

HEBER PUBLIC UTILITY DISTRICT REPORT TO BOARD OF DIRECTORS

MEETING DATE: September 17, 2026

FROM: Madeline Dessert, General Manager

SUBJECT: Award Professional Auditing Services to the Lowest Responsive Bidder
Harshwal And Company LLP

BACKGROUND

On June 18, 2026 the Heber Public Utility District (HPUD) Board of Directors authorized HPUD staff to release a Request for Proposals (RFP) for Professional Auditing Services to obtain qualified independent auditing services for the District. To provide additional time for interested firms to submit proposals and encourage greater participation, the District extended the original proposal submission deadline.

As a result of the deadline extension, HPUD received a total of four proposals for Professional Auditing Services. District staff reviewed and evaluated the proposals based on each firm's qualifications, experience, proposed scope of services, cost, and ability to meet the District's auditing and financial reporting needs.

Professional Auditing Services					
Firm	2027	2028	2029	2030	Total
Harshwal & Company LLP	\$ 17,400.00	\$ 18,270.00	\$ 19,185.00	\$ 20,140.00	\$ 74,995.00
Nigro & Nigro, PC	\$ 23,500.00	\$ 23,500.00	\$ 23,500.00	\$ 23,500.00	\$ 94,000.00
Fechter & Company, CPAs	\$ 25,613.00	\$ 24,769.00	\$ 25,983.00	\$ 27,257.00	\$ 103,622.00
Vasquez & Company, LLP	\$ 32,300.00	\$ 33,269.00	\$ 34,267.00	\$ 35,295.00	\$ 135,131.00

Following the evaluation process, staff have determined that Harshwal & Company provides the best overall value and is qualified to perform the District's annual financial audit and related professional services.

REQUESTED ACTION

1. Approved and Award Professional Auditing Services to the Lowest Responsive Bidder Harshwal And Company LLP
2. Do Not Approve nor Award Professional Auditing Services to Harshwal And Company LLP, and Provide Direction to Staff

Respectfully Submitted,

Madeline Dessert



Heber Public Utility District

***Cost Proposal to Provide Professional Financial Auditing Services
for the Fiscal Years Ending June 30, 2027,
with an Option to Extend for Three (3) Additional Fiscal Years***

Submitted by:



***11405 W. Bernardo Court, Suite A,
San Diego, CA 92127
Phone: (858) 939-0017***

July 03, 2026

Contact Person

Managing Partner: Sanwar Harshwal, CPA

Cell Phone: (858) 784-1622

Federal Employer ID Number: 27-0741376

Email: sanwar@harshwal.com | Website: www.harshwal.com

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July 03, 2026

Heber Public Utility District
ATTN: Luis Carrazco, Finance Manager
1078 Dogwood Road, Suite 103,
Heber, CA 92249

Dear Luis Carrazco and Evaluation Committee Members,

The partners and staff at Harshwal & Company, LLP are pleased to present our cost proposal to provide professional financial 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 the Heber Public Utility District (referred to later in this proposal as the "District") requires us to conduct a timely audit service. 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.

We strive to provide exceptional staff, quality, and value at the lowest possible fees consistent with the expectations of the District. Our rates are competitive, even with our depth of experience and commitment to quality. *The fee for the entire scope of services for FY 2026-27 will be \$17,400.00. The fee bifurcation has been provided in the "Total All-Inclusive Maximum Price" section.*

➤ **Our proposal is a firm and irrevocable offer for the period being bid on.**

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 Court, Suite A, San Diego, CA 92127; Phone No. (858) 784-1622, or via an email at sanwar@harshwal.com.

Harshwal & Company, LLP is 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





DOLLAR COST BID

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's ending June 30, 2027, with optional years:

Audit Area - Description	FY 2027	FY 2028 (Optional)	FY 2029 (Optional)	FY 2030 (Optional)
<i>Professional fees:</i>				
Financial Statements Audit.....	\$ 15,900.00	\$ 16,695.00	\$ 17,530.00	\$ 18,405.00
State Controller's Report (Optional).....	\$ 1,500.00	\$ 1,575.00	\$ 1,655.00	\$ 1,735.00
<i>Total Fees</i>	\$ 17,400.00	\$ 18,270.00	\$ 19,185.00	\$ 20,140.00

- *If a single audit is applicable, we will charge \$4,500.00 for the first major program and \$3,500.00 for each additional major program.*
- *We are well-equipped to perform audits on a remote basis. We will provide our audit services on a remote basis.*





APPENDIX D

PART 1

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR
THE AUDIT OF FINANCIAL STATEMENTS**

	HOURS	STANDARD HOURLY RATE	QUOTED HOURLY RATE	TOTAL
PARTNERS	16	\$195.00	\$195.00	\$3,120.00
MANAGER	32	150.00	150.00	4,800.00
SUPERIVOSRY STAFF	45	100.00	100.00	4,500.00
STAFF	64	75.00	75.00	4,800.00
OTHER (SPECIFY) Clerical Staff	3	60.00	60.00	180.00
SUBTOTAL	160			\$17,400.00
OUT OF POCKET EXPENSES:				-
OTHER				-
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2026-27				\$17,400.00
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2027-28				\$18,270.00
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2028-29				\$19,185.00
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2029-30				\$20,145.00

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction for the total all-inclusive maximum price.





OUT-OF-POCKET EXPENSES INCLUDED IN THE TOTAL ALL-INCLUSIVE MAXIMUM PRICE AND REIMBURSEMENT RATES

Out-of-pocket expenses are included in the Total All-inclusive Maximum Price because we are well-equipped to perform audits on a remote basis and we will provide our audit services on a remote basis. In the case of an on-site visit required, we will be charged on an actual basis as and when incurred.

RATES FOR ADDITIONAL PROFESSIONAL SERVICES

We will perform additional work only if set forth in an addendum to the contract between the City 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 in "Appendix D". 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 view this work as being every bit as important and valuable as the work we perform for other clients, and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

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.



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 allow us to provide a superior level of service. We trust that this proposal has given you the information you need about the firm's 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.

"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.





Heber Public Utility District

***Technical Proposal to Provide Professional Financial Auditing Services
for the Fiscal Year Ending June 30, 2027,
with an Option to Extend for Three (3) Additional Fiscal Years***

Submitted by:



***11405 W. Bernardo Court, Suite A,
San Diego, CA 92127
Phone: (858) 939-0017***

July 03, 2026

Contact Person

Managing Partner: Sanwar Harshwal, CPA

Cell Phone: (858) 784-1622

Federal Employer ID Number: 27-0741376

Email: sanwar@harshwal.com | Website: www.harshwal.com

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TRANSMITTAL LETTER

July 03, 2026

Heber Public Utility District
ATTN: Luis Carrazco, Finance Manager
1078 Dogwood Road, Suite 103,
Heber, CA 92249

Dear Luis Carrazco and Evaluation Committee Members,

The partners and staff at Harshwal & Company, LLP are pleased to present our technical proposal to provide professional financial 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 the Heber Public Utility District (referred to later in this proposal as the "District") requires us to conduct a timely audit service. 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.

We believe our firm is the best qualified to perform this engagement because our audit services effectively utilize the most current specialized resources with our unparalleled technical proficiency. Our expertise in providing auditing and financial accounting services to governmental entities and NPOs is unmatched. Our highly trained team will maintain a knowledgeable, non-intrusive, and respectful approach to the audit. The result will be an audit of exceptional quality and value that will minimize 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 statements of the District for the fiscal year ending June 30, 2027, with an option to extend for three (3) additional fiscal years, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act of 1984 (FSAA) (as amended in 1996), if applicable, and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and local Governments. A detailed scope is given in the "Scope of Work" section.

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 proposal is a firm and irrevocable offer for the period being bid on.*
- *Harshwal & Company, LLP is legally structured as a Limited Liability Partnership (LLP).*

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 Court, Suite A, San Diego, CA 92127; Phone No. (858) 784-1622, or via an email at sanwar@harshwal.com.

Harshwal & Company, LLP is a GSA vendor and a 100% minority owned CPA firm.

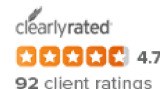
We thank you for your consideration and hope that you will provide us with the opportunity to serve your esteemed organization with our services.

Sincerely,

Harshwal & Company, LLP
Certified Public Accountants



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





TECHNICAL PROPOSAL

INDEPENDENCE

We are independent of the Heber Public Utility 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, if entered into, during the period of the audit contract.

Conflict of Interest Statement

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

LICENSE TO PRACTICE IN CALIFORNIA

The firm and all key professional staff are licensed 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.



Registration PAR 7299
Receipt No. 52682080

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



**Certified Public
Accountant Partnership**

CALIFORNIA BOARD OF ACCOUNTANCY
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone: (916) 263-3680
Facsimile: (916) 263-3672

Valid Until: 10/31/2027

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.

11405 W BERNARDO CT UNIT A
SAN DIEGO, CA 92127

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

WABPAR 04/12/17





FIRM QUALIFICATIONS AND EXPERIENCE

Harshwal & Company, LLP was founded sixteen (16) 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, not-for-profit organizations, school districts, educational entities, tribes and tribal governments, and housing authorities 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. We will provide you the expertise and resources needed to continuously guide your organization.

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 Albuquerque, NM and Oakland, CA, are the locations of our branches. Our nearest office to the District, **San Diego, CA** office will provide audit services to the Heber Public Utility District. The address and phone numbers for each of our three offices are listed below:

San Diego, CA Office	11405 W. Bernardo Court, Suite A, San Diego, CA 92127	Phone: (858) 939-0017 Email: info@harshwal.com
Albuquerque, NM Office	6565 Americas Pkwy NE, Suite 800, Albuquerque, NM 87110	Phone: (505) 814-1201
Oakland, CA Office	333 Hegenberger Road, Suite 328 Oakland, CA 94621	Phone: (510) 452-5051

Staff Size & Organizational Structure

Audit Team	Manpower
Managing Partner	01
Additional Partners	05
Senior Manager	02
CPAs and Senior Staff	06
Additional Staff	12
Total	26

- One audit manager, two senior auditors/manager, and one staff auditor will be assigned on a full-time basis, and one staff auditor and two senior auditors/manager will be available on a part-time basis.
- We are supported by an extended team of over 80 qualified Chartered Accountants (CAs) in India (equivalent to US CPAs).





Technical Proposal to Provide Professional Financial Auditing Services

Services Provided by the Firm

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

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with a special emphasis on compliance audits in the 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.

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.

Firm's Most Recent External Quality Control Review

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the AICPA) and the Center for Audit Quality, an affiliate of the AICPA. One of the requirements of membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2023, and we received a passing peer review rating.

Our external quality control review (Peer Review) included a review of specific government engagements.

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





Technical Proposal to Provide Professional Financial Auditing Services



(650) 522-3094
peerreview@calcpa.org

June 06, 2024

Sanwar Harshwal
Harshwal & Company LLP
11405 W Bernardo Ct Ste A
San Diego, CA 92127

Dear Sanwar Harshwal:

It is my pleasure to notify you that on June 06, 2024, 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, 2026. 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: Justin Williams

Firm Number: 900005526362

Review Number: 603500



AICPA
Administered by the California Society of CPAs for CA, AK and AZ

Peer Review
Program





Report on the Firm's System of Quality Control

February 29, 2024

To Harshwal & Company LLP and the Peer Review
Committee of the CalCPA Peer Review Program

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, 2023. 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 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control based on our review.

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, 2023, 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*.

MUN CPAs, LLP

MUN CPAs, LLP





Technical Proposal to Provide Professional Financial Auditing Services

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.

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.

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 reports.

Hold Harmless and Indemnification

Harshwal & Company, LLP have errors and omissions insurance, property and liability and workers' compensation insurance and will indemnify and hold harmless the District from and against all losses and claims in the execution of our work or the consequences of any negligence or carelessness on our part.

