



# Agenda -

## San Miguel Community Services District

### BOARD OF DIRECTORS

John Green, President  
Anthony Kalvans, Director

Ashley Sangster, Vice President  
Hector Palafox, Director  
Joseph Parent, Director

**WEDNESDAY, JUNE 19TH, 2019**

**6:30 P.M. Opened Session**

### BOARD OF DIRECTORS SPECIAL MEETING AGENDA

**SMCSD Boardroom  
1150 Mission St.  
San Miguel, CA 93451**

**Cell Phones:** As a courtesy to others, please silence your cell phone or pager during the meeting and engage in conversations outside the Boardroom.

**Americans with Disabilities Act:** If you need special assistance to participate in this meeting, please contact the CSD Clerk at (805) 467-3388. Notification 48 hours in advance will enable the CSD to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are available for the hearing impaired.

**Public Comment:** Please complete a "Request to Speak" form located at the podium in the boardroom in order to address the Board of Directors on any agenda item. Comments are limited to three minutes, unless you have registered your organization with CSD Clerk prior to the meeting. If you wish to speak on an item not on the agenda, you may do so under "Oral Communications." Any member of the public may address the Board of Directors on items on the Consent Calendar. Please complete a "Request to Speak" form as noted above and mark which item number you wish to address.

**Meeting Schedule:** Regular Board of Director meetings are generally held in the SMCSD Boardroom on the fourth Thursday of each month at 7:00 P.M. Agendas are also posted at: [www.sanmiguelcsd.org](http://www.sanmiguelcsd.org)

**Agendas:** Agenda packets are available for public inspection 72 hours prior to the scheduled meeting at the Counter/ San Miguel CSD office located at 1150 Mission St., San Miguel, during normal business hours. Any agenda-related writings or documents provided to a majority of the Board of Directors after distribution of the agenda packet are available for public inspection at the same time at the counter/ San Miguel CSD office at 1150 Mission St., San Miguel, during normal business hours.

**I. Call to Order: 6:30 PM**

**II. Pledge of Allegiance:** \_\_\_\_\_

**III. Roll Call:** *Green*\_\_\_ *Parent*\_\_\_ *Palafox*\_\_\_ *Kalvans*\_\_\_ *Sangster*\_\_\_

**IV. Approval of Regular Meeting Agenda:**

**M**\_\_\_\_\_ **S**\_\_\_\_\_ **V**\_\_\_\_\_

**V. ADJOURN TO CLOSED SESSION:** (Public Comment for items on closed session agenda)

**A. CLOSED SESSION AGENDA:** None

**VI. Call to Order for Regular Board Meeting/Report out of Closed Session:** None

**VII. Public Comment and Communications for items not on the Agenda:** None

Persons wishing to speak on a matter not on the agenda may be heard at this time; however, no action will be taken until placed on a future agenda. Speakers are limited to three minutes. Please complete a "Request to Speak" form and place in basket provided.

**VIII. Special Presentations/Public Hearings/Other:**

**1. Conduct interviews and discuss selection of a firm to conduct the District annual financial Auditing Services for Fiscal Years ending June 30, 2019, June 30, 2020, and June 30, 2021.**

**Recommendation:** Conduct interviews of qualified firms and discuss making selection of next District financial auditing service firm. Selection will be made at June 27<sup>th</sup> Regular Board Meeting.

**Public Comments:** (Hear public comments prior to Board Action)

**IX. Staff & Committee Reports – Receive & File:** None

**X. CONSENT CALENDAR:** None

The items listed below are scheduled for consideration as a group and one vote. Any Director or a member of the public may request an item be withdrawn from the Consent Agenda to discuss or to change the recommended course of action. Unless an item is pulled for separate consideration by the Board, the following items are recommended for approval without further discussion.

**XI. BOARD ACTION ITEMS:** None

**XII. BOARD COMMENT:**

This section is intended as an opportunity for Board members to make brief announcements, request information from staff request future agenda item(s) and/or report on their own activities related to District business. No action is to be taken until an item is placed on a future agenda.

**XIII. ADJOURNMENT TO NEXT REGULAR MEETING OF 06-27-2019 @ 6PM**

**ATTEST:**

STATE OF CALIFORNIA            )  
COUNTY OF SAN LUIS OBISPO   ) ss.  
COMMUNITY OF SAN MIGUEL    )

**I, Tamara Parent, Board Clerk/Accounts Manager of San Miguel Community Services District, hereby certify that I caused the posting of this agenda at the SMCSO office on June 11, 2019**



<b>Auditor Firms</b>	<b>Independent</b>	<b>Licensed</b>	<b>Miles</b>	<b>signed request</b>	<b>Firm #/our office/CPA</b>	<b>Peer Review</b>	<b>Disciplinary</b>	<b>Ref</b>	<b>Affiliations</b>	<b>Hours</b>	<b>3 Copies</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>MAX 3 yr</b>
Harshwal & Co	Yes	Yes-CA-2005-93540	183	Yes	15/3	Pass 2017	None	Yes (Page 24)	GAQC/EBPAQC/AICPA	89	3	\$10,545	\$10,967	\$11,406	\$32,918
Moss, Levy, & Hartzheim C/O Ron Levy	Yes	Yes- CA-1987-33490	71.6	Yes	31/16/6	Pass w/Deficiencies 2014	None	Yes (Page 15)	AICPA/CSMFO/CSCPA/CASBO	160	3	\$11,590	\$12,000	\$12,420	\$36,010
McGilloway, Ray, Brown, & Kaufman C/O Patricia Kaufman	Yes	Yes- CA- 2000-79614	90.5	Yes	40/35	Pass 2016	None	yes (page 21)	CSCPA/AICPA/CalCPA (RAB)/CIMA/GFOA/AGA	84	3	\$14,505	\$15,205	\$15,825	\$45,535



## San Miguel Community Services District

### Request for Proposal for Audit Services

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#### **REQUEST FOR PROPOSAL**

San Miguel Community Service District (hereinafter called "the District") is requesting audit service proposals from qualified certified public accounting firms to perform annual audits and issue opinions on the District's financial statements for a three-year period for years ending June 30, 2019, 2020, and 2021.

#### **DESCRIPTION OF THE DISTRICT:**

The District, founded in 2000, provides fire protection, lighting, solid waste collection, water and wastewater services to approximately 2,600 community residents. The District's Board of Directors consists of five members elected by the public served by the District. The District's structure consists of a General Manager and a support staff of approximately 6 employees and 20 paid-call firefighters.

The District accounts for its operations as an enterprise fund on the accrual basis. Additional funds with minimal activity account for capital replacement, expansion and debt service. The District has other governmental funds as well.

A customized computer system is used with subsidiary programs in billing, payroll, accounts payable, accounts receivable, inventory, cash receipts, fixed assets, investments, and capital projects.

Other than the usual payments for wholesale water, sewer processing, and debt service, few disbursements exceed the normal scope of review.

Information regarding the District and a copy of the District's most recent financial statement is located on the District's website, [www.sanmiguelcsd.org](http://www.sanmiguelcsd.org). The District does not put together a CAFR and there is no desire to do so in the near future. It is the proposing firm's responsibility to obtain an understanding of the District's accounting system, the scope of the audit, and the work to be performed in order to successfully complete the audit, prior to submitting their proposal and bid.



## San Miguel Community Services District

### Request for Proposal for Audit Services

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#### **SCOPE OF THE AUDIT:**

. The auditors will evaluate the adequacy of the internal control system and, where weaknesses are noted, make appropriate recommendations for improvements. A management letter will be submitted by the auditing firm if material weaknesses are noted or if otherwise deemed appropriate.

The auditor will be required to make an immediate written report of all irregularities, fraud and illegal acts, of which they become aware, to the Board President and General Manager.

The audit will cover the general-purpose financial statements and supporting documentation and schedules. The auditor will assist the District in providing more meaningful and concise financial statements by seeking improved methods of reporting.

The auditing firm shall provide twenty copies of the auditor's report, financial statements, supporting schedules, and management letters. The partner in charge of the audit shall be available to attend at least two meetings at which the audit report will be discussed.

The auditing firm shall submit a draft of the financial statements no later than Friday, November 1st, 2019, by 5:00 p.m. for the fiscal year 2018-19 audit and October 1st for subsequent years. In this regard, the District shall provide a year-end adjusted trial balance with support schedules not later than August 1st of each year. Records for appropriate testing will be made available immediately after June 30 of each year.

The firm shall make available its working papers and respond to all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent. The auditing firm will retain all working papers, at the firm's expense, for a minimum of five years.

#### **PROPOSAL REQUIREMENTS:**



## San Miguel Community Services District

### Request for Proposal for Audit Services

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Three (3) copies of a proposal must be received **not later than 4:00 p.m. Monday, May 31st, 2019**. The following information is required by the deadline for the firm to be considered:

#### A COPY OF THE PROPOSAL TO INCLUDE:

1. Transmittal letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the required time period, a statement of why the firm believes itself to be the best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer until July 31<sup>st</sup>, 2019.

2. Detailed proposal

3. Bidding proposal

#### GENERAL REQUIREMENTS OF THE PROPOSAL:

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District, in conformity with the requirements of this Request for Proposal. The proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposal requirements.

#### INDEPENDENCE:

The firm should provide an affirmation statement that it is independent of the District. The firm should also list and describe its professional relationships involving the District for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.





## San Miguel Community Services District

### Request for Proposal for Audit Services

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#### LICENSE TO PRACTICE:

An affirmation statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California. Affiliation with professional accounting organizations and/or professional certifications are desired.

#### FIRM QUALIFICATIONS AND EXPERIENCE:

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

The firm is also required to submit information on the report of its most recent peer review, with a statement of whether the peer review included a review of specific government engagements. In addition, the firm will submit a statement whether they have been the object of any disciplinary action in the past three years.

In order to be considered, firms must be within two-hundred and fifty (250) miles of the San Miguel Community Services District. 1150 Mission Street, San Miguel CA. 93451

#### PARTNER/SUPERVISORY/STAFF QUALIFICATIONS AND EXPERIENCE:

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement, and indicate whether each person is licensed to practice as a Certified Public Accountant in California. The firm should also supply information on the government auditing experience of each person, including information on relevant continued education and professional organizations relevant to the performance of this audit.

#### SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES:



## San Miguel Community Services District

### Request for Proposal for Audit Services

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For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this Request for Proposal.

Indicate:

the firm's scope of work, date,  
engagement partner(s), total hours,  
and name and telephone number of the principal client contact.

#### SPECIFIC AUDIT APPROACH:

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, type and extent of statistical sampling, compliance tests, substantive tests, and analytical tests to be performed, as well as a schedule (by date and hours) of the work to be performed to meet the requirements of this Request for Proposal.

#### IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS:

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

#### BIDDING PROPOSAL:

The bidding proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. A schedule of rates for partners, specialists, supervisors, and staff, multiplied by the number of hours anticipated by each, should be included. The bidding proposal shall contain all direct and indirect costs including out-of-pocket expenses to arrive at an all-inclusive maximum price.



## San Miguel Community Services District

### Request for Proposal for Audit Services

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#### DISTRICT OBLIGATION:

If it should become necessary for the District to request the auditor to render additional services to either supplement the services requested in this Request for Proposal or to perform additional work as a result of the specific recommendations included in any report issued with this engagement, such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the formal bidding proposal.

Progress payments will be made on the basis of hours of work performed during the course of the engagement in accordance with the firm's formal bidding proposal. Interim billings shall cover a period of not less than one calendar month. Payment will be made in net 30 terms; the firm will provide invoice after the service period.

Proposals submitted will be evaluated by the District General Manager.

The District reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

During the evaluation process, the Board of Directors may, at its discretion, request any one or all firms to make oral presentations and personal introduction of the proposed managing accountant and/or senior partner of the audit. Such presentations will provide firms with an opportunity to answer any questions the Board of Directors may have on a firm's proposal. Not all firms may be selected to make such oral presentations. Routine clarification may be obtained by telephone, fax, or e-mail.

Final selection will be made by the Board of Directors based on the firm's qualifications, experience, audit approach, and bid. Proposing firms should note that the lowest bid will not be the sole deciding factor in the final selection.

It is anticipated that a firm will be selected by Thursday, June 27th, 2019. Following notification



## San Miguel Community Services District

### Request for Proposal for Audit Services

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of the firm selected, it is expected that a contract will be executed by Monday, July 1st, 2019.

Submission of a proposal constitutes acceptance by the firm of the conditions contained in this Request for Proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The District reserves the right to reject any and all proposals. The District also reserves the right to cancel the contract, due to unsatisfactory performance of audit services, between audit years with a 30-day written notice. The District may extend the contract an additional two years, at any time, upon agreeable terms with the successful bidder.

For additional information and inquiries, contact:

Robert Roberson, Interim General Manager  
San Miguel Community Services District  
1150 Mission Street  
San Miguel, California 93451  
805.467.3388

(continued on next page)



## San Miguel Community Services District

### Request for Proposal for Audit Services

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The proposing firm warrants the following:

1. The firm is willing and able to obtain an Errors and Omissions Insurance Policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents thereof.
2. The firm will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the San Miguel Community Services District.
3. All information provided by the firm in connection with this proposal is true and correct.
4. The firm will acknowledge and agree with all terms and conditions stated in this Request for Proposal.

On Behalf of Firm:

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Authorized Representative

Date



*San Miguel Community Services District  
Proposal to Provide Audit Services  
for the Fiscal Year Ending June 30, 2019, 2020 and 2021*

**Submitted by:**



*7677 Oakport Street  
Suite 460, Oakland, CA 94621  
Cell Phone: (858) 784-1622*

*May 24, 2019*

**Contact Person**

*Managing Partner: Sanwar Harshwal, CPA  
Federal Employer ID Number: 27-0741376  
T: (858) 939-0017 F: (858) 964-3754  
Email - [sanwar@harshwal.com](mailto:sanwar@harshwal.com) Website: [www.harshwal.com](http://www.harshwal.com)*

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May 24, 2019

San Miguel Community Services District  
ATTN: Robert Roberson, Interim General Manager  
1150 Mission Street  
San Miguel, California 93451

**Dear Robert Roberson and Evaluation Committee Members,**

The partners and staff at Harshwal & Company, LLP are pleased to present our proposal to provide audit services. Our firm has experienced continuous growth and success as we meet and exceed client expectations. Our overall goal is to provide responsive, innovative services of the highest quality to our clients.

We understand that the San Miguel Community Services District (referred to later in this proposal as the "District") requires a timely audit service; we are committed to meeting all terms, conditions and requirements as addressed in the request for proposal. With our experience and knowledge, we fully understand the audit requirements, as well as your expectations.

We believe our firm is the best qualified to perform this engagement because we add value to the audit by providing specialized resources and technical proficiency. Our expertise in governmental auditing and accounting combined with our vast access to resources empowers us to solve challenges encountered during the audit. Our highly trained engagement team will maintain a knowledgeable, yet, non-intrusive, approach to the audit and this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the District's on-going operations.

