



# KENSINGTON FIRE PROTECTION DISTRICT

**DATE:** December 20, 2023  
**TO:** Board of Directors  
**RE:** Proposed Contract with Nigro & Nigro PC for Annual Audit  
**SUBMITTED BY:** Mary A. Morris-Mayorga, General Manager

### Recommended Action

Staff recommends that the Board consider approval of contracting with Nigro & Nigro PC to provide annual audit services for fiscal year 2023 - 2027 audits for \$20,500 annually totaling \$102,500 for five years and authorize the General Manager to sign the audit engagement letter.

### Background

As previously discussed, the District’s annual audit fee was increasing from \$16,800 to \$30,000 and the timing may be delayed due to scheduling. The prior auditor, MUN CPAs, had served the District for five years; therefore, an RFP was issued to solicit proposals from auditors. Two firms submitted proposals to perform the annual audit for fiscal years 2023 through 2027:

Audit Firm	Fiscal Year					Total (3 Years)
	2022-2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	
Harshwal & Company LLP	\$ 20,000	\$ 21,000	\$ 22,050	\$ 23,150	\$ 24,310	\$ 110,510
Nigro & Nigro	\$ 20,500	\$ 20,500	\$ 20,500	\$ 20,500	\$ 20,500	\$ 102,500

As recommended by the Government Finance Officers Association (GFOA):  
*Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.*

Both proposals were responsive, and both firms have audited fire protection as well as other special districts; however, Nigro & Nigro PC proposed a lower overall audit fee. In addition, Nigro & Nigro PC audit team members have presented at governmental workshops/conferences with the audit partner serving as a CSDA speaker. The audit team profiles also cited special district clients including fire. Harshwal & Company’s managing partner cited expertise with school districts and educational entities and the audit manager focuses on real estate clients, low-income housing, including both for profit and not-for-profit entities.

The audit engagement letter serves as the contract each year with the auditing firm and the prior engagement letter with MUN CPAs is included for reference.

### Fiscal Impact

Funds are included in the fiscal year budget for annual audit services each year.

- Attachments:** Policy 1180 Legal Counsel and Auditor  
 Proposal from Harshwal & Company LLP  
 Proposal from Nigro & Nigro PC  
 Prior Audit Engagement Letter w/MUN CPAs

# KENSINGTON FIRE PROTECTION DISTRICT POLICY HANDBOOK

**POLICY TITLE:** Legal Counsel and Auditor  
**POLICY NUMBER:** 1180

**1180.10** The Board of Directors shall appoint a Legal Counsel to assist the Board and District in all applicable issues and activities.

**1180.20** Legal Counsel shall be the legal adviser of the District, including the Board as a whole and the Manager. Legal Counsel shall perform such duties as may be prescribed by the Board of Directors. Such duties include, but are not limited to, providing legal assistance necessary for formulation and implementation legislative policies and projects; represent the District's interests, as determined by the District, in litigation, administrative hearings, negotiations and similar proceedings; and to keep the Board and District staff apprised of court rulings and legislation affecting the legal interest of the District. Legal Counsel is required to review and approve as to form District legal documents, i.e. contracts, agreements, etc. Legal Counsel shall review all legal issues and Closed Session items that come before the Board. The Legal Counsel shall serve at the pleasure of the Board and shall be compensated for services as determined by the Board.

**1180.21** The Legal Counsel reports to the Board as a whole but is available to each Director for consultation regarding legal matters particular to that Board member's participation. No Board member may request a legal opinion of legal counsel without concurrence by the Board, except as such requests relate to questions regarding that member's participation. The Legal Counsel shall be available to the District Manager for consultation on applicable issues and activities.

**1180.30** The District Auditor shall be appointed by the Board by a majority vote in a public meeting. The Board shall determine the duties and compensation of the Auditor. The Auditor shall serve at the pleasure of the Board. Selection of the Auditor shall be done in a noticed public meeting.

**1180.31** The Finance Committee will oversee the work of an independent auditor, who will report to the Board, to conduct an annual audit of the District's books, records, and financial affairs in accordance with state law. The Manager and contract accountant will install and maintain an accounting system that will completely, and at all times, show the financial condition of the District.



***Kensington Fire Protection District***

***Proposal to Provide Auditing Services***

***for the Fiscal Years Ending June 30, 2023, through June 30, 2025***

***with an Option to Extend for Two (2) Additional Fiscal Years***

**Submitted by:**



***333 Hegenberger Road, Suite 328***

***Oakland, CA 94621***

***Phone: (510) 452-5051 | Fax: (510) 452-3432***

***November 27, 2023***

**Contact Person**

***Managing Partner: Sanwar Harshwal, CPA***

***Cell Phone: (858) 784-1622***

***Federal Employer ID Number: 27-0741376***

***Email: [sanwar@harshwal.com](mailto:sanwar@harshwal.com) | Website: [www.harshwal.com](http://www.harshwal.com)***

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*November 27, 2023*

Kensington Fire Protection District  
ATTN: Mary Morris-Mayorga, General Manager  
217 Arlington Avenue  
Kensington, CA 94707

**Dear Mary Morris-Mayorga and Evaluation Committee Members,**

The partners and staff at Harshwal & Company, LLP are pleased to present our proposal to provide auditing 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 Kensington Fire Protection District (referred to later in this proposal as the "District") requires us to conduct a timely audit services of financial statement of the District. We are committed to meeting all terms, conditions, and requirements addressed in this request for proposal (RFP). With our experience and knowledge, we fully understand the requirements and your expectations for the services to be provided.

Harshwal & Company, LLP has been a trusted provider of comprehensive financial services across the United States for the past thirteen (13) years. With a proven track record, we have successfully delivered a myriad of services to our diverse clientele. Over the last five (5) years, our dedicated team has executed numerous financial statements for public agencies, showcasing our commitment to precision, integrity, and excellence in financial reporting. As a seasoned firm, we continue to uphold the highest standards in delivering tailored solutions that empower our clients to navigate the complexities of the financial landscape with confidence. We believe our firm is the best qualified to perform this engagement because our audit services are best performed by utilizing 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 to deliver an audit that is of exceptional quality that requires minimal disruptions of the District's on-going operations.

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

We understand that you require us to conduct an audit of the financial statement of the District, for the fiscal years ending June 30, 2023, through June 30, 2025, with an option to extend for two (2) additional fiscal years, in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the State Fiscal Agent's Minimum Audit Requirements for California Special Districts, and any other applicable standards. All material respects, the financial position of the District and the changes in financial position and cash flows in conformity with Generally Accepted Accounting Principles (GAAP).

**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 the 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.

**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

**Client Confidentiality and Security:**

- At Harshwal & Company, LLP, we are committed to safeguarding client information. Maintaining trust is one of the core values of our firm. Since your privacy is a priority to us, we will not share non-public information about you with third parties without your consent.
- In order to facilitate a highly secure method for exchanging electronic files between our firm and our clients, we have implemented a secure, trackable method for sharing large files via a hosted website called **Suralink**.
- All laptops of our audit and tax professionals are encrypted to protect our clients' information.

***Our managing partner, Mr. Sanwar Harshwal, is authorized to represent the firm and he is the authorized person to contractually obligate the firm, to negotiate the contract on behalf of the firm and to be contacted for clarifications. He can be reached at 11405 W. Bernardo Ct., Suite A, 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).***

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

***We thank you for your consideration and hope that you will provide us with the opportunity to serve your esteemed organization with our services.***

Sincerely,

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



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



**FIRM'S QUALIFICATION & EXPERIENCE**

Harshwal & Company, LLP was founded thirteen (13) 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, state and local governments, counties, educational entities, tribes and tribal governments, housing authorities, and not-for-profit organizations throughout the United States. Our commitment to our clients has enabled the firm continued growth and success in developing and maintaining strong professional relationships. 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 (4) decades of experience in public auditing and accounting, primarily with international certified public accounting 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.

**Location of the Office**

Harshwal & Company, LLP provides services to clients from three (3) locations. San Diego, CA is the location of our head office, and Oakland, CA, and Albuquerque, NM are the location of our branches. Our nearest office to the District, **Oakland, CA** office will provide independent audit services to Kensington Fire Protection District. The address and phone numbers for each of our three offices are listed below:

<b>Oakland, CA Office</b>	333 Hegenberger Road, Suite 328 Oakland, CA 94621	Phone: (510) 452-5051 Fax: (510) 452-3432
<b>San Diego, CA Office</b>	11405 W. Bernardo Ct., Suite A, San Diego, CA 92127	Phone: (858) 939-0017 Fax: (858) 964-3754
<b>Albuquerque, NM Office</b>	6565 Americas Pkwy, Suite 800 Albuquerque, NM 87110	Phone: (505) 814-1201 Fax: (505) 395-7581

**Staff Size & Organizational Structure**

<b>Audit Team</b>	<b>Manpower</b>
Managing Partner	01
Independent Reviewer	01
Additional Partners	01
Audit Manager	02
Operations Manager	01
CPAs and Senior Staff	08
Additional Staff	08
<b>Total</b>	<b>22</b>







## Proposal to Provide Auditing Services

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### Services Provided by the Firm

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

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with a special emphasis on compliance audit in education, health, and housing industries.
- **Accounting Department:** Provides consulting services in setting up businesses and establishing accounting systems, books, and records; assistance in maintaining business records; and preparing financial statements.
- **Tax Department:** Provides a wide range of tax preparation, tax planning, and consulting for corporations, partnership, and individuals.
- **Management Advisory Services:** Our technical knowledge, training, and business experience enable us to provide a broad range of management advisory services, which includes the following:
  - Designing and assisting in the installation of accounting systems to fit the requirements of a particular business.
  - Analyze existing accounting systems and recommend ways to improve controls and efficiency.
  - Assessment, installation, and modification of computer hardware and software systems.
  - Consulting in management information systems.
  - Providing consultation about the use of management information systems for planning and control and the application of accounting and other controls.

### Independence

We are independent of Kensington Fire Protection District 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.

