



Coastside Fire Protection District STAFF REPORT

TO: Honorable Board of Directors **FROM:** Paul Cole, Assistant Chief
SUBJECT: Chief Report – Audit Services RFP **DATE:** May 24, 2017

Background

On March 30, 2017, the District released a Request for Proposals (RFP) seeking a qualified certified public accountant to serve the District as the external auditor for a period of three (3) years. (FY 2017, 2018 and 2019). The RFP also stipulated the option to extend the contract for two additional one-year terms covering fiscal years ending June 30, 2020 and 2021. (Attachment # 1)

The following auditing service proposals were received:

1. Blomberg & Griffin Accountancy Corporation – FY17, FY18, FY19 (\$9,975)
2. Harshwal & Company LLP - FY17, FY18, FY19 (\$6,890), FY20, FY21 (\$7,235)

Both proposals were sent to District counsel for review and found to be responsive to the RFP and can be considered by the Board.

Recommendation

To award the auditing service contract to Harshwal & Company for fiscal years ending June 30, 2017 through June 30, 2019, with the option to extend for two additional years.

Board Motion

Motion to award the District's auditing services to Harshwal & Company LLP, certified public accountants, for fiscal years ending June 30, 2017 through June 30, 2019, with an option to extend for two additional years.

**COASTSIDE FIRE PROTECTION DISTRICT
AUDIT PROPOSAL
APRIL 24, 2017**



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

AUDIT PROPOSAL

**Board of Directors
Coastside Fire Protection District
1191 Main Street
Half Moon Bay, CA 94019**

April 24, 2017

Dear Board of Directors:

Thank you for the opportunity to submit the following proposal to serve as independent auditor for the Coastside Fire Protection District.

We propose to conduct the audit of the financial statements of the Coastside Fire Protection District for the fiscal years ending June 30, 2017, 2018, 2019, and upon mutual agreement June 30, 2020 and 2021.

We will plan and perform the audit in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unqualified, we will fully discuss the reason with the District's manager prior to presentation of the report. If during the audit we become aware of significant deficiencies in the design or operation of internal controls or of ways management practices can be improved, we will communicate such information to the District Board of Directors in a separate letter.

We propose to begin the financial audit for the fiscal years ending June 30, 2017, 2018, 2019, and upon mutual agreement June 30, 2020 and 2021 as soon as the District records are available. Set-up, pre-list and certain other procedures would begin on notification of the contract. Fieldwork would begin soon after District personnel complete the trial balance.

Our fee for the above services is based on hourly rates from \$45 to \$105 per hour with maximum fee not to exceed \$9,775 for each of the fiscal years ending June 30, 2017, 2018, and 2019. The cost to prepare the State Controller's Annual Report of Financial Transactions of Special Districts shall be \$200 for each of the fiscal years ending June 30, 2017, 2018, and 2019. The total cost for each fiscal year shall be \$9,975. The following page will show the estimated total hours required and hourly rates for each staff classification.

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<u>Classification</u>	<u>Total Hours</u>	<u>Hourly Rates</u>	<u>Total Cost</u>
Principle	42	\$ 105	\$ 4,410
Supporting Staff	56 *	\$ 95	<u>5,365</u>
Total Audit Fee			9,775
Controller's Report			<u>200</u>
Total Fee			<u><u>\$ 9,975</u></u>

*Total hours were estimated to the nearest hour

This audit proposal is for a financial audit and the above fees include our entire out of pocket expenses including up to 10 bound copies of the audit report. Additional copies are available at \$5 each.

We will need the cooperation and assistance of District personnel to successfully complete the audit. Such assistance will include but not limited to obtaining copies of documents, contract, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and other standard auditing procedures.

Should the District need additional services, our fee assisting will be billed at the rate of \$95 per hour in addition to the audit fee discussed above. Such additional fees, if any, will be discussed with the District in advance of providing such services. We acknowledge the District reserves the right to cancel the contract at any time for any reason.

Should you need any additional information regarding this proposal please call John E. Blomberg, C.P.A. direct at (209) 466-3894.

Respectfully Submitted,


John E. Blomberg, C.P.A.

Approved By:

Signature

Dated

Coastside Fire Protection District-Audit Proposal-Page 3

FIRM'S QUALIFICATIONS & EXPERIENCE

Blomberg & Griffin Accountancy Corporation primarily conducts audits of Special Districts in the State of California. The firm was established in the mid-1960s and became incorporated in 1981. The President of the firm has more than 35 years of experience in conducting audits and most of his career has conducted audits of Special Districts. The President will be managing the audit, and he has a C.P.A. license in the State of California. The alternative to John E. Blomberg shall be Syed Bukhari. In addition, the firm requires all Certified Public Accountants to take continuing education courses. Some of these courses include but not limited to Recovery and Reinvestment Act, Single Audits of Governmental Entities, Audits of State and Local Governments, and Internal Control and Fraud in Government Engagements. These courses are made available to the audit staff. These courses enable the C.P.A. and the staff to be knowledgeable in the latest GASB pronouncements.

The Firm is located in Stockton, CA. The office of which the engagement will be performed shall be in Stockton, CA. There will be three supporting staff, and one principle which will be assigned to this engagement. The C.P.A. in charge regularly is assigned to the Firm's audits of Special Districts, many of which are fire districts in the northern California area. We have included in appendix A resumes of supporting staff and the C.P.A. in charge of the engagement.

Blomberg & Griffin Accountancy Corporation is independent of the District and all component units of the District, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's Government Auditing Standards. The firm and the C.P.A. in charge of the engagement are properly licensed to practice as a certified public accountant in the state of California.

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FIRM'S SPECIFIC AUDIT APPROACH

The Firm's specific audit approach is based upon thirteen assertions made by the management of the District. These assertions include understandability, classification, presentation, occurrence, rights, obligations, completeness, cutoff, valuation, allocation, and accuracy. The 13 management assertions are then grouped into three main categories: 1-Classes of transactions and events, 2-account balances at year end, and 3-presentation and disclosure. In addition, the Firm applies the 10 generally accepted auditing standards of which 3 are general, 3 are standards of field work, and 4 are standards of reporting.

In planning the audit, the Firm develops an overall strategy for the expected conduct and scope of the audit in order to be responsive to the assessment of risk of material misstatement. We also review the prior year's audit report, any adjusting journal entries made by the previous auditor, and any new GASB pronouncements. During this time the District will receive a preliminary list. The preliminary list includes but not limited to budget, payroll tax returns, financial statements, bank confirmations, and other miscellaneous items. During the field work, we will test different accounts of the District. The field work will consist primarily of tests of selected account transactions. We will inquire about and confirm certain accounts. After the field work is completed, we will begin to write the financial statements.

John E. Blomberg, C.P.A.
1013 N. California St.
Stockton, CA 95202



EDUCATION/LICENSE

- Certified Public Accountant, California – 1977
- San Diego State University, Bachelor of Science degrees in Accounting and Economics - 1974

EXPERIENCE

Blomberg & Griffin Accountancy Corporation

President

1981-Present

- Conduct audit services to various organizations such as Special District, Non Profit, and Professional Health Care Organizations.
- Conduct Water Rate Study to Special District
- Prepare tax returns for clients of diverse situations.
- Financial Planner
- Manage the company's employees, finances, and marketing.
- Meet with audit and tax clients

Steelgard, Inc.

1988-1990

Chief Financial Officer

- Managed all financial functions of 30 million dollar manufacturing organization.

Keller, Blomberg, Griffin, & Co.

1978-1981

Partner

- Perform audits of Special Districts, Non -Profit, and Professional Health Care Organizations.
- Prepare tax returns for clients which own rental properties, companies, conduct business in other states and countries, and sell stocks and bonds.

Blomberg & Bott

1974-1978

Staff Accountant

- Perform audits of Special District, Non-Profit, and Professional Health Care Organizations.
- Prepare tax returns
- Write letters

COMPUTER SKILLS

- Microsoft Office 2010, Lacerte Tax Program, Creative Solutions Accounting, various accounting and bookkeeping programs, and ten key.



Syed F. Bukhari C.P.A Candidate

1013 N. California Street

Stockton, CA 95202

syed@blombergcpa.com

WORK EXPERIENCE

Auditor/Accountant: Bloomberg and Griffin, Stockton CA July'15- Current

Auditor/Accountant:

- Prepare Special District, non-profit, professional healthcare organization and Community Services District Audit.
- Prepare and submit Special District State Controller and Compensation report.
- Plan and prepare risk assessments and audit procedures for the audit.
- Assist with fieldwork audits and inform client with internal control measures.
- Worked on single audits and prepared working papers with intensive testing's.
- Analyzed, reviewed, and assessed reliability and fairness of clients' financial statements and communicated findings to management or board.
- Prepare individual and business tax returns.

Senior Specialist Accountant & Grants Accountant: San Joaquin Regional Transit District, Stockton

Grants Accountant:

- Prepare Schedule of Federal Awards reconciliation for single audit.
- Manage State Transit Awards Reconciliation.
- Assist managers preparing Comprehensive Annual Financial Reporting.
- Manage retirement reconciliation, Transit Development Act, and Financial audit.
- Reconcile complex bank statements, Federal Receivable, Accrued Receivable, Accrued Payable, and also reconcile Retirement statements on monthly basis and Prepare monthly reports for board meetings.
- Post Journal Entries, Accounts Payable, Accounts Receivable, and Revenue Collection batches.
- Prepare and submit packet for federal grants reimbursement.
- Calculate and record interest for Public Transit Modernization, Improvement and Service Enhancement Accounts (PTMISEA) and Low-Carbon Transit Operation Program (LCTOP) grants.