**Understanding of the Work to be Done:**

We understand that you require us to conduct the audit of the financial statements of the District for the fiscal years ending June 30, 2019, 2020 and 2021, in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Ability to Perform the Work within Provided Time Frame:**

Harshwal & Company, LLP is benchmarked for providing the work within the time frame requested. 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 delivery of the audit. We are responsive and solution oriented; providing 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 an 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.



Harshwal & Company, LLP was founded ten years ago and is a locally established firm of CPAs, offering auditing, accounting, management consulting, IT services and other specialized services to various clients, which consist of special districts, federal and local governments, tribal governments, not-for-profit organizations, housing authorities, etc. Our commitment to our clients has enabled the firm continued growth and success at developing and maintaining strong professional relationships.

**Why Harshwal & Company, LLP:**

- Extensive Partner involvement on each engagement
- Presence of a Manager and/or CPA 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

*Our proposal is a firm and irrevocable offer until July 31st, 2019.*

*Harshwal & Company, LLP is a SBA 8(a) certified, GSA scheduled vendor and a 100% minority owned CPA firm.*

*Our Managing Partner, Mr. Sanwar Harshwal, is authorized to represent the firm. He can be reached at 16870 W. Bernardo Drive, Suite 250, San Diego CA 92127; Phone No. (858) 784-1622, Fax No. (858) 964-3754 or via an email at [sanwar@harshwal.com](mailto:sanwar@harshwal.com).*

*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**  
**Managing Partner**





## General Requirements

We have strictly adhered with the beneath instruction's as per the Request for Proposal:

- We have demonstrated our firm's qualifications, competence and capacity in the forthcoming sections.
- We have demonstrated the firm qualifications and staff qualification assigned to this engagement separately.
- Also, we have specified the audit approach which we will adopt to meet the required scope of work.
- We have included all points outlined in the RFP in this proposal.
- We have prepared a proposal which is simple, economic and provides a straightforward and concise description of our firm's abilities.

## Independence

We are independent of the San Miguel Community Services District and its component units as defined by generally accepted auditing standards issued by the U.S. General Accounting Office's Government Auditing Standards. 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.

The firm will give the District written notice of any professional relationships entered into during the period of the agreement.





**License to Practice in California**

The firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.

STATE OF CALIFORNIA  
**dca**  
 DEPARTMENT OF CONSUMER AFFAIRS

**CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP**

REGISTRATION PAR 7299  
 RECEIPT NO. 00318564

HARSHWAL & COMPANY LLP  
 266 17TH SUITE 200  
 OAKLAND CA 94612

CALIFORNIA BOARD OF ACCOUNTANCY  
 2450 VENTURE OAKS WAY, SUITE 300  
 SACRAMENTO, CA 95833  
 TELEPHONE: (916) 263-3680  
 FACSIMILE: (916) 263-3672

VALID UNTIL OCTOBER 31, 2019

In accordance with the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm named hereon is duly registered and entitled to practice as a Partnership.

03/08/18  
 03/05/18

----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17

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

STATE OF CALIFORNIA  
**dca**  
 DEPARTMENT OF CONSUMER AFFAIRS

CALIFORNIA BOARD OF ACCOUNTANCY

*Robert A. Peterson*  
 PRESIDENT

*Lenora Roland Taylor*  
 SECRETARY-TREASURER

PAR 7299





### Firm Qualifications and Experience

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 firm encourages its members to participate in community activities as well as trade or industry associations to round out our involvement in our profession and community.

The partners of Harshwal & Company, LLP have comprehensive knowledge and experience working with special districts, state and local governments, housing authorities, not-for-profit organizations, and tribes and tribal governments throughout the United States. Our engagement team also has extensive experience in auditing and reviewing financial statements receiving GFOA and CSMFO awards.

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

Our Oakland office will be providing audit services to San Miguel Community Services District. The address and phone number of our office is below:

<b>Oakland Office</b>	7677 Oakport Street, Suite 460 Oakland, CA 94621	Phone: (510) 452-5051 Fax: (510) 452-3432
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### Staff Structure:

<b>Audit Team</b>	<b>Manpower</b>
Managing Partner	01
Additional Partners	02
Audit Manager	02
CPAs and Senior Staff	03
Additional Staff	07
<b>Total</b>	<b>15</b>

One audit manager, one senior auditor, and one staff member will be assigned on a full-time basis, and one staff auditor and one senior auditor will be available on a part-time basis.

### Terminations

Harshwal & Company, LLP has never terminated, held in default, or failed to complete any work. We have always been a hallmark for the quality of our audit work. We are committed to 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 have ever been rejected for substandard audits.





**Equal Opportunity Employer**

Harshwal & Company, LLP is an equal employment opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality. We prohibit discrimination of qualified persons based on race, religion, color, sex, age, national origin, disability, sexual orientation, military status, or any other characteristic protected by applicable federal, state, or local law.

**Conflict of Interest Statement**

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 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.

**Single Audit Expertise**

Harshwal & Company, LLP has a remarkable history of experience auditing in accordance with OMB circulars (Uniform Guidance). Our team has mastered auditing federal programs under the Department of Energy, the Department of Homeland Security, the Department of Education, the Department of Health & Human Services, the Department of Housing and Urban Development and the Departments of Interior, Justice, and Labor. The team allotted to your assignment has collectively performed over 300 + single audits in the United States, including state and local governments, tribes, and other governmental entities.

**Insurance Requirements**

We will maintain such insurance coverage during the period of engagement. Harshwal & Company, LLP maintains the following insurance:

1. Commercial general liability and property damage for \$2,000,000 per occurrence. The carrier is Continental Casualty Company.
2. Business or Comprehensive automobile liability for \$2,000,000. The carrier is Continental Casualty Company.
3. Professional liability for \$1,000,000 per claim. The carrier is Great Divide Insurance Company.
4. Employers' liability for \$1,000,000 per claim. The carrier is Great Divide Insurance Company.
5. Workers' compensation (statutory amounts and limits) insurance carrier is Hartford. The per claim/aggregate limit of the liability is \$1,000,000.

**EXTERNAL PEER REVIEW**

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 2017, and we received a peer review rating of pass.





**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

### **Report on the Firm's System of Quality Control**

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, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### **Firm's Responsibility**

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### **Peer Reviewer's Responsibility**

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.

#### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

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447 Missouri Court • Redlands, CA 92373 • P.O. Box 8847 • Redlands, CA 92375  
Telephone 909-792-1852 • Fax 909-792-2015





**Opinion**

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, 2017, 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*.

*Lowell & Spafford*

August 29, 2017





1710 Gilbreth Road  
Burlingame, CA 94010  
(650) 522-3094  
Fax: (650) 522-3080  
peerreview@calcpa.org

March 07, 2018

Sanwar Harshwal  
HARSHWAL & COMPANY LLP  
12467 Sundance Ave  
San Diego 92129

Dear Sanwar Harshwal:

It is my pleasure to notify you that on March 06, 2018, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

A handwritten signature in blue ink that reads "Dawn E. Brenner".

Dawn Brenner  
Peer Review Committee Chair  
peerreview@calcpa.org (650) 522-3094  
California Society of CPAs

CC: Patrick Spafford

Firm Number: 900005526362

Review Number: 550502

AICPA<sup>®</sup> Peer Review Program  
Administered in CA, AZ and AK by California Society of CPAs







**Federal or State Desk Review**

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) 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 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 never been debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or from receiving federal contracts, subcontracts or financial or managerial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CRT 85.35) or other federal laws, statutes, codes, ordinances, regulations or rules, at any time during the term of the agreement.

**Local Office's Information Technology (IT) Audit Capabilities**

Harshwal & Company, LLP continues our efforts in investing in our IT system to further enhance our security and promote audit efficiency.

**Top security for your data is the key to our success.** When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is updated regularly with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator, can lockdown files and system access from a single point, limiting the ability for remote sites to take data from our server.

**Access to systems from anywhere and anytime.** With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be accessed through VPN and Microsoft Remote Desktop securely.

**Secure Data File Transfer System.** In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The Suralink dashboard, as shown below, allows you to visualize the process of the document-request fulfillment.





## Partner, Supervisory and Staff Qualifications and Experience

The expertise and experience of Harshwal & Company, LLP's principals and personnel, are at the core of the firm's excellence in performing audits of special districts. Harshwal & Company, LLP has experience providing exceptional client service and high-quality audit services through comprehensive knowledge and understanding of governmental accounting standards.

**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, more significant hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.

### Audit Team

Name of Team Member	Role
Sanwar Harshwal, CPA, CIA, CISA, CFE	Managing Partner
Mariem Tall	Audit Manager
Albert Hwu, CPA	Senior Auditor
Ayiku L. Momoh, CPA	Senior Auditor
Samson Reda	Staff Auditor

Almost 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 highly qualified professionals.

*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.*

*We assure the District if we are selected as your auditors, we will not delegate or subcontract our responsibility without written consent of the District.*

### Overall Supervision to be Exercised

The audit will be managed by the Managing Partner, Mr. Sanwar Harshwal, CPA, who has extensive experience in audits of special districts. Mr. Harshwal has been in charge of various large audits, governmental funded programs, and community-based organizations receiving federal and state funds.





**Continuing Professional Education**

The following table details CPE hours for each key member of the assigned audit team:

Audit Team Member	Governmental CPE	Non-Governmental CPE
Sanwar Harshwal, CPA, CIA, CISA, CFE	140	124
Mariem Tall	113	67
Albert Hwu, CPA	108	55
Ayiku L. Momoh, CPA	105	56
Samson Reda	80	25

**On-site CPA, Supervisory and Staff Qualifications**

*Harshwal & Company, LLP has sufficient resources to successfully complete your audit, including:*

- **Partners:** The firm’s partners possess years of experience auditing special districts. Their individual areas of expertise facilitate collaboration on difficult accounting practices and help understand new or novel accounting methods.
- **Staff:** We have evaluated the resources required to complete an audit of the District and have concluded that our firm is fully capable of committing the required staff and time to complete your audit. The staff we would assign for the purpose of this audit is highly qualified and experienced in audits of special districts.
- **Research Tools:** Harshwal & Company, LLP has at its disposal state-of-the-art research tools to stay current on accounting and audit standards relevant to the District, including Thomson Reuters’ Online Accounting and Audit Research Tool. We have also established key alliances and affiliations with other leading independent public accounting firms whom we can consult and collaborate on industry trends, governmental accounting updates, auditing standards, and other areas of mutual benefit.
- **Staff Commitment:** We make a commitment that the below staff will be used for the engagement. We believe that continuity in staff not only provides for an efficient audit but also provides the District with resources of professionals who have a prior knowledge, understanding, and background of the District's operations to provide valuable assistance and advice. Because of this, we have selected a team of auditors that will remain with us and provide the services in future years. Only under circumstances that are beyond our control would we change staff. Again, before making any changes we will confer and discuss with the District about any potential changes.
- **Continuing Professional Education:** Professional standards require that every auditor receive at least 80 hours of continuing professional education (CPE) every two years. Our people regularly exceed the 80-hour requirement due to the significant amount of internal and external educational opportunities available to our professionals. Our team members complete on an average over 100 hours of industry-specific CPE every two years.

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





## Audit Team Responsibilities

<u>Name/Position</u>	<u>Responsibility</u>
<b>Sanwar Harshwal, CPA Managing Partner</b>	<p>Sanwar Harshwal will be the managing partner in charge of administration, reviews, planning of the audit, approval of the audit scope and work, and 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 team's effort is given proper management and coordination, and that the various audit components are being performed efficiently and timely.</p> <p>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.</p>
<b>Mariem Tall Manager</b>	<p>Mariem Tall is in charge of planning the audit, review of the audit effort, and guidance of the audit. She 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 auditors on District systems, on site reviews, and assistance in report preparation.</p>
<b>Albert Hwu, CPA Senior Auditor</b>	<p>Albert Hwu is a senior staff in the firm's audit group providing auditing services to governmental organizations. Mr. Hwu will serve as the on-site lead auditor and will be in the field on a daily basis. He will assist in directing the staff and specialize in the timely completion of the audit.</p>
<b>Ayiku L. Momoh, CPA Senior Auditor</b>	<p>Ayiku Momoh will work with the auditor in charge, perform audit test work assigned, ensure compliance standards, document test work and ensure that the activities align with the agreed timeframe and budget.</p>
<b>Samson Reda Staff Auditor</b>	<p>Samson Reda will conduct the fieldwork under the supervision of auditor in charge. He will also be responsible for preparation and maintenance of various work-papers required for audit report preparation.</p>





## Audit Team Resumes

### **SANWAR HARSHWAL, CPA** **Managing Partner**

Sanwar Harshwal is the managing partner of Harshwal & Company, LLP's auditing practice; he is a globetrotter 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 36 years of experience with governmental audits, Mr. Harshwal is also a leading expert on emerging accounting challenges for special districts. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of Special Districts.

During the last 5 years, Mr. Harshwal has provided over 400 hours of training to several professionals on GASB, GAS, Uniform Guidance, FASB, SAAS, GAGAS, Pension Plan audits, 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. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

#### **Education:**

- B.S. Business Accounting
- Bachelor of Law

#### **Certification**

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Certified Public Accountant - State of Arizona (CPA)
- Certified Public Accountant - State of Washington (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- 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





**MARIEM TALL**  
**Audit Manager**

Mariem Tall is an audit manager and has been employed with Harshwal & Company for 4 years. She has been engaged in numerous audits of special districts, tribes and tribal governments, not-for-profit organizations, and state and local governments.

She provides support to the senior auditor and staff during the period of the engagement activity and performs detailed audit procedures on financial statement account balances. She prepares and adjusts work papers from the client's trial balance, executes day-to-day activities of audit engagements for multiple clients, and interacts with client personnel when needed. She performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

**Education**

- Bachelors of Science in Accounting

**ALBERT HWU, CPA**  
**Senior Auditor**

Albert Hwu is a senior auditor and has been employed with Harshwal & Company for five years. He has been engaged with several audits and accounting of special districts, state and local governments, tribes and tribal governments, and not-for-profit organizations.

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). He performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

**Education**

- Bachelors of Science in Accounting

**Certification**

- Certified Public Accountant- State of Washington (CPA)

**Professional Membership**

- Member of AICPA





**AYIKU L. MOMOH, CPA**

**Senior Auditor**

Ayiku Momoh is a senior auditor. He has been engaged with several audits and accounting of special districts, state and local governments, tribes and tribal governments, and not-for-profit organizations.

Mr. Momoh specializes in his knowledge of new and emerging accounting pronouncements. Further, he is an expert in his understanding of the GASB 34 conversion process. He also has provided audit services to clients with multi-state locations, international operations, multiple subsidiaries and complex consolidating financial statements. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools.