### 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.









## Proposal to Provide Auditing Services

### 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.

		 Renewal Certificate		CALIFORNIA BOARD OF ACCOUNTANCY 2450 VENTURE OAKS WAY, SUITE 300 SACRAMENTO, CA 95833 TELEPHONE: (916) 263-3680 FACSIMILE: (916) 263-3672	
<b>CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP</b>					
REGISTRATION RECEIPT NO.	PAR 7299 32832084			VALID UNTIL OCTOBER 31, 2025	
HARSHWAL & COMPANY LLP 11405 W BERNARDO CT UNIT A SAN DIEGO CA 92127			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.		
10/10/23 10/10/23		----- POST IN PUBLIC VIEW -----		WABPAR 04/12/17	

### 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.

### Desk & Field Reviews

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

### 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 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 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.





## Proposal to Provide Auditing Services

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### Substandard Audit Work

Harshwal & Company, LLP and all assigned personnel do not have any record of substandard audit work, outstanding claims nor unsatisfactory performance pending with the any Board of Accountancy. We have never been debarred or suspended, and none of our firm's contracts have ever been rejected for substandard audits by the State Controller's Office (SCO).

### Capability to Audit Computerized Systems

Harshwal & Company, LLP is fully capable of auditing computerized systems and autonomous tools required for the auditing process. The partner and staff at Harshwal & Company, LLP are pleased to discuss our efficient use of audit technology. We use the latest technical tools and technology for auditing computerized systems. We have a dedicated IT department and cyber security professionals consisting of six professionals who could work on the audit if required.

### Firm's Most Recent External Quality Control

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the AICPA) and the Center for Audit Quality, an affiliate of the AICPA. One of the requirements of membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2020, and we received a passing peer review rating.

- **A copy of our most recent Peer Review report is attached below.**





[www.CoughlanNapaCPACo.com](http://www.CoughlanNapaCPACo.com)  
[Company@CoughlanNapaCPACo.com](mailto:Company@CoughlanNapaCPACo.com)

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

November 25, 2020

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, 2020. 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.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687  
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs





### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

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.

### **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, 2020, 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*.

*Coughlan Napa CPA Company, Inc.*

Coughlan Napa CPA Company, Inc.





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

March 01, 2021

Sanwar Harshwal  
Harshwal & Company LLP  
16870 W. Bernardo Dr, STE 250  
San Diego, CA 92127

Dear Sanwar Harshwal:

It is my pleasure to notify you that on February 25, 2021, 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, 2023. 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.

Sincerely,

*Peer Review Committee*

Peer Review Program  
The Peer Review Program Team  
peerreview@calcpa.org  
650-522-3094

cc: Constance Coughlan

Firm Number: 900005526362

Review Number: 578635





## Technical Experience of the Firm

Harshwal & Company, LLP has performed numerous audits of special districts, state and local governments, counties, educational entities, tribes and tribal governments, housing authorities, and not-for-profit organizations etc., that are subject to financial and compliance audits. The following is a list of clients we have served.

### Special Districts

- Sunrise Recreation & Park District
- Valley of the Moon Water District
- Humboldt Bay Harbor, Recreation and Conservation District
- Burbank Sanitary District
- Goshen Community Services District
- Aromas Tri-County Fire Protection District
- Cypress Fire Protection District
- South Monterey County Fire Protection District
- Rodeo-Hercules Fire District
- Artesia Cemetery District
- Big Rock community service district
- Buena Park Library District
- Central Basin Municipal Water District
- Del Norte Library District
- Gasquet Community Services District
- Paradise Recreation and Park District
- Plumas County Community Development Commission
- San Dieguito River Park Joint Powers Authority
- Smith River Fire Protection District
- Guadalupe Coyote Resource Conservation District
- San Miguel Community Services District
- Yolo Local Agency Formation Commission
- Alameda County Fire Department
- SCC Center Fire Protection District
- Oakland-Alameda County Coliseum Authority
- Los Altos Hills County Fire District
- Santa Clara County Sanitation District 2-3
- Alameda County Community Development Department
- Mission Oak Park and Recreation District
- El Rancho Simi Cemetery District
- Saratoga Fire Protection District
- Lions Gate Community Service District
- Alameda County Law Library
- Fort Dick Fire Protection District
- Cupertino Sanitary District
- Border Coast Regional Airport Authority
- Del Norte Solid Waste Management Authority
- Coastside Fire Protection district
- Bardsdale Cemetery District
- Border Coast Regional Airport Authority
- Carmel Highlands Fire Protection District
- Crescent Fire Protection District
- Del Norte Local Transportation Commission
- Loma Prieta Resource Conservation District
- Perris Valley Cemetery District
- Redwood Empire Dispatch Communications Authority
- Santa Clara County Vector Control District
- West Contra Costa Integrated Waste Management Authority
- First 5 Inyo County
- First 5 Santa Cruz County
- Ambrose Recreation and Park District
- South Santa Clara Co. Fire District
- Menlo Park Fire Protection District
- Los Medanos Community Health Care District
- Alameda County Housing and Community Development
- East Palo Alto Sanitary District
- Solano County Local Transportation Fund
- Fox Canyon Groundwater Management Agency





**State and Local Governments**

- County of Del Norte
- Town of Apple Valley
- City of San Mateo
- City of Sanger
- City of Oakland
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- Cibola County
- Sierra County
- First 5 Alameda County
- First 5 Santa Cruz County
- First 5 Inyo County
- First 5 Marin Children & Families Commission
- First 5 Monterey County
- First 5 San Bernardino
- Town of Edgewood
- Town of Springer
- Town of Mesilla
- Town of Cochiti Lake

**COUNTIES**

**County of Alameda**

- Alameda County Housing and Community Development and Lead Poisoning Prevention
- Alameda County Public Works Department
- Alameda County Housing and Community Development - Bond Audit
- Alameda County Social Services - Food Stamp
- Oakland-Alameda County Coliseum Authority
- Alameda County Health Care Services Agency
- Alameda County Auditor-Controller's Agency
- City of Oakland, Office of Public Works
- Alameda County Fire Department
- Alameda County Transportation Authority

**Del Norte County**

- Del Norte County
- Del Norte County Solid Waste Management Authority

**Santa Clara County**

- Single Audit (Sub Contractor)
- County of Santa Clara JTPA Program
- Mental Health Short Doyle Program
- Sheriff's Department – Inmate Welfare Fund

**County of San Mateo**

- JTPA Program
- Menlo Park Fire Protection District
- Department of Community Services

**Santa Cruz County**

- Single Audit
- Mental Health - Short Doyle Program

**Solano County**

- City of Vallejo (Sub Contractor)
- Local Transportation Fund
- Mental Health - Short Doyal Program







**Contra Costa County**

- Public Works Department
- Emergency Medical Services

**Educational Entities**

- Pleasant Valley School District
- Belmont-Redwood Shores School District
- Lamont School District
- Azusa Unified School District
- Conejo Valley Unified School District
- Spark\* SF Public Schools
- Sacramento Valley Charter School
- Nazlini Community School
- EL Segundo Unified School District
- Pinon Community School, Inc.
- Richland School District
- First Mesa Day School
- La Honda-Pescadero Unified School District
- San Mateo - Foster City School District
- Ravenswood City School District
- Brisbane School District
- Napa Valley Unified School District
- Jefferson School District
- Fairfield-Suisun Unified School District
- San Bruno Park School District
- Benicia Unified School District
- Jefferson Union High School District

**Housing Entities**

- Santa Clara Pueblo Housing Authority
- Housing Authority of the County of Alameda
- City of Eureka Housing Authority
- County of Humboldt Housing Authority
- Greyhills Academy High School
- Sisseton Wahpeton Housing Authority
- Housing Authority of the County of San Mateo
- Housing Authority of the City of Port Hueneme
- Eastern Regional Housing Authority
- Housing Authority of the County of Butte
- White Mountain Apache Housing Authority
- Housing Authority of the City of Richmond
- Housing Authority of the City of Benicia
- Pueblo of San Felipe Housing Authority

**Private Entities**

- Optimize Infrastructure, LLC
- Juana Care Facility, LLC
- Newport Holdings, L.P.
- Solace Supportive Living, Inc.
- TerraVerde Energy, LLC
- The Child Day Schools, LLC
- The Good Earth Organics, Inc.
- Thomas Jee & Associates, Inc.
- Tots of Love Child Development Center, LLC
- Vvd Partners, LLC
- Eureka Housing Associates, LP
- RADAR Creative
- Nelson Trucking Partners, LLC

**Pension Plan Clients**

- Akshaya Inc.(401K)
- Baker's (Retirement Plan-403 B)
- Burning Man Project (401k) Plan
- East Bay Agency for Children 403(b)
- Fulfilment Systems, Inc. (401)
- Fundbox Inc. (401)
- Hammer Prep (401k) Plan
- Hog Island Oyster Company (401k) Plan
- Kai Ming, Inc. (403B)
- Luxesphere Holdings, Inc. (401k) Plan





## Proposal to Provide Auditing Services

- Kickapoo Tribe of Oklahoma (401K) Plan
- Mission Neighborhood Centers (403B) Plan
- Sysintelli, Inc. (401k) Plan
- The Athenian School (403B) Plan
- Native American Health Center, Inc. (403B)
- Skywalker Properties (401k) Plan
- Storage Pro (401k) Plan
- United Indian Health Services, Inc. (403B) Plan