Olive Financial Services, Manteca CA January'15 –April'15

Accountant and Tax Preparer:

- Help individual and business clients to minimize tax liability and reduce audit risk. Inform them of any tax changes that affect their business and ensure compliance with taxing agency requirements.
- Review financial records such as income and documentation of expenditures to determine forms needed to prepare tax returns.
- Consult tax law handbooks or bulletins to determine procedures for preparation of a complex returns. Check data input or verify totals on forms prepared by others to detect errors in arithmetic, data entry, or procedures.
- Interview clients to obtain additional information on taxable income and deductible expenses and allowances.

Hilmar Cheese and Ingredients, Hilmar CA Jan–Apr 2013

Supply Chain Management Assistant:

- Designed and presented the expense reports of the merchandising and manufacturing of the product based on the stock
- Documented the company product's daily usage of ingredients and conserved the availability of the product to the market.
- Assisted the management with regards to the issues of collection accounts aging and resolved the areas of concerns of the customers.

Education

- **California State University East Bay, Bachelor of Science in Accounting and Finance**
- **CPA- Certified Public Accountant Candidate**
- **H&R Block Tax Training**

Skills

- QuickBooks Pro Advisor
- Lacerate Tax Software
- Special District Reporting Program
- Microsoft Office
- Thomson & Reuters Audit Program



Gabriela Mendoza
1013 N. California St.
Stockton, CA 95202

EDUCATION

Individual Income Tax Course/Accounting I
San Joaquin Delta College, Stockton, CA -2004

Various Microsoft Word, Excel Programs
San Joaquin Delta College, Stockton, CA - 2003

Graduate, Student
Franklin High School, Stockton, CA - 2001

WORK EXPERIENCE

Blomberg & Griffin Accountancy Corporation
Office Manager/Bookkeeper

2001-Present

- * Assist CPA in various complex governmental, not-for-profit, and professional Organizations Audits
- * Prepare payroll tax returns
- * Bookkeeping for small to medium size organizations in the Central Valley of California
- * Prepare bank reconciliations
- * Prepare tax returns for various corporations, partnerships, and individuals
- * Consult clients for greater economic improvement
- * Prepared sales tax reports
- * Delegate responsibilities to employees to meet company expectations

COMPUTER SKILLS

- * Microsoft Office Programs
- * CSA Accounting Software
- * Bookkeeping Solutions
- * Lacerte Tax Programs
- * QuickBooks

LANGUAGE SKILLS

- * Bilingual (Spanish/English)

Coastside Fire Protection District-Appendix A-Page 9

REFERENCES

- | | |
|---|---|
| 1. Woodside Fire Protection District | Contact Name: Kate Edwards
Phone Number: 650-851-1594 |
| 2. Lockeford Community Services District | Contact Name: Judy Hoag
Phone Number: 209-727-5035 |
| 3. Patterson Irrigation District | Contact Name: Toni Russell
Phone Number: 209-892-6233 |
| 4. Tuxedo Fire Protection District | Contact Name: Ginger Root
Phone Number: 209-956-3516 |
| 5. Eastside Fire Protection District | Contact Name: Ginger Root
Phone Number: 209-956-3516 |
| 6. Forestville Fire Protection District | Contact Name: Max Ming
Phone Number: 707-887-2212 |
| 7. Twain Harte Community Services District | Contact Name: Carolyn Higgins
Phone Number: 209-586-3172 |
| 8. San Joaquin County dba Lodi Grape Festival & National Wine Show, Inc. | Contact Name: Mark Armstrong
Phone Number: 209-369-2771 |
| 9. Geyserville Fire Protection District | Contact Name: Anneke Turbeville
Phone Number: 707-857-3535 |

April 21, 2017



*Coastside Fire Protection District
Proposal for Audit Services
For the Fiscal Years ending June 30, 2017
through June 30, 2019*

Submitted by:

HARSHWAL[®] 
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

Federal Employer ID Number: 27-0741376

Firm Type: Partnership

Engagement Partner: Sanwar Harshwal

Telephone No. : (858) 784-1622

Fax No. : (510) 452-3432

Email ID- sanwar@harshwal.com

Oakland
266 17th Street, Suite 200, Oakland, CA 94612
T 510.452.5051 F 510.452.3432

San Diego
PO Box 26181, San Diego, CA 92126
T 858.939.0017 F 858.430.5254



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LETTER OF TRANSMITTAL

April 21, 2017

Coastside Fire Protection District
ATTN: Paul Cole, Assistant Chief
1191 Main Street
Half Moon Bay, CA 94019

Re: Proposal to Provide Audit Services

Dear Paul Cole and Evaluation Committee Members,

Harshwal & Company, LLP is pleased to respond to your request for proposal to provide audit services to the Coastside Fire Protection District for the fiscal years ending June 30, 2017 through June 30, 2019, with the option to extend the contract for two additional one-year terms, covering fiscal years ending June 30, 2020 and 2021. Our proposal is based upon the guidelines set forth by the District as well as our current understanding of the District's operations and service needs.

We acknowledge that we will be responsive to your needs because of the experience we have in auditing state and local governments, etc. You will find that key members of our staff have extensive experience in audits of state & local governments, tribes and tribal governments, housing authorities, state agencies, and not-for-profit organizations, and are quite familiar with the District's auditing and reporting requirements. We feel that with this experience and expertise, our firm is well qualified to complete this engagement with the best professional results possible.

Acquisition and Merger: *Harshwal & Company has acquired Patel & Associates, LLP a CPA firm, located in Oakland, California, conducting 100s of state and local governments, not for profit organizations' audits in California since 1993. Vargas & Company, a CPA firm, located in San Jose, California merged with Patel & Associates, LLP, and was conducting governmental and not for profit audits since 1978.*

Understanding of the Work to be Done:

We understand that you require us to perform audit services of Coastside Fire Protection District for the fiscal years ending June 30, 2017 through June 30, 2019 in accordance with applicable State laws and regulations, generally accepted accounting principles and generally accepted auditing standards and compliance with standards and requirements set forth by the California State Department of Finance. Our audit engagement will include all of the District's funds. We have included the detailed understanding of work in "Approach to the Audit" Section.

Our proposal is a firm and irrevocable offer for one hundred and twenty (120) days.



Why Harshwal & Company, LLP:

- Extensive Partner involvement on each engagement
- Presence of a Manager and/or Partner always on site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Ability to Perform the Work within Provided Time Frame:

Harshwal & Company, LLP is benchmarked for providing the work within the time framed. Our team is committed to completing the audit on time, as they are fully equipped with contemporary technology, which will add value to a successful and timely audit. We are responsive and solution oriented; provide quick responses on matters that require immediate attention hence enhancing the quality of our audit. We focus on staff continuity, which enables us to develop and maintain in-depth understanding of your operations, management style, and operating practices, which ultimately allows us to offer you experienced resources, value-added services, specialization and overall better personal service which again unequivocally results in a timely submission of the Audit Report.

Authorized Contact Person:

Our engagement partner, Mr. Sanwar Harshwal, is authorized to represent the firm. He can be reached at 266, 17th Street, Suite 200, Oakland, California 94612; Phone No. (858) 784-1622, Fax No. (510) 452-3432 or by email at sanwar@harshwal.com.

Our manager, Adi Harshwal, will be second contact person for the engagement. He can be reached at 266, 17th Street, Suite 200, Oakland, California 94612; Phone No. (858) 472-9288, Fax No. (510) 452-3432 or by email at adi@harshwal.com.

Harshwal & Company, LLP is a small business enterprise, and a 100% minority owned CPA firm.

We thank you in anticipation that you will provide us with a chance to serve your esteemed organization with our value added services.

Sincerely,

**Harshwal & Company, LLP
Certified Public Accountants**

**Sanwar Harshwal, CPA, CIA, CISA, CFE
Engagement Partner**



FIRM PROFILE AND QUALIFICATIONS

Founded in 2009, as a partnership firm, Harshwal & Company, LLP is a local firm of Certified Public Accountants, offering auditing, accounting, management consulting, and special services to its clients, which consist primarily of governmental and institutional organizations. The firm is the result of a direct effort of professionals who consolidated their experience and resources in order to provide a broader range of high quality services to their clients.

The partners of Harshwal & Company, LLP have comprehensive knowledge and experience working with state & local governments, tribes and tribal governments, housing authorities, and state and local governments throughout the United States.

The members of the firm have accumulated over four decades of experience in public accounting; primarily with international certified public accounting firms while employed in high supervisory positions. Individually, the partners and management staff are recognized in their respective areas for leadership roles which they part take in promoting the high ideals of the auditing profession, and for producing the highest quality services.

Harshwal & Company, LLP has offices in Oakland, California, with associated offices in San Diego, California and Albuquerque, New Mexico. The work on this engagement will be performed from our Oakland, California office.

Staff Structure:

Name & Designation	No. of Employees
Sanwar Harshwal (Partner), Abhi Harshwal (IT Partner)	02
Fadi Shahin, Ramesh Patel, Adi Harshwal (Managers)	03
Amir Shafiee, Albert Hwu, Mariem Tall (Supervisors)	03
Melil, Poonam, Garima, Elder, Kanchan, & Others (Staff Members)	10

One senior manager, one senior auditor, and two staff members will be available on a full time basis, and others on a part time basis.

Services Provided by the Firm

Harshwal & Company, LLP is a full service professional firm, providing comprehensive services commonly associated with larger firms. The firm is divided into the following departments, and provides the following services:

- **Audit Department:** Provides audit services to commercial, governmental, and non-profit organizations with a special emphasis on compliance audits in Education, Health, and Housing industries.
- **Accounting Department:** Provides consulting services in setting up businesses and establishing accounting systems, books and records; assistance in maintaining businesses records; and preparing financial statements.