**Education:**

- Bachelors of Science in Accounting

**Certification**

- Certified Public Accountant- State of California (CPA)
- Certified Public Accountant- State of New Mexico (CPA)

**SAMSON REDA**

**Staff Auditor**

Samson Reda is a staff auditor and has nearly four years' experience in auditing and providing accounting services to special districts, tribes and tribal governments, special districts, state and local governments, and not-for-profit organizations. He is expert in data analysis & reconciliation and his experience includes auditing, the recording and analysis of account transactions; establishing accounting records; reconciliation of cash balances; implementation of accounting controls; and statistical reports.

He also conducts sampling, testing and is well experienced in performing AUP audits in accordance with attestation standards established by the AICPA. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools. He will assist in directing the staff and specialize in the timely completion of the AUP audits.

**Education:** US equivalent of BA in Accounting

**Client Training Seminar**

The firm hosts an annual update on recent technical accounting and finance issues affecting the governmental area. This all day session reviews new and anticipated pronouncements from GASB, discusses future issues under consideration by GASB, reviews accounting treatment of various transactions where issues may arise, and provides a general overview of state and federal compliance issues. All of our clients are invited to attend, free of charge. The one-day session qualifies for CPE under the rules of the State Board of Accountancy and is held in locations throughout the Bay Area.





The following are some of the governmental entities demonstrating the experience of the proposed audit team.

**Services Provided**

	<b>Financial Audit</b>	<b>Single Audit</b>	<b>RDA Audit</b>	<b>Enterprise Fund</b>
Burbank Sanitary District	X	X		
Ambrose Recreation and Park District	X	X		
Coast Side Fire Protection District	X	X		
Rodeo Hercules Fire District	X	X		
El Rancho Simi Cemetery District	X			
Saratoga Fire Protection District	X	X		
Fort Dick Fire Protection District	X	X		
Menlo Park Fire Protection District	X	X		
Lions Gate Community Service District	X	X		
South Santa Clara Co. Fire District	X	X		
Los Altos Hills County Fire District	X			
Alameda County Law Library	X			
Alameda County Housing and Community Development	X			
Los Medanos Community Health Care District	X			
Los Altos Hills County Fire District	X			
Santa Clara County Sanitation District 2-3	X			
Solano County Local Transportation Fund	X			X
East Palo Alto Sanitary District	X			
Humboldt bay Harbor Recreation and Conservation District	X			
Housing Authority of the City of Benicia	X			
Housing Authority of the County of San Mateo	X	X		
Housing Authority of the City of Port Hueneme	X	X		
Housing Authority of the City of Richmond	X	X		
County of Del Norte	X	X		X
City of Port Hueneme	X	X		X
City of Sanger	X			X
City of Emeryville	X	X		
City of San Mateo	X	X		
City of Hayward	X	X		
City of San Francisco	X	X		
City of Fairfield	X	X		
First 5 Inyo County	X	X		
First 5 Monterey County	X			
First 5 Santa Cruz County	X			
First 5 San Bernardino	X			
First 5 Marin	X			







**Proposal to Provide Audit Services**

**Services Provided**

	<b>Financial Audit</b>	<b>Single Audit</b>	<b>RDA Audit</b>	<b>Enterprise Fund</b>
Housing Authority of the County of Alameda	X	X		X
Housing Authority of the County of Butte	X			
La Honda-Pescadero Unified School District	X			
Belmont-Redwood Shores School District	X		X	
Jefferson Union High School District	X			
Ravenswood City School District	X		X	
Brisbane School District	X			
Jefferson School District	X			
San Mateo-Foster City School District	X			
Brisbane School District	X			
Mission Neighborhood Center, Inc.	X	X		
North East Medical Services	X	X		
San Diego Civic Youth Ballet	X			
California Hispanic Chambers of Commerce	X			
Native American Health Center, Inc.	X	X		
Transcendance Youth Arts Project	X			
New Bridge Foundation	X			
San Diego Organizing Project	X	X		
Northern California Community Housing Service, Inc.	X	X		X
Manzanita Charter School	X			
Family Paths, Inc.	X	X		
San Francisco Community Clinic Consortium	X	X		
Preserving Alameda County Housing, Inc.	X	X		
Downtown Action Team	X	X		
Lincoln Child Center	X			
Santa Cruz County Parents Association	X			
South County Community Health Center, Inc.	X			
RFHC Bay Pulgas Landowner, Inc.	X	X		
PICO National Network	X		X	X
PICO Action Fund	X	X		
Family Service of San Leandro	X			
Institute for Molecular Medicine	X	X		
Key Educational Group	X			
Oakland Community Organizations, Inc.	X	X		X
Robinson Rancheria Band of Pomo Indians	X	X		
Kickapoo Traditional Tribe of Texas	X	X		
Hopi Credit Association	X			
White Mountain Apache Tribe	X	X		
Kickapoo Tribe of Oklahoma	X			
Omaha Tribe of Nebraska	X	X		





### **Technical Experience of the Firm**

The Harshwal & Company, LLP has performed numerous audits of governmental organizations, including several special districts, subject to financial and compliance audits. These audits were performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular (Uniform Guidance)) and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts. A list of current engagements is as follows:

#### **Recent auditing experiences in Special Districts**

- Ambrose Recreation and Park District
- Rodeo-Hercules Fire District
- Coast side Fire Protection district
- Burbank Sanitary District
- Yolo Local Agency Formation Commission
- Fort Dick Fire Protection District
- Cupertino Sanitary District
- Alameda County Fire Department
- Border Coast Regional Airport Authority
- SCC Center Fire Protection District
- Del Norte Solid Waste Management Authority
- Alameda County Housing and Community Development
- East Palo Alto Sanitary District
- El Rancho Simi Cemetery District
- Humboldt Bay Harbor, Recreation and Conservation
- 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
- Alameda County Law Library
- Oakland-Alameda County Coliseum Authority
- Los Altos Hills County Fire District
- Santa Clara County Sanitation District 2-3
- Solano County Local Transportation Fund
- Alameda County Community Development Department

#### **State and Local Governments**

- County of Del Norte
- City of Port Hueneme
- 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
- City of Oakland
- 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





**Tribal Governments**

- Cahuilla Band of Indians
- Robinson Rancheria Band of Pomo Indians
- Kickapoo Traditional Tribe of Texas
- Hopi Credit Association
- White Mountain Apache Tribe
- Pueblo of Pojoaque
- Pueblo of Pojoaque Enterprise Corporation
- Pueblo of Pojoaque Commercial Development Corporation
- Pueblo de San Felipe
- Navajo Nation Office of the Auditor General
- Greasewood Springs Chapter
- Baahaali Chapter
- Kin Dah Lichii Chapter
- Lechee Chapter
- New Comb Chapter
- Birdsprings Chapter
- Bodaway/Gap Chapter
- Chilchinbeto Chapter
- Picuris Pueblo
- Little Colorado River Watershed Chapter Association
- Kickapoo Tribe of Oklahoma
- Omaha Tribe of Nebraska
- Kayenta Chapter
- Little Water Chapter
- Pinon Chapter
- Sheep Springs Chapter
- Shonto Chapter
- Tolikan Chapter
- Upper Fruitland Chapter
- Mexican Water Chapter
- Beclabito Chapter
- Ramah Navajo Chapter
- Teesto Chapter
- Tse Si Ani Chapter
- Nambe Pueblo
- Tesuque Pueblo
- Pueblo of Zuni
- Santa Clara Indian Pueblo
- Sac and Fox Nation
- K'ima: w Medical Center
- Steamboat Chapter
- Indian Health Center of Santa Clara Valley

**Housing Entities**

- HACB - Gridley Farm Labor Housing Project
- Housing Authority of the County of San Mateo
- Housing Authority of the City of Port Hueneme
- Eastern Regional Housing Authority
- White Mountain Apache Housing Authority
- Pueblo of San Felipe Housing Authority
- Santa Clara Pueblo Housing Authority
- AHA Macav Housing Entity
- Northern Pueblos Housing Authority
- Navajo Partnership for Housing Development
- St. Croix Chippewa Housing Authority
- Southwest Indian Foundation
- Housing Authority of the City of Richmond
- Housing Authority of the County of Alameda
- Housing Authority of the County of Butte
- Hopi Tribal Housing Authority
- Rincon Band Housing Department
- Wagon Mound Housing Authority
- Sisseton Wahpeton Housing Authority
- City of Eunice Housing Authority
- City of Lovington Housing Authority
- Santa Clara Pueblo Housing Authority
- All Mission Indian Housing Authority
- Los Alamos National Laboratory





**Non Profit Organizations**

- Mission Neighborhood Center, Inc.
- North East Medical Services
- San Diego Civic Youth Ballet
- California Hispanic Chambers of Commerce
- Native American Health Center, Inc.
- Transcendance Youth Arts Project
- New Bridge Foundation
- San Diego Organizing Project
- Northern California Community Housing Service, Inc.
- Manzanita Charter School
- Over 60/CEI, Inc.
- Family Paths, Inc.
- San Francisco Community Clinic Consortium
- Preserving Alameda County Housing, Inc.
- Downtown Action Team
- Lincoln Child Center
- Santa Cruz County Parents Association
- South County Community Health Center, Inc.
- Community Clinic Consortium
- AIDS Project of the East Bay
- Alameda County Mental Health Association, Inc.
- A Betterway, Inc.
- Adelante, Inc.
- African American Aids Support Services Institute
- Alcohol Policy Network (formerly Community Recovery Services)
- American Lung Association in California
- American Red Cross (Solano County)
- Art, Research Curriculum & Associates
- Asian Pacific Islander Legal Outreach
- Carnales Unidos Reformando Adictos
- Center for Independent Living
- Center for Training and Careers
- Centro Legal De La Raza
- Chinese for Affirmative Action
- Coalition for Elders Independence, Inc.
- Community Clinic Consortium
- Community Drug Council, Inc.
- Community Health for Asian Americans
- RFHC Bay Pulgas Landowner, Inc.
- PICO National Network
- PICO Action Fund
- Family Service of San Leandro
- Institute for Molecular Medicine
- Key Educational Group
- Oakland Community Organizations, Inc.
- Indian Health Center of Santa Clara Valley
- Association of Asian Pacific Community and Health Organization
- Bay Area Center for Law and The Deaf
- Bay Area Community Services
- Bay Area Lupus Foundation
- Bay Area Young Positives
- California Anchor Residence Group Home
- California Coalition Against Sexual Assault
- California Communications Access Foundation
- California Housing Partnership Corporation
- California Interscholastic Federation
- California Rural Legal Assistance
- California Wilderness Coalition
- Friendship House Association of American Indians, Inc.
- Jobs for Homeless Consortium, Inc.
- Jubilee West, Inc.
- La Familia Family Services of Alameda County
- Lao Family Community Development, Inc.
- Legal Aid Society of Alameda County
- Legal Center for Elderly and Disabled
- Mexican American Community Agency
- Mission Cultural Center for Latino Arts
- Napa County Legal Assistance
- National Office of Samoan Affairs, Inc.
- National Task Force on Aids Prevention
- Oakland Asian Students Educational Services





**Public Educational Entities (Including Charter Schools)**

- La Honda-Pescadero Unified School District
- Belmont-Redwood Shores School District
- Jefferson Union High School District
- Ravenswood City School District
- Grants-Cibola County Schools
- Alamogordo Public Schools
- Silver Consolidated School District
- Second Mesa Day School
- Espanola Public School District
- Truth or Consequences Municipal Schools
- Greyhills Academy High School
- Questa Independent School District
- Rock Point Community School, Inc.
- Kinteel Residential Campus, Inc.
- Leupp Schools, Inc.
- Black Mesa Community School, Inc.
- Dilcon Community Schools, Inc.
- Dzilth-Na-O-Dith-Hle Community School
- Brisbane School District
- Jefferson School District
- Pacifica School District
- First Mesa Elementary School
- Kin Dah Lichi'i Olta Grant School
- Kin Dah Lichi'i Olta Charter School
- Navajo Preparatory School District
- Gila Crossing Community School
- Las Vegas City Schools
- Wide Ruins Community School
- Hunters Point Boarding School
- Greasewood Springs School Community School
- Roots & Wings Community School
- Ramah Navajo School Board
- Dishchii'bikoh Community School
- Navajo Technical College
- Wagon Mound Public School

**First 5 Commissions**

- First 5 Alameda County
- First 5 Marin Children & Families Commission
- First 5 Monterey County
- First 5 Santa Cruz County
- First 5 Association of California and CA Children & Families Foundation
- First 5 San Bernardino
- First 5 Inyo County

**Federal and Other Entities**

- Los Alamos National Laboratory
- Southwestern Indian Polytechnic Institute

*Our engagement team also has experience in auditing and reviewing financial statements receiving GFOA and CSMFO awards. Other than these entities, we have also provided audit services to various Educational Entities, Not for Profit Organizations, Tribal Governments, Housing Authorities, etc.*





## References - Similar Engagements with Other Government Entities

The best indicator of our ability is our success in meeting the needs of our current and past clients. We encourage you to contact these references to inquire about the quality of our services, their overall satisfaction, the effectiveness of our accounting and auditing approach, the abilities of our professionals, and the timeliness and overall value of our services. The names and telephone numbers of six similar clients to whom we provided our services within the last five years are given below. We would be happy to provide additional references upon request, if you would like.