### Non-Profit Organizations

- Manzanita Charter School
- San Diego Civic Youth Ballet
- San Francisco Community Clinic Consortium
- Greater Farallones Association
- Santa Clara Teacher Housing Foundation
- Mother Lode Job Training
- Eden United Church of Christ
- Ruckus Society
- Hopi Credit Association
- Health and Human Resource Education Center
- California Hispanic Chambers of Commerce
- California Municipal Utilities Association
- New Bridge Foundation
- San Diego Organizing Project
- Family Paths, Inc.
- Santa Cruz County Parents Association
- Consolidated Tribal Health Project Inc.
- Mnc 1240 Valencia Inc.
- A & I Express Inc.
- A&I Transport Inc.
- Access Reproductive Justice
- Alameda County Deputy Sheriffs Activities League
- Baker's Palace
- California College of Communications, Inc.
- Center for Third World Organizing
- Center for Youth Development through Law
- Consolidated Tribal Health Project, Inc.
- Countywide Alcohol and Drug Services, Inc.
- Crowden Music Center
- Digital Democracy
- East Oakland Switchboard
- Family Bridges Inc.
- Gallup Inter-Tribal Indian Ceremonial Association, Inc.
- United Way of Santa Cruz County
- ICON Community Development Corporation
- Oakland Metropolitan Chamber of Commerce
- Gluon Solutions, Inc.
- Youth Together, Inc.
- TerraVerde Energy
- Luxesphere Holdings, Inc. and Subsidiaries
- FOOD FIRST/Institute for Food & Development
- Chinese for Affirmative Action
- RFHC Bay Pulgas Landowner, Inc.
- Institute for Molecular Medicine
- Key Educational Group
- Oakland Community Organizations, Inc.
- South County Community Health Center, Inc.
- Native American Health Center, Inc.
- Community Clinic Consortium
- Allen Temple Baptist Church
- American Federation of State, County & Municipal Employees Local 2428
- American Nonsmokers' Rights Foundation
- Anti Terror Project, Inc.
- Artequity Community
- California Hispanic Chambers of Commerce Foundation
- Carbon Offsets to Alleviate Property
- Centro Latino de San Francisco
- Community Health Partnership, Inc.
- Court Appointed Special Adocates Program, Inc.
- DayBreak Adult Care Centers
- Dominican Sisters Vision of Hope
- Eden Area Foundation
- Faith in Action Bay area
- Grand Lodge of California





## Proposal to Provide Auditing Services

- Hopi Credit Associations
- IIT Kanpur
- IIT Bombay Heritage Foundation
- IIT Madras Foundation
- Maisha Meds, Inc.
- Mary Magdalene Community Services
- New Mexico Cancer Care Alliance
- Pacific Center for Human Growth
- Rwanda School Project
- San Francisco BayKeeper
- Solano Coalition for Better Health
- The Estria Foundation
- Tohatchi Area of Opportunity & Services, Inc.
- Women's Daytime Drop-In Center
- St. James Infirmary
- Redwood Region Economic Development Commission
- Veterans Accession House
- Heffernan Foundation
- Hiawatha Harris M.D, Inc.
- Just Cities Institutes
- Lakeshore Avenue Baptist Church
- Mission Language & Vocational School
- North County Lifeline Inc.
- Our Common Ground Inc.
- Pawnee Nation College
- Redwoods Rural Health Center
- Sikh Gurdwara San Jose
- Sustainable Economies Law Center
- Sustainable Sciences Institute
- V- Day
- Vascular Cures and Pacific Vascular Research Institute
- El Centro de Libertad/The Freedom Center
- San Carlos Apache Relending Enterprise
- Chinese for Affirmative Action

### Tribes and Tribal Entities

- Sac and Fox Nation
- KTNN Native Broadcast Enterprise
- K'ima: w Medical Center
- Robinson Rancheria Band of Pomo Indians
- Village of Shungopavi
- Kykotsmovi Village
- California Tribal T.A.N.F Partnership
- La Jolla Band of Luiseño Indians
- Big Sandy Rancheria
- Village of Sichomovi
- Kickapoo Tribe of Oklahoma
- Timbisha Shoshone Tribe
- Omaha Tribe of Nebraska
- Kashia Band of Pomo Indians of the Stewarts Point Rancheria
- Kickapoo Tribal Health Center of the Kickapoo Tribe of Oklahoma
- Yuwehloo Pahki Community
- Hoopa Valley Tribe
- Pauma Band of Luiseno Mission Indians
- San Luis Rey Indian Water Authority
- Sipaulovi Village
- Cloverdale pomo band of Indians

### Experience with GAAP and GAS Accounting and Reporting

Harshwal & Company, LLP maintains a proven track record in the realm of financial reporting, underpinned by a robust expertise in both GAAP and GAS. This extensive experience underscores our commitment to the highest standards of financial integrity and precision. Adhering meticulously to GAAP, we ensure that our financial reporting aligns with universally accepted principles, offering stakeholders a solid foundation for assessing the firm's fiscal performance. Simultaneously, our proficiency in GAS accounting equips us to navigate the intricate landscape of governmental financial reporting, guaranteeing compliance with pertinent standards and regulations. This duality of expertise positions our firm as a reliable and knowledgeable partner, dedicated to furnishing accurate and comprehensive financial information vital for informed decision-making by our clients and stakeholders.





## QUALIFICATIONS OF PROPOSED PERSONNEL

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. We're passionate about our work—and your success. We have selected professionals for your service team who are the right fit for your engagement, based on their knowledge and experience in the governmental industry. We know the importance of a strong business relationship, so we keep staffing changes to a minimum year-to-year. Harshwal & Company, LLP has a high retention rate, allowing us to provide stability.

### Staff Continuity over the Term of the Agreement

We focus on our team members as well as our clients. Our turnover is significantly lower than other national and regional service firms. This staff continuity enables us to develop and maintain an in-depth understanding of your operations, management style and operating practices, which ultimately allows us to offer you experienced resources, value-added services, industry specialization, and overall better personal service. This commitment to people also resides at our executive level where you will find a refreshingly greater hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.

### Proposed Audit Team's Directory

Name of Team Member	Role	Experience
Sanwar Harshwal, CPA, CIA, CISA, CFE	Managing Partner	39+ Years
Phyl Warnock, CPA	Independent Reviewer	24+ Years
Garima Pathak, CA	Audit Manager	7+ Years
Samson Reda, CPA	Senior Auditor	9+ Years
Poonam Sharma, CPA	Staff Auditor	6+ Years

Almost all of our assigned key personnel are licensed to practice as a Certified Public Accountant (CPA). 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 replace audit personnel, we will provide replacements having similar or better qualifications and experience.*

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





## Audit Team Responsibilities

<u>Name/Position</u>	<u>Responsibility</u>
<b>Sanwar Harshwal, CPA Managing Partner</b>	<p>Sanwar Harshwal will be the principal 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.</p> <p>He will coordinate with the manager and supervisor for proper field work progress. He will also manage and organize the audit team's effort and ensure the various audit components are performed efficiently. 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>Phyl Warnock, CPA Independent Reviewer</b>	<p>Phyl R. Warnock will serve as an independent reviewer for the District. He will be responsible for reviewing staff work papers, preparing findings and recommendations, documenting internal controls, designing test procedures, and ensuring compliance with enrollment auditing standards for the District. He has extensive experience in reviewing enrollment audit reports and will also be managing the staffing assignment for the engagement to meet deadlines.</p>
<b>Garima Pathak, CA Audit Manager</b>	<p>Garima Pathak will serve as an audit manager and provide the District staff with updates to summarize our progress against the project timeline, and update the status of upcoming deliverables. She will also document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and report.</p>
<b>Samson Reda, CPA Senior Auditor</b>	<p>Samson Reda, is a senior auditor and is in charge of the fieldwork. He will be responsible for preparation and maintenance of various work-papers required for audit report preparation.</p>
<b>Poonam Sharma, CPA Staff Auditor</b>	<p>Poonam Sharma will be responsible for coordinating the efforts of our staff throughout fieldwork and managing on-site audit procedures. She will be available to answer any of your technical questions.</p>

### Overall Supervision to be Exercised

The audit will be managed by the firm's audit manager, **Garima Pathak**, who has extensive experience in audits of special districts. Garima Pathak has been in charge of various large audits, governmental funded programs, and community-based organizations receiving federal and state funds.





## Audit Team Resumes

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

Sanwar Harshwal is the managing partner of Harshwal & Company, LLP. 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 39+ years of experience with governmental auditing engagements, Mr. Harshwal is also a leading expert on emerging accounting challenges for school districts and educational entities. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of educational entities.

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)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

#### **Professional Membership:**

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







## ***Proposal to Provide Auditing Services***

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### **PHYL WARNOCK, CPA Independent Reviewer**

Phyl Warnock is an independent reviewer and have over 24+ years' experience in performing financial audits, reviewing staff work papers, writing financial statements, preparing findings and recommendations, documenting internal controls and redesigning test procedures. Phyl has performed financial audits of educational entities, state and local governments, special districts, non-profit organizations, municipalities and has working knowledge of GAAP used during audits & financial statement preparations. He will be responsible for reviewing the work papers and final audit report.

#### **Education:**

- Masters of Business Administration
- Bachelors of Science in Accounting

#### **Certification:**

- Certified Public Accountant

### **GARIMA PATHAK, CA Audit Manager**

Garima Pathak is our audit manager and has been employed with Harshwal & Company, LLP for seven (7) years. She has been engaged in numerous audits of educational entities, state and local governments, special districts, tribes and tribal governments, housing authorities, and not-for-profit organizations. Garima has 4 years of experience working with all types of exempt organizations including 501(c) (3), 501(c) (4), 501(c) (6), and 501(c) (7). Garima has provided tax compliance services to clients in the retail, real estate, and not-for-profit industries. She concentrates on real estate clients, focusing on low-income housing, including both for profit and not-for-profit entities. Garima has a passion for her not-for-profit clients and the industry at large, providing them with hands-on tax compliance services including Form 990 filings. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

#### **Education:**

- Bachelor's in Commerce

#### **Certification:**

- Chartered Accountancy of Institute of Chartered Accountants of India

### **SAMSON REDA, CPA Senior Auditor**

Samson Reda is a senior auditor at Harshwal & Company, LLP and has nine (9) years of experience in auditing and providing accounting services to educational entities, state and local governments, special districts, housing authorities, not-for-profit organizations, and tribes and tribal governments. He is an expert in data analysis and 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.







## Proposal to Provide Auditing Services

He also conducts sampling, testing and is well experienced in performing 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 audit.