- **Tax Department:** Provides a wide range of tax preparation, tax planning, and consulting for corporations, partnerships, and individuals.
- **Management Advisory Services:** Our technical knowledge, training, and business experience enable us to provide a broad range of management advisory services, which includes the following:
 - Designing and assisting in the installation of accounting systems to fit the requirements of a particular business.
 - Analyze existing accounting systems, and recommend ways to improve controls and efficiency.
 - Assessment, installation and modification of computer hardware and software systems.
 - Consulting in management information systems.
 - Providing consultation about the use of management information systems for planning and control, and the application of accounting and other controls.

License to Practice in California

Harshwal & Company, LLP, an approved GSA vendor audit firm, is a Certified Public Accounting firm, duly licensed under the authority of the California State Department of Consumer Affairs. In addition, all of our assigned key professional staff are licensed to practice in California.

Independence

Before accepting any new engagement, we conduct a thorough check to ensure that there are no conflicts of interest or independence issues. This procedure is in compliance with the independence requirements of all regulatory agencies and, specifically, in compliance with the Standard for Audit of Governmental Organizations, Programs, and Activity Functions, as published by the U.S. General Accounting Office (GAO).

If selected as your audit firm, we will maintain and monitor our independence as well as reassess our independence with respect to your organization on an annual basis. We will continue to evaluate our independence as your external auditors, and will give the District written notice of any professional relationships involving the District and its component unit, if entered into, during the period of the audit contract.

Standard Quality Audit

Harshwal & Company, LLP has always been a hallmark for quality of its audit work. It is reflected in providing high-quality service without compromising the timely submission of your audit report. We have never been debarred or suspended, and none of our firm's contracts has ever been rejected for substandard audits. Harshwal & Company, LLP meets all specific requirements imposed by the state, local law or rules and regulations. Since our audit, practice is concentrated in governmental and nonprofit entities receiving Federal and State funds, our workpapers are reviewed by Federal and State Auditors on a regular basis.



Desk & Field Reviews

From time to time selected Harshwal & Company, LLP audit engagements are subject to desk review by federal or other regulators. In all such reviews during the past three years, the reviews have shown our work to be satisfactory and no disciplinary or other administrative proceedings have resulted from those reviews. There has been no disciplinary action taken against Harshwal & Company, LLP's offices by the AICPA, SEC, or any State Board or Society in the last three years.

Disciplinary Action or Pending Litigation

Harshwal & Company, LLP's emphasis on quality, has rewarded the firm with an excellent track record regarding claims related to professional services. Harshwal & Company, LLP has an impressive 25-year history free of major litigation, penalties and debt, and we have no sanctions or restrictions imposed by professional organizations, regulatory authorities or other government institutions. Harshwal & Company, LLP has not been debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs, or from receiving Federal contracts, subcontracts, or financial or nonfinancial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CFR 85.35) or other Federal laws, statutes, codes, ordinances, regulations or rules, at any time during the term of the agreement.

No Conflict of Interest

Harshwal & Company, LLP does not have any past or current business or other relationship with the District. We also hereby agree that no member, officer, or employee of the District, no member of the local governing body of the locality in which the local District is located and no other public official who exercises any function or responsibilities with respect to the District, during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof.

Insurance Requirements

Harshwal & Company, LLP maintains the following insurance:

1. Commercial general liability and property damage for the amount of \$2,000,000 per occurrence. The carrier is Mitchell & Mitchell- Lic.
2. Workers' compensation (statutory amounts and limits) Insurance carrier is Property & Casualty Ins. Co. The per claim/aggregate limit of the liability is \$1,000,000
3. Professional liability for the amount of \$1,000,000 per claim. The carrier is CNA Insurance Companies.
4. Automobile liability for the amount of \$2,000,000. The carrier is Mitchell & Mitchell- Lic.

Peer Review / Quality Control

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the "AICPA") and the Center for Audit Quality, an affiliate of the AICPA. One of the requirements of membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2014, and we received a peer review rating of pass. The peer review included specific governmental engagements.



Peer Review Certificate



POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy
Member American Institute of Certified Public Accountants

System Review Report

To Harshwal & Company LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Harshwal & Company LLP (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by professional standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Harshwal & Company LLP in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Harshwal & Company LLP has received a peer review rating of *pass*.

August 29, 2014



TECHNICAL EXPERIENCE OF THE FIRM

Special Districts

- Alameda County Fire Department
- SCC Center Fire Protection District
- Del Norte Solid Waste Management Authority
- Burbank Sanitary District
- Alameda County Housing and Community Development
- Alameda County Law Library
- Alameda County Community Development Department
- Cupertino Sanitary District
- South Santa Clara Co. Fire District
- Saratoga Fire Protection District
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- Los Medanos Community Health Care District
- Oakland-Alameda County Coliseum Authority
- Los Altos Hills County Fire District
- Santa Clara County Sanitation District 2-3
- Solano County Local Transportation Fund
- East Palo Alto Sanitary District

State and Local Governments

- City of Port Hueneme
- City of Oakland
- City of Santa Cruz
- City of San Leandro
- City of Emeryville
- City of Hayward
- City of San Francisco
- City of Fairfield
- Bay Area Regional Interoperable Communications Systems Authority
- City of Pacific Grove
- County of Santa Cruz
- Silicon Valley Tobacco Sec. Authority
- Bay Area Employee Relations Services
- Open Space Authority - SCC
- State of California
 - State of California Office of Economic Opportunity (SOEO)
 - CALTRANS
 - Employment Development Department
 - Office of the Auditor General
 - Department of Veterans Affairs
- County of Del Norte
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- County of Sonoma
- City of Berkeley
- City of Pleasanton
- City of San Mateo
- City of Newark
- City of Redwood City
- City of San Jose
- City of Union City
- City of Richmond
- City of Albany
- City of Alameda
- Guadalupe Coyote Res Cons District
- Mid- Peninsula Water District
- San Francisco County Transportation Authority
- SCC Vector Control District
- Silicon Valley Regional Interoperability Authority
- City of Fremont

Other than these entities, we have also provided audit services to various Educational Entities, Not for Profit Organizations, Tribal Governments, Housing Authorities, etc.



REFERENCES

1.	Contact Person: Client Name: Telephone: Email: Scope of Work: Duration of Work: Total Hours:	Mr. Richard Tanaka, District Manager Burbank Sanitary District (408) 253-7863 rtanaka@markthomas.com Financial Audit Services Performed audit for Past several years. 98
2.	Contact Person: Client Name: Telephone: Email: Scope of Work: Duration of Work: Total Hours:	Mr. Tedd Ward, Director Del Norte Solid Waste Management Authority (707) 465-1100 tedd@recycledelnorte.ca.gov Financial Audit Performed Audit for the year end June 30, 2015. 115
3.	Contact Person: Client Name: Telephone: Email: Scope of Work: Duration of Work: Total Hours:	Mr. U.B. Singh, Director of Finance Alameda County Housing and Community Development (510) 670-5932 ub.singh@acgov.org Financial and Single Audit Services Past several years recently concluded for FY ended June 30, 2016. 156
4.	Contact Person: Client Name: Telephone: Email: Scope of Work: Duration of Work: Total Hours:	Ms. Shu Mei Chen, Financial Services Manager Alameda County Fire Department (925) 833-3473 shu-mei.chen@acgov.org Financial audit Performed audit for past several years and recently concluded for FY ended June 30, 2016. 345
5	Contact Person: Client Name: Telephone: Email: Scope of Work: Duration of Work: Total Hours:	Mr. Al Burrell, Accounting/Revenue Manager City of Port Hueneme (805) 986-6529 aburrell@ci.port-hueneme.ca.us Financial Audit and CAFR Preparation Performed Audit for the year ended June 30, 2016. 445



STAFF QUALIFICATIONS AND EXPERIENCE

Harshwal & Company, LLP has the professional staff resources to commit to conclude on the audit contemplated, and we will commit the staff identified in this proposal for the hours required to successfully complete the examination of the District.

