

AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF MANHATTAN BEACH AND LANCE, SOLL &
LUNGHARD, LLP

This Second Amendment (“Amendment No. 2”) to that certain agreement by and between the City of Manhattan Beach, a California municipal corporation (“City”) and Lance, Soll & Lunghard, LLP, a California limited liability partnership (“Consultant”) (collectively, the “Parties”) is hereby entered into as of March 19, 2024 (“Effective Date”).

RECITALS

A. On March 20, 2019, the City and Consultant entered into an agreement for professional services for the Consultant to provide financial audit services (“Agreement”).

B. On March 20, 2022, the Parties amended the Agreement to increase the Maximum Compensation and extend the Term (“Amendment No. 1”).

C. The Parties now desire to amend the Agreement to increase the Maximum Compensation, extend the term of the Agreement, and modify the scope of services and fee schedule.

NOW, THEREFORE, in consideration of the Parties’ performance of the promises, covenants, and conditions stated herein, the Parties hereby agree as follows:

Section 1. Section 1.A and Exhibit A of the Agreement are hereby amended to provide an additional renewal option for audit years ending June 30, 2024 and 2025.

Section 2. Section 2 of the Agreement is hereby revised to extend the term of the Agreement through March 18, 2026, unless sooner terminated as provided in Section 12 of the Agreement.

Section 3. Section 3.A of the Agreement is hereby revised to increase the Maximum Compensation amount by \$137,780, for a new Maximum Compensation of \$435,530.

Section 4. Exhibit B.1 (Approved Fee Schedule) of the Agreement is hereby replaced by Exhibit B.2 attached to this Amendment.

Section 5. Except as specifically amended by this Amendment No. 2, all other provisions of the Agreement (as previously amended by Amendment No. 1) shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

Approved for use 6/1/23

IN WITNESS THEREOF, the Parties hereto have executed this Amendment No. 2 on the day and year first shown above.

City:

Consultant:

City of Manhattan Beach,
a California municipal corporation

Lance, Soll & Lunghard, LLP,
a California limited liability partnership

By: _____
Name: Bruce Moe
Title: City Manager

DocuSigned by:

By: _____ 3/7/2024
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Name: Bryan Gruber
Title: Partner

ATTEST:

By: _____
Name: Liza Tamura
Title: City Clerk

APPROVED AS TO FORM:

DocuSigned by:

By: _____ 2024
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Name: Quinn M. Barrow
Title: City Attorney

APPROVED AS TO FISCAL IMPACT:

DocuSigned by:

By: _____ 2024
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Name: Steve S. Charelian
Title: Finance Director

APPROVED AS TO CONTENT:

DocuSigned by:

By: _____ 2024
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Name: Steve S. Charelian
Title: Finance Director

EXHIBIT B.2

APPROVED FEE SCHEDULE



January 30, 2024

City of Manhattan Beach
 Attn: Steve Charelian, Finance Director
 1400 Highland Avenue
 Manhattan Beach, CA 90266

Dear Mr. Charelian,

As the current independent auditor for the City of Manhattan Beach, Lance, Soll & Lunghard, LLP is proposing a quote for audit services for fiscal year 2024 and 2025 as an extension to our expiring contract. This will provide continuous and undisrupted audit services leveraging Lance, Soll & Lunghard's knowledge of the City's operation while allowing the City's finance staff to put more emphasis on the City's finance operation.

The services to be provided will be consistent to the services provided in prior fiscal years on our expiring contract and will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The proposed fees for fiscal year 2024 and 2025 will be as follows:

	2023-24 Proposed Fees	2024-25 Proposed Fees
Government audit	\$ 52,750	\$ 55,390
Financial statement preparation	10,030	10,530
Single audit	4,430	4,650
Total all inclusive price	\$ 67,210	\$ 70,570

In the event that the City's books are not be fully closed by the agreed start date of the year end audit, or if circumstances come up where significantly more hours than estimated are needed to wrap up the audit, additional out of scope billing may be required.

The quoted fee for the single audit includes the testing of one major program. Additional major programs will be \$4,200 each.

The report to be issued will include the following:

- An audit opinion on the City's ACFR
- An agreed-upon procedures report applied to the Appropriations Limit
- A single audit report in compliance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements.
- A report on internal control over financial reporting and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
- Written communication and information to the City's governing board regarding our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit.

www.lslcpas.com



203 N. Brea Blvd, Suite 203 Brea, CA 92821 (714) 672-0022	24422 Avenida de la Carlota, Suite 275 Laguna Hills, CA 92653 (949) 829-8299	1611 E. Fourth Street, Suite 200 Santa Ana, CA 92701 (714) 569-1000	2151 River Plaza Dr., Suite 150 Sacramento, CA 95833 (916) 503-9691	21 Waterway Avenue, Suite 30089 The Woodlands, TX 77380 (936) 828-4587
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Mr. Steve Charelian
Finance Director
City of Manhattan Beach

During the course of our audit, we will be available to provide assistance and information to City's staff when required including helpful recommendations to management.

We have made it an absolute priority to provide the City of Manhattan Beach with the best service available and we would like to continue to provide this level of service for an additional two years. Since we are knowledgeable of the City's internal controls, we will be able to perform an efficient and effective audit under current audit standards, which will benefit the City with continuity of firm personnel and minimal disruption to City's staff.

Again, LSL CPAs looks forward to continue to provide quality audit services to the City of Manhattan Beach. To acknowledge your acceptance of this agreement, please sign below and return to my attention. Should you or any other representative of the City have additional questions regarding this agreement, please do not hesitate to contact Christian Townes, Partner at christian.townes@lslcpas.com or Brandon Young, Partner at Brandon.Young@lslcpas.com or call our office at (714)672-0022.

Very truly yours,

LANCE, SOLL & LUNGARD, LLP

RESPONSE:

This letter correctly sets forth the understanding of the City of Manhattan Beach.

By: Steve S Charelian, Finance Director
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Title: Finance Director

Date: 3/6/2024

Hi Julie,

Here are our standard government audit billing rates for FY 23-24 and FY 24-25.

Auditor's Standard Billing Rates

Position	2023-24	2024-25
Partner	\$360	\$371
Senior Manager	\$270	\$279
Manager	\$230	\$237
Supervisor	\$200	\$206
Senior Accountant	\$180	\$186
Experienced Staff	\$150	\$155
Staff Accountant	\$130	\$134
Clerical	\$110	\$114

For the audit fee we provided you, the hourly rates have been discounted to limit the audit fee increase.

Frank C. North, CPA
Senior Manager, Government Services



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Focused on YOU