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 Travelers Casualty and Surety Company.
2. Commercial general liability and property damage for \$2,000,000 per occurrence and \$4,000,000 aggregate. The carrier is Hartford Underwriters Insurance Company.
3. Automobile liability for \$2,000,000. The carrier is Hartford Underwriters Insurance Company.
4. Workers' compensation (statutory amounts and limits) insurance carrier is Hartford Fire and Its P&C Affiliates. The limit of the liability is \$1,000,000.

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





McGOWAN

Professional Liability

VERIFICATION OF INSURANCE & BINDER

ISSUED TO: Harshwal & Company LLP

We, the undersigned Insurance Brokers, hereby verify that **Travelers Casualty and Surety Company** has issued the following described insurance, and which is in force as of the date hereof:

CPAOnePro Professional Liability

Policy Number:	Insurer:	Period:
108314457	Travelers Casualty and Surety Company	12 months commencing 12:01 a.m. 7/30/2025
LIMIT:	\$2,000,000.00 each claim \$4,000,000.00 annual aggregate (as provided for in the policy wording)	
RETENTION:	\$100,000.00 each claim	
PRIOR ACTS DATE:	09/30/2009	
ENDORSEMENTS:	As quoted.	
CANCELLATION:	Should the above described policy be cancelled before the expiration thereof, we shall endeavor to mail 30 days written notice to the Certificate Holder, but failure to do so shall impose no obligation or liability of any kind upon the company, its agents, or representatives, subject to the terms, conditions, exclusions, and limitations of the policy.	
Certificate Holder(s):	Harshwal & Company LLP 11405 W Bernardo Ct Suite A San Diego, CA 92127	

This document is furnished as a matter of information only. The issuance of this document does not make the person or organization to which it is issued an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurers. Any amendment, change or extension of such contract can only be effected by specific endorsement attached thereto.

McGowanPRO
Rob Ferrini
7/18/2025





Technical Proposal to Provide Professional Financial Auditing Services



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/12/2026

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).

PRODUCER CAMICO SERVICES INC/PHS 57141555 The Hartford Business Service Center 3600 Wiseman Blvd San Antonio, TX 78251		CONTACT NAME: PHONE (866) 467-8730 FAX (A/C, No, Ext): (A/C, No): E-MAIL ADDRESS:	
INSURED HARSHWAL & COMPANY, LLP. 11405 W BERNARDO CT STE A SAN DIEGO CA 92127		INSURER(S) AFFORDING COVERAGE NAIC# INSURER A : Hartford Underwriters Insurance Company 30104 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 YYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY			57 SBA BL3W3X	05/12/2026	05/12/2027	EACH OCCURRENCE \$2,000,000
	☐ CLAIMS-MADE ☒ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000
	☒ General Liability						MED EXP (Any one person) \$10,000
							PERSONAL & ADV INJURY \$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$4,000,000
	☒ POLICY ☐ PRO-JECT ☐ LOC						PRODUCTS - COMP/OP AGG \$4,000,000
	OTHER:						
A	AUTOMOBILE LIABILITY			57 SBA BL3W3X	05/12/2026	05/12/2027	COMBINED SINGLE LIMIT (Ea accident) \$2,000,000
	☐ ANY AUTO						BODILY INJURY (Per person)
	☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS						BODILY INJURY (Per accident)
	☒ HIRED AUTOS ☒ NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB EXCESS LIAB						EACH OCCURRENCE
	☐ OCCUR ☐ CLAIMS-MADE						AGGREGATE
	DED ☐ RETENTION \$						
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			57 WEC AG8JZ9	07/21/2025	07/21/2026	☒ PER STATUTE ☐ OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N ☐	N/A				E.L. EACH ACCIDENT \$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						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

For Informational Purposes
11405 W BERNARDO CT STE A
SAN DIEGO CA 92127

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 L. Castaneda

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ACORD 25 (2016/03)

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FIRM'S TECHNICAL EXPERIENCE

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

Special District Entities			
Client Logo	Client Name	Financial Audit	Single Audit
	Alameda County Law Library	X	
	Ambrose Recreation & Park District	X	
	Aromas Tri-County Fire Protection District	X	
	Artesia Cemetery District	X	
	Buena Park Library District	X	
	Burbank Sanitary District	X	
	Carmel Highlands Fire Protection District	X	
	Central Basin Municipal Water District	X	
	Clear Creek Community Services District	X	
	Coastside Fire Protection District	X	
	County Sanitation District 2-3	X	
	Crescent Fire Protection District	X	
	Cupertino Sanitary District	X	
	Cypress Fire Protection District	X	

Special District Entities (continued)			
Client Logo	Client Name	Financial Audit	Single Audit
	Del Norte Library District	X	
	Del Norte Local Transportation Commission	X	
	Del Norte Solid Waste Management Authority	X	
	Fort Dick Fire Protection District	X	
	Fox Canyon Groundwater Management Agency	X	
	Guadalupe Coyote Resource Conservation District	X	
	Home Garden Community Service District	X	
	Hoopa Valley Public Utilities District	X	X
	Humboldt Bay Harbor, Recreation & Conservation District	X	
	Indian Valley Community Services District	X	
	Lake County Resource Conservation District	X	
	Loma Prieta Resource Conservation District	X	
	Mission Oaks Recreation & Park District	X	
	Mother Lode Job Training Agency	X	X
	North County Recreation and Park District	X	
	Ojai Basin Groundwater Management Agency	X	
	Paradise Recreation & Park District	X	

Special District Entities (continued)			
Client Logo	Client Name	Financial Audit	Single Audit
	Port Hueneme Water Agency	X	
	Port San Luis Harbor District	X	
	Redwood Region Economic Development Commission	X	X
	Rodeo-Hercules Fire District	X	
	San Benito Resource Conservation District	X	
	San Dieguito River Park Joint Powers Authority	X	
	San Luis Obispo County Integrated Waste Management Authority	X	
	Santa Clara County Vector Control District	X	
	Santa Cruz Regional 9-1-1	X	
	Saratoga Fire District	X	
	Selma Healthcare District	X	
	Smith River Fire Protection District	X	
	Sonoma County Library	X	
	Sonoma County Public Safety Consortium	X	
	South Monterey County Fire Protection District	X	
	Valley of The Moon Water District	X	
	West Contra Costa Integrated Waste Management Authority	X	
	Workforce Alliance of the North Bay	X	X



Special District Entities (continued)			
Client Logo	Client Name	Financial Audit	Single Audit
	Yolo Local Agency Formation Commission	X	
N/A	Bardsdale Cemetery District	X	
N/A	Big Rock Community Service District	X	
N/A	Border Coast Regional Airport Authority	X	X
N/A	El Rancho Simi Cemetery District	X	
N/A	Gasquet Community Services District	X	
N/A	Goshen Community Services District	X	
N/A	Lions Gate Community Service District	X	
N/A	Manila Community Services District	X	
N/A	Perris Valley Cemetery District	X	
N/A	Redwood Empire Dispatch Communications Authority	X	
N/A	Valley Center Cemetery District	X	

State & Local Government Entities

- | | |
|---|--|
| <ul style="list-style-type: none"> ■ Cibola County ■ City of Greenfield ■ City of Los Banos ■ City of Oakland ■ City of Rio Dell ■ City of Sanger ■ City of Sonora ■ City of St. Helena ■ City of Westmorland ■ Contra Costa County ■ County of Del Norte ■ County of San Mateo | <ul style="list-style-type: none"> ■ County of Santa Clara ■ County of Santa Cruz ■ First 5 Inyo County ■ First 5 Santa Cruz County ■ Sierra County ■ Solano County ■ Town of Apple Valley ■ Town of Cochiti Lake ■ Town of Edgewood ■ Town of Mesilla ■ Town of Springer |
|---|--|

County of Alameda

- | | |
|--|---|
| <ul style="list-style-type: none"> ■ Alameda Local Agency Formation Commission ■ Alameda County Auditor-Controller's Agency ■ Alameda County Dental Society Foundation ■ Alameda County Fire Department ■ Alameda County Health Care Services Agency ■ Alameda County Housing and Community Development - Bond Audit | <ul style="list-style-type: none"> ■ Alameda County Probation Department ■ Alameda County Public Works Agency ■ Alameda County Social Services Agency ■ Alameda County Transportation Commission ■ Community Based Organization Audits ■ Development and Lead Poisoning Prevention ■ Oakland-Alameda County Coliseum Authority |
|--|---|





Educational Entities

- | | |
|--|--|
| ■ Azusa Unified School District | ■ Lamont Elementary School District |
| ■ Belmont-Redwood Shores School District | ■ Mountain Elementary School District |
| ■ Bonny Doon Elementary School District | ■ Pacific Elementary School District |
| ■ Conejo Valley Unified School District | ■ Pleasant Valley School District |
| ■ El Segundo Unified School District | ■ Richland School District |
| ■ First Mesa Elementary School | ■ Sacramento Valley Charter School |
| ■ Happy Valley Elementary School District | ■ San Gabriel Valley Regional Occupational Program |
| ■ La Honda-Pescadero Unified School District | |

Housing Entities

- | | |
|---|---|
| ■ Benicia Housing Authority | ■ Housing Authority of the County of Butte |
| ■ Berkeley Housing Authority | ■ Housing Authority of the County of San Mateo |
| ■ County of Humboldt Housing Authority | ■ Housing Authority of the County of San Bernardino |
| ■ Eastern Regional Housing Authority | ■ Plumas County Community Development Commission |
| ■ Housing Authority - City of Eureka | ■ San Felipe Pueblo Housing Authority |
| ■ Housing Authority of the City of Oxnard | ■ Santa Clara Pueblo Housing Authority |
| ■ Housing Authority - Sisseton Wahpeton Oyate | ■ White Mountain Apache Housing Authority |
| ■ Housing Authority of the City of Port Hueneme | |
| ■ Housing Authority of the County of Alameda | |

Private Entities

- | | |
|---------------------------------------|--|
| ■ 1200 Park Avenue, LLC | ■ Nelson Trucking Partners, LLC |
| ■ A&I Express | ■ NEMS PT Services, LLC |
| ■ A&I Transport | ■ Newport Holdings, L.P. |
| ■ Das & Brouillette Management Co LLC | ■ Optimize Infrastructure, LLC |
| ■ Eureka Housing Associates, LP | ■ Radar Creative |
| ■ Gakhal Golf Management LLC | ■ San Francisco Diversified Properties LLC |
| ■ GBQ Partners LLC | ■ San Mateo Diversified, LLC |
| ■ Good Earth Organics, Inc. | ■ Solace Supportive Living, Inc. |
| ■ Hiawatha Harris M.D, Inc. | ■ TerraVerde Energy, LLC |
| ■ Juana Care Facility, LLC | ■ The Child Day Schools, LLC |
| ■ Junipero Serra Properties LLC | ■ Thomas Jee & Associates, Inc. |
| ■ Kapolei Diversified Properties, LLC | ■ VVD Partners, LLC |
| ■ Leland House, LLC | ■ Xine:wh-Ding Inc. |





Tribes & Tribal Entities

- | | |
|---|---|
| ■ Aneth Chapter | ■ Leupp Chapter |
| ■ Big Sandy Rancheria | ■ Los Coyotes Band of Cahuilla and Cupeño Indians |
| ■ California Tribal T.A.N.F. Partnership | ■ Nazlini Chapter |
| ■ Dennehotso Chapter | ■ Omaha Tribe of Nebraska |
| ■ Dilkon Chapter | ■ Pauma Band of Luiseno Mission Indians |
| ■ Fort Defiance Chapter | ■ Pinoleville Pomo Nation |
| ■ Ganado Chapter | ■ Pinon Chapter |
| ■ Greasewood Springs Chapter | ■ Potter Valley Tribe |
| ■ Hoopa Valley Tribe | ■ Robinson Rancheria - Pomo Indians of California |
| ■ Houck Chapter | ■ Sac and Fox Nation |
| ■ Kashia Band of Pomo Indians of Stewarts Point Rancheria | ■ Sipaulovi Village |
| ■ Kayenta Chapter | ■ Steamboat Chapter |
| ■ Kickapoo Head Start, Inc. | ■ Teesto Chapter |
| ■ Kickapoo Tribal Health Center | ■ Timbisha Shoshone Tribe |
| ■ Kickapoo Tribe of Oklahoma | ■ Tonalea Chapter |
| ■ K'ima:w Medical Center | ■ Village of Shungopavi |
| ■ Kin Dah Lichi Chapter | ■ Village of Sichomovi |
| ■ Kiowa Tribe | ■ Whippoorwill Chapter |
| ■ KTNN Native Broadcast Enterprise | ■ White Mountain Apache Tribe |
| ■ Kykotsmovi Village | ■ Yuwehloo Pahki Community |
| ■ La Jolla Band of Luiseno Indians | |
| ■ Lechee Chapter | |