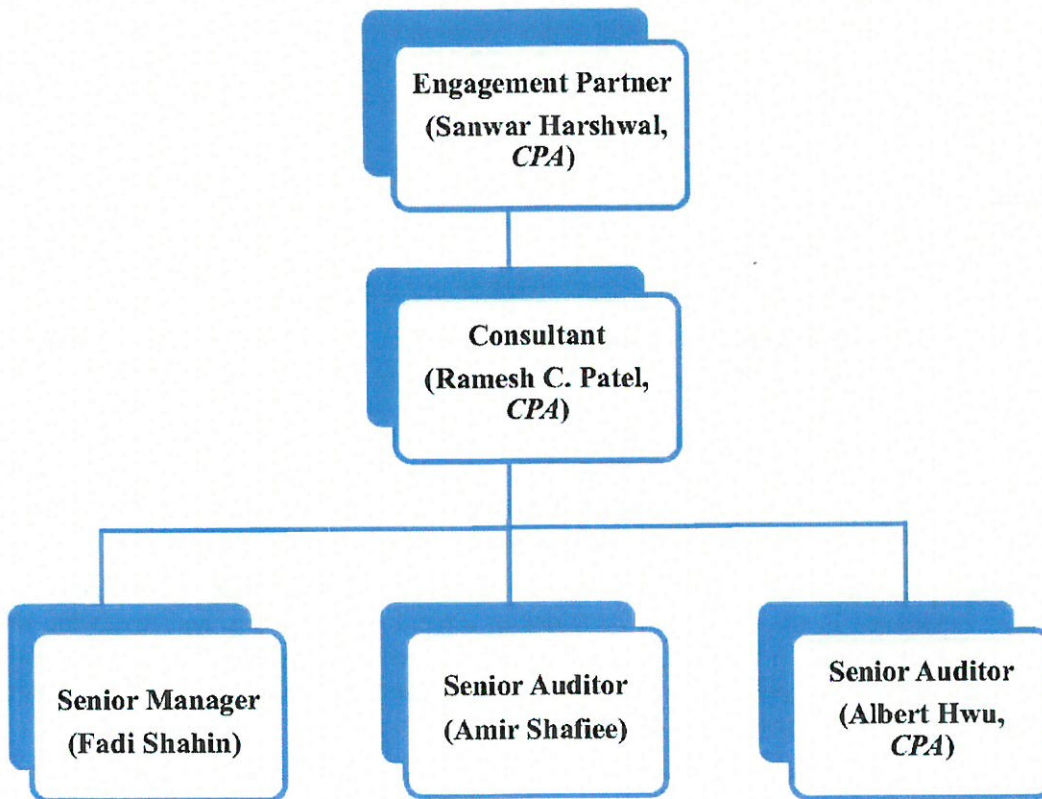
The core of our professional staff is an audit team. This is made up of three staff levels: staff, senior, and audit managers or supervisors. The size of the audit teams we intend to use will be flexible, depending on the size of a particular organization being audited. Considering this, we intend to provide several audit teams that will be used in the audits contemplated. However, the components of our audit team can best be highlighted as follows:

- **Staff Auditor:** An individual with a four-year college degree in accounting or a related field with sufficient experience to prepare an internal control questionnaire, identify control weaknesses, and make recommendations for changing the nature and extent of validation tests and other audit procedures. This individual is under the direct supervision of an Audit Senior.
- **Audit Senior:** An individual with a four-year college degree in accounting or related field with sufficient audit experience to meet the certification requirements by the CPA licensing board of the state in which he or she resides, and is actively engaged towards obtaining certification. The individual must be capable of directing the day-to-day conduct of the fieldwork, including the review of the work performed by the staff auditor(s), preparing audit reports, and communicating daily field work issues and problems to high-level personnel. The Audit Senior reports directly to the Manager in charge of the audit team, and participates in audit programs and time budget preparation.
- **Audit Supervisor:** An individual with a four-year college degree in accounting or a related field with sufficient experience in the day-to-day activities of directing, controlling, and reviewing the work of staff and audit seniors in the field. The individual is given the responsibilities of conferring regularly with the audit team, planning and directing engagements, and reviewing and approving reports and work papers for managers' consideration.
- **Audit Manager:** Must be a senior auditor with at least five years of public accounting experience, and must have the capabilities of handling complex engagements. The individual must be capable of directing, controlling, and reviewing the work of Audit Seniors, and also contacting top officials of the client on all aspects of an engagement. The individual is given the responsibility of conferring regularly with the Audit Seniors' overall planning and directing of engagements and reviewing and approving reports for Partner's consideration.
- **Engagement Partner:** The Partner in the engagement has the ultimate responsibility for all work performed by the audit team, and is assigned to perform an overall review to insure compliance with general, field, and reporting requirements of the profession's special requirements.

In summary, Harshwal & Company, LLP has the knowledge, background, and resources to perform the audit of the District, and we hope this proposal will distinguish our firm to be the most qualified to fulfill your audit needs.



ORGANIZATIONAL CHART





Staff Resumes

- Sanwar Harshwal, *CPA, CIA, CISA, CFE, FCA, CRMA, CGMA, CCA*
- Ramesh C. Patel, *CPA*
- Fadi Shahin
- Albert Hwu, *CPA*
- Amir Shafiee

Overall Supervision to be Exercised

The audit will be managed by the Engagement Partner, Mr. Sanwar Harshwal, who has extensive experience in auditing of state & local governments. Mr. Harshwal has been in charge of various large audits, governmental funded programs, and community based organizations receiving federal and state funds. The fieldwork will be directed under Mr. Fadi Shahin. The following summarizes the proposed management of this engagement:

Name/Position

Responsibility

**Sanwar Harshwal, CPA
Engagement Partner**

Sanwar Harshwal will be the Engagement Partner in charge of administration, reviews, planning of the audit, approval of the audit scope and work, review of work and liaison with the District. He is responsible for conducting the fieldwork, coordination of the audit plan, and ensuring that the plan formulated has been effectively followed and managed. He will coordinate the audit with the manager and supervisor to ensure that the fieldwork is progressing properly, that the audit teams' effort is given proper management and coordination, and that the various audit components are being performed efficiently and timely. He also has the responsibility for meeting with the District's management to keep them informed regarding the progress of the audit. The responsibility also extends to ensure smooth interaction of the firm with the District. He has final authority in the conduct of the engagement, and assumes full responsibility for the work performed.

**Ramesh Patel, CPA
Consultant**

Ramesh Patel will be responsible as a second reviewer of the work papers and the audit report to ensure that it meets all the current professional standards. He offers specialized financial services tailored to meet the exclusive needs of each of our treasured clients.

He will also coordinate the audit with Mr. Harshwal to ensure that the fieldwork is progressing properly.



Fadi Shahin
Senior Manager

Fadi Shahin is in charge of planning the audit, review of the audit effort, and guidance of the examination. He is responsible for conducting the fieldwork in conjunction with the supervisor, to ensure coordination of the audit plan, provide instruction and coordination to senior and staff accountants on District systems, on site reviews, and assistance in report preparation. Fadi is responsible for review of working papers, financial statements, and reports of discussion with the District. He will direct senior and staff accountants; review audit programs and ensure that assignments are accomplished within the budgeted time; review working papers for accuracy and completeness; and review the financial statements for suitability of presentation and adequacy of disclosures. He will follow the progress of the engagement, and help resolve accounting/auditing problems as they arise. This will ensure that the audit plan formulated and approved by the Engagement Partner has been effectively followed and managed. The responsibility also extends to ensuring smooth interaction between the firm and the District. Fadi will also serve as a resource for staff technical questions.

Albert Hwu, CPA
Senior Auditor

Albert Hwu will conduct tests and studies, interacts with client's staff, update the audit programs, and will be responsible for all walk-throughs and risk assessments activities.

Amir Shafiee
Senior Auditor

Amir will work with the auditor in charge, perform audit test work, ensure compliance standards, document test work and ensure that the activities align with the agreed timeframe and budget.

All of our assigned key personnel are licensed to practice as a Certified Public Accountant. In addition to the key personnel, listed, additional staff will be assigned from our pool of professionals.

Staff Continuity over the Term of the Agreement: We focus on our team members as well as our clients. Our turnover is significantly lower than other national and regional service firms. This staff continuity enables us to develop and maintain an in-depth understanding of your operations, management style, and operating practices, which ultimately allows us to offer you experienced resources, value-added services, industry specialization, and overall better personal service.

This commitment to people also resides at our executive level where you will find a refreshingly greater hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.

We assure you regarding the quality of staff over the term of the engagement. We will not replace audit personnel except with prior written permission of the District. In case we change, we will provide replacements having better qualifications and experience.



SANWAR HARSHWAL, CPA
Engagement Partner

Sanwar Harshwal is the partner in charge of Harshwal & Company, LLP's auditing practice; he is a globe trotter, and a trained technical speaker on auditing and global accounting standards, IT and internal controls, on fraud prevention, and on examinations and internal audits. With over 35 years of experience with governmental audits, Mr. Harshwal is also a leading expert on emerging accounting challenges for state & local governments. He has completed 342 CPE hours during last three years.

Contact Information:
(c): 858-784-1622
Email: sanwar@harshwal.com

During the last 5 years, Mr. Harshwal provided over 400 hours of training to several professionals on GASB, GAS, OMB A-133, FASB, SAAS, IFRS, COSO, COBIT, internal audits, fraud prevention and examination, and tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting functions, and internal control structures, Mr. Harshwal has extensive experience in evaluating complex accounting and finance issues.

Education

- B.S. Business Accounting
- Bachelor of Law

Certification

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- Certified Internal Auditor (CIA)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

Professional Membership

- Member of AICPA
- Member of California CPA Society of Certified Public Accountants
- Member of Information Systems Audit and Control Association, USA
- Member of Association of Certified Fraud Examiners, USA
- Member of Institute of Certified Internal Auditors
- Member of National Association of Construction Auditors
- Member of NM CPA Society



The following are some of the governmental entities demonstrating the experience of Mr. Harshwal:

- Alameda County Fire Department
- Alameda County Housing and Community Development
- Del Norte Solid Waste Management Authority
- Burbank Sanitary District
- South Santa Clara Co. Fire District
- Saratoga Fire Protection District
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- City of Port Hueneme
- City of Oakland
- City of Santa Cruz
- City of San Leandro
- City of San Francisco
- City of Emeryville
- City of San Mateo
- City of Hayward
- City of San Francisco
- City of Fairfield
- City of East Palo Alto
- City of Crescent City
- County of Santa Clara
- City of Redwood City
- City of San Jose
- City of Union City
- City of Richmond
- First 5 Alameda County
- First 5 Monterey County Children and Families Commission
- Marin Children and Families Commission (F5 Marin)
- First 5 Santa Cruz County
- Santa Clara County Vector Control District
- County of Santa Clara – Department of Correction
- Lions Gate Community Services District
- Jefferson School District
- La-Honda Pescadero School District
- Tracy Area Public Facilities and Financing Authority
- Alameda County Redevelopment Agency – Eden Area
- Alameda County Redevelopment Agency – San Leandro Area
- Alameda County Auditor-Controller's Agency
- Oakland-Alameda County Coliseum Authority
- Housing Authority of San Mateo County
- Housing Authority of the County of Alameda
- Housing Authority of the City of Richmond



Contact Information:
Email: rpatel@patelcpa.com

RAMESH C. PATEL, CPA

Consultant

Mr. Patel has been in charge of various large audits, governmental funded programs, and community based organizations receiving federal and state funds.