### **Education:**

- BA in Accounting

### **Certification:**

- Certified Public Accountant

### **POONAM SHARMA, CPA**

#### **Staff Auditor**

Poonam Sharma is serving the firm as staff auditor. She has been engaged with several audits and accounting engagements of tribes and tribal governments, not-for-profit organizations, educational entities, state and local governments, and housing authorities. Poonam is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. 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. 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:**

- Master of Business Administration in Accounting

### **Continuing Professional Education (CPE)**

Harshwal & Company, LLP places a strong emphasis on lifelong learning and recognizes the importance of developing our professionals to best serve our clients. Because we are committed to the industries we serve, we provide our professionals with specific, ongoing training. This investment ensures our people stay current on the unique challenges and opportunities within the industry sectors so that they are in the best position to help clients address these issues.

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

<b>Audit Team Member</b>	<b>Governmental CPE</b>	<b>Non-Governmental CPE</b>
<b>Sanwar Harshwal, CPA, CFE, CISA, CFE</b>	<b>140</b>	<b>124</b>
<b>Phyl Warnock, CPA</b>	<b>25</b>	<b>42</b>
<b>Garima Pathak, CA</b>	<b>84</b>	<b>57</b>
<b>Samson Reda, CPA</b>	<b>80</b>	<b>56</b>
<b>Poonam Sharma, CPA</b>	<b>83</b>	<b>40</b>





## AUDIT APPROACH

### Scope of the Work

At Harshwal & Company, LLP, our professionals have extensive experience performing independent audits of special districts and our team has a broad understanding of the work environment that is necessary to conduct an independent audit of Kensington Fire Protection District. We understand that you require us to conduct an audit of the financial statements of the District for the fiscal years ending June 30, 2023, through June 30, 2025, with an option to extend for two (2) additional fiscal years, in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the State Fiscal Agent's Minimum Audit Requirements for California Special Districts, and any other applicable standards. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

- Harshwal & Company, LLP will perform an audit the District's basic financial statements including testing internal controls.
- We will express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position and cash flows in conformity with Generally Accepted Accounting Principles (GAAP) and will issue a report stating this opinion.
- We will apply auditing procedures to the introductory section, combining and individual fund statements and schedules, schedules of capital fund program annual contribution contracts and statistical section and will express an opinion on whether they are fairly stated in all material respects in relation to the basic financial statements taken as a whole.
- We will prepare and electronically file the Annual California State Special Districts Report pursuant to Government Code 53891 for the District along with any supplements required by the state in the format required by the state by the required deadline/extended deadline.
- We will meet (on-site or remotely) prior to issuance of the final audit report with the District staff to discuss the results of the audit and to review significant findings.
- We will provide all audit adjustments including appropriate back-up documentation and will meet with the District's staff, if requested, to discuss final adjustments.
- We will prepare a report to the Governing Board that identifies significant audit findings, difficulties encountered in performing the audit, identify any corrected and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies, and material weaknesses, if any, and our recommendations for improvements in accounting and administrative controls.
- We will issue the final audit report including Independent Auditors Reports including the audited financial statements and schedules.

### Understanding of the Project to be Performed

The two most critical components of the audit are (1) to have continuity and consistency among the auditors involved and (2) to 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.





## Proposal to Provide Auditing Services

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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 the examination and identify dates for future meetings to report on our progress in the examination. Shortly thereafter, the partners and an audit manager will meet with the District Manager or 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, and 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 a 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 Kensington Fire Protection 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 Testing.





## Proposal to Provide Auditing Services

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### Control Testing — 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, and 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 the 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 the review and distribution of reports.

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

Auditor judgment will be used in selecting our audit samples for tests of compliance work. The majority of the testing of compliance will be centered around the single audit testing of the direct and material elements for the major programs.





### Audit Sizes and Statistical Sampling Techniques

Audit sampling provides the auditor with an appropriate basis on which to conclude on an audit area by examining evidence from a sample of 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.

### Working Paper Retention and Access to Working Papers

We will retain audit working papers and reports for a minimum of seven (7) years unless we are notified in writing by the District of the need to change the retention period. In addition, we will respond to reasonable inquiries of the District and successor auditors, and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance. The audits are subject to review by the Office of the State Controller, the California Department of Education, the Office of the Auditor General, the Los Angeles County Office of Education, and other individuals designated by the agency. Accordingly, the audit work papers will be made available upon request.

### Rules and Regulations

Harshwal & Company, LLP will meet all specific requirements imposed by state or local law or rules and regulations. We will review the laws and regulations covering the District's grants and major programs as part of any Single Audit testing if applicable. Based upon our inquiries with the District staff and review of any District's municipal code, etc., we will determine the relevant laws and regulations that will be subject to additional test 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 the 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 Kensington Fire Protection 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. We are pleased to discuss our efficient use of audit technology as follows:

**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 only by our engagement team working on your audit and the District's employees who are granted access.







## Proposal to Provide Auditing Services

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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. This not only makes the operation more cost-efficient, it 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. With this innovative tool, clients can manage workflow through a centralized individual who can assign and delegate requests to other employees; track project activity by assigned individual, due date, and status with a user friendly, easy-to-use, dashboard interface; quickly view and monitor project progress with an at-a-glance report feature; and access how-to videos and training materials through the enhanced learning center.

**IDEA:** We will utilize IDEA data extraction software to assist us in completing our analytical procedures. We will obtain a detail general ledger of all transactions that occurred during the year and download that information into IDEA. We will analyze the data for unusual transactions and create reports for our audit procedures. Additional functionality of this program allows us to receive files in many formats used by the District which alleviates the stresses and pressures of converting data into a usable format.

**CaseWare:** CaseWare is a highly flexible engagement software that facilitates real-time adjustments to your trial balance, resulting in simultaneous updates to your financial statements. It enables us to drill down from supporting audit schedules and documents to the underlying detailed accounts. We plan, perform, and review your entire engagement electronically, eliminating the use of paper.

**CaseView:** CaseView is a powerful reporting module that helps review of financial statements, as well as any other customized work paper reports. It utilizes an interface that combines the appropriate features of Word and Excel into a single application that engages word processing features for formatting financial information. Some advantages of CaseWare and CaseView are as follows:

- **Automatic financial reports:** This refers to the ability to generate and print financial statements immediately. The numbers in the trial balance are mapped to financial statement tables and foot notes to provide robust and accurate financial statements and reports.
- **Automatic footnotes and other information:** This is the ability to format financial statement footnotes with variables (dates, amounts, etc.) that are automatically updated based upon the trial balances and appropriate work paper information.
- **Virtualization:** This provides a more consistent approach to financial statement design and a reduced risk of errors in the financial statement reports.

### **Anticipated Potential Audit Problems**

We understand that the adoption of new laws or accounting principles can significantly impact the audit process, and we are committed to addressing these challenges effectively. Our team of experienced auditors stays updated with the latest regulations and accounting standards to ensure compliance and accuracy in our work. We will closely monitor any changes in laws or accounting principles that may affect the audit and promptly adapt our approach to accommodate these modifications. In the event that we encounter specific complexities or require additional support, we will communicate and coordinate with the District to request any special assistance needed. We believe in fostering a collaborative relationship, and by working closely with the District, we can overcome potential hurdles and ensure a successful audit engagement. Our proposal aims to demonstrate our proactive approach to anticipating and managing audit problems, as well as our commitment to providing high-quality services while adhering to relevant laws and accounting principles.





### Supervisory Review and Quality Control Procedures

Harshwal & Company, LLP will schedule an entrance conference prior to beginning interim fieldwork. We will provide progress reporting on at least a monthly basis to the District's Director of Financial Services. The exit conference will summarize the results of fieldwork and review significant findings are expected on the last day of fieldwork or shortly thereafter. We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts which become aware to the District's following parties: The District Manager; The District Attorney; and the Director of Financial Services. All of our documents have levels of review. The various levels are determined by our risk assessment during the planning stages of the audit. Typically, a review will include the following:

- Seniors will review all work performed by staff.
- Managers will review work performed by seniors as well as review key significant areas that was prepared by staff and reviewed by the senior. Some of these areas include accounts receivable, investments, capital assets, long term debt and pension liabilities, other liabilities, net position classification and single audits.
- Partners will review areas that are deemed high from a risk perspective as well as the single audit.
- Independent reviewer will review the report for proper and technical aspects making sure everything is report properly. As a firm, we require all single audits and reporting to be reviewed by another partner with specific government experience.

### 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 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. At the completion of the interim work, we will provide a management letter to the Superintendent (or designee) detailing all findings and recommendations noted as of the date of the completion of the interim work. We may substitute a copy of all written findings for the management letter.







**AUDIT SCHEDULE**

Harshwal & Company, LLP is prepared to meet the deadlines required.

<b>Milestones</b>	<b>Tentative Timeline</b>
Preliminary work, planning, risk assessment and system evaluation	3rd Week of December 2023
Commencement of audit fieldwork	2nd Week of January or Before
Final audit fieldwork and audit work to be completed	3rd Week of February or Before
Draft audit report and management letter for review	2nd Week of March or Before
Final audit report and management letter	March, 31 2024 or Before

- *The timeline is reasonable given the totality of work involved and our managers being highly qualified and trained. We will follow the same system to get work done throughout the engagement period.*
- *This timeline is dependent on the availability of your personnel and is subject to the anticipated closing your accounting records.*





**AUDIT FEE**

**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 with exceptional service that meets and exceeds professional auditing standards at a competitive cost.

*Summarized below are the professional fees for the District's auditing services for the FY June 30, 2023, through June 30, 2027:*

<b>Audit Area - Description</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026 (Optional)</b>	<b>FY 2027 (Optional)</b>
<i>Professional fees:</i>					
Financial Audit of the District.....	\$ 20,000.00	\$ 21,000.00	\$ 22,050.00	\$ 23,150.00	\$ 24,310.00
<i>Total out-of-pocket expenses</i>	<b>Included</b>	<b>Included</b>	<b>Included</b>	<b>Included</b>	<b>Included</b>
<i>Total Fees</i>	<b>\$ 20,000.00</b>	<b>\$ 21,000.00</b>	<b>\$ 22,050.00</b>	<b>\$ 23,150.00</b>	<b>\$ 24,310.00</b>

➤ *Fees for subsequent fiscal years audit will include an annual inflationary adjustment of 5%.*

**Rates by Partners, Manager and Staff**

<b>Our Estimated Hours for FY June 30, 2023:</b>			
<b>Description - Team Composition</b>	<b>Est. Hours</b>	<b>Hourly Rates</b>	<b>Total</b>
Managing Partner	9	\$400	\$ 3,600.00
Independent Reviewer	10	275	2,750.00
Manager	15	275	4,125.00
Senior Auditor	21	175	3,675.00
Staff Auditor	45	120	5,400.00
Clerical Staff	5	90	450.00
<i>Out-of-pocket expenses</i>			<b>Included</b>
<i>Total</i>	<b>105</b>		<b>\$ 20,000.00</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.