Pension Plan Entities (401K, 403B)

- | | |
|--|---|
| ■ Akshaya Inc. (401K) | ■ Liberty Source (401K) Plan |
| ■ Baker's (Retirement Plan-403B) | ■ Luxesphere Holdings, Inc. (401K) Plan |
| ■ Burning Man Project (401K) Plan | ■ Mission Neighborhood Centers (403B) Plan |
| ■ East Bay Agency for Children (403B) Plan | ■ Native American Health Center, Inc. (403B) |
| ■ Edaptive Computing Inc. (Savings Plan) | ■ Oregon Tilth (401K) Plan |
| ■ Embodied Intelligence Inc. (401K) Plan | ■ Quilt Software (401K) Plan |
| ■ Fulfilment Systems, Inc. (401K) Plan | ■ Skywalker Properties (401K) Plan |
| ■ Fundbox Inc. (401K) Plan | ■ Storage Pro (401K) Plan |
| ■ Hammer Prep (401K) Plan | ■ Sysintelli, Inc. (401K) Plan |
| ■ Hog Island Oyster Company (401K) Plan | ■ The Athenian School (403B) Plan |
| ■ Kai Ming, Inc. (403B) Plan | ■ United Indian Health Services, Inc. (403B) Plan |
| ■ Kickapoo Tribe of Oklahoma (401K) Plan | ■ ZaraZophiya Enterprises (401K) Plan |





Non-Profit Organization

- A Church for US
- Access Reproductive Justice
- Alameda County Deputy Sheriffs Activities League
- Allen Temple Baptist Church
- American Federation of State, County & Municipal Employees Local 2428
- American Nonsmokers' Rights Foundation
- Alternatives in Action High School
- Alzheimer's Services of the East Bay
- Anti Police - Terror Project, Inc.
- Artequity Community
- Asian and Pacific Islander Wellness Center, Inc.
- Baker's Palace
- Bay Area Educational Institute (Db: Bayhill High School)
- Beats Rhymes and Life Inc.
- Before After School Enrichment Inc.
- Black Hills Center for American Indian Health
- Black Men Speak, Inc.
- Brotherhood of Elders Network
- California College of Communications, Inc.
- California Consortium for Urban Indian Health
- California Hispanic Chambers of Commerce
- California Municipal Utilities Association
- California Youth Soccer Association, Inc.
- Carbon offsets to Alleviate Property
- Cedar Lodge, Inc.
- Center for Family Health and Education
- Center for Third World Organizing
- Center for Youth Development Through Law
- Centro Latino de San Francisco
- Chinese for Affirmative Action
- Circuit Rider Community Services
- Community Health Partnership, Inc.
- Consolidated Tribal Health Project
- Contra Costa Senior Legal Services
- Countywide Alcohol and Drug Services, Inc.
- Court Appointed Special Advocates
- Crowden Music Center
- Daybreak Adult Care Centers LLC
- Digital Democracy
- Dominican Sisters Vision of Hope
- Early Childhood Education Step
- East Oakland Switch Board
- Eden Area Foundation
- Eden United Church of Christ
- El Centro de Libertad the Freedom Center
- Escondido Community Child Development Center
- Faith in Action Bay Area
- Family Bridges Inc.
- Family Paths
- Family Service Agency of the Central Coast
- Food First - Institute for Food & Development
- Forward Together
- Friends & Foundation, St. Helena Public Library
- Gallup Inter-Tribal Indian Ceremonial Association
- Gluon Solutions, Inc.
- Grand Lodge of California
- Greater Farallones Association
- Health and Human Resource Education Center
- Heffernan Foundation
- HIV Education and Prevention of Alameda County
- Hopi Credit Association
- Housing Rights Committee of San Francisco
- ICON Community Development Corporation
- IIT Bombay Heritage Foundation
- IIT Kanpur
- IIT Madras Foundation
- Instituto Familiar de la Raza, Inc.
- Jewish Family Services Claims Conference
- Jewish Family Services of Silicon Valley
- Just Cities Institutes
- Kai Ming, Inc.
- Key Educational Group
- Knowledge Education for Your Success
- Loaves, Fishes, and Computers, Inc.
- Luxesphere Holdings, Inc.
- Maisha Meds, Inc.





Non-Profit Organization (continued)

- | | |
|--|--|
| ■ Manzanita Public Charter School | ■ Sikh Gurdwara San Jose |
| ■ Mary Magdalene Community Services | ■ Solano Coalition For Better Health |
| ■ Mission Language and Vocational School | ■ South County Community Health Center, Inc. |
| ■ MNC 1240 Valencia Inc. | ■ Spark* SF Public Schools |
| ■ Native American Health Center, Inc. | ■ Springs Public Schools Tennessee Empower Academy |
| ■ Nazlani Community School, Inc. | ■ St. James Infirmary |
| ■ New Bridge Foundation | ■ Sustainable Economies Law Center |
| ■ New Mexico Cancer Care Alliance | ■ Sustainable Sciences Institute |
| ■ North County Lifeline Inc. | ■ The Estria Foundation |
| ■ Oakland Community Organizations, Inc. | ■ The Foundation to Advance Vascular Cures |
| ■ Oakland Metropolitan Chamber of Commerce | ■ The Institute for Molecular Medicine |
| ■ Ocean Shores Outdoor Recreation Club | ■ The Mexican Museum |
| ■ Our Common Ground Inc. | ■ The Ruckus Society |
| ■ Pacific Center for Human Growth | ■ The Saklan School |
| ■ Pawnee Nation College | ■ The Source LGBT+ Center, Inc. |
| ■ Pinon Community School, Inc. | ■ Theiss Research |
| ■ Pit River Health Service, Inc. | ■ Tohatchi Area of Opportunity & Services, Inc. |
| ■ Planting Justice | ■ Tuba City High School Board, Inc. |
| ■ PRC | ■ UltraViolet Action and Affiliate |
| ■ Redwoods Rural Health Center | ■ UltraViolet Education Fund |
| ■ RFHC Bay Pulgas Landowner, Inc. | ■ Umoja Community Education Foundation |
| ■ Rwanda School Project | ■ United Indian Health Services, Inc. |
| ■ San Diego Civic Youth Ballet | ■ United Way of Santa Cruz County |
| ■ San Diego Organizing Project | ■ V- Day |
| ■ San Francisco Baykeeper | ■ Vascular Cures and Pacific Vascular Research Institute |
| ■ San Francisco Community Clinic Consortium | ■ Veterans Accession House |
| ■ Santa Clara Teacher Housing Foundation | ■ Women's Daytime Drop-in Center |
| ■ Santa Cruz County Parents Association | ■ Youth Together, Inc. |
| ■ Sierra County Child Abuse Council (High Sierra Family Resource Center) | |

Experience with US GAAP and GASB 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 GASB. 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 GASB 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.





Governmental Audit, CAFR & GASB Experience

Harshwal & Company, LLP has extensive experience conducting financial statement audit engagements under Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS), and implementing GASB 34 and all subsequent pronouncements, through the performance of nearly 300 governmental audits since the effective date of GASB 34 implementation. Harshwal & Company, LLP has valuable experience handling Comprehensive Annual Financial Report (CAFR) engagements. Our Managing Partner, Mr. Sanwar Harshwal, has served on GASB committees and in other authoritative positions. At Harshwal & Company, LLP, we are committed to delivering exceptional service and leveraging our CAFR experience to ensure that our client's financial statements are accurate, transparent, and compliant with applicable standards and regulations.

Single Audit Experience

Harshwal & Company, LLP has worked with numerous organizations that receive extensive governmental funding and are subject to auditing under the Uniform Grant Guidance, formerly known as OMB Circular (Uniform Guidance) guidelines. We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet federal standards. Our audit programs are continually updated to reflect the revisions of the OMB.

Our Uniform Guidance risk-based approach focuses on areas of higher risk of noncompliance. Such an approach truly reflects the federal governments' intent by concentrating on the following three steps:



Our firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with grantors, such as:

- Department of Housing and Urban Development
- Department of Agriculture
- Department of Health and Human Services
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President
- U.S. Department of the Interior
- Department of Energy





PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

The expertise and experience of Harshwal & Company, LLP's principals and personnel are at the core of the firm's excellence in performing audits of special districts. Harshwal & Company, LLP has experience providing exceptional client service and high-quality audit services through comprehensive knowledge and understanding of governmental accounting standards. 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. 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	41+ Years
Garima Pathak, CA	Partner	10+ Years
Albert Hwu, CPA	Partner	11+ Years
Samson Reda, CPA	Senior Manager	14+ Years
Poonam Sharma, CPA	Senior Manager	10+ Years

Most 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.

Our firm is an independent certified public accounting firm of "recognized ability and standing" and licensed to practice in the State of California.





Audit Team Responsibilities

Name/Position	Responsibility
Sanwar Harshwal, CPA Managing Partner	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. 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.
Garima Pathak, CA Partner	Garima Pathak will 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.
Albert Hwu, CPA Partner	Albert Hwu will serve as the on-site lead auditor and will be in the field. He will assist in directing the staff and specialize in the timely completion of the audit.
Samson Reda, CPA Senior Manager	Samson Reda will be in charge of the fieldwork. He will be responsible for preparation and maintenance of various work-papers required for audit report preparation.
Poonam Sharma, CPA Senior Manager	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.

Overall Supervision to be Exercised

The audit will be managed by the firm's partner, 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, CIA, CISA, CFE

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 41+ years of experience with governmental auditing engagements, Mr. Harshwal is also a leading expert on emerging accounting challenges for special districts. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of special districts.

During the last 5 years, Mr. Harshwal has provided over 400 hours of training to several professionals on GASB, GAS, Uniform Guidance, FASB, SAAS, GAGAS, Pension Plan audits, COSO, COBIT, internal audits, fraud prevention and examination and tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting functions, and internal control structures, Mr. Harshwal has extensive experience in evaluating complex accounting and finance issues. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- B.S. Business Accounting
- Bachelor of Law

Certification:

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)
- 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





Technical Proposal to Provide Professional Financial Auditing Services

GARIMA PATHAK, CA

Partner

Garima Pathak is a partner at Harshwal & Company, LLP and will serve as an audit manager in this engagement. She has 10+ years of experience in auditing and providing accounting services to special districts, state and local governments, not-for-profit organizations, educational entities, counties, school districts, tribes and tribal governments, and housing authorities. Garima has 6+ 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:

- Bachelors in Commerce

Certification:

- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)

ALBERT HWU, CPA

Partner

Albert Hwu is a partner and has been employed with Harshwal & Company, LLP for 11+ years. He has been engaged with several audits and accounting engagements of special districts, state and local governments, school districts, not-for-profit organizations, educational entities, housing authorities, and tribes and tribal governments. Mr. Hwu is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements.

Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance). He performs audit testing activities; documents processes and findings; verifies assets and liabilities in accordance with audit programs; follows documentation standards; and prepares clear, concise, and orderly working papers. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Bachelors of Science in Accounting

Certification:

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

Professional Membership:

- Member of AICPA





Technical Proposal to Provide Professional Financial Auditing Services

SAMSON REDA, CPA Senior Manager

Samson Reda is a senior manager at Harshwal & Company, LLP and has 14+ years of experience in auditing and providing accounting services to special districts, state and local governments, not-for-profit organizations, school districts, housing authorities, educational entities, and tribes and tribal governments. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools.