### **Reference 1: Burbank Sanitary District**

- **Scope of Work:** Financial Statement Audit
- **Date of Services:** Fiscal years ended June 30, 2015-2018
- **Total Audit Hours:** 555
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Mr. Richard Tanaka, District Manager  
Phone Number: (408) 253-7071  
E-Mail: rtanaka@cupertinosanitarydistrict.org

### **Reference 2: Ambrose Recreation and Park District**

- **Scope of Work:** Financial Statement audit and CAFR Preparation
- **Date of Services:** Fiscal years ended June 30, 2017-2020
- **Total Audit Hours:** 580
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Ms. Mary J. Rodriguez, Administrative Assistant  
Phone Number: (925) 458-1601  
E-Mail: mjrodrigues@ambroserec.org

### **Reference 3: Rodeo Hercules Fire Protection District**

- **Scope of Work:** Financial Statements and Single Audit
- **Date of Services:** Fiscal years ended June 30, 2017-2020
- **Total Audit Hours:** 485
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Kimberly Corcoran, Administrative Services  
Phone Number: (510) 799-4561  
E-Mail: corcoran@rhfd.org





## Proposal to Provide Audit Services

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### **Reference 4: Coast Side Fire Protection District**

- **Scope of Work:** Financial Statement audit and CAFR Preparation
- **Date of Services:** Fiscal years ended June 30, 2017-2020
- **Total Audit Hours:** 435
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Ginny Petras, Administrative Officer  
Phone Number: (650) 726-5213  
E-Mail: Ginny.Petras@fire.ca.gov

### **Reference 5: Humboldt Bay Harbor, Recreation and Conservation District**

- **Scope of Work:** Financial Statement audit and CAFR Preparation
- **Date of Services:** Fiscal years ended June 30, 2017-2021
- **Total Audit Hours:** 430
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Larry Oetker, Executive Director  
Phone Number: (707) 443-0801  
E-Mail: loetker@humboldtby.org

### **Reference 6: El Rancho Simi Cemetery District**

- **Scope of Work:** Financial Statement audit and CAFR Preparation
- **Date of Services:** For the Period July 01, 2015 through June 30, 2018
- **Total Audit Hours:** 300
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**  
Contact Person: Juanice Neal, Cemetery Manager  
Phone Number: (805) 526-8245  
E-Mail: juaniceatsimipubliccemetery@gmail.com





### Specific Audit Approach

**Scope of Work:** At Harshwal & Company, LLP, our professionals have extensive experience performing audits of special districts, audits, 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 the audit of financial statements of the District for the fiscal years ending June 30, 2019, 2020 and 2021. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

- Evaluate the adequacy of the internal control system and make appropriate recommendations for improvements.
- Prepare Management letter, that will include a statement of audit findings and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, legality of actions, and any instances of non-compliance with laws and regulations and any other material matters.
- Prepare an immediate written report of all irregularities, fraud and illegal acts, found during the audit, and bring it to immediate attention of the Board President and General Manager.
- Our audit will cover the general-purpose financial statements and supporting documentation and schedules.
- Assist the District in providing more meaningful and concise financial statements by seeking improved methods of reporting.
- Provide twenty copies of the audit report, financial statements, supporting schedules, and management letters.
- The partner in charge of the audit will be available to present the audit report and attend at least two meetings at which the audit report will be discussed.
- Prepare and submit a draft of the financial statements no later than Friday, November 1st, 2019, by 5:00 p.m. for the fiscal year 2018-19 audit and October 1st for subsequent years.
- Retain all working papers, at our expense, for a minimum of five years. We will make available the audit working papers and respond all reasonable inquiries of successor auditors and others to review working papers of the District, upon the District's written consent.

### Understanding of the Project to be Performed:

The two most critical components of the audit are (1) to have continuity and consistency in the auditors involved and (2) have the entire audit team from partners to staff, understand and be aware of the technical requirements for the engagement. Therefore, careful audit planning is emphasized along with written instructions and a comprehensive workshop is carried out for the staff engaged. We have ascertained that this effort not only serves to state the line of organization and responsibility from the commencement but also serves to discuss the areas of concern and applicable audit techniques to be adopted in the examinations proposed to be conducted.

Our plan will involve a comprehensive entrance meeting with the District's audit committee and management. During this phase, we hope to establish the timetable for examination and identify dates for future meetings to report upon our progress of the examination.







## Proposal to Provide Audit Services

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Shortly thereafter, the partners and an audit manager will meet with the District Manager and Finance Director to be able to obtain a more detailed outline of the District's financial systems and processes. This will help us to determine the extent and concentration of our audit effort, obtain knowledge and an understanding of the legal and reporting requirements by obtaining 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 Officials to go over our plan. During the meeting, we hope to share our understanding of the audit approach and fine-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 seniors to the District Officials. In the next step, a conference will be initiated by the audit team to be assigned. The conference will serve as a 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 process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide the level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and an audit manager. As high-level involvement is vital to a quality audit, the partner and manager's time will account for approximately 30% of the total hours spent on the engagement. Our team's approach is to be efficient, yet non-intrusive.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

### Audit Planning — Interim Phase

Our audit planning process includes a risk assessment of the District and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met in a timely manner. In addition, we will provide a list and samples of schedules specifically tailored to the San Miguel Community Services District to aid the District's staff in preparing schedules and providing audit documentation.

### Risk Assessment — Interim Phase

As part of our extensive planning phase, the engagement team will discuss with management issues surrounding the applicable industry, the District's internal and external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

### Laws and Regulations — Interim and Year-end Phase

Based upon our inquiries with the District staff, review of the District's municipal code, and review of administrative policies, etc., we will determine the relevant laws and regulations that will be subject to additional test work.





## **Proposal to Provide Audit Services**

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### **Control Environment — Interim Phase**

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Receipts
- Payroll
- Financial reporting
- Journal entry process
- Federal and state programs
- IT and general computer controls

Based on our understanding of the District's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

### **Substantive Procedures — Year End Phase**

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details — Detail transaction testing to source documentation
- Analytical procedures — Ratio analysis, variance analysis, trend analysis
- Use of data analysis software — Review of large volumes of data to detect anomalies
- Unpredictability tests — Varying timing and extent of tests
- Review of management's estimates — To determine reasonableness
- Review of subsequent events and contingencies — For proper adjustment and footnote disclosure

### **Preparation of Audit Report and Review — Year-end Phase and Wrap-up Phase**

Audit work papers are reviewed throughout the audit by an audit manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on the District's predetermined schedule as indicated in the Request for Proposal. This will allow adequate time for review and distribution of reports.

### **Audit Sizes and Statistical Sampling Techniques**

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical-sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive, and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas, which have a higher risk of misstatement due to fraud.





**Drawing Audit Samples (for tests of compliance)**

Auditor judgment will be used in selecting our audit samples for tests of compliance work.

**Technological Advantages**

We utilize the latest technology, including virtual servers, smart devices, and online libraries to provide us with the most up-to-date information to better serve our clients. Our online client portal Suralink gives us the capability of sending and receiving information to and from our clients faster and more securely.

As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the District's confidential information. Furthermore, we streamline our audit process and organize support documents through use of the paperless audit program - CaseWare Working Papers. By effectively reviewing large volumes of data through these programs, we are able to develop a better understanding and gain a broader view of the San Miguel Community Services District. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed, and interpreted in a shorter time frame.

**Management 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 once on 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 Council. The report will be discussed with the members responsible for the financial statements before submitting it to the Board Members.

**Audit Work Schedule**

Milestones	Timeframes
Planning, risk assessment and system evaluation	August 05, 2019
Interim audit fieldwork	August 16, 2019 or before
Final audit fieldwork and audit work to be completed	September 20, 2019 or before
Draft audit reports and management letters for review	October 23, 2019 or before
Final audit reports and management letters	October 31, 2019 or before





## Proposal to Provide Audit Services

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*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 our online portal, Suralink. Our portable scanners also facilitate work on the availability of onsite documents.*

We project that approximately 89 hours will be needed to complete the District's audit and prepare the financial statements.

### **Identification of Anticipated Potential Audit Problems**

We do not anticipate any significant audit problems. Because of our highly-experienced, onsite audit team, we believe the District will not experience many of the normal audit problems. We believe having the audit partners involved throughout the audit process will result in a very efficient and effective audit. If unanticipated issues are encountered during the audit process, we will discuss them with appropriate District staff in a timely manner.





**BIDDING PROPOSAL**

**Total All-Inclusive Maximum Price**

Our fees are generally lower than other competing firms since we keep our overhead low; we follow a scientific audit approach and we make extensive use of emerging technologies that allow us to conduct audits efficiently. Our policy is to provide you exceptional service that meets and exceeds professional auditing standards at a competitive cost.

*Summarized below is the professional fees for the District's auditing services for the FY 2019 through FY 2021:*

<b>Audit Area - Description</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b><i>Professional fees:</i></b>			
Financial Statement Audit.....	\$ 9,445	\$ 9,823	\$10,216
Financial Statement Preparation.....	1,100	1,144	1,190
<b><i>Total out-of-pocket expenses</i></b>	Included	Included	Included
<b><i>Total Fees</i></b>	<b>\$10,545</b>	<b>\$10,967</b>	<b>\$11,406</b>

**Rates by Partner, Manager and Staff:**

<b>Our estimated hours:</b>				
<b>Description - Team Composition</b>	<b>Est. Hours</b>	<b>Standard Rate</b>	<b>Quoted Rates</b>	<b>Fees</b>
Partner	18	\$200	\$175	\$ 3,150
Manager	20	150	135	2,700
Senior Auditors	24	125	100	2,400
Staff Auditors	27	100	85	2,295
<b>Out-of-pocket expense</b>				<b>Included</b>
<b><i>Total</i></b>	<b>89</b>			<b>\$10,545</b>

**Rates for Additional Professional Services**

We will perform additional work only if set forth in an addendum to the contract between the District and our 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.





## ***Proposal to Provide Audit Services***

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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 circumstances. If necessary, we will advise you on any changes needed in accounting procedures.
- We will meet with the Finance Department head at the beginning of the audit to advise 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;
- That the District staff will provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.

**"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.**





San Miguel Community Services District  
Request for Proposal for Audit Services

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The proposing firm warrants the following:

1. The firm is willing and able to obtain an Errors and Omissions Insurance Policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents thereof.
2. The firm will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the San Miguel Community Services District.
3. All information provided by the firm in connection with this proposal is true and correct.
4. The firm will acknowledge and agree with all terms and conditions stated in this Request for Proposal.

On Behalf of Firm:

Authorized Representative

May 24, 2019

Date



## CPAVerify Individual Report Results

NAME: SANWARMAL H. HARSHWAL  
 STATE OF LICENSE: AZ  
 LAST UPDATED: 2019-06-04

Address:  
 License/Permit/Certificate Number:  
 Registration Number:  
 License/Permit/Certificate Status:

**Mail**  
 SANTA FE, NM,  
 17402

CANCELED  
 INDIVIDUAL: A certificate voluntarily surrendered by its holder in lieu of renewal.

License/Certificate Status Details:

FIRM: (1) A registration voluntarily surrendered by the firm; (2) a registration that is dissolved, due to death of a registrant of a solely-owned firm; or (3) a non-disciplinary administrative board action, due to the firm no longer being subject to the statutory requirements that require regulation by the Board.  
 CPA

License Type:

An individual that holds a license to practice public accounting or is an individual exercising practice privileges pursuant to Arizona Administrative Code and Arizona Revised Statutes Title 32, Chapter 6.

License Type Details:

Basis for License:

Issue Date:

2014-07-14

Expiration Date:

Enforcement, Non-Compliance or Disciplinary Actions:

State Does Not Provide This Type of Data At This Site

Other Information:

The Arizona Board only lists licenses that it is currently regulating or has regulated in the last ten years. Call our office to inquire about CPAs or CPA firms that have not been regulated in over ten years.

Contact the Board for official verification of information.

State Board Contact Information:

ARIZONA STATE BOARD OF ACCOUNTANCY  
 100 N 15TH AVENUE, SUITE 165  
 PHOENIX, AZ 85007-2627

Phone: 602-364-0804

Fax: 602-364-0903

Email: [INFO@AZACCOUNTANCY.GOV](mailto:INFO@AZACCOUNTANCY.GOV)

Website: <http://www.azaccountancy.gov>

Licensee Lookup:

<http://www.azaccountancy.gov/CPADirectory/CPASearch.aspx>

NAME: SANWAR HARSHWAL  
 STATE OF LICENSE: CA  
 LAST UPDATED: 2019-06-04

Address:  
 License/Permit/Certificate Number:  
 Registration Number:  
 License/Permit/Certificate Status:

**Business**  
 OAKLAND, CA,  
 CPA 93540

License/Certificate Status Details:

CLEAR

The license is current and valid. The licensee can engage in the practice of public accountancy prior to the license expiration date.

License Type:

CERTIFIED PUBLIC ACCOUNTANT

A Certified Public Accountant (CPA) is a person who has met the requirements of California state law and has been issued a license to practice public accounting by the California Board of Accountancy. All California CPAs are authorized to perform a wide range of accounting services, including accounting, compilation preparation, management advisory, financial advisory, tax, and consulting services.

License Type Details:

Basis for License:

Issue Date:

2005-11-01

Expiration Date:

2019-07-31



**Enforcement, Non-Compliance or Disciplinary Actions:**  
**Other Information:**

None Reported To This Site By The Board

Contact the Board for official verification of information.

**State Board Contact Information:**

California Board of Accountancy  
2450 Venture Oaks Way  
Suite 300  
Sacramento, CA 95833

Phone: 916-263-3680  
Fax: 916-263-3675  
Website: <http://www.dca.ca.gov/cba>  
Licensee Lookup: <https://search.dca.ca.gov/>

NAME: **SANWAR HARSHWAL**  
STATE OF LICENSE: **NM**  
LAST UPDATED: **2019-06-04**

**Address:**  
**License/Permit/Certificate Number:**  
**Registration Number:**  
**License/Permit/Certificate Status:**  
**License/Certificate Status Details:**

**Business**  
ALBUQUERQUE, NM, UNITED STATES  
5393

ACTIVE  
The license is current and in good standing. The licensee can engage in the practice of public accountancy prior to the license expiration date.  
CERTIFIED PUBLIC ACCOUNTANT  
A person certified by this state to practice public accountancy and use the CPA designation.

**License Type:**  
**License Type Details:**

GRADE TRANSFER  
2002-06-14  
2020-07-31

**Basis for License:**  
**Issue Date:**  
**Expiration Date:**  
**Enforcement, Non-Compliance or Disciplinary Actions:**  
**Other Information:**

None Reported To This Site By The Board

Contact the Board for official verification of information.

**State Board Contact Information:**

NEW MEXICO PUBLIC ACCOUNTANCY BOARD  
5500 SAN ANTONIO DR. NE, SUITE A  
ALBUQUERQUE, NM 87109

Phone: 505-222-9850  
Fax: 505-222-9855  
Email: [ACCOUNTANCY.BOARD@STATE.NM.US](mailto:ACCOUNTANCY.BOARD@STATE.NM.US)  
Website: <http://www.rld.state.nm.us/boards/Accountancy.aspx>  
Licensee Lookup: <http://rldverification.rld.state.nm.us/Verification/>

NAME: **SANWAR H HARSHWAL**  
STATE OF LICENSE: **WA**  
LAST UPDATED: **2019-06-04**

**Address:**  
**License/Permit/Certificate Number:**  
**Registration Number:**  
**License/Permit/Certificate Status:**  
**License/Certificate Status Details:**

**Mail**  
POWAY, CA, US  
32349

LAPSED  
The credential has expired and has not been renewed. The individual cannot use the title or engage in the practice of public accounting until the credential is reinstated.  
CPA LICENSE  
INTERSTATE RECIPROCITY  
2014-02-12  
2017-06-30

**License Type:**  
**Basis for License:**  
**Issue Date:**  
**Expiration Date:**

**Enforcement, Non-Compliance or Disciplinary Actions:**  
**CPA can practice public accounting?**  
**Other Information:**

None Reported To This Site By The Board  
N

Contact the Board for official verification of information.