**Manner of Payment**

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. Interim billings do not cover a period of less than a calendar month. We do not bill for out-of-pocket expenses as they are included in our stated total maximum price. Any consulting work you request will be performed at the same rates as our audit work.





## REFERENCES

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 auditing approach, the abilities of our professionals, and the timeliness and overall value of our services. We would be happy to provide additional references upon request, if you would like:

### 1. Rodeo Hercules Fire Protection District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and ACFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Principal Contact:** Getachew Demeku-Ousman
- **Address:** 1680 Refugio Valley Road, Hercules, CA 94547
- **Phone Number:** (510) 799-4561
- **E-Mail:** [gdemeku@gmail.com](mailto:gdemeku@gmail.com)

### 2. Coastside Fire Protection District

- **Scope of Work:** Financial Statement audit and ACFR prepared in conformance with GAAP.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Principal Contact:** Ginny Petras, Administrative Officer
- **Address:** 1191 Main Street, Half Moon Bay, CA 94019
- **Phone Number:** (650) 726-5213
- **E-Mail:** [Ginny.Petras@fire.ca.gov](mailto:Ginny.Petras@fire.ca.gov)

### 3. Saratoga Fire Protection District

- **Scope of Work:** Audit of the Basic Financial Statements and tax services.
- **Date of Services:** Fiscal years ended June 30, 2018 to present
- **Principal Contact:** Trina Whitley, Business Manager
- **Address:** 14380 Saratoga Avenue, Saratoga, CA 95070
- **Phone Number:** (408) 867-9001
- **E-Mail:** [twhitley@saratogafire.org](mailto:twhitley@saratogafire.org)





**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547  
(510) 799-4561 FAX: (510) 799-0395

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

I am pleased to offer an enthusiastic recommendation for retention of Harshwal & Company, LLP (HCLLP).

Rodeo Hercules Fire Protection District has been engaged with HCLLP to perform a Financial Statement Audit throughout the tenure. I have found the HCLLP team to be knowledgeable, professional, and easy to work with. They are always responsive and solution-oriented.

My personal belief is that HCLLP offers a unique perspective and approach to auditing, in that they take the time to fully understand the individual nuances of similar but distinct reporting entities. This enables them to generate a meaningful client dialogue about the accuracy of their work, and more importantly the completeness of the financial reporting that they oversee. I believe that HCLLP is especially cost competitive with their peers, due to the time efficiencies generated by their investment in computerized and electronic work papers.

Please do not hesitate to call upon me directly at (510) 799-4561 for additional information regarding HCLLP.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Craig".

Fire Chief Bryan Craig  
Rodeo Hercules Fire Protection District







COASTSIDE FIRE PROTECTION DISTRICT

1191 MAIN ST. HALF MOON BAY, CA 94019  
TELEPHONE (650) 726-5213 FAX (650) 726-0132

May 5, 2021

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

I am pleased to offer an enthusiastic recommendation for the retention of Harshwal & Company, LLP (HCLLP).

I have worked with the HCLLP team over the past three years, specifically with Garima Pathak, to perform financial statement audits for the Coastside Fire Protection District. I have found the HCLLP team to be diligent, supportive, proficient, and very easy to work with. HCLLP has always completed its contractual obligations on time and within our allocated budget and has remained cost competitive with their peers. Garima is very "hands-on" during field work activities and has provided invaluable guidance, supervision, and mentoring to our office.

HCLLP offers a unique perspective and approach to auditing, in that they have taken the time to fully understand the individual nuances of our agency. This has enabled us to maintain an open and instructive dialogue and more importantly they generate a thorough, professional, and accurate final product.

Please do not hesitate to call upon me directly at (831) 254-1759 for additional information regarding HCLLP.

Sincerely,

A handwritten signature in black ink that reads "G. Petras".

Ginny Petras  
Administrative Officer II  
Coast Side Fire Protection District





## CONFLICT OF INTEREST

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

## INSURANCE REQUIREMENTS

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

1. Professional liability for \$2,000,000 per claim and \$4,000,000 aggregate. The carrier is Hanover Insurance Company.
2. Commercial general liability and property damage for \$2,000,000 per occurrence and \$4,000,000 aggregate. The carrier is Sentinel Insurance Company Ltd.
3. Workers' compensation (statutory amounts and limits) insurance carrier is Hartford. The limit of the liability is \$1,000,000.
4. Automobile liability for \$2,000,000. The carrier is Sentinel Insurance Company Ltd.

➤ **A copy of our Insurance document is attached below.**





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

06/30/2023

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> McGowanPRO 150 Speen Street Suite 102 Framingham, MA. 01701	<b>CONTACT NAME:</b> PHONE (A/C No. Ext): 508-656-1300      FAX (A/C No): 508-656-1399 E-MAIL ADDRESS:														
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A : Hanover Insurance Co.</td> <td>22292</td> </tr> <tr> <td>INSURER B :</td> <td></td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Hanover Insurance Co.	22292	INSURER B :		INSURER C :		INSURER D :		INSURER E :		INSURER F :
INSURER(S) AFFORDING COVERAGE	NAIC #														
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INSURER B :															
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															
<b>INSURED</b> Harshwal & Company LLP 11405 W Bernardo Ct Suite A San Diego, CA 92127															

**COVERAGES      CERTIFICATE NUMBER:      REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS								
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ _____ \$								
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ _____ \$								
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ _____ \$								
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICE/MEMBER EXCLUDED? (Mandatory in NH) Y/N <input type="checkbox"/> If yes, describe under DESCRIPTION OF OPERATIONS below						<table border="1"> <tr> <td>WC STATUTORY LIMITS</td> <td>OTHER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATUTORY LIMITS	OTHER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$
WC STATUTORY LIMITS	OTHER														
E.L. EACH ACCIDENT	\$														
E.L. DISEASE - EA EMPLOYEE	\$														
E.L. DISEASE - POLICY LIMIT	\$														
A	Professional Liability			LHN J467545 00	07/01/2023	07/01/2024	Limit of Liability: \$2,000,000 Aggregate: \$4,000,000								

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

<b>CERTIFICATE HOLDER</b> Harshwal & Company LLP 11405 W Bernardo Ct Suite A San Diego, CA 92127	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
07/18/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> CAMICO SERVICES INC/PHS 57141555 The Hartford Business Service Center 3600 Wiseman Blvd San Antonio, TX 78251		<b>CONTACT NAME:</b> PHONE (866) 467-8730 FAX (A/C, No): E-MAIL ADDRESS:	
<b>INSURED</b> HARSHWAL & COMPANY, LLP. 11405 W BERNARDO CT STE A SAN DIEGO CA 92127		<b>INSURER(S) AFFORDING COVERAGE</b>	
		INSURER A : Sentinel Insurance Company Ltd.	NAIC# 11000
		INSURER B : Hartford Fire and Its P&C Affiliates	00914
		INSURER C :	
		INSURER D :	
		INSURER E :	
		INSURER F :	

**COVERAGES**

**CERTIFICATE NUMBER:**

**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/Y YY)	LIMITS
A	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> General Liability			57 SBA BM7653	05/12/2023	05/12/2024	EACH OCCURRENCE \$2,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000
							MED EXP (Any one person) \$10,000
							PERSONAL & ADV INJURY \$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:						GENERAL AGGREGATE \$4,000,000
							PRODUCTS - COMP/OP AGG \$4,000,000
A	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			57 SBA BM7653	05/12/2023	05/12/2024	COMBINED SINGLE LIMIT (Ea accident) \$2,000,000
							BODILY INJURY (Per person)
							BODILY INJURY (Per accident)
							PROPERTY DAMAGE (Per accident)
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB OCCUR CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE
							AGGREGATE
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A	57 WEC AG8JZ9	07/21/2023	07/21/2024	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
							E.L. EACH ACCIDENT \$1,000,000
							E.L. DISEASE -EA EMPLOYEE \$1,000,000
							E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
Those usual to the Insured's Operations.

**CERTIFICATE HOLDER**

HARSHWAL & COMPANY, LLP  
11405 W BERNARDO CT STE A  
SAN DIEGO CA 92127-1639

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Susan A. Castaneda*

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**AUTHORIZED SIGNATURE**

We are committed to the performance of a high quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, partners will provide advice and consultation as needed, at no additional cost to the Kensington Fire Protection District.

**Our proposal is a firm and irrevocable offer for a period of ninety (90) days after submission of the proposal.**

**Name of Firm:** Harshwal & Company, LLP  
**Mailing Address:** 333 Hegenberger Road, Suite 328 Oakland, CA 94621  
**Contact Name:** Sanwar Harshwal, Managing Partner  
**Contact Cellphone Number:** (858) 784-1622  
**Contact Email Address:** [sanwar@harshwal.com](mailto:sanwar@harshwal.com)

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the Kensington Fire Protection District on behalf of the above named firm.

A handwritten signature in black ink, appearing to read "Sanwar Harshwal".

\_\_\_\_\_  
Sanwar Harshwal, Managing Partner

November 27, 2023  
\_\_\_\_\_  
Date





### Benefits of Choosing Harshwal & Company, LLP

Harshwal & Company, LLP is recognized for its professionalism, integrity, and providing clients with effective resolutions for their unique circumstances and issues. Our firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. Harshwal & Company, LLP's main objective is always to provide the District with solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect.