Mr. Patel has over forty years' experience while employed at Pannell, Kerr and Forster and as a partner of Patel, Shah & Joshi. This association has given Mr. Patel experience in the field of international accounting as well as compliance auditing of foreign associations. While at Harshwal & Company, LLP, Mr. Patel has acquired extensive experience in audits of state & local governments, Non-Profit organization, and educational entities.

Education

- Bachelor of Commerce degree with a concentration in Accounting from Bombay University.
- Chartered Accountant

Certification

- Certified Public Accountant - State of California (CPA)
- Fellow of the Institute of Chartered Accountants in England and Wales
- Certified Public Accountant - Kenya

Professional Membership

- Member of AICPA
- Member of California Society of Certified Public Accountants
- Member of Institute of Chartered Accountants, in England and Wales
- Associate member of the British Institute of Management.

Continuing Education

During last year, he has completed 64 CPE hours. Mr. Patel has for the past several years attended the Audits of HUD-Assisted Projects, Advanced Auditing of HUD-Assisted projects, Annual School District conference conducted by the California Society of Certified Public Accountants. He has also attended the annual local government Industry Seminar conducted by AICPA and CSCPA. He has taken continuing education courses in areas of government and Not for Profit Organization audits provided by AICPA and CSCPA. Mr. Patel has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of Not-for-Profit Organizations. Attended California CPA Education Foundation Course on GASB 34 - For State and Local Governments. He made a presentation on the impact of OMB Circular A-133 on Audits of Financial Statements before the Finance Directors meeting of various community based health clinics in the Bay Area.



The following are some of the governmental entities demonstrating the experience of Mr. Patel:

- Alameda County Fire Department
- Alameda County Housing and Community Development
- Del Norte Solid Waste Management Authority
- Burbank Sanitary District
- South Santa Clara Co. Fire District
- Saratoga Fire Protection District
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- City of Port Hueneme
- City of Oakland
- City of Santa Cruz
- City of San Leandro
- City of Hayward
- City of San Francisco
- City of Fairfield
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- County of Sonoma
- City of Berkeley
- City of Redwood City
- City of San Jose
- First 5 Alameda County
- First 5 Monterey County Children and Families Commission
- Marin Children and Families Commission (F5 Marin)
- First 5 Santa Cruz County
- Santa Clara County Vector Control District
- County of Santa Clara – Department of Correction
- Lions Gate Community Services District
- San Mateo-Foster City School District
- La-Honda Pescadero School District
- Tracy Area Public Facilities and Financing Authority
- Alameda County Redevelopment Agency – Eden Area
- Alameda County Redevelopment Agency – San Leandro Area
- Alameda County Auditor-Controller's Agency
- Oakland-Alameda County Coliseum Authority
- Housing Authority of San Mateo County
- Housing Authority of the County of Alameda
- Housing Authority of the Contra Costa County
- Housing Authority of the City of Richmond
- Berkeley Housing Authority Deaf and Disabled Telecommunications Program



Contact Information:
Email: patel9@patelcpa.com

FADI SHAHIN

Senior Manager

Fadi Shahin is a Senior Manager with Harshwal & Company, LLP with over thirteen years of experience in audit and accounting. He has been with the firm for the past two years. In his professional journey, Mr. Shahin served several state & local governments, nonprofit organizations, school districts, public entities, and private entities. Mr. Shahin conducted his assurance and attestation in accordance to US GAAS, US GAGAS, and IFAC ISAs in different markets and environments that report in accordance with US GAAP, US GASB, and IFRS.

Education and Computer Skills:

- Bachelors in Accounting
- Excellent computer knowledge of the software programs including Excel, Microsoft Word, Caseware, Quickbooks, Peachtree, MAS 90, Fast Advantage, Engagement-CS, Caseware, Pap Systems, FAS Asset Depreciation and Lacerte Tax Program.

Certification

- Mr. Shahin is in the process of procuring his California CPA license

Experience

Mr. Shahin has ten years of experience, having worked as Senior Auditor and Audit Manager at Deloitte & Touche and KPMG in the Middle East. He has performed various audit tasks related to planning of the audit and conducting and supervising fieldwork. He has been engaged with our State & Local Governments, Educational Entities, Housing Authorities, and Nonprofit engagements. He has performed many audits, including audits of state funded child development programs. He has followed procedures presented by standards and procedures for Audits of Special Districts issued by California State Controllers, and performed tests of disbursements, test of unrecorded liabilities, compliance and general audit procedures. He has performed various desk and field audits on hospitals and health services providers, as well as evaluated providers accounting and cost reporting systems, verification of costs claims, eligibility of patients under Medicare Programs and cost allocation formulas. He has planned and performed audit procedures for various Governmental and Non Profit Organizations, which is supervised by him. Mr. Shahin has worked extensively on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular A-133 (Uniform Guidance).

Continuing Education

Mr. Shahin has attended seminars conducted by the California Society of Certified Public Accountants, AICPA local governments and Not for Profit Organizations. He has attended the annual School District's Conference and seminars on SFAS 116 - Accounting for Contributions Received and Contributions Made, and SFAS 117 - Financial Statements of Not-for-Profit Organizations.



Fadi's Past and Present Clients:

State and Local Governments:

- Alameda County Fire Department
- Alameda County Housing and Community Development
- Del Norte Solid Waste Management Authority
- Burbank Sanitary District
- South Santa Clara Co. Fire District
- Saratoga Fire Protection District
- City of Port Hueneme
- City of Oakland
- Village of Cuba
- Sierra County
- Cibola County
- Town of Springer
- City of Espanola
- Workforce Connection of Central New Mexico

Educational Entities:

- Questa Independent School District
- Kinteel Residential Campus, Inc.
- Kin Dah Lichi'i Olta
- Hunters Point Boarding School
- Gila Crossing Community School
- Dilcon Community Schools, Inc.
- Black Mesa Community School, Inc.
- Rock Point Community School, Inc.
- Espanola Public School District
- Truth or Consequence School District
- Wagon Mound Public School
- Wide Ruins Community School

Tribal Governments:

- White Mountain Apache Tribe
- Robinson Rancheria Band of Pomo Indian
- Kickapoo Tribe of Oklahoma
- Birdsprings Chapter
- Bodaway/Gap Chapter
- Chilchinbeto Chapter
- Picuris Pueblo
- Pueblo of Picuris

Not-for-Profit Organizations:

- National Tribal Development Association
- Consolidated Tribal Health Project, Inc.
- California Tribal TANF Partnership

Tribal Housing Entities:

- Santa Clara Pueblo Housing Authority
- Eastern Regional Housing Authority
- Pueblo of San Felipe Housing Authority
- AHA Macav Housing Entity
- Northern Pueblos Housing Authority
- St. Croix Chippewa Housing Authority
- Navajo Partnership For Housing Development
- Wagon Mound Housing Authority



ALBERT HWU, CPA

Senior Auditor

Albert Hwu has been engaged with several audits and accounting of state & local governments, not for profit organizations and school districts for over a year. Mr. Hwu is proficient in the operating nuances of accounting and auditing packages, and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance).

Contact Information:

(c): (562) 229-8867

Email: albert.hwu@harshwal.com

Education

- Bachelor of Accountancy

Certification

- Certified Public Accountant- State of Washington (CPA)

Professional Membership

- Member of AICPA

Experience

Mr. Hwu has performed various audit tasks related to planning of the audit and conducting and supervising fieldwork. He has been engaged with state & local governments, school districts, housing authorities, and nonprofit engagements. He has followed procedures presented by standards and procedures for Audits of California K-12 Local Educational Agencies issued by California State Controllers, Special Districts issued by California State Controllers; and performed tests of disbursements, tests of unrecorded liabilities, compliance and general audit procedures. He has performed various desk and field audits on hospitals and health services providers as well as evaluated provider accounting and cost reporting systems, verification of costs claims, eligibility of patients under Medicare Programs and cost allocation formulas.

Mr. Hwu has worked on financial and compliance engagements under the Single Audit Act of 1984, OMB Circular A-133 and Super Circular.

Continuing Education

Mr. Hwu has attended various seminars conducted by the AICPA local governments and Not for Profit Organizations. During last three years, he has completed 121 CPE Hours. He has attended seminars on Applying A-133 to Non Profit Organizations and Governmental Organizations. He has attended seminars on Governmental Financial Reporting Standards and Practices and GASB 34.



