

**City of California City
Request for Proposals
For Professional Auditing Services**



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Response Due Date/Time: March 13, 2026 5:00 pm (PST)

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City of California City

REQUEST FOR PROPOSALS PROFESSIONAL AUDITING SERVICES

TABLE OF CONTENTS

I.	INTRODUCTION	
	A. General Information	1
	B. Term of Engagement	2
II.	DESCRIPTION OF THE GOVERNMENT	
	A. Background of the City of California City	2
	B. Component Units	3
	C. Fund Structure	3
	D. Pension Plans	3
	E. Accounting and Computer Systems	3
	F. Internal Audit Function	3
	G. Federal Financial Assistance	3
	H. Availability of Prior Audit Reports	4
III.	SCOPE OF WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED	
	A. Scope of Work	4
	B. Working Paper Retention	5
	C. Irregularities and Illegal Acts	5
IV.	TIMETABLE OF DELIVERABLE REPORTS	
	A. Audit Planning and Interim Work	5
	B. Final Year-End Fieldwork	6
	C. Report Due Dates	6
V.	PROPOSAL REQUIREMENTS	
	A. Inquiries	6
	B. Submission of Proposals	6
VI.	EVALUATION PROCEDURES	
	A. Review of Proposals	11
	B. Evaluation Criteria	12
	C. Oral Presentations	13

CITY OF CALIFORNIA CITY
REQUEST FOR PROPOSAL
FOR PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

The City of California City (the “City”) is requesting proposals from qualified independent Certified Public Accounting firms to audit the financial statements of the City for the fiscal years ending June 30, 2025, 2026 and 2027, with options for extensions for the fiscal years ending June 30, 2028 and 2029, in addition to performing other financial audits and agreed upon procedures with an option of preparing State Controller’s Reports as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Gov. Code, § 7920.000 et seq.), unless exempt.

To be considered, five copies of a proposal must be received by the City Clerk’s Office at 21000 Hacienda Blvd, California City, CA 93505 by **5:00 P.M. on Friday, March 13, 2026**. The City reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right, where it may serve the City’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed in March 2026. Following the notification of the selected firm, a recommendation and proposed contract will be prepared for review and approval by the City Council at the **March 24, 2026** Council Meeting.

B. Term of Engagement

A three-year contract, with two one-year extension options is expected. The extension options will be subject to review by the City Council and satisfactory negotiation of terms, including a price acceptable to both the City and the selected firm. The proposal package shall present all-inclusive audit fees for each year of the contract term.

II. DESCRIPTION OF THE GOVERNMENT

A. Background of the City of California City

California City was incorporated on December 10, 1965. The City is located in the northern Antelope Valley in Kern County, California. It is 100 miles (160 km) north of the city of Los Angeles. Covering 203.63 square miles (527.4 km²), California City has the third-largest land area of any city in the state of California (behind San Diego and Los Angeles), and is the largest city in California, by land area, that is not a county seat. It is the 43rd-largest city in the United States by land area.

California City operates under a Council/Manager form of government, with a Mayor directly elected by the voters and four elected Councilmembers, collectively known as the Council. The Council is responsible for setting policy for the City and for adopting an annual budget. The Council Member with the most seniority is designated as the Mayor Pro Tem to serve in the Mayor's absence. Day-to-day responsibilities are overseen by a City Manager, reporting to the Mayor and City Council. The City Manager is responsible for appointing and supervising the heads of all City departments, with the advice and consent of the Council, with the exception of the City Treasurer, which is an elected position, and the City Attorney, who is appointed by the Council directly.

The City of California City has a population of 14,973 as of the 2020 census. The City's annual operating budget is approximately \$10 million, the City's special revenue fund budget is approximately \$11 million, and the total annual budget for the six enterprise funds is approximately \$9 million.

The City's operations are organized into 14 functions: Administration, City Clerk, Finance, Human Resources, Building and Planning, Housing, Police, Public Works, Parks & Recreation, OHV, Cannabis Management, Water, and Wastewater (Sewer) with 60 budgeted full-time and 11 part-time positions. Fire services are contracted with the Kern County. The accounting and financial reporting aspects of the City are centralized within the Finance department. The Finance Department is currently headed by the City Manager utilizing a contract Finance Director provided by Price Paige & Company. Internal staffing of the department consists of a Finance Manager, Accounting Technician III, and a Payroll Clerk, in addition to the elected City Treasurer, who is also responsible for the treasury function.