This philosophy and mindset allows us to provide a superior level of service. We trust that this proposal has given you the information you need about the firm, the engagement team members, our overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the District and providing you with the excellent level of service that you expect and deserve.

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:

- The accounting records will be in balance and supported by appropriate documentation;
- The District's staff will provide the supporting schedules for all asset and liability accounts;
- The District's 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.**



**PROPOSAL FOR PROFESSIONAL AUDITING SERVICES  
Kensington Fire Protection District**

**For the Fiscal Years Ending  
June 30, 2023-2025  
(with option for two subsequent years)**



***Respectfully Submitted on December 6, 2023 by:***

Paul J. Kaymark, CPA  
Nigro & Nigro, PC  
pkaymark@nncpas.com  
Federal Tax ID: 30-0636241  
Nncpas.com

**Murrieta Office:** 25220 Hancock Ave. #400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064  
**Walnut Creek:** 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

*Let's Work Together!*



*By applying our financial expertise,  
we partner with our clients to build  
valuable relationships that inspire success.*

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December 6, 2023

Mary Morris-Mayorga, General Manager  
Kensington Fire Protection District  
10940 San Pablo Avenue, Bldg B  
El Cerrito, CA 94530

Dear Mary:

Thank you for the opportunity to submit this proposal to providing audit services for the Kensington Fire Protection District (District). Our understanding of the work to be done is: the annual audit of the District's financial statements for the fiscal years ending June 30, 2023-2025, with an option to extend for two additional years. Based on our history with special districts, I believe our firm would be a great fit, and we would develop a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

Although many people think that all special districts function in the same manner, we know that's not the case. The audit leadership team we've assigned to your District, including myself, will take the time to learn the intricacies of your organization. We find that by delving deep into our client's structure and operations we are able to make recommendations that are not only useful, but also practical to implement.

At Nigro & Nigro, PC, our greatest strengths correspond to your most critical needs; we possess the full spectrum of resources needed to most effectively help the District's management team and Board members meet their goals – all at a very competitive rate. We believe we are your best choice.

- **Credibility, Reputation, and Resources of a Large Firm** without sacrificing the small-firm touch. Our CPAs and consultants can help you analyze and address financial, operational, and regulatory issues so you can focus attention on serving your citizens. We were originally formed in 1999, and now perform annual audits for approximately 80+ public agencies annually.
- **State-Wide Reach with Local Presence.** At Nigro & Nigro, we have the benefit of having the resources of a state-wide firm while serving you from our Walnut Creek office. We also have an office in Murrieta (Riverside County) for additional resources.
- **Efficiency.** Our use of portal software allows you to upload audit documentation at any time, which will minimize disruption to your staff and enable timely completion of all deliverables.

- **An Efficient and Effective Work Plan.** We currently serve over 80+ governmental entities state-wide, which enables our staff to understand the scope of the audit. We also understand the District's complexities, not just from a compliance standpoint but also from an operational point of view. We have developed an effective work plan that takes into consideration your needs for high quality audit services, as well as timely deliverables. As a result of our efficient work plan, we commit to meeting your deadlines to complete our auditing services within the time period you specify.
- **Thought Leadership.** Members of our firm have been actively involved as presenters in numerous industry conferences and programs, including the GFOA, CSDA, and CSMFO. We have incorporated our experience with these committees into our audit framework.
- **Engagement Team.** We know that quality people drive quality results, which is why our commitment to you starts with the engagement team members who are selected based on their experience, focus on serving local government agencies, and who are the best fit for you. Each of the District's engagement team members have completed and exceeded the mandatory requirement for continuing professional education hours as requested in the RFP. Paul Kaymark, Partner, will be the main contact for the District regarding this project.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** Nigro & Nigro is organized by industry, affording our clients with industry-specific expertise supplemented by valuable local service and insight. Therefore, the District will enjoy the service of members of our Governmental Audit Services Team who have experience with similar governmental entities and understand the issues and environment critical to you. You will not have to train our auditors.

You may have many options in selecting a professional audit firm. By choosing Nigro & Nigro, you will gain value-added accounting and operational insights. We are the right fit for the District, as we have the expertise and depth of resources within our firm to offer you exceptional service while maintaining a sincere and honest relationship. We understand the work, we are committed to meeting your deadlines, and we would like the opportunity to continue to be your auditors. We also commit to meeting or exceeding your expectations.

Thank you once again for the opportunity to present our qualifications. If you have any questions about our offerings, please do not hesitate to contact me.

Sincerely,



Paul J. Kaymark, CPA  
Audit Services Partner



## LICENSE TO PRACTICE IN CALIFORNIA

The Firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA. We will assign a California licensed CPA as the auditor in charge of the audit.

## PROFILE OF THE FIRM

### Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of all entities listed in the RFP, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards". In addition, the Firm shall give the District written notice of any relevant professional relationships entered into during the period of this agreement.

### Experience

Nigro & Nigro team members are highly trained in governmental accounting and auditing, which sets us apart as being able to add value beyond the basic attest engagement. We are comfortable working with clients of various sizes. Within the past five years, we have worked with numerous governmental clients with revenues ranging from \$200,000 to over \$300 million.

Prior to any audit engagement, our engagement team leader will meet with the Board, Audit Committee and Management to gain a full understanding of the philosophy, objectives and policies for operating the organization, as well as to discuss significant business, regulatory and accounting matters that will affect the audit. At the conclusion of the audit, we will communicate the results of the audit with the Board, Audit Committee and Management.

Areas of specialization include:

- Audit and Review Services
- Government Auditing Standards & Single Audits
- Annual Report of Financial Transactions
- Agreed Upon Procedures Engagements
- Comprehensive Annual Financial Report (CAFR) development

# PROFILE OF THE FIRM (CONTINUED)

## Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

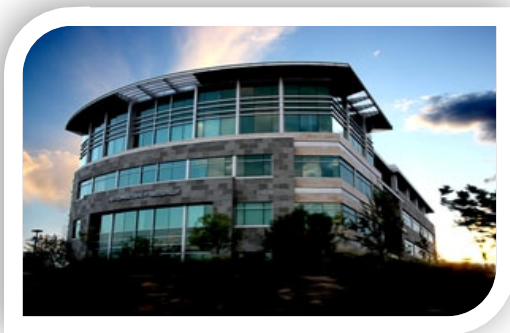
Position	Number of Employees	Number of Licensed CPA's
<b>Partner*</b>	7	7
<b>Senior Manager</b>	1	1
<b>Manager</b>	3	1
<b>Supervisor</b>	2	-
<b>Senior</b>	8	1
<b>Associates</b>	8	-
<b>Support Staff</b>	3	-
<b>Total</b>	<b>35</b>	<b>10</b>

*\*Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders."*

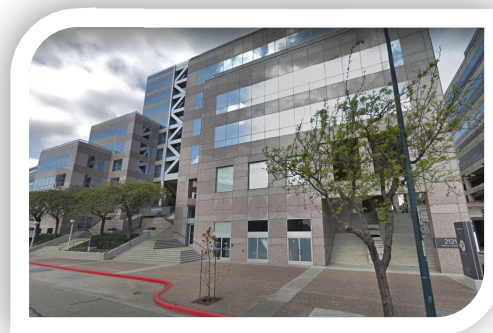
## Size and Location of Offices

The firm was originally established in 1999. In 2013, we opened our second office in Northern California in order to better serve our growing client base of agencies in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 18 accountants and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners' associations. The office serves clients of all sizes and industries, however, we focus on government agencies, just like yours.

*We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.*



MURRIETA OFFICE



WALNUT CREEK OFFICE

## Range of Activities Performed

- Consulting and other services for numerous other agencies and not-for-profits
- Tax services for individuals, corporations, and non-profit organizations

## PROFILE OF THE FIRM (CONTINUED)

### Peer Review

Our firm's most recently issued peer review report can be found under the "Additional Documents" section of the proposal. A firm can receive a "Fail", "Pass with Deficiencies", or a "Pass" rating. The firm's most recent peer review report rating was a Pass. This rating indicates that the firm's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects. As required by our membership in the Government Audit Quality Center (GAQC), the peer review included a selection of a sample of governmental audit engagements.

### Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Name	Role	Years of Experience in Audits
<b>Paul J. Kaymark, CPA</b>	Lead Partner	29
<b>Peter Glenn, CPA</b>	Review Partner	15
<b>Jared Solmons, CPA</b>	Audit Manager	5
<b>Stacy Macias</b>	Audit Supervisor	5
<b>Anabel Cruz, CPA</b>	Audit Senior	4

# Paul J. Kaymark, CPA

## Lead Audit Partner

Paul joined the firm in 2019 and has more than 26 years of previous public accounting and auditing governmental entities experience. Paul is our choice for new governmental audit clients, having extensive experience in the areas of governmental entities. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Mr. Kaymark has been working on audit engagements of governmental agencies, not-for-profit organizations, as well as for-profit corporations and companies. His previous experience includes audit and consulting work for large and small businesses with a focus on client service. Paul strives to build strong relationships with his clients by assisting them with any emerging issues and being available as a resource.