Albert's Past and Present Clients:

State and Local Governments:

- Alameda County Fire Department
- Alameda County Housing and Community Development
- Del Norte Solid Waste Management Authority
- Burbank Sanitary District
- City of Port Hueneme
- City of Oakland
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- Village of Cuba
- Sierra County
- Cibola County
- City of Espanola
- City of Eunice
- City of Santa Rosa
- Town of Springer
- Village of Milan

Educational Entities:

- Kinteel Residential Campus, Inc.
- Greyhills Academy High School
- Questa Independent School District
- Black Mesa Community School, Inc.
- Wagon Mound Public School
- Espanola Public School District
- Rock Point Community School, Inc.
- Greasewood Community School, Inc.
- Dzilh-Na-O-Dith-Hle Community School
- Gila Crossing Community School
- Hunters Point Boarding School
- Dilcon Community Schools, Inc.
- Kin Dah Lichi'i Olta Community School

Tribal Governments:

- Robinson Rancheria Band of Pomo Indian
- White Mountain Apache Tribe
- Buffalo Thunder Resort & Casino (Pueblo of Pojoaque)
- Baahaali Chapters
- Little Water Chapter
- Tse Si Ani Chapter
- Pueblo of Picuris
- Upper Fruitland Chapter

Not-for-Profit Organizations:

- National Tribal Development Association
- Consolidated Tribal Health Project, Inc.
- California Tribal TANF Partnership

Tribal Housing Entities:

- Santa Clara Pueblo Housing Authority
- Eastern Regional Housing Authority
- Pueblo of San Felipe Housing Authority
- AHA Macav Housing Entity
- Northern Pueblos Housing Authority



AMIR SHAFIEE, MSC

Senior Auditor

Amir Shafiee has been engaged with several audits and accounting of state & local governments. He is experienced in managing auditing, accounting, and taxation related works for several years. Amir specializes in working with numerous educational entities, tribes and tribal governments, state and local governments, housing authorities, state agencies and not-for-profit organizations. In addition to conducting annual financial audits, he has performed numerous specialized engagements, such as internal audits, compliance audits, OMB A-133 (Uniform Guidance) audits, accounting assistance and fraud investigations. Amir has also worked as a financial analyst, accounting associate, staff auditor, and stock market analyst.

Contact Information:

(c): (310) 920- 2515

Email: amir.shafiee@harshwal.com

Education

- M.S.C. and B.S.C. in Accounting
- CPA Candidate in California

Computer Skills

- Exemplary Knowledge of Visual Basic program language, Databases Access, SQL server, Accounting and ERP systems, Audit softwares like ACL, Tableau and Dashboards.
- SQL Server 2005 [Implementation & Design]
- Awareness of Quality Management System in accordance with ISO 9000 Series of Standards

Amir's Past and Present Clients:

State and Local Governments:

- Alameda County Fire Department
- Alameda County Housing and Community Development
- Burbank Sanitary District
- City of Port Hueneme
- City of Oakland
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- Village of Cuba
- Sierra County
- Cibola County
- City of Santa Rosa

Educational Entities:

- Dilcon Community Schools, Inc.
- Na' Neelzhiin Ji Olta', Inc.
- Second Mesa Day School
- Questa Independent School District
- Espanola Public School District

Tribal Governments:

- White Mountain Apache Tribe
- Baahaali Chapters
- Little Water Chapter
- Tse Si Ani Chapter
- Pueblo of Picuris
- Upper Fruitland Chapter

Not-for-Profit Organizations:

- California Tribal TANF Partnership
- National Tribal Development Association
- Greyhills Academy High School
- Consolidated Tribal Health Project, Inc.

Tribal Housing Entities:

- Eastern Regional Housing Authority
- Pueblo of San Felipe Housing Authority
- Santa Clara Pueblo Housing Authority
- Northern Pueblos Housing Authority



APPROACH TO THE AUDIT

At Harshwal & Company, LLP, our professionals have extensive experience performing audits of state & local governments, and our team has a broad understanding of the work environment and audit needs of the District. We understand that you require us to perform audit services of Coastside Fire Protection District for the fiscal years ending June 30, 2017 through June 30, 2019. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

Scope of Work and Standards to be Followed:

1. We will prepare an annual audit report in accordance with applicable State laws and regulations with an opinion on the fairness of presentation of the Coastside Fire District's financial statements and on their conformity with generally accepted accounting principles and generally accepted auditing standards and compliance with standards and requirements set forth by the California State Department of Finance;
2. We will prepare a management Letter.
3. We will prepare the report of financial transactions to the State Controller

Records to be Audited

The audit will cover all of the District's funds, including but not limited to the following:

1. General Fund
2. Debt Service Fund
3. Facility Replacement and Contingency Reserves
4. Weed Abatement Fund
5. Retirement Reserve
6. Volunteer Fire Department Financial Records

Understanding of the Work Requirements

The two most critical components of the audit are (1) to have consistency in the work of auditors involved and (2) to have the entire audit team understand and be aware of the technical requirements of the engagement. Therefore, we emphasize on a careful schedule of audit planning along with written instructions, and carry out a comprehensive workshop for the staff engaged. This effort not only serves to state the responsibility from the commencement, but also serves to discuss the areas of concern and applicable audit techniques to be adopted for the proposed examination.

Our plan will involve a thorough entrance meeting with the District's audit committee and management. During this phase, we hope to establish the timelines for examination and identify dates for future meetings to report upon our progress of the examination. Shortly thereafter, the partners and the manager will meet the District's concerned officials to obtain a more detailed outline of the District's financial systems and process. This will help us to determine the extent and concentration of our audit effort, obtain knowledge and understanding of the legal and reporting requirements by accessing the pertinent statutes, regulations, charter provisions, bond coverage and other requirements. The meeting will serve as a guideline to prepare and outline our audit planning memorandum and the audit plan.



Upon completion of the audit plan, we will meet with the District's officials to go over our plan. During the meeting, we hope to share our understanding of the scope and tune the dates of commencement, the assistance available to us, the assistance the District may need from us and the introduction of the audit team to the District's officials.

In the next step, a conference will be initiated with the audit team to be assigned, which will serve as the platform to share our audit plan and programs, discuss areas of concern, identify audit teams and dates, and address any and all pertinent questions from our staff.

Specific Audit Approach

Our audit scope recognizes that the District has several important internal controls in place. The audit plan will allow us to set our scope of the overall internal controls after a thorough evaluation of the internal accounting controls. This will be fulfilled by working closely with the accounting personnel to ensure that we understand the current system before beginning any audit examination.

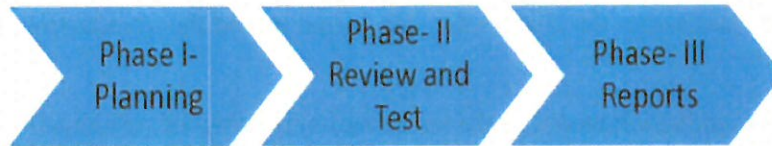
During the audit, our audit team will work progressively for the betterment of the District's operations, procedures, and resource optimization, which we believe are in the District's best interests to consider providing. Such new approaches are pragmatic and can be implemented economically. We will consider matters such as internal control, organization, budget management, personnel policies, EDP usage, alertness and controls, and various other related matters and will report to the management on advancement opportunities. We will organize our procedures so as to avoid duplicacy of work, and coordinate our efforts to enable us to express our opinion on the basic financial statements and in meeting the requirements of the District and other interested parties.

Audit Philosophy

Our approach to the audits focuses on the risk elements of each agency and related systems of internal control, and channels the audit into areas prone to higher degrees of risk. We will perform the audit, on the basis of standards all through SAS No. 131 issued by AICPA.



Audit Plan



Phase I - Planning

- Collect pertinent documents
- Read minutes of Governing Body
- Plan the District participation
- Evaluate internal controls
- Evaluate the EDP system
- Discuss the format of report and exceptions, if any
- Meet with the District management to review audit status
- Preparation of correspondence
- Review the prior auditor's workpapers

Phase II - Review and test

- Revenues
- Expenditures
- Compliance with Federal Laws and Regulations
- Cash and investments
- Receivables and other assets
- Property and equipment
- Accounts payable
- Accrued liabilities
- Annual leave
- Long-term debt and other liabilities
- Fiduciary liabilities
- Fund/Equity balances
- Pension obligations and reserves

Phase III - Prepare reports

- Review financial audit reports with the District's management
- Review management letters
- Make oral presentations, if required

In the Audit Plan section, we have outlined our general approach to the examination where the actual audit approach is discussed in greater detail. We understand that the District will have unique areas that will require special attention and review, plus the development of audit programs that will address such areas.



PHASE I - PLANNING, UNDERSTANDING AND PRELIMINARY EVALUATION

We will plan the audit work to be performed, with the District management, so as to ensure the maximum effectiveness while maintaining an optimum level of efficiency.

The District's Audit Participation

Generally, we would expect the following assistance from the District's personnel:

- *Preparation of audit correspondence*
- *Preparation of all reconciliations, reflecting all closing adjustments*
- *Preparation or Completion of Questionnaires for use in our review of the District's internal Accounting Controls and obtaining an understanding of the Control environment and the flow of transactions.*
- *Preparation of audit lead schedules in a format provided to us in advance*
- *Pulling and or providing copies of certain documents and agreements (i.e., vouchers, invoices, canceled checks, time cards, bank statements, and contracts) as requested by us in advance*
- *General assistance from knowledgeable personnel in response to specific audit questions, or analyzing specific accounts or transactions.*

During the performance of our interim audit fieldwork, we will review the District staff's accounting schedules and workpapers and incorporate them, as applicable, into our audit. We will work with your staff to prepare a client participation schedule during the preliminary phase of the audit that would clearly outline the type and extent of assistance we would request.