B. Component Units

The City has no component units to be audited as part of the audit of the City's financial statements.

C. Fund Structure

The City maintains a total of 20 funds, including the general fund, 6 enterprise funds (Water, Sewer, Airport, Dial-A-Ride, Airport Capital Projects, and Water Capital Improvement), one capital projects fund and 12 special revenue funds. The City adopts an annual appropriated budget for all funds.

D. Pension Plans

The City participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and eligible part-time employees and also participates in FICA (Medicare).

E. Accounting and Computer Systems

The City utilizes Caselle software as its accounting system, which is hosted virtually. Caselle modules implemented include accounts receivable, accounts payable, general ledger, utility billing, and bank reconciliation. Infrastructure assets are maintained via an Excel spreadsheet. Payroll is performed by staff using Caselle time keeping. Information Technology (IT) is contracted with the Diamond IT.

F. Internal Audit Function

The City does not maintain an internal audit function.

G. Federal Financial Assistance

During the fiscal years to be audited, the City may receive and/or expend financial assistance from the following federal sources either directly or from a pass-through:

- U.S. Department of Housing and Urban Development
- U.S. Department of Transportation
- FEMA

The City may pursue additional grant funding as it becomes available.

H. Availability of Prior Audit Reports

The City will use its best efforts to make prior audit reports and audit letters available to proposers to aid their response to this request for proposal. Interested proposers who wish to review prior years' audit reports and letters should contact Kenny Cooper, Finance Manager at (760) 373-7483, via email kcooper@californiacity-ca.gov or physically at City of California City 21000 Hacienda Blvd California City, CA 93505

III. SCOPE OF WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

A. Scope of Work

The following is a summary of the scope of work to be performed by the selected firm for the City for the fiscal years ending June 30, 2025, 2026 and 2027, with options for the fiscal years ending June 30, 2028 and 2029:

1. The firm will perform a financial audit of all funds and financial statements of the City. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The firm will prepare and do the word processing of the City's Comprehensive Annual Financial Report ("CAFR") in full compliance with Governmental Accounting Standards Board ("GASB") Statement No. 34. The City's Finance Department will prepare the Transmittal Letter, Management's Discussion and Analysis ("MD&A") and Statistical Section. The City will submit the CAFR to the Government Finance Officers Association ("GFOA") for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has never received this award and is anticipating the CAFR to be submitted to the GFOA for the first time for the fiscal year ended June 30, 2025.
2. The firm will perform a Single Audit on the expenditures of federal awards in accordance with the Office of Management and Budget's Uniform Guidance. The firm will render the appropriate independent auditors' Reports 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*, and Report on Compliance for Each Major Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance. The separately issued Single Audit Report will include the schedule of expenditures of federal awards, footnotes, findings and questioned costs, and follow up on prior audit findings where required.
3. The firm shall perform agreed-upon procedures pertaining to the City's GANN Limit (Appropriations Limit) in compliance with Proposition 111 Article XIII-B Section 1.5 of the California Constitution, and render a report annually to the City regarding its compliance.
4. As necessary, the firm shall issue written communications that include recommendations for improvements in internal control, accounting policies and procedures, and other significant observations that are considered to be deficiencies in internal control, significant deficiencies or material weaknesses. Such communications shall be addressed to the City Council.
5. The following items are **optional**:
 - a. Preparation of the annual Cities Financial Transactions Report for the State Controller's Office per Government Code section 53891.
 - b. Preparation of the Annual Street Report for the State Controller's Office

per California Streets and Highways Code Section 2151.

At any point in time during the term of engagement, the firm may be requested to perform additional agreed-upon procedures or financial audits, or alternative agreed-upon procedures than the above listed items. Prior to commencement of these additional procedures, the estimated cost will be provided and shall not exceed the quoted hourly rates included in Attachment A.