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. He also conducts sampling, testing and is well experienced in performing audits in accordance with attestation standards established by the AICPA. He will assist in directing the staff and specialize in the timely completion of the audit.

Education:

- BA in Accounting

Certification:

- Certified Public Accountant - State of Virginia (CPA)

POONAM SHARMA, CPA Senior Manager

Poonam Sharma is a senior manager at Harshwal & Company, LLP and has 10+ years of experience in auditing and providing accounting services to special districts, state and local governments, school districts, not-for-profit organizations, educational entities, tribes and tribal 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 Commerce (Accountancy and Business Statistics)

Certification:

- Certified Public Accountant - State of California (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India (ICAI)





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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:

Audit Team Member	Governmental CPE	Non-Governmental CPE
Sanwar Harshwal, CPA, CIA, CISA, CFE	140	124
Garima Pathak, CA	84	57
Albert Hwu, CPA	108	55
Samson Reda, CPA	80	56
Poonam Sharma, CPA	83	40

PRIOR ENGAGEMENTS WITH HEBER PUBLIC UTILITY DISTRICT

We do not have any prior engagement with the Heber Public Utility District.





SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

The best indicator of our ability is our success in meeting the needs of our current and past clients. We encourage you to contact these references to inquire about the quality of our services, their overall satisfaction, the effectiveness of our 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. Hoopa Valley Public Utilities District

- **Principal Contact:** Linnea Jackson, General Manager
- **Address:** 296 Loop Rd Hoopa, CA 95546
- **Phone Number:** (530) 625-4543
- **E-Mail:** linnea@hoopavalleypud.com
- **Period:** 2022 to Present
- **Engagement Partner:** Sanwar Harshwal
- **Total Hours:** 345 Hours
- **Scope of Work:** Audit of the Financial Statements and FTR

2. Clear Creek Community Services District

- **Principal Contact:** Dale Mancino, General Manager
- **Address:** 5880 Oak Street, Anderson, CA 96007
- **Phone Number:** (530) 357-2121
- **E-Mail:** dale.mancino@clearcreekcsd.org
- **Period:** 2023 to Present
- **Engagement Partner:** Sanwar Harshwal
- **Total Hours:** 215 Hours
- **Scope of Work:** Audit of the Financial Statements and FTR

3. Valley of the Moon Water District

- **Principal Contact:** Oscar Madrigal, Finance Manager
- **Address:** 19039 Bay Street, Sonoma, CA 95476
- **Phone Number:** (707) 996-1037
- **E-Mail:** omadrigal@vomwd.org
- **Period:** 2019 to Present
- **Engagement Partner:** Sanwar Harshwal
- **Total Hours:** 135 Hours
- **Scope of Work:** Audit of the Financial Statements and FTR





4. Big Rock Community Service District

- **Principal Contact:** Renna Nelson, Secretary to the Board
- **Address:** PO Box 453 Crescent City, CA 95531
- **Phone Number:** (707) 457-3880
- **E-Mail:** rkn.brcsd@gmail.com
- **Period:** 2020 to Present
- **Engagement Partner:** Sanwar Harshwal
- **Total Hours:** 126 Hours
- **Scope of Work:** Audit of the Financial Statements and FTR

5. Gasquet Community Services District

- **Principal Contact:** Tai Bickert
- **Address:** PO 86, Gasquet, CA 95543
- **Phone Number:** (707) 457-3107
- **E-Mail:** taibickertgcsd@gmail.com
- **Period:** 2021 to Present
- **Engagement Partner:** Sanwar Harshwal
- **Total Hours:** 125 Hours
- **Scope of Work:** Audit of the Financial Statements and FTR





SPECIFIC AUDIT APPROACH

Scope of Work

At Harshwal & Company, LLP, our professionals have extensive experience performing audit of special districts and our team has a broad understanding of the work environment that is necessary to conduct an audit of Heber Public Utility District. We understand that you require us to conduct an audit of the financial statements of the District for the fiscal year ending June 30, 2027, with an option to extend for three (3) additional fiscal years, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act of 1984 (FSAA) (as amended in 1996), if applicable, and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and local Governments. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

- We will perform the audit in accordance with GAAS and the Minimum Audit Requirements and Reporting Guidelines for California Special Districts issued by the State Controller's Office. We will also compile the District's financial statements in accordance with GAAP.
- We will prepare the District's Comprehensive Annual Financial Report (CAFR) in full compliance with all current GASB pronouncements.
- We will provide the District with five (5) hardbound copies and a PDF file containing all components of the District's financial statements.
- We will issue a report on compliance and internal control over financial reporting based on our audit of the financial statements. If any illegal acts or major irregularities are identified during the audit, we will immediately provide a written report to management.
- Upon request of the District, we will prepare and submit the Annual Report of Financial Transactions of Special Districts to the State Controller's Office, pursuant to Government Code Section 53891.
- We will issue a management letter for conditions or weaknesses, if any, in the internal control structure that are not considered significant deficiencies.
- Upon request, we will present the completed audited financial statements to the Board of Directors at a regularly scheduled board meeting.
- We will provide general consultation throughout the year, as needed, on financial accounting and reporting matters.
- We will issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.





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. 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.





Methodology and Work Plan

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 Heber Public Utility 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.

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.

Drawing Audit Samples

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.





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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.

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.

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.

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. We will make audit work papers available upon your request.





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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.

If 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.

Proposed Audit Schedule

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

Milestones	Tentative Timeline for FY 2027
Planning, risk assessment and system evaluation	Just after contract awarded
Entrance Conference	June 2027
Interim field work	June 2027
Final audit field work to be completed	Last week of November 2027 or before
Final Exit Conference	Last day of final audit fieldwork
Draft audit reports and management letter for review	2nd week of December 2027 or before
Final audit reports and management letter	Last week of December 2027 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.*





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 Heber Public Utility 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. 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:





Technical Proposal to Provide Professional Financial Auditing Services

- **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.

Checkpoints Tools: All Checkpoint Tools come with a complete set of practice aids, including valuable industry-specific practical considerations and guidance. We make sure you have everything you need to complete engagements and tax preparation with ease. Checkpoint Tools provides accounting and audit professionals with valuable industry-specific practical considerations and guidance including SMART Practice Aids® Audit Suite, PPC's Practice Aids™, PPC's Workpapers™, PPC's Interactive Disclosure Libraries™ and more. These tools work alone or with all paperless engagement products and integrate with AdvanceFlow™ and Workpapers CS, part of the CS Professional Suite from Thomson Reuters.

Use of Artificial Intelligence and Other Emerging Technologies

As part of performing our services, we may use artificial intelligence (AI), data analytics, and emerging technologies to enhance the efficiency, accuracy, and overall outcomes of our work. These technologies sometimes provided by third-party vendors - may be used to analyze data, generate reports, or assist us in delivering quality insights. By engaging our services, you acknowledge and consent to our use of AI and related technologies when deemed appropriate. While these tools enhance our capabilities, they are designed to complement not replace our professional judgement. Any significant findings or exceptions identified through the use of these technologies will be reviewed and validated by our team.

We are fully committed to safeguarding the confidentiality, integrity, and security of your information in compliance with applicable laws, regulations, and industry standards. When deploying AI or other related technologies, we engage reputable service providers that adhere to robust data protection measures, including encryption, anonymization (where applicable), and compliance with privacy laws (e.g., GDPR, CCPA). We do not store or transmit sensitive information through any AI platform unless it meets stringent data protection requirements. All data shared with us remains confidential and is used solely for purposes related to this engagement, in accordance with our professional obligations. Our confidentiality policies extend fully to AI systems, ensuring that no client data or sensitive information is accessed or used inconsistently with our professional responsibilities.

While AI and other technologies significantly streamline certain processes, they may have limitations, such as algorithmic biases, inaccuracies, or processing errors. We take reasonable precautions to mitigate such risks; however, we cannot guarantee that AI-generated outputs will be entirely error-free. We shall not be held liable for any inaccuracies resulting from such limitations.





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
District of XYZ
[City], [State]

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District of XYZ (the "District"), as of and for the year ended June 30, 2027, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2027, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.





Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (Unaudited) on pages through and required supplementary information on pages through be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.





Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated MM DD, YYYY, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

San Diego, California
MMMM DD, YYYY





**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
District of XYZ
[City], [State]

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District of XYZ (the "District"), as of and for the year ended June 30, 2027, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated MMMM DD, YYYY.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





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Purpose of This Report

The purpose of this report is solely to describe the scope of our 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California
MMMM DD, YYYY

Sample Report





APPENDIX B

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum all services set forth in Section II, Nature of Services Required

Signature of Official: 

Name (typed): Sanwar Harshwal

Title: Managing Partner

Firm: Harshwal & Company, LLP

Date: July 03, 2026





APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with the State of California Laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Heber Public Utility District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: 

Name (typed): Sanwar Harshwal

Title: Managing Partner

Firm: Harshwal & Company, LLP

Date: July 03, 2026





Technical Proposal to Provide Professional Financial Auditing Services



July 03, 2026

To the Board of Directors
Heber Public Utility District
1078 Dogwood Road, Suite 103
Heber, CA 92249

We are pleased to confirm our understanding of the services we are to provide for Heber Public Utility District (the "District") for the year ended June 30, 2027.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2027. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the 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 the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule - Parks and Recreation Fund
3. Schedule of Proportionate Share of the Net Pension Liability
4. Schedule of Pension Contributions

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.





The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS 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 your accounting records of the District and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. 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 waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or 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 an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. 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 the 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, proposed adjusting journal entries, and related notes of the District in conformity with accounting principles generally accepted in the United States of America 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.

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.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility 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, and for 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 accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known).





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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (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. 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 GAAS and *Government Auditing Standards*.

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 of each opinion unit 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, or contracts or grant agreements that we report.

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 Scope and 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.

As per Federal and State Laws, we don't require, nor do we request, demand, collect, or desire any Personal Identifying Information ("PII"). PII includes but is not limited to individual's first name (or first initial) and last name combined with other types of personal information, such as Social Security Number; home addresses; online identifiers; passport numbers; bank or credit card numbers; clearances; biometrics; date of birth; birth place; age; mother's maiden name; medical, criminal, and financial records; educational transcripts; email addresses; phone numbers; birth marks; professional designation; employment history, social media account information; driver's license numbers; any other similar and unique personal identifiers, etc. As such, do not provide our firm, staff, employees, consultants, contractors, managers, admin staff, third-party service providers with any of the aforementioned PII, as we will not be perusing the records provided to us to identify and purge such records.

By your signature below, you acknowledge and agree that Harshwal & Company LLP, is not responsible for "sanitizing" or "scrubbing" its workpapers in an attempt to identify and delete PII, and as such is not liable were such information to be retained by us or accessed by third parties.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.





Subpoena and Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party pursuant to a subpoena, court order or other administrative or legal process in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding, in which we are not a party. You agree that our efforts in complying with such requests or demands will be deemed a part of this engagement and Harshwal & Company LLP shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Engagement Administration, Fees, and Other

We have our technical resources and audit software in the cloud. We may, from time to time and depending on the circumstances, use third-party service providers within and outside of the United States in serving your account. As required by Section 54.1(b) of the California Code of Regulations, Title 16, confidential information provided by you to our firm, may be disclosed to persons, outside of the United States in connection with the services provided. 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, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Board of Directors; 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. Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

The audit documentation for this engagement is the property of Harshwal & Company 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 the grantor agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the 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 Harshwal & Company 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.

Your records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records.





We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Harshwal & Company LLP may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Mr. Sanwar Harshwal is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Fieldwork for the audit will be determined with the District's management based on the availability of accounting records and supporting documentation. Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Our fee for the services described in this letter will be \$XX,XXX, plus applicable gross receipts taxes and out-of-pocket costs (such as travel costs). We have estimated our fees, assuming that accounting records will be in balance and supported by appropriate documentation. Also, our cost assumes that the District personnel will provide supporting schedules for all asset and liability accounts, and provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.