### Consulting Services:

Mr. Kaymark has experience in a variety of governmental issues, garnered from his auditing experience over the years. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting
- Annual report of financial transactions

### Financial Reporting:

- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections
- Pension and OPEB accounting

### Some Agencies Served:

- Palmdale Water District
- Mojave Water Agency
- Western Municipal Water District
- El Toro Water District
- East Orange County Water District
- Trabuco Canyon Water District



**California Special Districts Association**

*Districts Stronger Together*

**CSDA Workshop Speaker**



### Education:

Bachelor of Science, Business Administration, Accountancy  
California State University, Long Beach  
1994

### Licenses and Certifications:

- Certified Public Accountant, California
- GFOA Certificate for Excellence in Financial Reporting - Reviewer

### Professional Affiliations:

- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)
- California Special District Association (CSDA)

### Continuing Education:

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation including:

- Governmental and Nonprofit Annual Update
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates





**Water and Wastewater Clients Audited and/or Consulted With Over My Career**

**Water and Wastewater**

Metropolitan Water District of Southern California  
Los Angeles County Sanitation District  
Long Beach Water Department  
Glendale Water and Power  
Colton Public Utilities  
Baldy Mesa Water District  
Bear Valley Community Services District  
Beaumont-Cherry Valley Water District  
Big Bear City Community Services District  
Cabazon Water District  
California Domestic Water Company  
Casitas Municipal Water District  
Castaic Lake Water Agency  
Chino Basin Water Conservation District  
Chino Basin Watermaster  
Coachella Valley Water District  
Diablo Water District  
East Orange County Water District  
El Toro Water District  
Farm Mutual Water Company  
Golden Hills Community Services District  
Goleta Water District  
Hi-Desert Water District  
Inverness Public Utilities District  
Irvine Ranch Water District  
Joshua Basin Water District  
Jurupa Community Services District  
Leucadia Wastewater District  
Mesa Consolidated Water District  
Mojave Water Agency  
Monte Vista Water District  
Montecito Water District  
North Coast County Water District  
North Marin Water District  
Novato Sanitary District  
Palmdale Water District

**Water and Wastewater, continued**

Phelan Pinon Hills Community Services District  
Pomona Valley Protective Agency  
Purissima Hills Water District  
Rincon del Diablo Water District  
Rosamond Community Services District  
Rossmoor Los Alamitos Area Sewer District  
Sacramento Suburban Water District  
San Bernardino Valley Water Conservation District  
San Gabriel Valley Municipal Water District  
San Lorenzo Valley Water District  
Santa Ana Watershed Project Authority  
Santa Margarita Water District  
Saticoy Sanitary District  
Solano County Water Agency  
Soquel Creek Water District  
Stallion Springs Community Services District  
Summerland Sanitary District  
Trabuco Canyon Water District  
Tres Pinos Water District  
Triunfo Sanitation District  
Twentynine Palms Water District  
Vallecitos Water District  
Valley County Water District  
Ventura Regional Sanitation District  
Victor Valley Water District  
Victor Valley Wastewater Reclamation Authority  
Victorville Water District  
Water Facilities Authority - Joint Power Agency  
Water Replenishment District  
West County Agency  
West County Wastewater District  
West Valley Water District  
Westborough Water District  
Western Municipal Water District  
Western Riverside County Regional Wastewater  
Yorba Linda Water District

# Peter Glenn, CPA

## Review Partner

Peter joined the firm in 2011 after nearly three years of previous public accounting and auditing experience. Peter will work under the general direction of the partner. Peter is our choice for new governmental audit clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of special districts, LEAs, other governmental audits, and agreed-upon procedure engagements. Prior to joining the firm, he worked for three years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for some of the firm's largest clients.

### Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Annual report of financial transactions

### Financial Reporting:

- Uniform Guidance
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

### Other Agencies Served:

- Riverside County Open Space and Park District
- Cahuilla Band of Indians
- Central Basin Municipal Water District
- Murrieta Valley Cemetery District
- Elsinore Valley Cemetery District
- Alamo-Lafayette Cemetery District
- Bodega Bay Fire Protection District
- Los Angeles Harbor Cemetery District



### Education:

Bachelor of Science, Business Administration, Accounting  
California State University,  
San Marcos, 2008, Magna Cum Laude

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)



# Jared Solmosen, CPA

## Manager

Jared joined the firm in 2019 as a Staff Accountant. After completing his degree, Jared went to work for a midsize construction company where he worked as an estimator and project manager before transitioning into more of an accounting and finance role. It was working in this role that led him to the decision to pursue the goal of becoming a Certified Public Accountant. He continues to hone his skills and expand his knowledge as he branches out into different areas of accounting services and working with various governmental agencies and not-for-profit organizations. Jared will work under the general supervision of the partner and oversee staff as they work together through different audit areas.



### Audit Services:

Jared began his career with Nigro & Nigro working on LEA audits before transitioning to focus on special districts and not-for-profit organizations. He focuses on a customer-oriented approach to auditing, striving to build strong relationships by working with clients to help them navigate the ever-changing world of accounting rules and standards.

### Consulting Services:

Jared has experience with a variety of governmental and not-for-profit accounting issues, as well as other tax and audit concerns, derived from his audit and consulting experience at the firm. He regularly consults with clients in the areas of:

### Special District Accounting:

- Internal control policies, procedures, and best practices
- Year-end closing procedures
- Capital asset and depreciation schedule

### Financial Reporting:

- Federal and state compliance
- Single audits
- Revenue and expense tracking by program/grant
- Statement of functional expense
- Compiling financial statements
- Disclosure requirements

### Other Agencies Served:

- Palmdale Water District
- Scotts Valley Water District
- Oxnard Harbor District
- Big Bear City Airport District
- Pauma Valley Community Services District
- North County Fire Protection District
- San Gabriel Valley Mosquito & Vector Control District
- Ventura County Resource Conservation District
- Tehachapi Valley Recreation & Park District
- Murrieta Valley Cemetery District

### Education:

Bachelor of Science, Business Administration, Finance  
California State University,  
San Marcos, 2013

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- AICPA webinars and CPE
- California Special Districts Association Conference
- Spidell Tax Seminar
- In-house training for audit staff (presenter)

### Additional Areas:

- Tax preparation
- QuickBooks knowledge

# Stacy Macias

## Supervisor

Stacy joined the firm in 2018 as a staff accountant after completing her degree at California State University, Chico and has worked her way up to Senior Accountant. Stacy has worked in a variety of the firm's audit and tax departments. Stacy continues to expand her knowledge as she branches out into different areas of accounting services and working with varying governmental and not-for profit clients. Stacy will work under the general direction of the partner and oversee staff as they work together through different audit areas.

### Audit Services:

Stacy began her auditing career on audit engagements of local education agencies, charter schools, governmental agencies, and non-for-profit organizations. Stacy enjoys auditing governmental agencies and non-for-profit due to their varying structures and sizes. Stacy truly values customer service and building client relationships. Her friendly demeanor makes clients comfortable in reaching out to her during the audit process or throughout the year.

### Consulting Services:

Stacy has experience in a variety of governmental and not-for-profit accounting, tax, and audit concerns, derived from her audit and consulting experience those industries. She regularly consults with clients in the areas of:

### Financial Reporting:

- Year-end closing procedures
- Internal control policies and procedures and best practices
- Compiling Financial Statements
- Revenue and Expense tracking by program/grant
- Statement of Functional Expenses
- Capital assets and depreciation schedules
- Disclosure requirements
- Federal and State compliance

### Additional Areas:

- Tax preparation
- QuickBooks knowledge

### Other Agencies Served:

- Palmdale Water District
- Ventura County Conservation District
- Antelope Valley Resource Conservation District
- Rowland Water District
- North County Fire Protection District
- Bolinas Fire Protection District
- Bodega Bay Fire Protection District



### Education:

Bachelor of Science, Business Administration, Accounting  
California State University,  
Chico, 2018

### Licenses and Certifications:

- CPA License Candidate (expected licensure in 2022)

### Continuing Education:

- CalCPA Conferences for Governmental Accounting and Auditing and Not-for-profit Organizations
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

# Anabel Cruz, CPA

## Audit Senior

Anabel began her career in public accounting in 2019 with Nigro & Nigro, PC. Previous to joining the firm, she worked as an Accountant at private sector companies. She has passed the CPA examination and is working towards meeting the requirements needed for licensure. Anabel's audit experience includes audits of governmental and not-for-profit organizations such as cemeteries, resource conservation districts, water Districts, fire Protection Districts and community Service Districts. Anabel values building quality relationships with clients while providing timely and reliable services. Anabel is working under the general direction of the Audit Supervisor.



### Audit Services:

Anabel has experience with a variety of governmental and not-for-profit accounting issues derived from her audit and consulting experience at the firm. She regularly consults with clients in the areas of:

### Consulting Services:

Anabel has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience those industries. She regularly consults with clients in the areas of:

### Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules

### Other Agencies Served:

- Palmdale Water District
- North County Fire Protection District
- Ventura County Resource Conservation District
- County of San Bernardino ATC
- Winters Cemetery District

### Education:

Bachelor of Science, Finance and Accountancy  
California State University, Northridge,  
2014

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff

## PROFILE OF THE FIRM (CONTINUED)

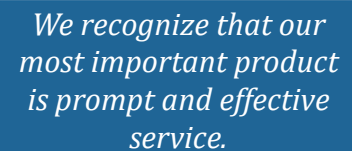
### Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in school districts and governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)



*We recognize that our most important product is prompt and effective service.*

Through our participation in these organizations and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues. Some of the professional education our audit team members have either presented at or attended in the last two years include:

- SSC Annual Finance and Management Conference
- SSC Governor's Budget Workshop
- CSDA Annual Conference
- CSMFO Conference
- GFOA Annual Conference
- Various other governmental workshops

We recognize that our most important product is prompt and effective service. We believe the District should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.



## PROFILE OF THE FIRM (CONTINUED)

### Similar Engagements with Other Special Districts

We currently conduct over 80+ government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a partial list of some similar governmental clients we are currently auditing.

Please contact our clients for a Reference of our services!

Let's start with our current Fire Protection District clients:

**Bolinas Fire Protection District - Isaac Taylor - 415-868-1566**

**Bodega Bay Fire Protection District - Chief Sean Grinell - 707-480-7859**

**Deer Springs Fire Protection District - Liz Heaton - 760-749-8001**

**Lakeside Fire Protection District - Robert Schiwitz - 619-390-2350 x 007**

**North County Fire Protection District - Cherie Juul - 760-723-2052**

**San Miguel Fire Protection District - Leah Harris - 619-670-0500**

**Valley Center Fire Protection District - Amy Mayerchik - 760-751-7600**

## SCOPE OF THE AUDIT

We will audit the basic financial statements of the District for the fiscal year ended June 30, 2023-2025 in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Minimum Audit Requirements and Reporting Guidelines for Special Districts

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditors' Report on the basic financial statements.
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

In addition, we will provide the District with a management letter that will give written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit. 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, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify, and we will suggest any methods we discover to help improve efficiency and effectiveness.