The City's Finance and Administration staff will provide normal cooperation and assistance during the audit, including preparation of confirmations, pulling and refiling of transaction supporting documents and providing reconciliations of major general ledger accounts.

A. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City, any government agencies, or their designees. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

B. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Council; City Manager; City Attorney; and Assistant City Manager.

IV. TIMETABLE OF DELIVERABLE REPORTS

It is anticipated that the audit work will be performed in the following phases:

A. Public Presentation on Audit Process to the City Council

It is expected that the auditors will provide a presentation on the audit process and take and questions during an agendaized City Council meeting shortly after engagement.

B. Audit Planning and Interim Work

Audit planning and interim work is expected to take place as soon as possible once the contract is awarded in 2026, and in October of each subsequent year. Documentation of the City's processes and systems of internal control, and related testing should be completed during the interim fieldwork phase. The firm will provide a Prepared By Client ("PBC") list to the City Manager and Finance Manager no later than two weeks prior to interim fieldwork and will provide the PBC list for the final year-end fieldwork at the close of the interim stage.

C. Final Year-End Fieldwork

It is expected that the City's books will be closed and ready for audit by approximately September 15 of each year. The fieldwork should begin no earlier than this date, nor begin after October 15, unless mutually agreed upon.

D. Report Due Dates

The firm shall be responsible for the preparation and word processing of the CAFR and other required reports, and shall make every effort to provide a draft of the CAFR to the City before the end of final year-end fieldwork each year.

Electronic versions of the final issued reports shall be provided no later than ten business days prior to the first Council meeting in December of each year. The firm is required to print and bind hard copies of the CAFR, Single Audit Report, and the remaining deliverable reports to be delivered to the Assistant City Manager.

V. PROPOSAL REQUIREMENTS

A. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made by March 2, 2026. The City will respond by email and/or post answers regarding all questions as an addendum on the City's website no later than March 6, 2026. Inquiries should be made to:

Kenny Cooper
Finance Manager
(760) 373-7483
kcooper@californiacity-ca.gov
City of California City
21000 Hacienda Blvd
California City, CA 93505

CONTACT WITH PERSONNEL OF THE CITY OTHER THAN THE ABOVE REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

B. Submission of Proposals

The following is required to be received by **5:00 P.M. on Friday, March 13, 2026** for a proposing firm to be considered.

1. A master copy (so marked) of a Technical Proposal, along with four (4) copies, in an envelope marked "Professional Auditing Services" that include the following:
 - a. **Title Page** – The title page shall show the proposal subject, the Firm's name, primary contact and contact information, the Firm's California CPA License Number and Firm's Federal Identification Number.

b. Table of Contents

- c. **Transmittal Letter** – The transmittal letter should briefly state the proposer’s understanding of the work to be performed, the commitment to perform the work in the required time frame, and statements as to why the firm believes it is best qualified to perform the engagement. The transmittal letter should also make a statement that the firm’s offer is a firm, irrevocable offer for 90 days.
 - d. **Detailed Proposal** – The detailed proposal should follow the order set forth in Section B.4. of this request for proposals.
2. The proposer shall submit an original and four (4) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL
FOR CITY OF CALIFORNIA CITY FOR
PROFESSIONAL AUDITING SERVICES

3. Proposers should send the completed proposal consisting of two separate envelopes addressed to the following:

City Clerk’s Office
City of California
City
21000 Hacienda Blvd
California City, CA 93505

4. The following are to be included in the Technical Proposal:

a. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

While additional data may be presented, the following subjects (items b through k), **must** be included. They represent the criteria against which the proposal will be evaluated.

b. Independence

The firm should provide an affirmative statement that it is independent with respect to the City as defined by auditing standards generally accepted in the United States of America and the U.S. Government Accounting Office's *Government Auditing Standards*.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement which might affect the firm's independence.

c. License to Practice in California

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

d. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and part-time basis.