The following would be included in addition to the above:

- Obtaining a detailed understanding of the significant accounting applications including input, output, programming and processing controls, and interface with other significant accounting applications of the District. For example, the correlation of the agency's/department's system with the central accounting system and the system applications will be subjected to detailed application reviews such as Voucher/Revenue Processing, Payroll and the General Ledger Systems. The desired understanding will be obtained by:
 - *Reviewing systems and structure*
 - *Reviewing processing logic and flow*
 - *Reviewing input source documents and generated output*
 - *Reviewing file layouts and retention*
 - *Conducting in-depth reviews with key systems support personnel to clarify understanding of the systems*
- Preparing the systems overviews with descriptions in sufficient detail to facilitate the identification of controls within the systems
- Verifying the detailed systems descriptions by performing systems walk- throughs and reviews



- Undertaking the preliminary evaluation of the systems by relating the existence of controls to the causes of potential errors

Approach to be Taken to Gain and Document an Understanding of the District's Internal Controls

As a component of developing our audit approach, we will spend considerable time documenting and testing the internal control structure used by the District and its related entities. This will include a multi-phase approach as follows:

- We will ask the District's staff to fill various industry-specific questionnaires designed to summarize your control structure. Then we will scrutinize the changes in your current structure, and determine what key controls you have developed for each material control objective. During this process, we will look for gaps in your control structure, and summarize recommendations to the management's consideration.
- As part of our audit, we will conduct a review of information technology (IT) controls and security assessment to consider what controls District has implemented to protect the confidentiality, integrity, and availability of its critical information assets and if those are operating as intended. This includes reviewing the design of your IT system security controls, as well as determining the effectiveness of these controls and security measures.
- Once all key controls have been identified, we will perform walk-throughs of those controls as required by Audit Standards. We will search for gaps in the operation of these controls, and offer suggestions for improvement that we identify.
- We will perform additional walk-through procedures for areas where conflicts may exist, but compensating controls have been developed. For conflicts that have not been mitigated, we will summarize the conflict and resulting risk, report our findings to management and the District's Board Members, and help you in designing control changes that would remove the conflict in a cost-beneficial manner.

The understanding of the pattern of information will be documented through the District's accounting system for each significant audit area. For such areas, we will document the flow of information for all transaction classes. We may also gain an understanding of certain control procedures related to such areas while obtaining an understanding of the accounting system. We will obtain the information by inquiry of the District's Personnel, observation of activities, and inspection of documents and records.

PHASE II - REVIEW AND TEST OF CONTROLS

During Phase I, we will have identified key controls within the systems in operation. Such controls will be subject to detailed testing to determine their effectiveness and reliability in Phase II.

Phase I identifies key controls within the individual applications. The controls identified will be subject to detailed testing during Phase II to determine their effectiveness and reliability. Specific Phase II audit procedures in specific areas will include:



Test of Revenues: We will test each significant type of revenue of each functional area to determine that it is:

- *Recorded in the proper fund.*
- *Properly classified as to source.*
- *Stated at a reasonable amount.*

Revenue will be tested by confirmation, re-computation, and numeric sampling of internal documents. We will use the appropriate method or combination of methods to test each significant sources of revenue.

Tests of Expenditures and Transfers

We will test all significant expenditures and transfers to determine that they are recorded in the proper period, properly classified as to type, and stated at a reasonable amount. The methods utilized will depend upon the type of expenditure. Some of the most common expenditures and approaches are as follows:

- **Payments:** We will test to ensure that the payments made are in accordance with District policy and procedures.
- **Payrolls and related costs:** We will select from recorded amounts, examine employee status and time records for propriety of distribution, approval and other indications of validity; test the computation of gross pay and contact the payees or examine personnel records to determine that selected amounts relate to bonafide employees.
- **Purchase of materials, supplies and services:** We will select from recorded amounts, and examine supporting documents for correctness of account distribution and for approval or other independent indications of validity.

Analytical Review Procedures

The objective of our analytical review procedures will be to identify such things as the existence of unusual transactions and events, and amounts, ratios, and trends that might indicate matters that have financial statement and audit planning ramifications.

SAS No. 56 describes the three broad uses of analytical procedures in audit planning as follows:

- *To assist the auditor in planning the nature, timing, and extent of other auditing procedures*
- *As a substantive test to obtain audit evidence about particular assertions related to account balances or classes of transactions*
- *As an overall review of the financial information in the final review stage of the audit*

Comparisons of account balances between accounting periods and ratio and trend analysis usually improve our understanding of your operations, and may identify critical audit areas.



We will apply analytical procedures as an overall review of financial information at the final stage of the audit. These procedures would be designed to assist us in assessing the propriety of conclusions reached, and in the evaluation of the overall financial statement presentation. This review would, among other procedures, include reading the financial statements and related notes. We would consider the following factors such as:

- *The adequacy of evidence gathered in response to unusual or unexpected balances identified by analytical procedures applied in the planning stage of the audit.*
- *Unusual or unexpected balances or relationships not previously identified.*

Statistical Sampling

We will use statistical sampling procedures designed specifically to support the objectives of an examination made in accordance with auditing standards generally accepted in the United States of America and accepted by the AICPA.

Our methodologies rely upon the following sampling techniques:

- **Attribute Sampling:** A technique for selecting individual items in the population to test the compliance with underlying control procedures, regulations, conditions and contractual terms.
- **Large Monetary Unit Sampling:** A technique for substantive tests of balances, wherein larger dollar value items have a proportionately larger probability of selection than smaller items.

The determination of sample size will be based upon standard statistical formulas for each technique. The audit judgments as to sample precision and reliability will be based upon the following factors:

- **Precision:** A quantitative measure of dollar accuracy, which will depend upon the monetary significance of the account balance to the District's overall financial statements.
- **Reliability:** A quantitative measure of an audit certainty, which will depend upon the nature of transactions processed, the internal control environment, and the other available audit evidence for each segment of the District's accounting activity.
- **Audit Risk Factors:** Relationship of the sample size to the assessment of Audit Risk is tabulated below:

The sample size would depend on the following:

Combined Assessment of Inherent Risk and Control Risk	Assessment of Other Procedures Risk		
	High	Moderate	Low
High	3.0	2.3	1.9
Moderate	2.3	1.6	1.2
Low	1.9	1.2	0.9



The sample size would be as follows:

Number of Deviations (Planned or Actual)	Sample Size		
	25	40	60
0	Moderate	Low	Low
1	Maximum	Moderate	Low
2	Maximum	Maximum	Moderate
3	Maximum	Maximum	Moderate

Sampling Techniques

We propose to use statistical/non-statistical or judgmental sampling in our audit tests. These procedures will enable us to gather sufficient evidential matter in support of our audit. We will refer to *Statement of Auditing Standards No. 111* of the American Institute of Certified Public Accountants. The samples thus selected will be used to test the system of Internal Controls, and year-end account balances.

The basic requirements that relate to all samples (statistical and non-statistical) are similar and will allow us to use the following approach:

- **Planning:** During our planning stage, the audit team will relate the population (account balance or transaction type) to the objective of the test, i.e. defining the population and sample unit.
- **Sample Selection:** The audit team will select items that are representative of the population on a random basis. We will use a random number table or microcomputer generator numbers.

Total projected error will be compared with the tolerable error rate established in the planning phase of the audit test. In addition, we will consider the nature or cause of the errors found, for example.

- *Was the wrong accounting principle used, or was the correct principle misapplied?*
- *Is the misstatement an error (unintentional) or is it an irregularity?*
- *Is the error due to misunderstanding of instruction or carelessness?*
- *We will also determine the relationship of misstatement to other phases of the audit.*

Based on the above analytical review of sample results, we will determine whether or not there is a need to incorporate changes in our overall audit plan.

How materiality will be established

- We will establish an initial judgment from a preliminary analysis of your financial statements.
- For each account, we will evaluate:
 - a. Relative levels of inherent risk and control risk
 - b. Potential risk of material misstatement resulting from fraud



- We will tailor audit programs for each account to obtain evidence from:
 - a. Internal control testing
 - b. Analytical procedures
 - c. Substantive testing

Year-end tests of accounts

Tests to determine that account balances are stated at a reasonable amount, in the proper fiscal year, are properly classified, and recorded in the proper fund. These will be conducted in the following areas:

■ **Cash**

Counts will be made, reconciliation of cash accounts and balances tested for propriety and unusual entries, and by written confirmation with third parties.

■ **Investments**

Determine proper authorization for investment, location, physical existence or confirmation with third parties, determination and identification of investment, and whether income derived from investment are properly stated and classified.

■ **Property and Equipment**

- Property and equipment in the general fixed assets account group and proprietary funds represent a complete and valid listing of the capitalized cost of assets purchased, constructed, or leased and physically on hand.
- Capital expenditures represent a complete and valid listing of the capitalized cost by acquiring fund of the property and equipment acquired during the period, and capitalized costs are excluded from repairs, maintenance and similar expenditure accounts.
- Capital costs and, if applicable, related depreciation associated with all sold, abandoned, damaged, or obsolete fixed assets have been removed from the accounts.
- Depreciation charged on fixed assets of proprietary funds and, if applicable, of grant programs has been computed on an acceptable basis consistent with that used in prior periods, and related allowance accounts are reasonable, considering expected useful lives and salvage value.
- Capital expenditures and fixed assets are properly classified by fund type or account group in the combined financial statements, and related disclosures are adequate.

■ **Receivables**

Determine that receivable balances are reasonably stated, review subsequent collection, and determine whether any allowance for uncollectible accounts is necessary.



■ **Interfund accounts and other assets**

Test balances and determine reasonableness and propriety of stated amounts.

■ **Debt and Debt Service Expenditures**

Our objectives will be to obtain reasonable assurance that all indebtedness of the District is identified, recorded and disclosed; and that it has complied with provisions of indentures and agreements related to debt, including provisions on use of proceeds. We will achieve our objectives by reviewing the resolutions of appropriate authority and confirmations with financial institutions. We can obtain persuasive evidence on the reasonableness of interest expenditures by comparing the amount to the computations of the rate times average debt outstanding.

■ **Accounts payable and accrued liabilities**

Determine that all significant amounts have been recorded as liabilities, are properly stated, and review subsequent payments and open invoice files for any items that may have been overlooked.