If there were significant changes to the District's operations or the scope of work related to the financial statements, we will discuss with you additional time and fees that may be incurred.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness and accuracy of the District's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with an Audit Preparation Letter that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments and/or untimely assistance will result in an increase of our fees.

To keep fees at a minimum and provide the reports to you on a timely basis, we are planning on significant assistance from your personnel. In this regard, we will furnish you with a list of schedules and data to facilitate our work. We understand that all records, documentation, and information we request in connection with our audit will be made available to us. Your preparation of schedules and providing supporting evidence requested timely is imperative for us to perform our audit procedures in the most efficient manner possible. If audit related accounting assistance is required to reconcile accounts, these fees will be billed separately at our standard hourly rates. We will obtain your concurrence before we begin such services significantly beyond the scope of the audit.

In the future, you may decide that you need the services of one or more full-time employee. At that time, we could assist you in identifying individuals, our fees for which would then be agreed upon in a separate engagement letter. However, because of the knowledge that our staff have or will obtain of your organization, you may wish to hire one or more of them.

If this should occur, please notify us immediately so that we may avoid any potential independence issues. Also if this should occur, we will charge you a recurring fee of one hundred percent (100%) of the annual gross salary or wages (on an annualized basis) offered to our employee to compensate us for the loss of our valued and extensively trained employee(s). Such amount shall be paid within thirty (30) days following the date of such notification.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.





The District acknowledges that the following unexpected circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates; Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

Unexpected circumstances are also defined as fire, destruction or disappearance of records, discovery of fraud, or similar situations beyond our control or knowledge.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement.

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 as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. Any invoices left unpaid beyond 30 days will be charged a 1.5% late fee per month, added to the then outstanding balance.

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(s). 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.

This engagement letter may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination, (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this engagement, and (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained.

While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this engagement letter as we deem appropriate.





The proposed fee estimate is contingent upon the District having performed the following functions and sending us copies to review at least two weeks prior to us performing the audit fieldwork:

1. Submitting trial balances and general ledger to us in an electronic format.
2. Completing all steps and sending us copies of the requested information on the audit preparation guide, which we will provide.
3. All material balance sheet accounts need to be reconciled and scheduled. Prepare reconciliations of all checking (payroll and accounts payable, etc.) accounts, savings accounts and investment accounts on a monthly basis and send us copies of the year end reconciliations.
4. Providing us electronic copies of your payroll and accounts payable check registers for the fiscal year under audit.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. 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 we 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 state (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 report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the 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.





Heber Public Utility District

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We appreciate the opportunity to be of service to the 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,

Harshwal & Company LLP

Sanwar Harshwal
Managing Partner

RESPONSE:

This letter correctly sets forth the understanding of Heber Public Utility District.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

SAMPLE





Technical Proposal to Provide Professional Financial Auditing Services

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 allow 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, and our overall audit approach. 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.

"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.





August 21, 2026

Board of Directors and Ms. Madeline Dessert, General Manager
Heber Public Utility District
1078 Dogwood Rd., Ste 103
Heber, CA 92249

We are pleased to confirm our understanding of the services we are to provide Heber Public Utility District (District) as of and for the year ended June 30, 2027.

Audit Scope and Objectives

We will audit the governmental activities, business-type activities and each major fund of the District, as of June 30, 2027, and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – Special Revenue – Parks and Recreation Fund
3. Schedule of Proportionate Share of the Net Pension Liability
4. Schedule of Pension Contributions

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmons, CPA | Oscar Gonzalez, CFE

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WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

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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 the 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.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c) To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d) For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e) For identifying and ensuring that the District complies with the laws and regulations applicable to its activities;
- f) For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g) For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h) For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i) For informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j) For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- a) for the preparation of the supplementary information in accordance with the applicable criteria;
- b) to provide us with the appropriate written representations regarding supplementary information;
- c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the District's management.
- b) Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for:

- a) making all management decisions and performing all management functions;
- b) assigning a competent individual to oversee the services;
- c) evaluating the adequacy of the services performed;
- d) evaluating and accepting responsibility for the results of the services performed; and
- e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the District with regard to tax positions taken in the preparation of the tax return, but the District must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements 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 to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Preparation of State Controller Report

Our Responsibilities

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's

Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARSs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- c) The prevention and detection of fraud
- d) To ensure that the District complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$22,500
Preparation of the State Controller's Report	1,000
Total	\$23,500

If significant changes occur in the District's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

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 the District's account becomes 60 days or more overdue and may not be resumed until the District's 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. The District 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 District 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 management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the District's records and, where applicable, upon the District's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., District employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of District key personnel. We will plan the engagement based on the assumption that District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of District records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Scheduling

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the District. We ask that the District prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2027, date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2028.

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Jared Solmonsens, CPA is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the District of any such request.

Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the District or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the District hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The District and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. 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.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Conclusion

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- a) Our view about the qualitative aspects of the District's significant accounting practices;
- b) Significant difficulties, if any, encountered during the audit;
- c) Uncorrected misstatements, other than those we believe are trivial, if any;
- d) Disagreements with management, if any;
- e) Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- f) Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- g) Representations we requested from management;
- h) Management's consultations with other accountants, if any; and
- i) Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

**TECHNICAL PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES**

Heber Public Utility District

**For the Fiscal Years Ending
June 30, 2027-2029
(With the Option for Fiscal Years 2030 to 2032)**



Respectfully Submitted on August 21, 2026 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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August 21, 2026

Mr. Luis Carrazco, Finance Manager
Heber Public Utility District
1078 Dogwood Rd
Heber, CA 92249

Dear Mr. Luis Carrazco

Thank you for the opportunity to submit this proposal to provide audit services for the Heber Public Utility 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, 2027-2029 with a three-year option. Based on our history with public utility agencies, we 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 public utility agencies 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.

- **Auditor Rotation** – For California local governments, special districts, cities, counties, and other local agencies, the primary auditor rotation requirement is found in California Government Code § 12410.6(b). The rule requires the engagement partner rotation within the audit firm after six consecutive fiscal years of service. The rule does not require changing audit firms. Therefore, Jared Solmonsens will replace Paul J. Kaymark as the District's Audit Engagement Partner.
- **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 100+ public agencies annually.
- **Dedicated IT Auditor.** Having a dedicated IT Auditor on the audit team provides critical value by ensuring that the agency's information systems and technology controls are thoroughly assessed by a specialist with focused expertise. This dedicated role enhances the depth and accuracy of the audit by identifying potential vulnerabilities, inefficiencies, or compliance issues that might otherwise go undetected. Furthermore, a dedicated IT Auditor can offer targeted recommendations tailored to the agency's technology landscape, supporting more informed decision-making and long-term operational resilience. **A Value-Added Service from our Firm.**

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA
Jessica Miller, CPA | Angelika Vartikyan, CPA | Jared Solmonsens, CPA | Oscar Gonzalez, CFE

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
www.nncpas.com • Licensed by the California Board of Accountancy

- **An Efficient and Effective Work Plan.** We currently serve over 100+ 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 have specified.
- **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.
- **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. Jared Solmons, Partner, will be the main contact for the District regarding this project and as you can see from the Audit Teams resumes, in the following pages, they have many years of experience to make the audit a smooth process.
- **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
Managing Partner
Special District's 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
- Annual Comprehensive Financial Report (ACFR) 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
Partner*	9	9
Senior Manager	1	1
Manager	5	5
Supervisor	5	-
Senior	8	-
Associates	9	-
Support Staff	3	-
Total	40	15

**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."*

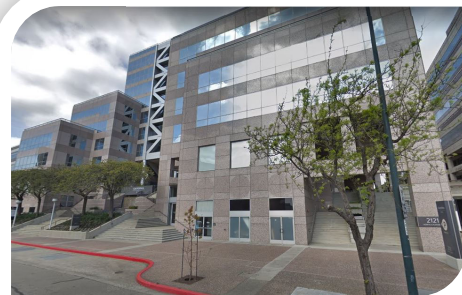
Size and Location of Offices

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
Paul J. Kaymark, CPA	N&N Managing Partner	32
Jared Solmonsén, CPA	Engagement Audit Partner	8
Stacy Macias, CPA	Senior Audit Manager – Federal Compliance	8
Anabel Cruz, CPA	Audit Manager	7
Tyler Cook	Audit Supervisor	4
Angelina Paunkov	Audit Senior	3
Valeria Castaneda	Audit Staff	2
Alejandra Melero	Audit Staff	1

Paul J. Kaymark, CPA

N&N Managing Partner

Paul joined the firm in 2019 and has more than 32 years of 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:

- Metropolitan Water District of So Cal
- Palmdale Water District
- Oxnard Harbor District
- 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

Jared Solmons, CPA

Engagement Audit Partner

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 be the audit engagement partner and oversee staff as they work together through different audit areas.

Audit Services:

Jared began his career with Nigro & Nigro in 2019 focusing on special districts and not-for-profit organizations. He has 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.

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
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



Education:

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

Licenses and Certifications:

- Certified Public Accountant, California

Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

Additional Areas:

- Tax preparation
- QuickBooks knowledge

Stacy Macias, CPA

Senior Audit Manager – Federal Compliance

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 Audit Manager. 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 audit partner and oversee staff as they work together through different audit areas.

Audit Services:

Stacy began her auditing career on audit engagements of 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 with those industries.

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
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Additional Areas:

- Tax preparation
- QuickBooks knowledge

Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



Education:

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

Licenses and Certifications:

- Certified Public Accountant, California

Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

Anabel Cruz, CPA

Audit Manager

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. Her audit experience includes audits of governmental and not-for-profit organizations, Anabel values building quality relationships with clients while providing timely and reliable services. Anabel will work under the general direction of the audit partner and oversee staff as they work together through different audit areas.

Audit Services:

Anabel enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

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 with those industries.

Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



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
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

Tyler Cook

Audit Supervisor/IT Auditor

Tyler began his career in public accounting in 2022 with Nigro & Nigro, PC. Tyler’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. Tyler values building quality relationships with clients while providing timely and reliable services. Tyler is working under the general direction of the Audit Manager.

Audit Services:

Tyler enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

Consulting Services:

Tyler has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from his audit and consulting experience with those industries.

Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Other Agencies Served:

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- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



Education:

Bachelor of Science, Accountancy
BYU Hawaii – 2022
Master’s in Accountancy and IT
San Diego State University – 2023

Licenses and Certifications:

- CPA License Candidate

Continuing Education:

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

Angelina Paunkov

Audit Senior

Angelina began her career in public accounting in 2023 with Nigro & Nigro, PC. Angelina’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. Angelina values building quality relationships with clients while providing timely and reliable services. Angelina is working under the general direction of the Audit Supervisor.

Audit Services:

Angelina enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

Consulting Services:

Angelina has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience with those industries.

Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
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- Palmdale Water District
- San Geronio Pass Water Agency



Education:

Bachelor of Science, Accountancy
California State University, San Marcos,
2023

Licenses and Certifications:

- CPA License Candidate

Continuing Education:

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

Valeria Castaneda

Audit Staff

Valeria began her career in public accounting in 2024 with Nigro & Nigro, PC. Valeria’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. Valeria values building quality relationships with clients while providing timely and reliable services. Valeria is working under the general direction of the Audit Senior.

Audit Services:

Valeria enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

Consulting Services:

Valeria has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience with those industries.

Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Other Agencies Served:

- Calleguas Municipal Water District
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- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



Education:

Bachelor of Science, Accountancy
California Baptist University, Riverside,
2024

Licenses and Certifications:

- CPA License Candidate

Continuing Education:

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

Alejandra Melero

Audit Staff

Alejandra began her career in public accounting in 2025 with Nigro & Nigro, PC. Alejandra’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. Alejandra values building quality relationships with clients while providing timely and reliable services. Alejandra is working under the general direction of the Audit Senior.