The firm is also required to submit a copy of the report on its most recent external peer review, with a statement whether that peer review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

e. Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The firm should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional educations, of the specific staff assigned to the engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

f. Prior Engagements with the City of California City

The firm should list separately all engagements within the last fifteen (15) years, if any, ranked on the basis of total staff hours, performed for the City by type of engagement (i.e., audit, management advisory services, other). For each engagement, indicate the scope of work, dates, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

g. Similar Engagements with Other Governmental Entities

For the firm's office that will be assigned responsibility for the audit, list at least five (5) of the most significant municipal engagements performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

Criteria to determine similarity should include, but not limited to:

- Municipalities participating in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program
- Municipalities complying with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Single Audit)

h. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for

proposals. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach in this engagement:

- Proposed segmentation
- Level of staff and number of hours to be assigned to each proposed segment
- Sample sizes and the extent to which statistical sampling is to be used
- Extent of use of EDP software
- Type and extent of analytical procedures
- Approach to be taken to gain and document an understanding of the City's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance

i. Discussion of Relevant Accounting Issues

The proposal shall identify and describe recent changes in accounting principles and pronouncements and their impact on the presentation, scope, and disclosure of the City's financial reports.

j. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the City.

k. List of Schedules Prepared by Client

The proposal shall include a list of standard audit schedules the firm anticipates the City staff to prepare.

5. The following are to be included in the Sealed Dollar Cost Bid:

a. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the services as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket direct expenses.

The City will not be responsible for expense incurred in preparing and

submitting the technical proposal or the sealed cost dollar bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following:

- Name of Firm
- Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City
- Total all-inclusive maximum price of the base contract for the term of engagement, which is also to be included in the format provided in the attachment (Appendix A) on the second page of the sealed dollar cost bid with the costs of the additional required procedures and optional items.

b. Hourly Rates of the Firm’s Employees

The second page of the sealed dollar cost bid should also include a schedule, presented in the format provided in the attachment (Appendix A), of the hourly rates of the firm’s employees for any additional work to be performed that would be included in a separate agreement.

c. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billing shall cover a period of not less than a calendar month. No more than 90% of the total fee may be billed prior to delivery of final audit reports and financial statements. The costs must be detailed on the invoices for the City, Single Audit, and each agreed-upon procedure report.

VI. EVALUATION PROCEDURES

A. Review of Proposals

The City will use a point formula during the review process to score proposals. Each proposal will be scored by each of the criteria described in section V.B.4. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

B. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- The firm is independent and licensed to practice in California.
- The firm's professional personnel have received adequate continuing professional education within the preceding two (2) years.
- The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.

2. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal. Technical Qualifications (Maximum Points – 70)

- Expertise and Experience (Maximum Points – 35)
 - The firm's past experience and performance on comparable government engagements.
 - The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - Qualifications will also be assessed independently of the firm-provided information by verification of provided references from similar engagements.
- Audit Approach (Maximum Points – 35)
 - Adequacy of proposed staffing plan for various segments of the engagement.
 - Approach to gaining an understanding of the City's internal controls.
 - Approach to audit testwork.

3. Price (Maximum Points – 30)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF A FIRM.

B. Oral Presentations

During the evaluation process, three or more firms may be requested to make an oral presentation to the City's evaluation team. Such presentations will provide the firms with an opportunity to answer any questions that the City may have on a firm's proposal. Not all firms may be asked to make such oral presentations. Partners, managers, and supervisory staff assigned to the audit should attend the oral presentation.

It is anticipated that a selected firm will be approved by the City Council at the Council meeting on **March 24, 2026**, which the selected firm is expected to attend virtually or in person.

APPENDIX “A”

Total All-Inclusive Price Format

All-Inclusive Maximum Price	2024-25	2025-26	2026-27	Option Year 2027-28	Option Year 2028-29
City Audit and Related Reports					
Single Audit Report					
Appropriations Limit Agreed Upon Procedures					
Total for Fiscal Year (not-to-exceed)					
Optional: Financial Transaction Report for State Controller					
Optional: Annual Streets Report for the State Controller					

Hourly Rate of Firm’s Employees for Additional Work

Hourly Rates for Audit Services	2024-25	2025-26	2026-27	Option Year 2027-28	Option Year 2028-29
Partner					
Manager					
Senior Accountant					
Staff Accountant					
Clerical					
Miscellaneous					
Other					