**State Board Contact Information:**

WASHINGTON STATE BOARD OF ACCOUNTANCY  
PO BOX 9131  
OLYMPIA, WA 98507-9131

Phone: 360-753-2586

Fax: 360-664-9190

Email: [customerservice@acb.wa.gov](mailto:customerservice@acb.wa.gov)

Licensee Lookup:

<https://data.wa.gov/Consumer-Protection/CPA-Search-Board-of-Accountancy/pqu3-uhwi>

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**Details of Enforcement, Non-Compliance or Disciplinary Actions:**

1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAverify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by participating states. Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAverify website. Please refer to the Participating States tab for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the "Contact Boards" tab where a link to every Boards' website and therefore individual license lookup tool is available.



MCGILLOWAY, RAY, BROWN & KAUFMAN

**PROPOSAL TO PERFORM  
ANNUAL INDEPENDENT  
AUDITS**

**SAN MIGUEL COMMUNITY  
SERVICES DISTRICT  
May 24, 2019**

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SALINAS OFFICE □ 379 WEST MARKET STREET □ SALINAS, CA 93901 □ P. 831-424-2737 □ F. 831-424-7936

[www.mrbkcpa.com](http://www.mrbkcpa.com)

Contact: Patricia M. Kaufman, CPA, Audit Partner-in-Charge, [patriciak@mrbkcpa.com](mailto:patriciak@mrbkcpa.com)

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2511 Garden Road  
Suite A180  
Monterey, CA 93940  
831-373-3337  
Fax 831-373-3437

379 West Market Street  
Salinas, CA 93901  
831-424-2737  
Fax 831-424-7936

3478 Buskirk Avenue  
Suite A1000  
Pleasant Hill, CA 94523  
831-373-3337  
Fax 831-373-3437

May 24, 2019

Robert Roberson, Interim General Manager  
and Board of Directors  
San Miguel Community Services District  
1150 Mission Street  
San Miguel, CA 93451

Thank you for the opportunity to submit this proposal to San Miguel Community Services District (the "District") for the years ending July 31, 2019, July 31, 2020, and July 31, 2021.

Over the past thirty years, McGilloway, Ray, Brown & Kaufman (the "Firm") has accumulated a staff of top quality professionals, dedicated to serving our clients, and maintaining high professional standards. We take pride in our role as well-rounded professionals to whom our clients can look to for informed support year-round in all phases of interest or concern.

Our success has been driven by utilizing staff that is experienced and well-trained in governmental operations. McGilloway, Ray, Brown & Kaufman recognizes that its most important product is prompt and effective service of the highest quality. The quality of our service allows us an opportunity to be an integral part of your finance team. We believe that communication, expertise, education, and audit approach are important factors in San Miguel Community Services District's relationship with an audit firm.

Our proposal is based on the information provided by the District and our Firm's experience in serving governmental entities. We understand the scope, nature, and specific complexities of the engagement as outlined in our proposal's audit approach section, with reports to be issued as follows:

1. Audit the financial statements of the governmental activities, business-type activities and each major fund of the District and the respective changes in financial position and cash flows, where applicable, for the fiscal years ending July 31, 2019, July 31, 2020, and July 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and submit an audit report to the District.
2. Prepare a Management letter to include a statement of audit findings and recommendations affecting the financial statements, internal control structure, accounting procedures, accounting systems, legality of actions, and any instances of non-compliance with laws and regulations and any other material matters in accordance with auditing standards.
3. Apply certain limited procedures to Required Supplementary Information (RSI), which consist of the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Fire Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Street Lighting Fund; Schedule of Changes in OPEB Liability; Schedule

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Daniel McGilloway, Jr., CPA, CVA | Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Larry Rollins, CPA | Jesus Montemayor, CPA | Smriti Shrestha, CPA

Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA | Devvyn MacBeth, CPA | Deanna Thomas, CPA

of OPEB Contributions; Schedule of Proportionate Share of Net Pension Liability; and the Schedule of Pension Contributions as requested by the District.

The audit will be performed in accordance with generally accepted accounting principles; generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We understand the importance for the District to receive dependable, reliable, and timely service from your auditors. We are committed to providing you with such a level of service through our commitment to the personnel and time for the fiscal years contained in this proposal, and the fee quotes in the accompanying sealed bid. We look forward to meeting with you to answer any questions you may have regarding our proposal.

As the audit partner, I am authorized to make representations for and to bind our firm. Should you have any questions, please feel free to contact me at 831-424-2737 or via email [patriciak@mrbkcpa.com](mailto:patriciak@mrbkcpa.com).

This proposal is a firm and irrevocable offer until July 31, 2019.

Yours very truly,

A handwritten signature in cursive script that reads "Patricia Kaufman".

Patricia M. Kaufman, CPA, CGMA  
Audit Partner

McGilloway, Ray, Brown & Kaufman, Accountants & Consultants has been a leading provider of audit and assurance, accounting, tax, and advisory services to the Central Coast and its surrounding areas for over thirty years. The primary mission of our Firm is to help our clients succeed. Our philosophy includes ongoing communication with our client's financial and operational management team. Our objective is to work with your organization and provide the highest skilled professionals for each engagement. We take pride in giving the client the assurance that the personal assistance they receive comes from years of advanced technical expertise, training, and financial acumen.

Our practice's industry specializations include governmental, not-for-profit, and privately-held businesses. Our clients range from small organizations to organizations with over \$440 million in assets. The Firm is a member of the American Institute of Certified Public Accountants (AICPA) Division of CPA Firms. Additionally, we are proud to belong to the AICPA Governmental Audit Quality Center and the AICPA Private Companies Practice Section. Membership is voluntary and is dedicated to improving the quality of audits through a combination of training, internal quality procedures, and peer reviews.

McGilloway, Ray, Brown & Kaufman is committed to serving not-for-profit and governmental clients. We believe in working with management and are dedicated to the ongoing support of our client's auditing and compliance needs. The Firm strives to achieve an effortless transition for new governmental clients. Over 85 percent of our audit clients are in the non-profit sector and public sector. As part of these services, we are proud to have assisted our governmental clients achieve the GFOA Certificate of Achievement for Excellence in Financial Reporting.

The Firm is currently comprised of 30 qualified staff members. We take great pride in our well-trained staff who participate in a variety of training seminars and team member meetings to enhance the quality of our audits and provide our clientele with the highest level of service possible.

Presently, we have three offices located in Monterey, Salinas, and Pleasant Hill, California. More specifically, our audit office located in Salinas, California will be your direct contact for the proposed audit and will handle all correspondence required to complete the work necessary for the engagement. This office consists of two principals, four audit managers, two senior accountants, three staff accountants, and two clerical assistants. The audit partner has specialized in governmental accounting for over 30 years, providing educational trainings to the local governmental community in auditing, accounting for federal grant awards, new *Government Accounting Standards*, and related auditing issues. As a member of the AICPA Division of CPA Firms, another member of the Division conducted a peer review of our practice in October of 2016. We are pleased to announce we

have received a rating of pass, the highest rating possible. The peer review included audits performed in accordance with the *Government Auditing Standards* and Single Audits.

Our accountants pride themselves on attending and participating in presentations at many conferences and seminars through the California Society of Certified Public Accountants (CalCPA) and the AICPA as it helps us keep up with the constantly changing world of state and federal accounting and auditing requirements.

Finally, we believe our continual investment of time and resources in professional continuing education, state-of-the-art computer technology, and extensive business relationships is indicative of our commitment to excellence.



**A. License to Practice in California**

The Firm and all Certified Public Accountants in the Firm are licensed by the California Board of Accountancy to practice in the State of California and are in good standing.

**B. Independence**

Our standards require we be without bias with respect to your operations. The Firm is independent and has no conflict of interest with the District, as defined by auditing standards generally accepted in the United States of America. Our Firm is not currently, nor has it in the past five years been in a professional relationship with the District.

**C. Federal and State Reviews**

McGilloway, Ray, Brown & Kaufman has had all federal and state compliance reports approved by the appropriate agency and has not had a report rejected or disciplinary action taken. The Firm has not had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations.

**D. Training and Continued Professional Education (CPE)**

All professionals have and will continue to meet their general and governmental (Yellow Book) CPE compliance requirements. Our staff meets or exceeds the minimum requirements as follows:

- At least 80 hours of CPE that directly enhances each professional's proficiency to perform audits or attestation engagements, with a minimum of 20 hours in any one year of a two-year period.
  - At least 24 of the abovementioned 80 hours of CPE in subjects directly related to governmental auditing, the governmental environment, or a specific/unique environment related to an audited entity's expertise.

**E. Staff Continuity**

McGilloway, Ray, Brown & Kaufman is committed to staff continuity and will assign the most qualified individuals to the engagement. The Firm is committed to maintaining the same staff on each engagement year-after-year and have low staff turnover rates.

### A. Team Summary

The team chosen to perform the audit of the District is well-trained with extensive experience in audit engagements. Our small, fine-tuned group of professionals will deploy a non-intrusive approach to the engagement allowing the District to continue its daily operation without noticeable disruptions. The personnel assigned to the engagement will consist of a partner-in-charge (reviewer), manager, senior accountant, and two staff accountants. It is the policy of the Firm to have an observing partner-in-charge to ensure the services provided to the District are of the highest quality.

The assignment of staff is as follows:

- Patricia M. Kaufman, CPA, Partner-In-Charge
- Devvyn MacBeth, CPA, Manager
- Sukhdev Singh, CPA, Senior Accountant

As Partner-In-Charge, Mrs. Patricia Kaufman will have overall responsibility for the audit of the District. Mrs. Kaufman has over thirty years of auditing experience, serving organizations throughout Southern and Central California. Mrs. Kaufman commits to hands-on participation in each phase of your engagement, from planning, to fieldwork, to review of your financial reports, to the presentation of the reports to management and the Board of Directors. We believe with her day-to-day involvement in your audit, she can share, first hand, her expertise of governmental accounting with the District's personnel.

Devvyn MacBeth, Manager, has been with our firm for over eight years. Devvyn has extensive governmental auditing experience. Mrs. MacBeth will be working closely with Mr. Singh to complete the majority of interim and year-end testing that is considered necessary based on our risk-assessment.

Sukhdev Singh, Senior Accountant, has experience in auditing, accounting, and tax. Sukhdev works closely with a variety of our Special District clientele to assist them in implementing the minimum requirements and reporting guidelines for California Special Districts as well as providing guidance in the GASB 34 conversions, and the implementation of GASB 68.

At least two other staff members will provide support to the team. Our staff accountants are trained to look at each client's operations from an overall perspective and to recognize weaknesses in functions or systems, then turn to the supervisors in our organization best qualified to offer a solution to the issue at hand.

**A. Team Summary, (continued)**

In the event it is necessary for the Firm to replace a team member, Mrs. Kaufman will notify the Board of Directors immediately. In addition, Mrs. Kaufman will be available to answer any questions or concerns the Board of Directors may have regarding the replacement.

**B. Patricia M. Kaufman, CPA, Partner-in-Charge**

Mrs. Kaufman has over 30 years of experience in the accounting profession with experience in auditing, internal controls, accounting, and taxation.

***Industry Experience:***

- Governmental
- Not-for-profit
- Privately held businesses
- Special Districts
- Joint Power Authorities

***Other Experience:***

- Federal Single Audit grant compliance
- Federal and State compliance and financial reporting
- Licensed peer reviewer
- Member of the Peer Review Body (RAB) Committee
- Speaker for CalCPA
- Trainer on Federal Single Audit grant compliance and preparation of 990's

***Current Engagement Experience:***

- City of Salinas
- Salinas Valley Solid Waste Authority
- San Benito County Water District
- Sunnyslope County Water District
- Monterey Peninsula Regional Water Authority
- Monterey Educational Risk Management Authority

***Designations:***

- Certified Public Accountant
- Chartered Global Management Accountant

***Professional Membership:***

- California Society of Certified Public Accountants, State
- Governmental Accounting and Auditing Committee Member
- Member of the CalCPA Peer Review Approval Board (RAB)
- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- Chartered Institute of Management Accountants (CIMA)
- Government Finance Officers Association (GFOA)
- Association of Governmental Accountants (AGA)
- Member of Finance Committee, United Way of Monterey County
- Past director of CalCPA

***Education:***

- Bachelor of Science, Accounting (with Honors)  
Golden Gate University - San Francisco, California
- Yellow Book certified continued education (OMB)

**C. Devvyn MacBeth, CPA, Manager**

Mrs. Devvyn MacBeth has over eight years of experience in public accounting with experience in auditing, internal controls, accounting, exempt and nonexempt taxation, consulting, and payroll experience.

***Industry Experience:***

- Governmental
- Not-for-profit
- Privately-held businesses
- Special Districts

***Current Engagement Experience:***

- City of Salinas, Yellow Book and Single Audit
- San Benito County Water District
- Sunnyslope County Water District
- Big Sur Land Trust
- Nancy Buck Ransom Foundation
- Salinas Valley Memorial Hospital Foundation
- Kuumbwa Jazz Society
- Santa Cruz SPCA and Humane Society
- The Society for the Prevention of Cruelty to Animals for Monterey County
- Animal Friends Rescue Project
- Various privately-held businesses

***Designations:***

- Certified Public Accountant

***Professional Membership:***

- California Society of Certified Public Accountants
- The American Institute of CPAs (AICPA)

***Education:***

- Bachelor of Science, Accounting  
Santa Clara University – Santa Clara, California

**D. Sukhdev Singh, CPA, Senior Accountant**

Mr. Singh has over five years of experience in the accounting profession with experience in auditing, internal controls, accounting, sales tax, payroll, exempt and nonexempt taxation, and consulting.

***Industry Experience:***

- Governmental
- Not-for-profit
- Joint Power Authorities
- Privately-held businesses

***Current Engagement Experience:***

- City of Salinas
- Salinas Valley Solid Waste Authority
- Sunnyslope County Water District
- Northern Salinas Valley Mosquito Abatement District
- San Benito County Water District
- Lompico County Water District
- The Society for the Prevention of Cruelty to Animals for Monterey County
- Big Sur Land Trust
- Monterey College of Law
- Kuumbwa Jazz Society
- Gateway Center of Monterey County
- Monterey Educational Risk Management Authority
- Monterey Jazz Festival
- Various privately-held businesses

***Designations:***

- Certified Public Accountant

***Professional Membership:***

- California Society of Certified Public Accountants

***Education:***

- Bachelor of Science – Business Administration  
CSU Fresno, Fresno, California
- Yellow Book CPE Compliance
- Diploma in Hospitality Management  
Thames Valley University, London, England

**A. Audit Standards**

We will audit the financial statements of the San Miguel Community Services District for the fiscal years ending July 31, 2019, July 31, 2020 and July 31, 2021 in accordance with the following standards:

- Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants.
- Standard for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**B. Issuance of Reports and Letters**

Our audit will be for the purpose of expressing an opinion on the financial statements and will include such auditing procedures as considered necessary to accomplish this purpose. We anticipate issuing the following reports:

1. Audit the basic financial statements of the of the San Miguel Community Services District and the respective changes in financial position and cash flows, where applicable, for the fiscal years ending July 31, 2019, July 31, 2020 and July 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and submit an audit report to the District.
2. Report in accordance with *Government Auditing Standards*, on the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

In addition, we will provide the District with a management letter that will give a written appraisal of its accounting and related systems. This letter will identify any significant control deficiencies, and/or material weaknesses that are identified during the audit, if any. We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies and material weaknesses that need to be reported to management in writing. We may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.

