in a variety of industries, including, but not limited to, construction, electronics manufacturing, and staffing industries.

Technical experience

- Government entities, including nonprofits and special districts

Education and professional involvement

- Bachelor of business administration and management from California Polytechnic University, San Luis Obispo
- Certified Public Accountant in the state of California
- California Society of Municipal Finance Officers (CSMFO)

Key relevant clients

Cities:

Chino	Irvine	Newport Beach	Cerritos
Covina	Pasadena	Orange	Industry
Del Mar	Lancaster	Santa Barbara	

Other Governmental Agencies:

City of Irvine Pension Plans	Surfside Colony Community Services District
La Habra Heights County Water District	Surfside Colony Storm Water Protection District
Sunset Beach Sanitary District	Yorba Linda Water District
El Toro Water District	





Rebecca Hoang, CPA

CLA (CliftonLarsonAllen LLP)

Director
Irvine, California

714-795-5442
rebecca.hoang@CLAconnect.com



Profile

Rebecca is a director at our CLA Irvine office (formerly White Nelson Diehl Evans [WNDE]) with more than 12 years of experience and has been an integral part of the team. She specializes in state and local governmental agencies. Her experience lies in evaluating compliance with government regulations, supporting financial integrity, and enhancing operational efficiency within governmental agencies.

Technical experience

- Local government audits, including cities and special districts
- Audits of federal award expenditures

Education and professional involvement

- Bachelor of arts in business economics from the University of California, Irvine, Irvine, California
- Certified Public Accountant in the state of California
- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)

California government experience

- City of Escondido
- City of Rancho Palos Verdes
- City of Colton
- City of Pico Rivera
- City of Santa Ana
- City of Lancaster
- Laguna Beach County Water District
- Midway Sanitary District

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CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://www.claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



B. Quality control procedures and peer review report



In the most recent peer review report, dated November 2022, we received a rating of pass, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page. ***This quality review included a review of specific government engagements.***

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.





Report on the Firm's System of Quality Control

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 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 requirements 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 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 Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1[®] and SOC 2[®] engagements).

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 CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 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*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
Charlotte, North Carolina
November 18, 2022

cbh.com