Audit Services:

Alejandra enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

Consulting Services:

Alejandra has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience with those industries.

Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
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- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBIA's

Other Agencies Served:

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- East Orange County Water District
- Hi-Desert Water District
- Oxnard Harbor District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



Education:

Bachelor of Science, Accountancy
University of California, Riverside,
2025

Licenses and Certifications:

- CPA License Candidate

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 Water/ Wastewater Special Districts

We currently conduct over 100+ 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 a New Audit Client in 2025 Experience:

Mammoth Community Water District – Jeffrey Beatty, FM (760) 934-2596 x 239

Midway City Sanitary District – Gordon Copley, DF (714) 893-3553

Our State Water Contractor clients:

Palmdale Water District – Virdiana Iguaran, CFO (661) 456-1075

Littlerock Creek Irrigation District – Gina Burroughs, OM (661) 944-2015

San Geronio Pass Water Agency – Thomas Todd, CFO (951) 845-2577

Water & Wastewater District

East Orange County Water District – Sylvia Prado, (714) 538-5815

ACFR Preparation Clients:

Costa Mesa Sanitary District – Kaitlin Tran, FM (949) 645-8400

Hi-Desert Water District – Tanya Gruwell, CFO (760) 228-6271

Las Gallinas Valley Sanitary District – Dale McDonald, ASM (415) 526-1519

Scotts Valley Water District – John Dillon, FM (831) 600-1906

Trabuco Canyon Water District – Michael Perea, AGM (949) 858-0277

Other Water District Clients:

Calleguas Municipal Water District – Dan Smith, MAS – (805) 579-7132

Mammoth Community Water District – Jeffrey Beatty, FM (760) 934-2596 x 239

Montecito Water District – Emma Godinez, BM (805) 880-8630

Rowland Water District – Myra Malner, DF (562) 697-1726

*** Please check the websites of these above noted clients to review the Financials prepared by our Firm.**

OUR FOUR PILLARS OF AN AUDIT ENGAGEMENT

WHAT MAKES US DIFFERENT FROM OTHER AUDITORS!!!

We believe that a Better Audit is based on deploying the following four principals:

1. **Communication**
2. **Collaboration**
3. **Continuity**
4. **How Do We Make You Better!!!**

We Call these “The Better Audit 3Cs!!!”

COMMUNICATION

Clarifies Expectations and Scope:

Clear communication ensures that both the auditor and the client understand the objectives, scope, and timeline of the audit, reducing the risk of misunderstandings.

Enhances Efficiency:

Timely and open communication helps in identifying and resolving issues early, streamlining the audit process and minimizing delays.

Builds Trust and Professional Relationships:

Regular, transparent interactions foster trust between auditors and clients, which is crucial for cooperation and access to necessary information.

Supports Accurate and Reliable Reporting:

Effective communication allows for better documentation, informed judgments, and ensures that significant findings and risks are appropriately discussed and addressed.

COLLABORATION

Improves Efficiency and Accuracy:

Effective collaboration between auditors and client personnel helps streamline data collection, resolve issues quickly, and reduce misunderstandings—leading to a more efficient and accurate audit process.

Enhances Risk Assessment:

Joint discussions and shared insights allow auditors to better understand the client’s operations and environment, enabling a more precise identification and assessment of risks.

Facilitates Timely Issue Resolution:

Open communication and teamwork help identify and address discrepancies or concerns early in the audit, minimizing delays and last-minute surprises.

Promotes Transparency and Trust:

Collaborative interactions build a foundation of trust and openness, encouraging full disclosure and cooperative problem-solving throughout the engagement.

CONTINUITY

Improved Audit Efficiency:

Familiarity with the client's operations, systems, and prior audit issues allows returning staff to work more efficiently and effectively, reducing the learning curve and audit time.

Enhanced Audit Quality:

Continuity supports a deeper understanding of client-specific risks and controls, contributing to more accurate risk assessments and better professional judgment.

Stronger Client Relationships:

Consistent staffing fosters trust and communication between the audit team and the client, leading to smoother information exchange and better cooperation.

Reduced Risk of Errors or Omissions:

Continuity helps preserve institutional knowledge from previous audits, minimizing the risk of overlooking significant findings or repeating past mistakes.

HOW DO WE MAKE YOU BETTER!!!

Client-Centric Mindset:

This phrase shifts the audit from a compliance-driven task to a value-adding partnership, emphasizing the auditor's role in helping the client improve processes, controls, and overall performance.

Encourages Open Dialogue:

It fosters a more collaborative and constructive tone, encouraging clients to share concerns and areas they feel need support, which can lead to more targeted and effective audit outcomes.

Enhances Trust and Relationships:

By signaling genuine interest in the client's success, auditors build stronger relationships and trust, which can lead to better cooperation and smoother audit execution.

Drives Continuous Improvement:

It helps identify opportunities for operational, financial, and risk management improvements, reinforcing the audit's role in long-term organizational development rather than just short-term assurance.

Our clients consistently express appreciation for our commitment to the principles of **communication, collaboration, continuity**, and a **client-centric mindset** throughout the audit engagement. They value the clarity and transparency our communication brings, which sets clear expectations and fosters trust. The collaborative approach enhances efficiency and issue resolution, making the process smoother and more accurate. Clients also recognize the benefits of continuity in staffing, which ensures deep institutional knowledge and strengthens relationships year over year. Most importantly, our "How Do We Make You Better" philosophy transforms the audit from a compliance exercise into a meaningful partnership, helping clients identify opportunities for improvement and long-term success. We hope you also see the value of these four pillars in your decision-making process.



SAUSALITO-MARIN CITY SANITARY DISTRICT

1 EAST ROAD • SAUSALITO, CALIFORNIA 94965
OFFICE 415.332.0244 • PLANT 415.332.0240 • FAX 415.332.0453

General Manager
Jeffrey Kingston

Office Manager/Board Secretary
Catherine A. Bondanza

Directors
Dan Rheiner, President
William Ring, Vice President
Don Beers
Barbara Rycerski
Shirley Thornton

March 31, 2025

To Whom it May Concern:

Re: Reference Letter for Nigro & Nigro, PC

It is with great enthusiasm and confidence that I write this letter to express our sincere appreciation for the exceptional audit services provided by **Nigro & Nigro, PC**. As a new client, we approached the audit process with a mix of anticipation and natural apprehension. However, from the very beginning, the Nigro & Nigro team distinguished themselves through their professionalism, expertise, and genuine commitment to client service.

From our initial engagement, the team at Nigro & Nigro demonstrated a deep understanding of the unique requirements of our organization. Their approach was thorough, thoughtful, and highly **collaborative** ensuring we felt supported and informed at every stage. They took the time to understand our operations, internal controls, and specific risk areas, providing valuable insights that extended well beyond the standard audit checklist.

What truly set Nigro & Nigro apart was the approachable and responsive nature of their staff. **Communication** was timely and clear, and their willingness to educate and advise throughout the process made an immediate and lasting impact on our team. The auditors displayed not only technical expertise but also a remarkable ability to translate complex concepts into understandable, actionable feedback.

Our transition to Nigro & Nigro, PC as our audit partner has been a resounding success. Their audit process was efficient, insightful, and executed with integrity. We feel confident in the quality of their work and greatly value the relationship we are building with their team.

We look forward to continuing our partnership with Nigro & Nigro, PC for years to come and would recommend them without hesitation to any organization seeking a professional, knowledgeable, and client-focused audit firm.

Sincerely,

Catherine A. Bondanza
Office Manager/Board Secretary
Sausalito-Marín City Sanitary District

SCOPE OF THE AUDIT

We will audit the basic financial statements of the District for the fiscal year ended June 30th 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.
- 5) Perform IT evaluation of policies and controls

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 as we have estimated based on the RFP timeline:

Date/Segment	Total Hours			Total
	Partner/Manager	Supervisor	Staff/Admin	
Apr/Jun				
Preliminary planning and fieldwork	2	8	8	18
Apr/Jun				
Interim fieldwork	22	12	20	54
Sept/Oct				
Final fieldwork, report preparation, review, finalization, and presentation	27	22	34	83
Total hours	51	42	62	155
Preliminary planning and fieldwork	2	8	8	18
Control	22	12	20	54
Substantive	20	10	34	64
Reporting	7	12	0	19
	51	42	62	155

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.

Proposing Firm Warranties

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



Paul J. Kaymark, CPA
Audit Services Partner

**COST PROPOSAL
FOR
PROFESSIONAL AUDITING SERVICES**

Heber Public Utility District

**For the Fiscal Years Ending
June 30, 2027-2029
(With the Option of Fiscal Years 2030 to 2032)**



Respectfully Submitted on August 21, 2026 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

Proposed Pricing Per Professional Staff Member

Professional	Hours	Rates		Total
		Standard	Quoted	
Partner	16.00	\$ 225.00	\$ 200.00	\$ 3,200.00
Managers	35.00	200.00	175.00	6,125.00
Seniors	42.00	175.00	150.00	6,300.00
Staff Members	63.00	150.00	125.00	7,875.00
Admin	-	100.00	75.00	-
Subtotal	156.00			23,500.00
Out-of-Pocket - Included in Rates (We Are Local)				-
Total Max				\$ 23,500.00

Fiscal Year	FY 2027	FY 2028	FY 2029	Total
District Financials	\$ 22,500	\$ 22,500	\$ 22,500	\$ 67,500
State Controller's Report	1,000	1,000	1,000	3,000
Total	\$ 23,500	\$ 23,500	\$ 23,500	\$ 70,500

Same Price for FY 2030 to FY 2032

Federal Single Audit - \$5,000, if needed

ADDITIONAL INFORMATION

Testimonial

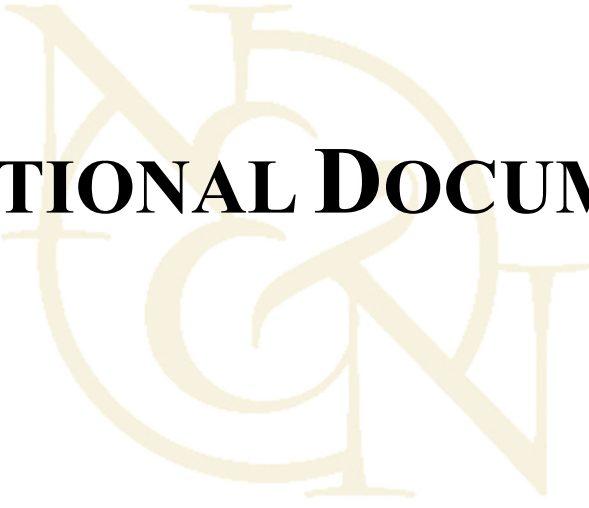
"Few people have the opportunity to work with someone who was a coach and a mentor-but I did when I worked with Paul. I had the pleasure working directly under Paul's supervision and I was particularly impressed by his ability to handle even the toughest clients - and effortlessly. That skill often takes years to develop, but it seemed to come perfectly natural to him. Paul was one of those rare partners who also naturally serve as an inspiring mentor for the whole staff and I was grateful to learn a lot from him."

*Deana Miller
Accounting Manager
PolyCera, Inc.*

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

APPENDIX B

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum all services set forth in Section II, Nature of Services Required

Signature of Official:  _____

Name (typed): Paul J Kaymark, CPA _____

Title: Managing Partner _____

Firm: Nigro & Nigro, PC _____

Date: August 21, 2026 _____

APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with the State of California Laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Heber Public Utility District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.