We will schedule an appearance with the District's General Manager and Board of Directors to present the audit and management letter. This is an excellent

**B. Issuance of Reports and Letters, (continued)**

time for the District to resolve any questions it has regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education we can provide. We hope that as questions or concerns arise throughout the year, the District's staff will contact us and draw on our knowledge and experience.

Auditor communications regarding the audit process shall be reported in a separate letter to the Board of Directors which will be referred to in the reports on internal controls. This separate letter also informs the Board of Directors of the following:

1. The auditor's responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

**C. Irregularities and Illegal Acts**

If we become aware of any irregularities or illegal acts we will immediately report such to the District Council, District Attorney, District Manager, Administrative Services Director and applicable federal and state agencies as required by law.

**D. Document Retention**

The Firm has been paperless for sixteen years. In addition, we have purchased a trial balance and financial reporting software for producing financial statements that are directly linked to your trial balance, which we will download from your system at the beginning of the audit. Likewise, we expect to extract various other information from your accounting system and other various electronic spreadsheets that the District's staff have prepared.



**D. Document Retention, (continued)**

All working papers and reports will be retained at the Firm's expense for a minimum of ten (10) years, unless the Firm is notified in writing by the District of the need to extend the retention period.

The auditor will be required to make working papers available, upon request, whether or not the auditor is engaged by the District, to the following parties or their designees:

1. San Miguel Community Services District.
2. State of California Controller.
3. U.S. General Accounting Office (GAO).
4. Parties designated by the federal or state governments or by the San Miguel Community Services District as part of an audit quality review process.

**E. Communication with Successor Auditors**

In addition, the Firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

### A. Planning and Preliminary Fieldwork

Our goal during preliminary fieldwork is to gain a thorough understanding of your internal controls, processes, and procedures. Our objective is to accomplish as much preliminary fieldwork as possible so that our stay during on-site fieldwork is kept to a minimum.

Our preliminary fieldwork focuses on planning and internal control documentation.

#### *Planning*

We envision the following process during preliminary fieldwork:

1. Establish understanding of services to be performed.
2. Complete our client continuance procedures and address any independence issues.
3. Document our understanding of your entity and compile risks identified.
4. Document significant processes and activities.
5. Perform required fraud “brainstorming” with audit team.
6. Assess risk of material misstatement arising from errors or fraud at entity level.
7. Agree on timing and deliverables through an entrance meeting.
8. Develop overall audit strategy.

#### *Preliminary Fieldwork*

Our internal control documentation usually occurs prior to our arrival for fieldwork. Our documentation process will be as follows:

1. Gather or update documentation for significant processes defined in our preliminary fieldwork. Examples of documents we may review include the District’s written policies and procedures, budgets, organizational charts, and manuals.
2. Perform a “walk-through” of significant processes.
3. Ask “what can go wrong” questions.
4. Identify preventative and detective controls in place.
5. Evaluate the design of internal controls.
6. Decide whether to test and rely on controls.

**B. Year-end Fieldwork**

We assess risks, design procedures, and obtain evidence to support financial statement amounts and disclosures during fieldwork. Our Firm utilizes a methodology designed for not-for-profit entities. Our process emphasizes continuous communication with your staff.

***Assess Risks and Design Procedures***

As outlined in the risk-based suite of audit standards, our Firm will use a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

1. Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
2. Design procedures to test controls.
3. Design procedures to test details of account balances and classes of transactions based on risk.

Preliminarily, we have identified the following audit areas to be tested:

**Cash/Investments*****Approach:***

- Cash/investment confirmations with custodian.
- Review of bank account reconciliations and material reconciling items.
- Investment compliance with California state laws and regulations.

***Audit Risks Addressed:***

- Completeness/accuracy of cash and investment balances.
- Compliance with laws/regulations.

**Revenues and Receivables*****Approach:***

- Walkthroughs of key revenue processes.
- Trace revenues to cash receipts.
- Evaluate revenue cutoff for completeness.
- Review subsequent cash collections to assess the reasonableness of receivable account(s) balances.

***Audit Risks Addressed:***

- Fraudulent revenue recognition.

**B. Year-end Fieldwork, (continued)**

- Revenue cutoff/completeness.
- Collectability of accounts receivable balances.

**Capital Assets***Approach:*

- Review of capitalized interest, if applicable.
- Evaluate reasonableness of useful lives.
- Review of capital asset additions/deletions/transfers.
- Consideration of intangible assets (software, easements, etc.).
- Review of repair and maintenance accounts.

*Audit Risks Addressed:*

- Incomplete capital asset listings.
- Improper capitalization due to fraud/error.
- Unreasonable useful lives.

**Accounts Payable and Accrued Expenses***Approach:*

- Search for unrecorded liabilities via examination of payments made subsequent to year-end and review of open payables listing.
- Review of significant accruals, including management's estimation process.
- Review of OPEB valuation, including inputs (census data), assumptions and, external actuary qualifications.
- Review of appropriate disclosures.

*Audit Risks Addressed:*

- Completeness of liabilities/expenses.
- Subjective estimation processes, including management bias.
- Proper implementation of expense cutoff.

**Bonds Payable, Debt and Related Accounts***Approach:*

- Confirmation of debt with external financial organizations.
- Review of interest expense for reasonableness.
- Recalculation of premium/discounts, gains/losses on refunding, bond issuance costs.
- Review of compliance with bond covenants.

**B. Year-end Fieldwork, (continued)***Audit Risks Addressed:*

- Completeness and presentation of debt balances.
- Compliance with bond covenants.
- Subjective estimation processes, including management bias.
- Proper implementation of expense cutoff.

**Deferred Outflows and Inflows***Approach:*

- Obtain CalPERS valuation reports and audited cost sharing report for pool allocations.
- Obtain schedule of deferred outflows and inflows.
- Recalculation of amortization.
- Review for completeness and accuracy.

*Audit Risks Addressed:*

- Completeness and presentation of deferred outflows and inflows.
- Compliance with GASB 68 for pension deferred outflows and inflows.

**Operating Expenses***Approach:*

- Analytical review of operating expenses, comparing budgeting to actuals, and examination of unusual fluctuations.
- Selection and review of a sample of cash disbursements (invoices, agreements, etc.).

*Audit Risks Addressed:*

- Appropriateness of expenditures reported.

**Consideration of Fraud***Approach:*

- Select a sample of journal entries and obtain source documentation.
- Consider need to perform confirmation of payables, examination of cancelled checks, and review of authorized signatories.

*Audit Risks Addressed:*

- Misappropriation of assets.
- Fraudulent financial reporting.
- Corruption negatively impacting the District's reputation.

**B. Year-end Fieldwork, (continued)***Audit Sampling*

The Firm uses sampling in selecting items for testing where it is determined to be cost beneficial to sample the population. Audit sampling will normally be used in audits of governmental units to perform the following tests:

1. Substantive tests as part of the audit to the governmental unit's basic financial statements.
2. Compliance tests to provide reasonable assurance that internal control procedures used in administering federal and state financial assistance programs, if any, are being applied as intended.
3. Substantive tests of compliance with laws and regulations as part of the audit of basic financial statements and for the purpose of reporting on compliance with laws and regulations as they relate to the schedule of federal and state financial assistance, where applicable.

For the audit of the District's financial statements, we anticipate our sampling methodology will be used to determine sampling sizes for expenditures, payroll, fixed asset additions, repairs and maintenance, and certain revenue sources.

*Analytical Procedures*

Our audit approach requires the use of analytical procedures to assist in planning the nature, timing, and extent of other auditing procedures.

The primary focus of analytical procedures employed at the planning stage is the identification of specific risks or errors in the financial statements or of compliance violations. By considering unusual or unexpected balances or relationships, analytical procedures help to direct our attention to areas with the highest potential for material misstatement. Preliminary analytical procedures may also identify unfavorable trends or other matters.

Analytical procedures will be performed at both the governmental-wide and fund level and will include the following, where applicable:

1. Comparison of original budget to actual amounts.
2. Comparison of major balance sheet balances to:
  - a. Preliminary expectations based on budgets and forecasts.
  - b. Prior amounts.

**B. Year-end Fieldwork, (continued)**

3. Consideration, to the extent applicable, of the key financial relationships in relation to preliminary expectations to determine if there are unusual or unexpected balances or unexpected relationships.

***Approach for Drawing Audit Samples for Purposes of Tests of Compliance***

Since each fund, program or grant agreement is different, we use many different approaches to sampling in our tests of compliance. The size of the sample considers many factors; size of the program, program maturity, complexity, level of oversight, and prior audit findings. Ultimately, our professional judgment determines that a representative number of transactions have been selected. You can be confident in our judgment because only senior level (Partner or Manager) staff makes decisions on planned compliance testing.

***Approach for Determining Laws and Regulations Subject to Audit Test Work***

We are required to obtain an understanding of the possible financial statement effect of laws and regulations that have a direct and material effect on the determination of financial statement amounts. The determination of laws and regulations is addressed in the planning stage through reading available grant documentation, inquiry of the client, a preliminary review of finance system accounts, and search of the District's minutes.

**C. Preparation of Audit Report and Management Letter**

After reviewing the financial statements, notes, and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using the Firm's written standards and checklists. We will also review and incorporate any statistical data in order to verify appropriate presentation and disclosure.

***Disclosures***

As part of your drafting process, we will review all new pronouncements to ensure that the notes to the financial statements are complete with all required disclosures and footnotes. When a new pronouncement is released that affects our client's accounting process, we assist the accounting department in the implementation of this new pronouncement.

**C. Preparation of Audit Report and Management Letter, (continued)**

All reports are reviewed by the engagement partner. Upon approval, we will issue drafts of all reports based on an approved schedule to allow adequate time for review and distribution.

**D. Audit Completion and Presentation**

After the previously mentioned segments are complete, we will be ready to finalize our audit. During this stage we will complete the following procedures:

1. Complete subsequent events review procedures and review legal and representation letters.
2. Complete final overall analytical review procedures.
3. Communicate significant deficiencies and material weaknesses.
4. Conduct exit conference.
5. Issue audit opinion.
6. Assemble audit documentation.
7. Assemble final financial statements.

**E. Expectation of Hours for Each Audit Segment**

Our professional fees are based on actual time devoted to an engagement, at hourly rates commensurate to the experience levels of the professionals performing the work. While our rate structure is comparable to those of other public accounting firms, we believe the quality of our professionals and the efficiency of our audit technique enables us to provide services of unsurpassed quality and value. These services are listed on the sealed bid which accompanies this proposal.

**F. Identification of Potential Audit Problems**

At this time, we do not anticipate any potential audit problems. If problems were to arise, we would fully discuss them with the District to resolve the issue.



Patricia Kaufman is the Engagement Partner for all the following clients.

Organization	Contact	Address	Phone Number	Performed	Total Hours
City of Salinas	Elisabeth Mariano, Supervising Accountant	200 Lincoln Street Salinas, CA 93901	(831) 758-7423	2018 Yellow Book Audit, Single Audit, assistance with drafting financial statements	400
San Benito County Water District	Natalie Sullivan, Accountant	30 Mansfield Road, Hollister, CA 95023	(831) 637-8218	2018 Audit and assistance with the drafting of the District's award winning CAFR	175
Salinas Valley Solid Waste Authority	Ray Hendricks, Finance Manager	128 Sun Street Salinas, CA 93902	(831) 775-3000	2018 Audit and drafting of the Authority's award winning CAFR	171
Northern Salinas Valley Mosquito Abatement District	Ken Klemme, Manager	342 Airport Blvd. Salinas, CA 93905	(831) 422-6438	2018 Audit and drafting of Audited Financial Statements	113
Carmel Highlands Fire Protection District; Cypress Fire Protection District; Aromas Tri- County Fire Protection	Theresa Volland, Finance Manager	2221 Garden Road Salinas, CA 93940	(831) 333-2600	2018 Audit and assistance with the drafting of Audited Financial Statements	80/each district



## System Review Report

October 4, 2016

To the Partners

McGilloway, Ray, Brown & Kaufman Accountants and Consultants  
and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice McGilloway, Ray, Brown & Kaufman Accountants and Consultants (the firm) in effect for the year ended May 31, 2016. Our review was conducted in accordance with Standards for Performing and Reporting on Peer Review established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included audits performed under Governmental Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of McGilloway, Ray, Brown & Kaufman Accountants and Consultants in effect for the year ended May 31, 2016 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*. McGilloway, Ray, Brown & Kaufman Accountants and Consultants has received a peer review rating of *pass*.

*Caliber Audit + Attest, LLP*

Caliber Audit & Attest, LLP



## San Miguel Community Services District

### Request for Proposal for Audit Services

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The proposing firm warrants the following:

1. The firm is willing and able to obtain an Errors and Omissions Insurance Policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents thereof.
2. The firm will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the San Miguel Community Services District.
3. All information provided by the firm in connection with this proposal is true and correct.
4. The firm will acknowledge and agree with all terms and conditions stated in this Request for Proposal.

On Behalf of Firm:

A handwritten signature in blue ink, appearing to be "J. H. H.", is written over a horizontal line.

Authorized Representative

5/28/19

Date



MCGILLOWAY, RAY, BROWN & KAUFMAN

**BID FOR PROPOSAL  
TO PERFORM ANNUAL  
INDEPENDENT AUDITS**

**SAN MIGUEL COMMUNITY  
SERVICES DISTRICT**

**May 24, 2019**

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SALINAS OFFICE □ 379 WEST MARKET STREET □ SALINAS, CA 93901 □ P. 831-424-2737 □ F. 831-424-7936

[www.mrbkcpa.com](http://www.mrbkcpa.com)

Contact: Patricia M. Kaufman, CPA, Audit Partner-in-Charge, [patriciak@mrbkcpa.com](mailto:patriciak@mrbkcpa.com)

## Fiscal years ended July 31,

2019			
Staff Classification	# of Hours	Hourly Rate	Total
Partner	12	\$ 275	\$ 3,300
Manager	30	175	5,250
Staff Accountant	30	140	4,200
Clerical	12	90	1,080
Auditing Services Total			13,830
Out of Pocket / Travel Expenses			450
Report Production			225
<b>All-Inclusive Maximum Price</b>			<b>\$ 14,505</b>

  

2020			
Staff Classification	# of Hours	Hourly Rate	Total
Partner	12	\$ 288	\$ 3,455
Manager	30	183	5,500
Staff Accountant	30	146	4,400
Clerical	12	95	1,150
Auditing Services Total			14,505
Out of Pocket / Travel Expenses			475
Report Production			225
<b>All-Inclusive Maximum Price</b>			<b>\$ 15,205</b>

  

2021			
Staff Classification	# of hours	Hourly Rate	Total
Partner	12	\$ 301	\$ 3,600
Manager	30	191	5,700
Staff Accountant	30	153	4,600
Clerical	12	99	1,200
Auditing Services Total			15,100
Out of Pocket / Travel Expenses			500
Report Production			225
<b>All-Inclusive Maximum Price</b>			<b>\$ 15,825</b>

CPAVerify Individual Report Results

NAME: PATRICIA MARINA KAUFMAN  
STATE OF LICENSE: CA  
LAST UPDATED: 2019-06-01

Address:  
License/Permit/Certificate Number:  
Registration Number:  
License/Permit/Certificate Status:  
License/Certificate Status Details:  
License Type:

**Business**  
SALINAS, CA,  
CPA 79614

CLEAR  
The license is current and valid. The licensee can engage in the practice of public accountancy prior to the license expiration date.  
CERTIFIED PUBLIC ACCOUNTANT  
A Certified Public Accountant (CPA) is a person who has met the requirements of California state law and has been issued a license to practice public accounting by the California Board of Accountancy. All California CPAs are authorized to perform a wide range of accounting services, including accounting, compilation preparation, management advisory, financial advisory, tax, and consulting services.