We will schedule an appearance with the Board and the Audit Committee that allows an opportunity for us to present the audit and management letter. This is an excellent 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 staff will contact us and draw on our knowledge and experience.

Non-significant deficiencies discovered during the audit process shall be reported in a separate letter to management, the Board and the Audit Committee, which shall be referred to in the report(s) on internal controls. This separate letter also informs the Board and the Audit Committee 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.

All working papers and reports will be retained at the Firm's expense for a minimum of seven (7) years, unless the Firm is notified in writing by the District of the need to extend the retention period.

## SCOPE OF THE AUDIT(CONTINUED)

### Segmentation of Engagement

#### ***STEP 1: Planning***

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

#### ***STEP 2: Interim Field Work***

##### **Internal Control Documentation**

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

#### ***STEP 3: Final Fieldwork***

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

##### **Assess Risks and Design Procedures**

As outlined in the risk based statements of audit standards (SAS 104 to 111), our Firm uses 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 if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

##### **Interim and Year End Testing**

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

#### ***STEP 4: Audit Completion***

##### ***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 written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board, and discusses change in the environment in which the District operates.

## SCOPE OF THE AUDIT (CONTINUED)

### Proposed Schedule/Level of Staff & Number of Hours Assigned to Each Segment

We will provide a detailed audit plan and prepare a list of schedules upon proposal acceptance. The following table summarizes our proposed segmentation of the engagement by date, segment, and level of staff:

Date/Segment	Total Hours			Total
	Partner/Manager	Supervisor	Staff/Admin	
<b>April/May</b>				
Preliminary planning and fieldwork	8	8	10	26
<b>May/June</b>				
Interim fieldwork	20	25	38	83
<b>September/October</b>				
Final fieldwork, report preparation, review, finalization, and presentation	28	32	40	100
<b>Total hours</b>	<b>56</b>	<b>65</b>	<b>88</b>	<b>209</b>
	56	65	88	
Preliminary planning and fieldwork	8	8	10	26
Control	20	25	38	83
Substantive	10	16	30	56
Reporting	18	16	10	44
	56	65	88	209

### Sample Size and the Extent to Which Statistical Sampling is to be Used

We perform sampling techniques and determine sample size after assessing the risk associated with specific transaction classes. No single “cookie-cutter” approach will be followed in regards to sampling techniques, but the District can be assured that an appropriate sampling methodology will be utilized. We use the following methods of sampling during our audits: statistical, haphazard, and judgmental. For statistical sampling we use guidance provided by the AICPA and by federal guidelines in accordance with industry standards, which typically recommends sample sizes between 40 to 60 items.

### Type and Extent of Analytical Procedures to be Used

We will perform analytical procedures throughout the course of our audit. Professional standards require that analytical procedures be performed in the planning and wrap-up stages of the audit. Analytical review will be used during our expenditure, revenue, budget information as well as many other areas.

These procedures typically entail a review of interim reports, budgets, and comparisons to prior year data. We also use financial statement amounts to calculate certain ratios to determine whether any unusual or unexpected relationships exist in the financial data.

These procedures are then followed by inquiry of key District personnel to corroborate the auditors' expectations based on the data.

## SPECIFIC AUDIT APPROACH (CONTINUED)

### **Approach to be Taken to Gain and Document an Understanding of Internal Control Structure(s)**

Our audit approach will entail interviews with key personnel in the District involved in the design and implementation of internal controls. In conjunction with the interviews, we will perform tests and observations of how well the controls function. Key areas of internal control generally include: cash receipting, accounts payable/purchasing, payroll/personnel, technology, facilities, and maintenance and operations.

### **Approach to be Taken in Determining Laws and Regulations That Will be 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 Board minutes. We also have working knowledge of the types of laws and regulations under which California special districts operate. We also obtain further information about federal laws and regulations through the Catalog of Federal Domestic Assistance (CFDA) and the Uniform Guidance.

### **Approach to be Taken in Drawing Audit Samples**

Since each 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 and risk of the program, program maturity, complexity, level of oversight and prior audit findings. AICPA Guidelines generally recommend sample sizes of 25, 40, or 60 items when the population is greater than 250. Ultimately, our professional judgment determines that a representative number of transactions have been selected. You can be confident in our judgment because our peer reviews and an outside review by the U.S. Department of Education have all accepted our audit sampling techniques and procedures.

### **Use of Technology/Remote Proficiency**

In order to facilitate the exchange of data between us and our clients in a secured manner throughout the course of the audit, we employ the use of an online secured portal. Our clients have appreciated this unique and forward-thinking platform which helps minimize duplicate requests and unnecessary email and phone exchanges to request and receive audit documentation. The software is very user-friendly and easy to understand. This also allows us to perform much of the audit remotely without being onsite to reduce our carbon footprint.

## AUDIT FEES

Professional	Hours	Rates		Total
		Standard	Quoted	
Partner	20.00	\$ 175.00	\$ 150.00	\$ 3,000.00
Manager	36.00	150.00	125.00	4,500.00
Senior	65.00	125.00	100.00	6,500.00
Staff Members	84.00	100.00	75.00	6,300.00
Admin	4.00	75.00	50.00	200.00
<b>Subtotal</b>	<u>209.00</u>			20,500.00
<b>Out-of-Pocket - Included in Rates (We Are Local)</b>				-
<b>Total Max</b>				<u>\$ 20,500.00</u>

Fiscal Year	FY 2023	FY 2024	FY 2025	Total
District Financials	\$ 20,000	\$ 20,000	\$ 20,000	\$ 60,000
State Controller's	\$ 500	\$ 500	\$ 500	\$ 1,500
<b>Total</b>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 61,500</u>

Same Price for FY 2026 and FY 2027

Federal Single-Audit \$5,000 per major program if not clustered

## ADDITIONAL INFORMATION

### Fraud Hotline



Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the District has an effective anti-fraud program.





# **ADDITIONAL DOCUMENTS**



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

To Nigro & Nigro, PC  
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 Nigro & Nigro, PC (the firm) in effect for the year ended August 31, 2020. 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.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Nigro & Nigro, PC in effect for the year ended August 31, 2020, 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*. Nigro & Nigro, PC has received a peer review rating of *pass*.

June 11, 2021



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/1/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>RANCHO CAL INSURANCE SERVICES</b> 29930 Hunter Rd Ste 106 Murrieta, CA 92563	<b>CONTACT NAME:</b> James Mitchell <b>PHONE (A/C, No, Ext):</b> (951)260-0190 <b>E-MAIL ADDRESS:</b> jim@ranchoins.com	<b>FAX (A/C, No):</b> (951)260-0189
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b>  <b>Nigro &amp; Nigro, PC</b> PO Box 1247 Murrieta, CA 92564	<b>INSURER A:</b> Ohio Security Insurance Company <b>NAIC #</b> 24082	
	<b>INSURER B:</b> Amarian Fire and Casualty Company <b>24066</b>	
	<b>INSURER C:</b> Sequoia Insurance Company <b>22985</b>	
	<b>INSURER D:</b> Swiss Re Corporate Solutions <b>29874</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X	X	BZS64971750	8/15/2023	8/15/2024	EACH OCCURRENCE \$ <b>1,000,000</b>
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>500,000</b>						
							MED EXP (Any one person) \$ <b>15,000</b>
							PERSONAL & ADV INJURY \$ <b>1,000,000</b>
							GENERAL AGGREGATE \$ <b>2,000,000</b>
							PRODUCTS - COMP/OP AGG \$ <b>2,000,000</b>
							\$
A	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	X	X	BAS64971750	8/15/2023	8/15/2024	COMBINED SINGLE LIMIT (Ea accident) \$ <b>1,000,000</b>
	BODILY INJURY (Per person) \$						
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
							\$
B	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			ESA64971750	8/15/2023	8/15/2024	EACH OCCURRENCE \$ <b>3,000,000</b>
	AGGREGATE \$ <b>3,000,000</b>						
							\$
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N <input type="checkbox"/> N / A If yes, describe under DESCRIPTION OF OPERATIONS below			QWC1302193	8/15/2023	8/15/2024	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
	E.L. EACH ACCIDENT \$ <b>1,000,000</b>						
	E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b>						
	E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>						
D	<b>Cyber Insurance</b>			C-4MQ8-065674-CYBER-2023	8/24/2023	8/24/2024	\$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUA'I, HAWAII

May 2, 2019

To the Board of Trustees and Management of  
Kensington Fire Protection District  
217 Arlington Avenue  
Kensington, CA 94707

We are pleased to confirm our understanding of the services we are to provide Kensington Fire Protection District for the year ended June 30, 2019. We will audit the financial statements of the governmental activities, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Kensington Fire Protection District as of and for the year ended June 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Kensington Fire Protection District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Kensington Fire Protection District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) General Fund and Special Revenue Fund – Budget to Actual Schedules
- 3) Schedule of Changes in the District's Net OPEB Asset and Related Ratios
- 4) Schedule of Contributions to the OPEB Plan

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Kensington Fire Protection District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Kensington Fire Protection District's financial statements. Our report will be addressed to Board of Trustees and Management of Kensington Fire Protection District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Kensington Fire Protection District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted

auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Kensington Fire Protection District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of Kensington Fire Protection District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met;

following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.



We will provide copies of our reports to Kensington Fire Protection District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mann, Urrutia, Nelson, CPAs & Associates, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any regulators or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mann, Urrutia, Nelson, CPAs & Associates, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit approximately in September 2019 and to issue our reports no later than December 2019. Justin Williams is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

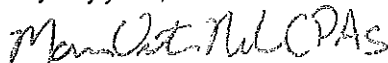
Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$14,500 and \$1,500 for the SCO Report. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client (Kensington Fire Protection District) and accountant (Mann, Urrutia, Nelson CPAs & Associates, LLP) both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by mediation in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

We appreciate the opportunity to be of service to Kensington Fire Protection District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Mann, Urrutia, Nelson, CPAs & Associates, LLP

RESPONSE:

This letter correctly sets forth the understanding of Kensington Fire Protection District.

Management signature: 

Title: Manager

Date: 6/18/19