Signature of Official: _____

Paul J Kaymark, CPA

Name (typed): _____

Title: Managing Partner

Firm: Nigro & Nigro, PC

Date: August 21, 2026

APPENDIX D

PART 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF FINANCIAL STATEMENTS

	Rates				
	Professional	Hours	Standard	Quoted	Total
PARTNERS	Partner	16.00	\$ 225.00	\$ 200.00	\$ 3,200.00
	Managers	35.00	200.00	175.00	6,125.00
MANAGER	Seniors	42.00	175.00	150.00	6,300.00
	Staff Members	63.00	150.00	125.00	7,875.00
	Admin	-	100.00	75.00	-
SUPERVISORY STAFF	Subtotal	156.00			23,500.00
STAFF	Out-of-Pocket - Included in Rates (We Are Local)				-
	Total Max				\$ 23,500.00
OTHER (SPECIFY)	Fiscal Year	FY 2027	FY 2028	FY 2029	Total
	District Financials	\$ 22,500	\$ 22,500	\$ 22,500	\$ 67,500
	State Controller's Report	1,000	1,000	1,000	3,000
	Total	\$ 23,500	\$ 23,500	\$ 23,500	\$ 70,500
OUT OF POCKET EXPENSES	Same Price for FY 2030 to FY 2032				
OTHER	Federal Single Audit - \$5,000, if needed				
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2026-27					\$23,500
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2027-28					\$23,500
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2028-29					\$23,500
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2029-30					\$23,500

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction for the total all-inclusive maximum price.

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, 2023. 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. The summary also includes an explanation of how engagements identified as not performed or reported on 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of the applicable 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 and compliance with the firm's system of quality control based on our review.

Required Selection 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, 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, 2023, 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*.

Spafford & Landry, Inc.

May 1, 2024

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

04/08/2026

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).

PRODUCER Tower Insurance Associates, Inc. 4244 Overland Avenue Culver City, CA 90230 License #: 0229561	CONTACT NAME: Anna Soto-Long	FAX (A/C, No): (310)837-7559	
	PHONE (A/C, No, Ext): (310)837-6101	E-MAIL ADDRESS: Anna@insurewithtower.com	
INSURED Nigro & Nigro PC 25220 Hancock Ave Ste 400 Murrieta, CA 92562-0903	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Hartford Underwriters Insurance Company		30104
	INSURER B : Hartford Accident And Indemnity Company		22357
	INSURER C : Rate by Multiple Companies		00914
	INSURER D : Fusion		
INSURER E :			
INSURER F :			

COVERAGES

CERTIFICATE NUMBER: 00013566-250107150915

REVISION NUMBER: 20

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. LIMITS SHOWN ARE INCLUSIVE OF AMOUNTS REQUESTED BY THE CERTIFICATE HOLDER AND MAY NOT REFLECT POLICY LIMIT AMOUNTS IN EXCESS OF THOSE REQUESTED. *Not Applicable in WY

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:	Y		72SBACB0EJV	04/10/2026	04/10/2027	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 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000
B	☐ ANY AUTO ☐ OWNED AUTOS ONLY ☒ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY			72UECCM7622	04/10/2025	04/10/2026	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☐ EXCESS LIAB DED ☐ RETENTION \$			72SBACB0EJV	04/10/2026	04/10/2027	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N ☐ N / A		72WECBU9M2N	08/15/2025	08/15/2026	☒ PER STATUTE ☐ 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
D	Cyber Liability			POL-360-40870330-00	10/30/2025	10/30/2026	\$ 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



(ASL)



CAMICO MUTUAL INSURANCE COMPANY
DECLARATIONS
ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

Policy Number: CAL108511-15

Effective Date: 8/12/2025 at 12:01 A.M. Standard time at the address shown below
Expiration Date: 8/12/2026 at 12:01 A.M. Standard time at the address shown below
Retroactive Date: 8/12/2010

Item 1 - *Named Insured*: Nigro & Nigro, PC
Item 2 - Business Address: 25220 Hancock Avenue, Suite 400
Murrieta, CA 92562

Item 3 - Limits of Liability: \$1,000,000 Per *Claim*
\$3,000,000 Policy Aggregate

Item 4 - Deductibles: \$25,000 Per *Claim* Deductible

Item 6 - The policy consists of this Declarations page, and the following policy forms and endorsements:

PL-1000-A	07/14	Accountants Professional Liability Insurance Policy
PL-2001-A (CA)	11/21	State Endorsement - California
PL-1007-A	07/14	Exclusion - Claims Following Insured's Suit for Fees
PL-1032-A	07/14	Additional Insured Endorsement
PL-1049-A	07/14	Privacy and Client Network Damage Endorsement
PL-1056-A	06/16	Multiple Claims and Related Acts, Errors and Omissions Amendment
PL-1060-A	11/21	Sanctions Limitation and Exclusion

PLEASE READ THESE DECLARATIONS, THE POLICY AND ENDORSEMENTS CAREFULLY.

CAMICO Mutual Insurance Company

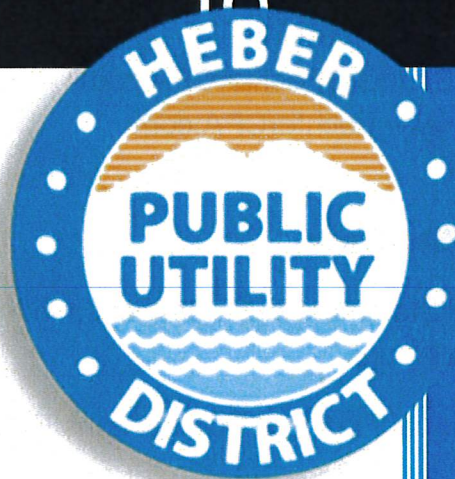
Authorized Representative



**FECHTER
& COMPANY**
Certified Public Accountants

Technical and Cost Proposal to Provide Audit Services

to



RECEIVED

AUG 21 2026

HPUD

Prepared by:
Scott A. German, CPA
Managing Shareholder

August 19, 2026

Proposal Overview

Proposal Requested by:

Board of Directors of Heber Public Utilities District

Proposal Publish Date: July 17, 2026

Proposal Due Date: August 24, 2026

Fechter & Company Representative with contact information:

Name: Scott A German, CPA
Office phone: (916) 333-5360
Cellular phone: (916) 709-4755
Email: ScottG@FechterCPA.com
Website: www.FechterCPA.com

Description of Requested Services:

Proposal for Financial Statement Audit Services, under yellow book standards with the possibility for single audit.

Preparation of the Annual Financial Transactions Report to the State Controller

Period Covered: For the Fiscal Years Ending: June 30, 2027; 2028; 2029 and 2030

Statement of Confidentiality

This proposal and supporting materials contain confidential and proprietary business information of Fechter & Company. These materials may be printed or photocopied for use in evaluating the proposed project but are not to be shared with other parties.

August 19, 2026

The Heber Public Utilities District
1078 Dogwood Road, Suite 103
Heber, California 92249

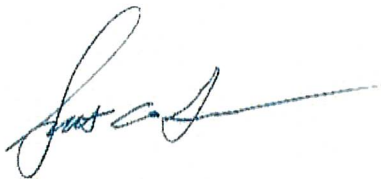
Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide financial statement audit services to the Heber Public Utilities District (the District). We believe the following pages provide an accurate overview of our qualifications, competence, and capacity to perform the audit services requested within the time frame required by the District.

We believe the following proposal outlines our understanding of your needs and the environment in which you work and are therefore in a unique position to provide you with high quality, insightful audit services.

This proposal is an irrevocable offer valid for 90 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to Heber Public Utilities District. We are located at 3445 American River Drive, Suite A, Sacramento, California 95864, and you can contact me by telephone at (916) 333-5360 or (916) 573-1809.

Thank-you for considering our proposal. We look forward to a long and successful working relationship with you and your management team.

Very truly yours,



Scott A. German, CPA
Managing Shareholder

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Firm Qualifications and Experience

Who we are

Fechter & Company, Certified Public Accountants is a professional corporation based in Sacramento, California. All resources dedicated to the audit and tax services will be based from this location.

Since April 2005, we have built a practice providing audit, tax, and business consulting to government agencies, non-profit organizations, and small businesses with annual budgets of less than \$25 million.

Personal Service

You receive a high level of personal service with easy access to professionals who can answer your questions and facilitate the audit process.

Efficient Processes

Our staff turnover is very low. As a result, you will have the same staff from year to year, resulting in a more efficient and effective use of your staff.

Experienced Auditors

From our staff of 8 CPA's and seasoned staff, 3-4 will be assigned to perform all audit procedures. From initial planning through fieldwork to financial statement preparation, our depth of experience will be evident.

Quality Control Review

Our peer review, including a review of a specific governmental engagement, is included with this proposal. Fechter & Company has never failed a peer review and has fully implemented all required quality control procedures. Our next peer review is due in 2026.

Firm Qualifications and Experience

License to Practice in California and Firm Standing

- Since 2005, our firm has been licensed as a certified public accounting firm by the California State Board of Accountancy.
- All key professional staff are properly licensed in California.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- We have no prior substandard audit work or unsatisfactory performance pending with the State Board of Accountancy or other related professional organizations.

Independence

- Our firm is independent of the District as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.
- All professional staff in our firm meet the independence requirements of the American Institute of Certified Public Accountants and the Government Auditing Standards, 2003 revision, published by the U.S. General Accounting Office.
- Our firm has no history or professional relationships with the District or its personnel that would compromise our independence.

Insurance

- We carry the requisite insurance coverage.
- A copy of our current Liability Insurance Certificate is included with this proposal.

Continuing Education

All of our staff are required to maintain their continuing education at levels necessary to provide services to governmental clients. We require a minimum of 40 hours of total education time each year, including 24 hours of government specific topics.

Firm Qualifications and Experience

Technology and Data Security

For a Firm our size, Fechter & Company takes effective use of technology very seriously by partnering with Thomson Reuters for the following audit tools:

- Engagement Manager – Audit workflow management and processing tools.
- Guided Assurance – Audit methodology tools.
- CoCounsel – A Fiduciary Grade AI™ tools used for research and analysis of large documents and agreements, mechanical testing all reviewed and approved by professional staff.
- AI Analyze – Allows us to connect to various software programs and perform detailed analysis and sample selection of large populations. *Used only with client permission.*

Fechter & Company takes data security very seriously. To that end:

- All laptop computers are secured with strong passwords, multifactor authentication and biometrics where available which is enhanced with advanced cyber security software.
- All data is secured behind advanced firewalls, all service providers supply us with positive SOC reports
- All staff take monthly training to keep them alert for phishing and other data security issue

Our firm leverages our partnership with Thomson Reuters to provide access to the advanced research tools and other resources helping us to proactively inform our clients about potential changes in accounting legislation and standards.

Remote Work Capabilities

We have the capability of performing your audit 100% remotely. However, we believe that there is often value in seeing our client's staff and facilities to place the numbers we audit in context.

Since 2018, our firm has been working to improve our ability to work on audits in a remote environment. Not only has this process been a benefit to our staff by providing them with more flexibility and work/life balance, it has allowed us to be more efficient in how we work with our clients.

- Our audit software, Engagement Manager, is securely accessed through services provided by Thomson Reuters. We have access to your audit file from wherever we are.

Firm Qualifications and Experience

- Thomson Reuters GoFileRoom allows us to securely accept files from clients through the ClientFlow portal, place documents directly in our audit file and provide access to documents to all that need them.
- Emphasis on Data Security. All of the systems are protected by strong enforced passwords which follow federal security standards. This is supported by the following security systems:
- Strong Password manager: All staff are required to use our password manager for all Firm and Client passwords.
 - Our password manager allows for random passwords up to 100 characters in length protected in a “vault” that locks each individual entry with a 256-bit encryption key supported by multifactor authentication procedures.
 - Passwords are changed routinely and changes are monitored by management.
 - Phishing security prevention and training. All staff are required to take monthly micro-trainings on phishing and other security risks.

Other Affirmations

- We know of no conflicts of interest with the District or any of its personnel.
- We will notify you with any changes that occur with our peer review or license status.

Statement on Outsourcing

Many accounting firms, faced with the current CPA shortage, are outsourcing work to overseas locations.

We believe California based government agencies and non-profits should work with California professionals.

