



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A
- Donald L. Parker, C.P.A
- Michael K. Chu, C.P.A
- David E. Hale, C.P.A, C.F.P.
A Professional Corporation
- Donald G. Slater, C.P.A
- Richard K. Kikuchi, C.P.A
- Susan F. Matz, C.P.A.

December 2, 2010

Ms. Joyce Crosthwaite
Executive Officer
Orange County LAFCO
12 Civic Center Plaza, Room 235
Santa Ana, CA 92701

Dear Joyce:

Per your request, we have prepared this quote for audit services for the Orange County, Riverside County, San Bernardino County, San Diego County, Los Angeles County and Imperial County LAFCOs (LAFCOs). As you are aware, our contract with the Orange County, Riverside County, San Bernardino County and San Diego County LAFCO's for accounting and auditing services expires with the fiscal year ending June 30, 2010. Over the past few years, we have provided you with auditing and accounting services which:

- Produced Annual Audited Financial Statements performed in accordance with Government Auditing Standards.
- Provided assistance and information to LAFCO staff when required and helpful recommendations to management.

Also, instead of providing audit services for the San Diego County LAFCO (as per our original agreement), we have been engaged to perform monthly bookkeeping services and to produce annual compiled financial statements.

We have made it an *absolute priority* to provide the LAFCOs with the best service available and we would like to continue to provide this level of service to the LAFCOs. Since we are familiar with your accounting systems, we will be able to perform an efficient audit under the new *Auditing Standards*, which will benefit the LAFCOs with continuity of firm personnel and minimal disruption to LAFCO staff during the audit. In addition, we have structured staff rotation on your engagement so that the LAFCOs will always receive a fresh look at its system and records.

Towards this end, we would like to propose a new three year contract in order to provide continuous and uninterrupted auditing services to the LAFCOs. As a part of our services, Lance, Soll & Lunghard, LLP will continue to provide extensive Government Accounting Standards Board (GASB) assistance to the LAFCOs throughout the year.

Please see the attached **Appendix A** for our proposed fees for the next three years. The services to be performed, fee structure and billing methods would remain unchanged from our original agreement. Since we have contracted with several LAFCOs, we are able to provide to you, not only a valued added unique expertise, but also a group discount on your fees.



Orange County LAFCO
December 2, 2010

Based on my discussion with Ms. June Savala at the Los Angeles County LAFCO, she stated her possible interest in our Firm providing monthly bookkeeping services similar to what we provide to the San Diego County LAFCO. Should we proceed in that direction, our price would be the same as that charged to the San Diego County LAFCO. **Please see Appendix A.** Ms Savala also stated that if we do the audit instead, it would be for Fiscal Years 2007-08, 2008-09, 2009-10 and 2010-11. Therefore, the first year cost, actually, is for the audit of four years.

Again, Lance, Soll & Lunghard, LLP looks forward to continue to provide quality services to the LAFCOs. Please sign below to acknowledge your acceptance of this agreement and return to my attention. Should you or any other representative of the LAFCOs have additional questions regarding this agreement, please do not hesitate to contact Rich Kikuchi, Partner at (714) 672-0022.

Very truly yours,

Lance, Soll & Lunghard, LLP

Joyce Crosthwaite, Executive Officer

Date

Appendix A

LAFCO

Lance, Soll & Lunghard, LLP - Quote for Audit Services

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Orange County	\$ 7,250	\$ 7,468	\$ 7,468
Riverside County	\$ 7,250	\$ 7,468	\$ 7,468
San Bernardino County	\$ 7,250	\$ 7,468	\$ 7,468
San Diego County*	\$ 12,500	\$ 12,875	\$ 12,875
Los Angeles County	** \$ 27,750	\$ 7,468	\$ 7,468
Imperial County	-	\$ 7,468	\$ 7,468

*Monthly Bookkeeping and Compilation Services

**First year audit includes FY 2007-08, 2008-09, 2009-10 and 2010-11