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CITY COUNCIL MEETING

APRIL 21, 1982

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ERNST AND WHINNEY
RETAINED TO CONDUCT
AUDIT FOR YEAR
ENDING 6/30/82

Following introduction of the matter by City Manager
Glaves, Council, on motion of Mayor Pro Tempore
Murphy, Snider second, authorized the hiring of
Ernst and Whinney of Sacramento to examine the
financial statements of the City of Lodi for the year
ending June 30, 1982 at a cost not to exceed \$15,000.00

Ernst & Whinney

555 Capitol Mall, Suite 650
Sacramento, California 95814

916/447-3237

February 26, 1982

City Council
City of Lodi
221 West Pine Street
Lodi, California 95240

Attention Mr. Jerry L. Glenn

Dear Mr. Glenn:

The purpose of this letter is to summarize the scope of our services and fee estimate regarding our engagement to examine the financial statements of the City of Lodi for the year ended June 30, 1982.

As in the past, we will perform the examination and issue our report thereon in accordance with generally accepted auditing standards approved by the American Institute of Certified Public Accountants. These standards contemplate, among other things, that we will make a study and evaluation of your system of internal control as a basis for reliance on the accounting records and for determining the extent of our audit tests; and that we will be able to obtain sufficient competent evidential matter, with respect to the accounts, to afford a reasonable basis for our opinion regarding the financial statements. However, it should be understood that our report will, necessarily, be governed by the findings developed in the course of our examination, and that we could be required, depending upon the circumstances, to modify our reporting from the typical unqualified opinion. We will advise you, as our examination progresses, if any developments indicate that we will be unable to express an unqualified opinion.

Since our examination will be performed generally on a test basis, including sampling techniques, it will not necessarily disclose irregularities, if any, that may exist. However, any irregularities which our examination does disclose will be reported to you promptly.

At the completion of the engagement, we will provide a letter to management containing recommendations for any significant changes which we believe would improve the accounting or management procedures, or strengthen internal controls.

Our fees will be based upon our customary rates for the various personnel involved, plus out-of-pocket expenses.

MAR 01 1982

City Council
City of Lodi

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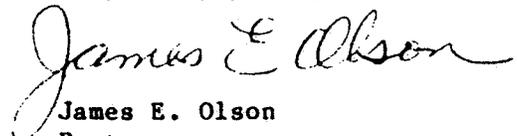
February 26, 1982

We expect to use your staff as much as possible to prepare analysis schedules, provide supporting documentation, and otherwise assist in minimizing our audit time and resultant fees. In that connection, our fee estimate this year is based upon the continued usage of accounting department personnel to the extent of approximately 60-70 hours during 1982 and their preparation of analyses and corrections to fund balance accounts, in addition to drafts of the financial statements.

Fees for the financial audit for 1980 and 1981 were \$14,120 and \$14,820, respectively. Our fees for services to be rendered in the examination of the 1982 financial statements will not exceed \$15,000. Should any significant or unusual circumstances be encountered, we will advise you prior to altering our scope of services or examination.

We look forward to the opportunity to again serve the City of Lodi.

Very truly yours,


James E. Olson
Partner

follow-up

April 29, 1982

Mr. James E. Olson
Ernst and Whinney
555 Capitol Mall
Suite 650
Sacramento, CA

Dear Mr. Olson:

This letter will confirm the actions of the Lodi City Council taken at its regular meeting on April 21, 1982, whereby the Council authorized the engagement of your firm to examine the financial statements of the City of Lodi for the year ended June 30, 1982 as outlined in your letter of February 26, 1982 at a fee not to exceed \$15,000.00..

Should you have any questions regarding this action, please do not hesitate to call.

Very truly yours,

Alice M. Reimche
City Clerk

AR:dg