■ **Fund equity balances and reserves**

Test that all fund balances are separately stated and properly accounted for, review contracts and purchase orders to determine that obligations are properly recorded, test for propriety of reserves.

Audit Objectives

We understand that the objective of a financial statement audit is to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit includes an assessment of the accounting principles used, and significant estimates made, by management as well as an evaluation of the overall financial statement presentation. We will perform the audit in compliance with all applicable accounting and auditing standards, rules and regulations.

Audit Risk

In planning the nature and extent of audit procedures for grants and similar programs, we would consider the likelihood that grant compliance requirements have been overlooked or intentionally violated; grant funds have been overspent or misspent; illegal expenditures have been made; grant funds have been misappropriated; or that grant charges may be disallowed as unnecessary, unreasonable, or otherwise not in accordance with limitations and restrictions.

Audit Procedures and Consideration of Grant-Related Controls

We would obtain, or prepare, a schedule of grants and similar programs and review minutes of the governing body to identify grants received and related restrictions; review grant contracts and related laws and regulations; and discuss procedures used to monitor grants with responsible officials.



We would review the following:

- *Importance of Grant Monitoring*
- *Examination of Grant Transactions*
- *Review of Grant Reports*
- *Additional procedures for a Single Audit*

Extent of Use of Computer Software in the Engagement

We envision an approach to audit your computerized systems that consists of an examination of the controls within your technology infrastructure. This evaluation will report whether the information system safeguards assets, maintains data integrity, and operates effectively and efficiently to achieve your goals or objectives. We have an entire group of professionals dedicated to information technology and risk management that may be used on your engagement.

We would also use the District's current hardware and software capabilities to facilitate an efficient process of accessing data from its system where possible for our audit procedures. Harshwal & Company, LLP has found significant added value and increased efficiency in the use of computer-assisted auditing techniques (CAAT), including paperless audit software, an automated audit program system, and a variety of electronic templates. Our innovative utilization of our EDP software provides us with the compatibility and ability to interface and support the basic UAN Workbench. The following are some of the latest tools which will describe our excellence in audits of computerized environments.

- Caseware
- CaseView
- Quickstart
- Sharefile
- IDEA

Progress Reporting

We will keep the District's management apprised of audit plans, recommendations, and developments on an ongoing basis including, but not limited to, participation in both the entrance and exit conference.

Exit Conference

At the conclusion of our field work, we will meet with the District's management to review our findings and conclusions. The management will be aware of our findings to be included in the report. A draft report will be reviewed with the District's management so that we may obtain any additional comments or inputs prior to the finalization and release. We will summarize in writing and discuss with the District all of our observations and recommendations, including internal control and program compliance.



Working Paper Retention

We will retain all working papers and reports for a minimum period of seven (07) years. We will make Working papers available to the District's authorized representatives of the Cognizant federal or state audit agency, the General Accounting Office and any other third parties authorized by the District. At the completion of this contract, we will make available all work papers and reports to the successor auditor in a timely manner.

PHASE III - REPORTS

A draft of the final audit report will be discussed with the District's Management in a formal exit conference and a final report, along with, a final management letter that will be furnished soon thereafter. Our report would be issued in a format that is required by the AICPA, and confirmed to the reporting requirements of *Generally Accepted Auditing Standards*, and other requirements as appropriate. The report on comprehensive annual financial statements will contain, among others, the following:

- *Opinion on general-purpose financial statements and supplementary information.*
- *A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.*
- *A report on compliance with laws and regulations.*

Management Representation Letter

Communication with management is crucial since it is essential to hear your concerns, and comprehend the financial records to have a complete and thorough understanding of business operations. Management confirmation is required on all information contained within the financial statements to ensure that they are true and accurate, and that all information has been properly disclosed. We will review all significant audit findings with the District as the work proceeds, and upon completion of our audit procedures.

It is standard practice for our firm to produce a management letter in conjunction with each engagement. The audit process provides an opportunity to assess performance and trends, to identify opportunities to improve internal controls and/or accounting efficiency, and to spot emerging needs or opportunities. By reporting these conditions and opening them up for discussion, the management letter can play an important role in maintaining the future financial health of the organization.

Should we become aware of any irregularities, illegal acts, or indications of illegal acts, we will make an immediate verbal and written report of such findings to the District's Board Members. The report will be discussed with the members responsible for the financial statements before submitting it to the Board Members.



Work Schedule

Proposed Segmentation	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Audit Planning			
Entrance Conference	August 07, 2017	August 06, 2018	August 05, 2019
Interim Field Work	August 07, 2017 to August 11, 2017	August 06, 2018 to August 10, 2018	August 05, 2019 to August 09, 2019
Detailed Audit Plan	August 18, 2017	August 17, 2018	August 16, 2019
Fieldwork			
Start of Year End Field Work	August 28, 2017	August 27, 2018	August 26, 2019
End of Year End Field Work	September 08, 2017	September 07, 2018	September 06, 2019
Reporting			
Exit Conference	September 15, 2017	September 14, 2018	September 13, 2019
Draft Report	September 15, 2017	September 14, 2018	September 13, 2019
Final Reports	September 29, 2017	September 28, 2018	September 27, 2019

The proposed timeline allows for the services identified to be accomplished within the proposed three-year agreement, based on our technology advances. We manage workflow through our system of Caseware, and manage a quicker response from clients on documents through Sharefile. Our portable scanners also facilitate work on the availability of onsite documents.

The timeline is reasonable given the totality of work involved, and our managers being highly qualified and trained. We will follow the same system to get the work done throughout the three years requested.

- *This timeline is dependent on the availability of your personnel, and is subject to the anticipated closing dates of your accounting records.*



FEES AND COMPENSATION

All Inclusive Maximum Fees:

Summarized below are the professional fees and expenses for the District's audit services for the FY 2017, FY 2018, and FY 2019:

Audit Area - Description	FY 2017	FY 2018	FY 2019
<i>Professional fees:</i>			
Financial Audit.....	\$ 6,028	\$ 6,028	\$ 6,028
Financial Statement Preparation.....	862	862	862
Total Professional Fees	\$ 6,890	\$ 6,890	\$ 6,890

Fees for Fiscal Year 2020

Description	Cost
Fees for Fiscal Year 2019	\$ 6,890
+ Inflation Cost @ 5%	\$ 345
Total Fees	\$ 7,235

Fees for Fiscal Year 2021

Description	Cost
Fees for Fiscal Year 2019	\$ 6,890
+ Inflation Cost @ 5%	\$ 345
Total Fees	\$ 7,235

Please Note:

- *As we are a local firm operating from Oakland, California; there will be no out-of-pocket expenses.*
- *There will be an increase of 5% over previous year fee due to inflation for FY 2020 & FY 2021.*



Our All-inclusive maximum fee for a period of five year will be:

Fiscal Year	Fees
FY 2017	\$ 6,890
FY 2018	\$ 6,890
FY 2019	\$ 6,890
FY 2020 (Optional)	\$ 7,235
FY 2021 (Optional)	\$ 7,235
All-Inclusive Maximum Fees:	\$ 47,865

Rates by Partner, Supervisor and Staff:

Our estimated time and effort analysis:				
Description - Team Composition	Est. Hours	Standard Rate	Quoted Rates	Fees
Partner	06	150	\$120	\$ 720
Manager	14	120	100	1,400
Senior Auditor	27	100	85	2,295
Senior Accountant	33	80	75	2,475
Total	80			\$ 6,890



Rates for Additional Professional Services

We will perform additional work only if set forth in an addendum to the contract between the District and the firm. Our fees for the additional services, if required, will be based on the actual time spent by professional or administrative personnel at quoted hourly rates, specified above. Our standard hourly rates vary according to the degree of responsibility involved, and the experience level of the personnel assigned.

Inherent in our service is the on-going support, education, and advice to our clients. The comprehensive service includes:

- Email updates on all new and pertinent developments.
- A careful review of the effects of these new developments (if any), on your particular circumstance. If necessary, we will advise you on any changes needed in accounting procedures.
- We will meet with Finance Department head at the beginning of the audit to advice on matters of particular interest. We will provide "best practices" for effective daily operations that will also provide information necessary for the financial statements.
- Throughout the audit, we will advise your accounting personnel on best practices for maximum efficiency in each major operational area.

We have provided you a fee estimate based on the following assumptions:

- That the accounting records will be in balance, and supported by appropriate documentation;
- That the District's staff will provide the supporting schedules for all asset and liability accounts, and provide the schedule of expenditures of federal awards; and,
- That the District staff will provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.

If upon initiation of the review, we learn that these assumptions are not the case, or if extraordinary circumstances are encountered (i.e., fire, destruction or disappearance of records, discovery of fraud, belief of material errors, defalcations, etc.), we will immediately meet with the District's management to determine an appropriate course of action so that the review can be completed in a timely and cost-effective manner. In such cases, the total fee estimate may change. We will consult with you before performing any additional procedures that may increase your fee.

"Keeping in touch with" is the hallmark of our service. You will receive phone calls, emails and information through the Harshwal & Company, LLP portal on a consistent and regular basis.



EXHIBIT

California License

State of California
Department of Consumer Affairs
California Board of Accountancy

Pursuant to the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm of

HARSHWAL & COMPANY LLP

is duly registered and entitled to practice as a partnership of

Certified Public Accountants

in the State of California

In Witness Whereof, the President and Secretary-Treasurer affix their hands and the seal of the California Board of Accountancy

on this twenty-second day of October, 2009

Robert A. Peterson
PRESIDENT

Siobhan Richard Taylor
SECRETARY-TREASURER

PAR 7299