License Type Details:

Basis for License:  
Issue Date:  
Expiration Date:  
Enforcement, Non-Compliance or Disciplinary Actions:  
Other Information:

2000-08-08  
2020-01-31  
None Reported To This Site By The Board

Contact the Board for official verification of information.

State Board Contact Information:

California Board of Accountancy  
2450 Venture Oaks Way  
Suite 300  
Sacramento, CA 95833

Phone: 916-263-3680  
Fax: 916-263-3675  
Website: <http://www.dca.ca.gov/cba>  
Licensee Lookup: <https://search.dca.ca.gov/>

Details of Enforcement, Non-Compliance or Disciplinary Actions:

1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAVerify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by participating states. Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAVerify website. Please refer to the Participating States tab for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the "Contact Boards" tab where a link to every Boards' website and therefore individual license lookup tool is available.

**San Miguel Community Services District**

**AUDIT PROPOSAL**

For Fiscal Years Ending June 30, 2019, 2020, & 2021

**Submitted By:**

Moss, Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455  
Phone: 805.925.2579  
Fax: 805.925.2147

**Submitted On:**

May 31, 2019

**Contact Person:**

Ronald A. Levy, CPA  
rlevy@mlhcpas.com

**SAN MIGUEL COMMUNITY SERVICES DISTRICT  
AUDIT PROPOSAL  
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Attention: Robert Roberson, General Manager  
San Miguel Community Services District  
1150 Mission Street  
San Miguel, CA 93451

We are pleased to respond to the San Miguel Community Services District's (the District) Request for Proposal for independent auditing services. We have prepared our proposal to address each specification included in the District's Request for Proposal.

After 62 years in public accounting and more than 41 years of performing nonprofit and local governmental audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim LLP. The firm has evolved from a one-person operation to a regional public accounting firm with offices in Beverly Hills, Santa Maria, and Culver City with clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements and that is why we strive to constantly improve the quality of our professional services. This degree of dedication coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our audits in a timely manner that is the most convenient for each client. Also, this style allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will be responsible for expressing an opinion on the San Miguel Community Services District's financial statements in conformity with accounting principles generally accepted in the United States of America. It is also our understanding that we will be responsible for issuing the following:

1. An auditor's opinion letter on the fair presentation of the financial statements of the District in accordance with auditing standards generally accepted in the United States of America.
2. A Management Letter addressed to the Board of Directors of the San Miguel Community Services District, setting forth recommendations for improvements in the District's accounting systems.
3. We will communicate in a letter to the General Manager any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. "Non-reportable conditions" discovered by us will also be communicated in the "Management Letter".
4. We will make immediate, written notification to the Board of Directors and General Manager of all irregularities and illegal acts or indications of illegal acts of which we become aware.
5. Preparation of the annual State Controller's Report.

We will make all communications to the District as required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditors' responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgment and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Errors, irregularities, and illegal acts.

All work papers and reports will be retained, at our expense, for a minimum of three years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the District of the need to extend the retention period. The work papers are subject to review by state and county agencies and other individuals designated by the District. Accordingly, the work papers will be made available upon request.

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

All adjusting journal entries made by us will be discussed and explained to the designated personnel prior to recording.

If convenient for the District's staff, the approximate target dates for an audit would be as follows:

1. Preliminary audit entrance conference with staff – June 10
2. Detailed audit plan – June 17
3. Year-end audit fieldwork– September 16-18
4. Exit conference with staff – September 18
6. Draft of Financial Statements & Management Letter – October 18
7. Issue Audit Report and final Management Letter – within three days of the District's final approval of these documents
8. Present and discuss annual financial statements with the Board – Date of District's choice

Minimal assistance of the District's staff is required during the course of the audit, however, we ask that the District provide the following: cooperation in answering questions, requested audit confirmations, bank reconciliations, trial balance at June 30, 2019, detailed general ledger for the fiscal year, and other original documentation supporting amounts and disclosures in the financial statements.

This proposal is a firm and irrevocable offer until July 31, 2019.

Thank you for your consideration and please do not hesitate to contact the authorized representative listed below with any questions, problems, or concerns.

Ronald A. Levy, CPA  
Partner  
2400 Professional Parkway, Ste. 205  
Santa Maria, CA 93455  
(805) 925-2579  
rlevy@mlhcpas.com

Sincerely,

Ronald A. Levy, CPA

# SAN MIGUEL COMMUNITY SERVICES DISTRICT AUDIT PROPOSAL

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## INDEPENDENCE

Moss, Levy & Hartzheim LLP is independent of the San Miguel Community Services District as defined by auditing standards generally accepted in the United States of America.

## LICENSE TO PRACTICE IN CALIFORNIA

Moss, Levy & Hartzheim LLP is a properly licensed certified public accounting firm in the State of California, license # 5863. All certified public accountants engaged in the audit of the District are licensed to practice in the State of California and have received at least the minimum number of continuing professional education hours required by the State Board of Accountancy to perform audits under professional standards.

## FIRM QUALIFICATIONS AND EXPERIENCE

Moss, Levy & Hartzheim LLP is a minority owned regional firm that performs audits of entities throughout the State of California. The firm currently employs 31 professionals and has annual gross revenues between 5.0 and 5.5 million dollars. Eighty-four percent of the 31 total employees are women or belong to an ethnic minority. The firm has three offices in California; Beverly Hills, Santa Maria, and Culver City.

The audit work will be completed by staff from our Santa Maria office.

The Santa Maria office is currently staffed by <sup>6</sup>six certified public accountants (five partners, and one manager). In addition, the office employs four senior accountants, four staff accountants and two administrators.

The San Miguel Community Services District will have one partner and one alternate partner assigned to the audit at all times. In addition, two partners, one in a managerial role and the other in a supervisory role, and one or two staff accountants will be assigned on a full-time basis to the audit from the Santa Maria office. The San Miguel Community Services District will also have a computer specialist assigned to the audit on a full-time basis. This individual assists the audit team in documenting the computer system internal control structure.

Please see *Appendix A - Peer Quality Review Report* for a copy of our firm's most recent quality review report.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

It is the firm's policy to have our partners involved in the management function of our audits. Having multiple partners involved in the engagement allows the District to receive immediate responses to questions about accounting and audit topics, concerns, and recommendations.

Mr. Ronald Levy will be the partner in charge of the District's audit. Mr. Levy will have primary responsibility for the audit. Mr. Levy will be responsible for final review of the District's audit report, financial statements, and required federal and state tax returns. Mr. Levy will also be responsible for addressing any questions or concerns that arise during the fiscal year. It is the firm's policy to have a partner on site for a majority of the fieldwork. This policy enables the partner to become acquainted with the District's daily operations and key personnel.

Mr. Craig Hartzheim will be the alternate partner assigned to the audit. As alternate partner, it is his responsibility to be familiar with the San Miguel CSD, its staff, the audit, and any special problem areas of the San Miguel CSD in the event that Mr. Levy is unavailable.

Mr. Alexander Hom will be the manager assigned to the audit. As the manager, Mr. Hom will oversee the day to day operations of the audit and will review all audit areas. Mr. Hom will be at the District for 100% of the fieldwork. He performs in-house training for governmental auditing staff members and is in charge of keeping the firm updated on aspects of governmental accounting and auditing issues.

Mr. Adam Guise will be the supervisor assigned to the audit. As the supervisor, it will be Mr. Guise's responsibility to oversee the staff accountants, do preliminary reviews of audit sections, and to perform more difficult audit sections.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**

---

**PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE-**  
**continued**

Mr. David Ortiz will be the Information Technology Director assigned to the audit. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz will also perform the statistical sampling procedures for the audit. Also, he will document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audit. All staff accountants have degrees from accredited colleges or universities, have received in-house audit training, and at present have at least one year of auditing experience. All staff accountants will be directly supervised by the manager assigned to the audit at all times. All partners and staff members have worked on numerous engagements together. Consistently working together will provide the District with a knowledgeable and efficient audit team.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances. At the request of the District, any Moss, Levy & Hartzheim LLP employee assigned to the audit can be removed and replaced by another qualified employee. Moss, Levy & Hartzheim LLP has an advantage in that there is relatively low turnover in employees as can be seen on individual resumes and therefore, the firm will not use the District as a training ground for its employees.

Please see *Appendix B - Resumes* for each individual's resume.

**SIMILAR ENGAGEMENTS WITH OTHER ENTITIES**

Moss, Levy & Hartzheim LLP has an extensive background in auditing governmental Districts with over forty years of experience in this specialized field.

Please see *Appendix C - References*

**SPECIFIC AUDIT APPROACH**

The extent of our work will be what is required to enable us to express an opinion on the financial statements in accordance with:

1. *AICPA Industry Audit Guide for Local Governments,*
2. *AICPA Audit Standards,*
3. Laws of the State of California,
4. Generally Accepted Accounting Principles,
5. Our firm's own additional standards and procedures.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America.

The primary purpose of the audit is to express an opinion on the financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District.

Our audit will begin when it is convenient for the District's staff. We estimate this date to be in July to perform audit planning and fieldwork. Upon acceptance of the audit proposal, the audit partner or audit manager will contact your General Manager to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, to prepare audit confirmations, and to address any concerns or questions you may have about the impending audit.

We will schedule approximately three days of fieldwork each fiscal year. During the first fiscal year, we will prepare narrative flow charts and other documentation of the internal control structure of the District, and its major systems, such as income and cash receipts, purchasing and cash disbursements, payroll and personnel, inventory, property and equipment, grant compliance, investment activities, and the budget process. We will gain this information through discussions with appropriate District staff members, and our review of available documented policies, District charts, manuals, programs, and procedures. Once we obtain this information, we will evaluate internal control in order to plan audit testing, and to tailor audit programs specifically for the District. During subsequent audits, we will note any changes to internal control.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**

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**SPECIFIC AUDIT APPROACH - continued**

For the first year of our engagement, we will utilize the prior fiscal year's financial statements and our knowledge of your systems to determine materiality for the different audit sections. Each fiscal year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure. The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all the requirements of the AICPA Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS Nos. 78 and 99, *Consideration of Fraud in a Financial Statement Audit*. We will also perform preliminary analytical review procedures using the prior fiscal year's audited financial statements.

We will also review the following documents in order to determine compliance with laws and regulations:

- (a) Minutes of the Board of Directors with special attention to: indications of new income sources, including state and local grants; expenditure authorizations and related disbursements, including any special or restrictive provisions; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines or fees; and authorization for significant new employees hired,
- (b) New agreements and amendments to new agreements including but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; and other miscellaneous agreements,
- (c) Administrative Code, and
- (d) Investment and/or Endowment Policies.

Before April 1 of each fiscal year, we will contact you to provide our detailed audit plan for audit fieldwork. We will also discuss with you any matters that may impact our audit procedures or your financial reporting. Also, we will discuss with you any assistance the District may need with fiscal year-end closing.

Our audit fieldwork will begin after the District has closed its books, which we estimate to be mid-September. The fiscal year-end audit work will begin with an analytical review of all significant balance sheet and revenue and expense accounts, which includes a comparison of prior fiscal year financial statements and current fiscal year budget, to the fiscal year-end trial balance.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the District's financial statements. Our fieldwork includes procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*. We will also maintain compliance with SAS Nos. 103-112 during the fiscal year ended June 30, 2019. These procedures significantly changed the way auditors approach audits and are required for audits with a fiscal year ended beginning after December 31, 2006. This will entail a risk-based audit approach that will increase the time spent on audit planning. Standards also require interviews with audit committee members (if applicable), and/or members of the board of directors and management.

We will also perform audit procedures such as:

- (a) Confirmations, by positive and negative circularizations including but not limited to all cash and investment accounts; selected receivable and income balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms contracted by the District; and other miscellaneous confirmations as deemed necessary,
- (b) Physical verifications and observations of assets,
- (c) Analysis and review of evidential material,
- (d) Interviews and investigative efforts,
- (e) Electronic data processing testing for computer and software reliability, and
- (f) Numerous other procedures as deemed necessary for audit completion.

The objective in testing transactions for compliance with laws, regulations, and the provisions of contracts and grant agreements is to express an opinion on whether the District has complied, in all material respects, with applicable compliance requirements, noncompliance with which could have a material effect on each major program. In selecting audit samples for purposes of tests of compliance, we will plan our tests to support a low assessed level of control risk. We will select transactions from each program or area that requires testing. The selection of transactions to test is based on the auditors' professional judgment.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT  
AUDIT PROPOSAL**

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**SPECIFIC AUDIT APPROACH – continued**

SAS No. 99, *Consideration of Fraud in a Financial Statement Audit* impacts both the planning and the performance of the audit. In planning, the audit team will discuss how and where the financial statements might be susceptible to material misstatement due to fraud. To determine this, we will inquire of management, consider results of analytical procedures, and consider other fraud risk factors. We will review the results of our inquiries and identification of potential fraud areas on a daily basis to ensure compliance with SAS No. 99.

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database systems. This assistance has provided our firm with a thorough background in computer systems in both software applications, and auditing such systems. It is our policy to have a computer specialist as part of the audit team. This individual assists the audit team in documenting the computer system internal control structure and highlighting strengths and weaknesses relating to the computer structure of the District.

Moss, Levy & Hartzhiem LLP uses networked laptop computers for audit fieldwork that connect to our office computer network via the internet. Software used by our staff includes Word, Excel, PPC Engagement Manager, and AuditWare for financial statements preparation. The firm employs a paperless audit approach. We will request the majority of the audit schedules and information electronically.

