

CITY COUNCIL MEETING

June 24, 1981

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CONTRACT
APPROVED FOR
ANNUAL AUDIT

Council, on motion of Councilman Katnich, Hughes second, authorized the retaining of the firm of Ernst and Whinney pursuant to the provisions and fees, including Revenue Sharing Compliance Audit, outlined in their June 5, 1981 letter to perform the annual audit at a total cost not to exceed \$15,400. with the understanding that this audit will be performed in a timely manner. Council further directed Staff to seek a new auditing firm to perform the audit for F.Y 1981-82.

Follow-up

CITY COUNCIL

JAMES A. McCARTY, Mayor
ROBERT G. MURPHY, Mayor Pro Tem
RICHARD L. HUGHES
WALTER KATNICH
JAMES W. PINKERTON, Jr.

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
POST OFFICE BOX 320
LODI, CALIFORNIA 95241
(209) 334-5634

HENRY A. CLAVES, Jr.
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

June 19, 1981

Ernst and Whinney
555 Capitol Mall
Suite 650
Sacramento, CA 95814

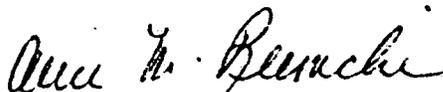
Gentlemen:

- Please be advised that your June 5, 1981 letter summarizing the scope of your services and fee estimate regarding your engagement to examine the financial statements of the City of Lodi for the year ended June 30, 1981 was presented to the Lodi City Council at its regular meeting of June 17, 1981.

By motion action Council authorized the retaining of your firm pursuant to the provisions and fees, including Revenue Sharing Compliance Audit, outlined in your June 5, 1981 letter.

The City Council did express concern that the audits the past two years have not been received in a "timely" manner. I trust if problems arise which preclude having an audit and management letter on had by October 1, 1981 that we will be so notified.

Very truly yours,



Alice M. Reimche
City Clerk

AR:dg

Ernst & Whinney

555 Capitol Mall, Suite 650
Sacramento, California 95814

916/447-3237

June 5, 1981

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, 1981.

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.

JUN 10 1981

City Council
City of Lodi

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June 5, 1981

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 hours during 1981 and their preparation of analyses and corrections to fund balance accounts, in addition to drafts of the financial statements.

Our fees for services rendered in the examination of the financial statements will not exceed \$13,500. Should any significant or unusual circumstances be encountered, we will advise you prior to altering our scope of services or examination.

In addition, we are pleased to respond regarding the examination of the City's Federal Revenue Sharing audit needs. The revenue sharing audit guide requires a financial and a compliance audit to be completed once every three years. As we have performed the financial audit for each of the last two years and anticipate performing the audit for the year ending June 30, 1981, it will only be necessary for us to perform additional compliance procedures. Our fee for this service for the year ended June 30, 1978 was \$1,700 and we anticipate that our fee for this service for June 30, 1981 will not exceed \$1,900.

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

Very truly yours,

Ernst & Whinney