As part of the audit, we will compose a management letter, informing you of required audit disclosures, and noting certain observations or recommendations that we feel will assist you in strengthening internal control, and/or gaining efficiency in conducting your daily operations. The management letter is intended to be a helpful tool for management based on our experience, and never a critique of operations or management. The management letter is provided to management in draft form, and is subject to revision and approval, prior to issuance.

We will retain working papers and reports at our expense for a period of seven years. In addition, we will make our working papers available, upon your request, to any oversight District or successor auditor, if any.

**IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS**

Being the incumbent auditors and having prior years knowledge of the District, we do not anticipate any potential audit problems or special assistance that will be requested from the District.

**TOTAL MAXIMUM PRICE**

All out of pocket expenses are included in the fee and no additional costs will be passed on to the San Miguel Community Services District. The San Miguel Community Services District is, however, expected to provide adequate working space, access to a copier, fax machine, and telephone. We will provide all items and equipment, including laptop computers, scanners, calculators, and office supplies.

The maximum annual audit fees are as follows:

<u>Fiscal Year</u>	<u>Cost of Service</u>
2018-19	\$ 11,590
2019-20	\$ 12,000
2020-21	\$ 12,420

**SAN MIGUEL COMMUNITY SERVICES DISTRICT  
AUDIT PROPOSAL**

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**TOTAL MAXIMUM PRICE – continued**

The rates of partners, specialists, supervisors, and staff, multiplied by the number of hours anticipated are as follows:

	<u>Rate</u>	<u>Hours</u>	<u>Cost (rate x hours)</u>
Audit Partner	\$ 100	12	\$ 1,200
Audit Manager	90	50	4,500
Audit Supervisor	80	30	2,400
Senior Staff	60	30	1,800
Staff	50	30	1,500
Clerical Staff	20	5	100
Computer Specialist	30	3	90
<i>Maximum Cost</i>		<u>160</u>	<u>\$ 11,590</u>

Respectfully submitted,

  
Ronald A. Levy, CPA

**Moss, Levy & Hartzheim LLP is an Equal Opportunity Employer**

## **APPENDICES**



SAN MIGUEL COMMUNITY SERVICES DISTRICT  
APPENDIX A – PEER REVIEW

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**POWELL & SPAFFORD, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

System Review Report

To the Partners of  
Moss, Levy & Hartzheim, 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 Moss, Levy & Hartzheim, LLP (the firm) in effect for the year ended December 31, 2014. Our review was conducted in accordance with 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiencies during our review:

1. *Deficiency* – The firm does not have quality control policies and procedures to address the form and content of workpaper documentation or a related file review process by the engagement partner for its audit engagements, including audits of employee benefit plans and audits subject to *Government Auditing Standards*. As a result, we noted documentation deficiencies on the engagements reviewed in the following areas: 1) compliance payroll testing for an ERISA audit engagement; 2) proper testing of certain major program compliance requirements, low risk determination and fraud considerations; 3) the 80 hour requirement for engagements performed under *Government Auditing Standards* was not met for certain engagement team members; and 4) lock down of audit files. The firm also did not perform annual monitoring that properly covered all areas of quality control. There were documentation issues noted in the firm's previous peer review. The firm will perform the required procedures when subsequent engagements are performed, which is imminent.

*Recommendation* – We recommend that the firm modify its current policies and procedures to include a mechanism for assuring the firm's documentation is properly prepared, reviewed and included in the work files. The firm should also expand on its monitoring procedures to cover these areas.

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447 Missouri Court • Redlands, CA 92373 • P.O. Box 8847 • Redlands, CA 92375  
Telephone 909-792-1852 • Fax 909-792-2015

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX A – PEER REVIEW**

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In our opinion, except for the deficiency described above, the system of quality control for the accounting and auditing practice of Moss, Levy & Hartzheim, LLP in effect for the year ended December 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*. Moss, Levy & Hartzheim, LLP has received a peer review rating of *pass with deficiencies*.

*Lowell & Spafford*

July 22, 2015

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX B - RESUMES**

---

**RONALD A. LEVY, CPA – PARTNER**

- California licensed CPA with 41 years of audit experience with governmental entities.
- Partner in charge of all governmental audits, currently including 30 municipal audits (including Redevelopment Agency & Single Audits), 29 school district audits, and 62 special district audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, TDA audits, and preparation of State Controller's Reports.
- Honored as CPA of the year (2006) by the Santa Barbara Chapter of the California Special Districts Association.
- Has met or exceeded all continuing education requirements, including recent courses in:
  - 2019, 2018, and 2017 Governmental Accounting Conferences*
  - 2019, 2018, and 2017 School District Conferences*
  - GASB Statement No.34 Training Conference*
  - Compliance Auditing, Audit Sampling and Concluding the Audit*
  - Audits of State and Local Governments*
  - Governmental Accounting Update*
  - The Single Audit Act*
  - Auditor's Reports on Audits of Local Governments*
  - Planning a Governmental Audit Engagement*
- Member of the following:
  - California Society of Municipal Finance Officers
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
  - California Association of School Business Officials
  - Kiwanis Club
- A Bachelor of Science degree from Oregon State University conferred in 1977.
- Taught accounting courses at a branch of LaVerne College and Chapman College.
- Knowledgeable about all areas of tax law.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX B - RESUMES**

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**CRAIG HARTZHEIM, CPA – PARTNER (ALTERNATE)**

- California licensed CPA with 30 years of audit experience with governmental, non-profit, and commercial entities.
- Engagement partner for governmental and non-profit audits (Beverly Hills office), currently including 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation District of Los Angeles County), 12 school districts and related audits, and 17 municipal audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, and preparation of State Controller's Reports.
- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2019, 2018, and 2017 Governmental Accounting Conferences*  
*2019, 2018, and 2017 School District Conferences*  
*Audits of States and Local Governments*  
*Preparing Governmental Financial Statements*  
*GAAS Guide*  
*Other Comprehensive Basis of Accounting (OCBOA) Statements*  
*Audit Standards Update*  
*Implementing SAS No. 112*  
*Implementing SAS No. 114*  
*Auditing Update*  
*Grants Management*

- A Bachelor of Science degree in Accounting from Marquette University conferred in 1982.
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable about all areas of tax law including non-profit and payroll tax issues.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX B - RESUMES**

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**ALEXANDER HOM, CPA – PARTNER (MANAGER)**

- California licensed CPA with 9 years of audit experience with governmental, non-profit, and commercial entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Audit manager for 11 school districts, and 10 special districts, including the following audits:

*Santa Cruz Regional Transportation Commission  
Vandenberg Village Community Services District  
Casmalia Community Services District  
Cayucos Sanitary District  
South San Luis Obispo County Sanitation District*

- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2019, 2018, and 2017 Governmental Accounting Conferences  
2019, 2018, and 2017 School District Conferences  
Audits of States and Local Governments  
Single Audits of Governmental Entities  
Internal Control and Fraud in Governmental and Nonprofit Entities  
California Ethics: Making Ethical Decisions in the Practice of Public Accounting*

- Member of the following:

*American Institute of Certified Public Accountants  
California Society of Certified Public Accountants*

- Has assisted governmental clients with year-end closings preparation of award winning CAFRs, and preparation of State Controller's Reports.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX B - RESUMES**

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**ADAM GUISE, CPA – PARTNER (SUPERVISOR)**

- California licensed CPA with 12 years of audit experience with governmental, non-profit, and commercial entities.
- A Bachelor of Science degree in Business Administration with concentrations in Public Accounting and Financial Management from California Polytechnic State University, San Luis Obispo.
- Current audit manager for 7 cities, 6 school district audits, 10 special districts, and 3 non-profit organizations. The audits managed are:

*City of Paso Robles*  
*City of Arroyo Grande*  
*Los Osos Community Services District*  
*Montecito Water District*  
*City of Ojai*  
*City of Greenfield*

- Has assisted governmental clients with year-end closings, preparation of award winning CAFRs, TDA audits, and preparation of State Controller's Reports.
- Has met or exceeded all continuing education requirements, including recent courses in the following:
  - 2019, 2018, and 2017 School District Conferences*
  - 2019, 2018, and 2017 Governmental Accounting Conferences*
  - Audits of State and Local Governments*
  - Single Audits of Governmental Entities*
  - Internal Control Over Governmental Financial Reporting*
  - Advanced Fraud Techniques*
  - California Ethics: Making Ethical Decisions in the Practice of Public Accounting*
- Previous work experience includes 2 years auditing publicly traded corporations with an international public accounting firm.

**SAN MIGUEL COMMUNITY SERVICES DISTRICT**  
**APPENDIX B - RESUMES**

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**DAVID ORTIZ – INFORMATION TECHNOLOGY DIRECTOR**

- Eighteen years of audit and computer experience with governmental entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Extensive knowledge of:
  - Network design and implementation
  - Network maintenance and troubleshooting
  - Network security
  - Microsoft, Mac, and Linux operating systems
  - Database systems
  - Various accounting programs

# **SAN MIGUEL COMMUNITY SERVICES DISTRICT**

## **APPENDIX C - REFERENCES**

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### **CITY OF SANTA MARIA**

Audit of basic financial statements, preparation of State Controller's Report  
2005 to Present

Engagement Partner: Ronald Levy

Total Hours: 600

Contact: Mary Harvey, (805) 925-0951

Email: mharvey@cityofsantamaria.org

110 E. Cook Street, Santa Maria, CA 93454

### **VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT**

Audit of basic financial statements, preparation of State Controller's Report  
2005 to Present

Total Hours: 170

Engagement Partners: Ronald Levy and Alexander Hom

Contact: Cynthia Allen, (805) 733-3417

Email: callen@vvcasd.org

3745 Constellation Road, Lompoc, CA 93436

### **MONTECITO WATER DISTRICT**

Audit of basic financial statements, preparation of State Controller's Report  
2016 to Present

Total Hours: 250

Engagement Partners: Ronald Levy and Adam Guise

Contact: Daryl Smith, (805) 969-2271

Email: dsmith@montecitowater.com

583 San Ysidro Road, Montecito, CA 93108

### **CAYUCOS SANITARY DISTRICT**

Audit of basic financial statements, preparation of State Controller's Report  
2007 to Present

Total Hours: 150

Engagement Partners: Ronald Levy and Alexander Hom

Contact: Danielle Crawford, (805) 995-3290

Email: dcrawford@cayucossd.org

200 Ash Avenue, Cayucos, CA 93430

### **LOS OSOS COMMUNITY SERVICES DISTRICT**

Audit of basic financial statements, preparation of State Controller's Report  
2013 to Present

Total Hours: 300

Engagement Partners: Ronald Levy and Adam Guise

Contact: Renee Osborne, (805) 528-9379

Email: rosborne@losososcsd.org

2122 9<sup>th</sup> Street Suite 110, Los Osos, CA 93402





## San Miguel Community Services District

### Request for Proposal for Audit Services

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The proposing firm warrants the following:

1. The firm is willing and able to obtain an Errors and Omissions Insurance Policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents thereof.
2. The firm will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the San Miguel Community Services District.
3. All information provided by the firm in connection with this proposal is true and correct.
4. The firm will acknowledge and agree with all terms and conditions stated in this Request for Proposal.

On Behalf of Firm:

\_\_\_\_\_  
Authorized Representative

5/29/19  
Date

## CPAVerify Individual Report Results

NAME: RONALD ALAN LEVY  
 STATE OF LICENSE: CA  
 LAST UPDATED: 2019-06-01

Address:  
 License/Permit/Certificate Number:  
 Registration Number:  
 License/Permit/Certificate Status:  
 License/Certificate Status Details:  
 License Type:

License Type Details:

Basis for License:  
 Issue Date:  
 Expiration Date:  
 Enforcement, Non-Compliance or Disciplinary Actions:  
 Other Information:

Contact the Board for official verification of information.

State Board Contact Information:

**Business**

SANTA MARIA, CA,  
 CPA 33490

CLEAR

The license is current and valid. The licensee can engage in the practice of public accountancy prior to the license expiration date.

CERTIFIED PUBLIC ACCOUNTANT

A Certified Public Accountant (CPA) is a person who has met the requirements of California state law and has been issued a license to practice public accounting by the California Board of Accountancy. All California CPAs are authorized to perform a wide range of accounting services, including accounting, compilation preparation, management advisory, financial advisory, tax, and consulting services.

1981-12-04

2021-01-31

None Reported To This Site By The Board

California Board of Accountancy  
 2450 Venture Oaks Way  
 Suite 300  
 Sacramento, CA 95833

Phone: 916-263-3680

Fax: 916-263-3675

Website: <http://www.dca.ca.gov/cba>

Licensee Lookup: <https://search.dca.ca.gov/>

Details of Enforcement, Non-Compliance or Disciplinary Actions:

1. If "Contact State Board For Details" is displayed then the State Board has reported some type of enforcement, non-compliance or disciplinary action to this site and the State Board should be contacted for full details about the action reported.
2. If "None Reported To This Site By The Board" is displayed then the State Board provides enforcement, non-compliance and disciplinary action data to this site and none was indicated for this record.
3. If "State Does Not Provide This Type of Data At This Site" is displayed then CPAVerify is not currently receiving enforcement, non-compliance or disciplinary action data for licensees in this state. Some states are limited to sharing this type of data with third party websites due to privacy laws or policies, but most State Boards offer this information on their official State Board websites.
4. Contact the State Board for official verification of all enforcement, non-compliance and disciplinary activity.

The results shown here include all data made available by [participating states](#). Additional data about the individual or firm may exist and is not shown here for other states that are not yet participating in the CPAVerify website. Please refer to the [Participating States](#) tab for more information about which states are currently sharing their licensing data for use with this website and for clarification about which states these results do not include. If the Board of interest is not participating, you may refer to the ["Contact Boards"](#) tab where a link to every Boards' website and therefore individual license lookup tool is available.

## CPAVerify Individual Report Results

NAME: ALEXANDER CHRISTOPHER HOM  
 STATE OF LICENSE: CA  
 LAST UPDATED: 2019-06-01

Address:  
 License/Permit/Certificate Number:  
 Registration Number:  
 License/Permit/Certificate Status:  
 License/Certificate Status Details:  
 License Type:

License Type Details:

Basis for License:  
 Issue Date:  
 Expiration Date:  
 Enforcement, Non-Compliance or Disciplinary Actions:  
 Other Information:

**Business**

SAN LUIS OBISPO, CA,  
 CPA 116432

CLEAR

The license is current and valid. The licensee can engage in the practice of public accountancy prior to the license expiration date.

CERTIFIED PUBLIC ACCOUNTANT

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2012-08-20

2019-11-30

None Reported To This Site By The Board

Contact the Board for official verification of information.

State Board Contact Information:

California Board of Accountancy  
 2450 Venture Oaks Way  
 Suite 300  
 Sacramento, CA 95833

Phone: 916-263-3680

Fax: 916-263-3675

Website: <http://www.dca.ca.gov/cba>

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