As a result, ***WE DO NOT OUTSOURCE WORK TO FOREIGN COUNTRIES.***

Engagement Staffing

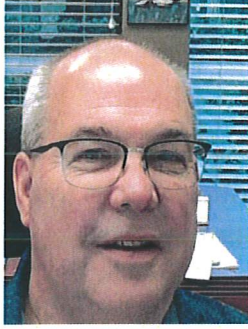
Engagement Partner

Mr. Scott German, CPA will lead the audit. Mr. Michael Fink, CPA and Ms. Joanne Berry, CPA will provide alternate primary partner and independent review of the files to assure the highest quality product.

Engagement Manager

Mr. Joshua Jackson, CPA will be the in-charge accountant with new staff as needed.

We recognize the District's need for staff consistency. You will work with the same principals and whenever possible the same staff each year.



Scott A. German, CPA

Engagement Partner

Experience

Scott has provided audit and accounting services since 1985 when he started with the international accounting firm KPMG. Following stints as a controller for an international drilling company and CFO for a California Trade Association, Scott came to Fechter & Company to lead the audit practice in 2009. Where he established the Firm's quality initiatives, performed independent reviews and oversaw technology implementation. In 2022, Scott became the Managing Shareholder

Scott has performed audits for the following industry segments

Audits of California Special Districts

- Cemetery Districts
- Fire Districts
- Recreation and Park Districts
- Community Services Districts (water & sewer)

Audits of Not-for-profit Organizations

- Membership Organizations
- Arts Organizations
- Public Benefit
- Human Assistance agencies

Audits of Private Companies

- Construction
- Real Estate
- DMV Contractors
- Regional Center Vendors

Education

Bachelor of Science

Business Administration-Concentration in
Accounting California State University at
Sacramento -1985

Annual Continuing Education Focus

- Uniform Guidance
- Yellow Book
- Governmental Accounting and Auditing
- Firm Management
- Emerging Technology

Other

Professional Affiliations

- Member AICPA – Not for profit section
- Affiliate Member CSDA, Annual Conference Speaker

Licenses

- California CPA Certificate



Joanne Berry, CPA

Engagement Partner

Experience

Joanne brings over two decades of experience in accounting and audit. Her career began at Ernst & Young in 1998 where she developed a deep foundation of financial analysis, compliance and internal controls within diverse industry sectors. After obtaining her CPA in 2020, she advanced into senior leadership roles where she led financial reporting and regulatory compliance, overseeing SOX compliance, audit coordination and strategic financial planning. Joanne joined Fechter and Company in 2012 and became a shareholder in 2022.

Joanne has performed audits for the following industry segments

Audits of California Special Districts

- Library Districts
- Fire Protection Districts
- Recreation and Park Districts
- Community Services Districts
- Water and Utility Districts
- Joint Powers Districts

Audits of Not-for-profit Organizations

- Membership Organizations
- Religious Organizations
- Art and Cultural Organizations
- Public Benefit
- Social Services & Community agencies
- Environmental & Conservation Groups

Audits of Private Companies

- Construction
- Regional Center Vendors

Education

- Bachelor of Science
- Business Administration-Concentration in Accounting
- California Polytechnic Institution -1997

Annual Continuing Education Focus

- Uniform Guidance
- Yellow Book
- Non-profit Accounting and Audit
- Governmental Accounting and Auditing
- Firm Management
- Emerging Technology

Other

- Professional Affiliations
- Affiliate Member CSDA

- Licenses
- California CPA Certificate



Stephanie W. Rogers, CPA

Engagement Manager

Experience

Stephanie began her career with the global accounting firm Ernst & Young LLP in 1995 where she developed a strong foundation in auditing and financial reporting. After earning her California Public Accountant license in 1999, she went on to hold key accounting roles in several corporations as well as consult for the Siegfried Group, gaining deep experience across diverse industries. Her focus eventually shifted to serving government entities and not-for-profit organizations. In 2024, she joined Fechter & Company and uses her expertise to strengthen the firm's capabilities and further its commitments to excellence in public sector audit and accounting services.

Stephanie has performed audits for the following industry segments

Audits of California Special Districts

- Fire Districts
- Recreation and Park Districts
- Mosquito Abatement Districts

Audits of Not-for-profit Organizations

- Membership Organizations
- Arts Organizations
- Public Benefit
- Human Assistance agencies

Audits of California Special Districts

- Regional Center Vendors

Education

- Bachelor of Science
- Business Administration with an emphasis in Accounting and Finance
- University of California at Berkeley -1995

Annual Continuing Education Focus

- Uniform Guidance
- Yellow Book
- Governmental Accounting and Auditing
- Firm Management
- Emerging Technology

Other

- Licenses:
- California CPA Certificate

Relevant Experience and References

Similar Engagements with Local Governments

This is a representative list of California governmental agencies our firm has served over the last three (3) years. Contacts and email addresses will promptly be provided upon request.

Approximately 65% of our audit clients are governmental entities.

Carpinteria-Summerland Fire Protection District
Carpinteria Sanitary District
Ojai Sanitary District
Granada Community Services District
Montecito Fire Protection District
Clarksburg Fire Protection District
El Dorado LAFCO
Placer County Resource Conservation District
Rio Alto Water District
Rural North Vacaville Water District
Alpine Fire Protection District
East Contra Costa Irrigation District
East Side Mosquito Abatement District
South Lake County Fire Protection District
Sylvan Cemetery District
Bayshore Sanitary District
District of Loomis
Turlock Mosquito Abatement District
Fair Oaks Cemetery District
Davis Public Cemetery

Relevant Experience and References

References from Similar Type Agencies

Ojai Valley Sanitary District Ojai, California

Contact information:

Alison Young, Assistant General Manager
1072 Tico Road
Ojai, California 93023
(805) 646-5548

Scope of audit work:

Annual audit of the financial statements.
Single Audit

Hours Annually: 150

Partner: Scott German, CPA

Fiscal Years Completed:
2019-2025, 2026 In progress

Carpinteria Sanitary District Carpinteria, California

Contact information:

Kim Garcia, Administrator
5300 Sith Street
Carpinteria, California 93013
(805) 684-7214

Scope of audit work:

Annual audit of the financial statements.
Single Audit

Hours Annually: 150

Partner: Scott German, CPA

Fiscal Years Completed:
2022-2025, 2026 In progress

Other Special District Experience
We also provide Audit Services to
Park and Recreation Districts

Public Cemetery Districts
Fire Districts
Community Services Districts

Fees and Expenses

Standard Hourly Billing Rates for Professional Personnel

	Professional Fees Per Hour	
	Standard	Quoted
Partner	\$ 325	\$ 276
Manager	\$ 275	\$ 234
Professional Staff	\$ 175	\$ 149
Clerical/Support Staff	\$ 75	\$ 64

Total All-Inclusive Maximum Price Proposed Fee Schedule

			Fiscal Year Ended June 30				
	Hours	Hourly Rate	2027	2028	2029	2030	2031
Base audit fees:							
Partner	20	\$ 276	\$ 5,530	\$ 5,807	\$ 6,097	\$ 6,402	\$ 6,850
Manager	40	\$ 234	9,350	9,818	10,308	10,824	11,581
Professional Staff	32	\$ 149	4,760	4,998	5,248	5,510	5,896
Clerical/Support Staff	26	\$ 64	1,673	1,757	1,845	1,937	2,073
Total base audit fees	118		\$ 21,313	\$ 22,379	\$ 23,498	\$ 24,673	\$ 26,400
State Controller Annual Report of Financial Transactions							
			1,800	1,890	1,985	2,084	2,230
Base recurring professional fees			\$ 23,113	\$ 24,269	\$ 25,483	\$ 26,757	\$ 28,630
Onboarding fee			2,000	-	-	-	-
Total professional Fees			\$ 25,113	\$ 24,269	\$ 25,483	\$ 26,757	\$ 28,630
Plus allowance for based out-of-pocket expenses (Note 2)			500	500	500	500	500
Total fees and expenses no travel			\$ 25,613	\$ 24,769	\$ 25,983	\$ 27,257	\$ 29,130
Plus allowance for out-of-pocket expenses travel only if required (Note 2)			3,500	3,675	3,859	4,052	4,335
Total all-inclusive maximum price fee with travel			\$ 29,113	\$ 28,444	\$ 29,841	\$ 31,308	\$ 33,465
Single Audit, one program (Note 1)			\$ 8,000	\$ 8,400	\$ 8,820	\$ 9,261	\$ 9,909

Note 1 - The Quoted Single audit fee is for the first major program. Each major program thereafter is \$6,500.

The amount will be confirmed prior each fiscal year in our engagement letter.

Note 2 - Expenses are invoiced as incurred at actual amounts, this is our best estimate of what we expect to incur at the time of proposal.

As a new audit client, we may find value in traveling to your offices for some part of fieldwork the first year. We strive to keep expenses at a minimum, and will adjust as we determine our audit plan each year. Your proposal format requires we offer our maximum fee and expenses. Realistically if we do not travel, total expenses will be around \$300-\$500.

The above fees anticipate that your books and records will be audit ready on scheduled dates. Should there be additional unanticipated work to be completed, rescheduling as a result of your staff's time, or other situations that require additional time on our part, will result in additional fees.

You will be notified of any change in fees prior to us performing additional work.

Audit Process Overview

The following provides an overview of our audit process. It is imperative for you to understand that each client and each fiscal year presents the possibility for unique situations and challenges. Our planning procedures are geared to making sure we identify risks to be addressed at the beginning of the engagement.

Requirements Requested in the Proposal

The District is requesting that the auditor express an opinion on Heber Public Utilities District's presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America using Generally Accepted Audit Standards. The District is requesting the auditor to follow Yellow Book audit standards with the possibility of requiring a single audit as needed.

The engagement will be divided into the following segments:

The engagement will be divided into the following segments:

- Phase 0: Client Acceptance and Onboarding
- Phase 1: Audit Planning
- Phase 2: Evaluation and Testing of Internal Controls and Compliance
- Phase 3: Fieldwork/Substantive Testing
- Phase 4: Reporting/Wrap-up

Phase 0: Client Acceptance and Onboarding

Based on the representations your agency has provided us through the RFP process, we have prepared this proposal for your review and approval. Should we be the successful proposer, we will then begin our onboarding process. The onboarding process includes the follows procedures:

- Obtain permission to contact your prior auditors.
- Obtain confirmation from the prior auditor of the reason for them being replaced, disagreements between them and management and if there are any issues they are aware of that would preclude us from accepting you as a client.

Audit Process Overview

- Issue our engagement letter summarizing the terms of the audit as outlined in this proposal.
- We will also request various workpapers from the prior auditor to facilitate the continuity of presentation. Normally we request:
 - Grouped trial balance
 - Recorded adjustments
 - Fixed Asset and Debt roll forwards
 - Prior year internal financial statements, general ledger and trial balance.
- Begin the process to set up the audit file, import the prior year numbers and reconcile to the issued financial statements.

Phase 1: Audit Planning

Planning includes obtaining an understanding of the entity and its environment, including its internal controls, making an initial assessment of audit risks, new situations, determining materiality and developing the overall extent of our procedures and the timing of the engagement work.

Audit planning typically consists of the following procedures performed by the engagement team:

- Update our understanding of the District's current situation
- Planning meetings with District personnel
- Review new accounting pronouncements
- Review new or updated District policies and procedures
- Identify federal and state awards
- Review minutes of District's Board
- Develop preliminary risk assessments and audit plan
- Communicate audit request list and timeline to the District

Audit Process Overview

Laws, Regulations and Contracts

An integral task during our planning of the District's audit, we will determine the extent of testing for various laws and regulations. Determination of which areas to test are based on review of enabling legislation at the District, County and State level and review of any federal and state grants for appropriate compliance requirements. We will also consult with District management and staff to identify any contracts or agreements that are in place that may have a significant impact on the financial statements and adjust our audit plan accordingly.

Risk Assessment

During the audit planning phase, the audit team develops an audit plan utilizing a risk-based audit approach. Starting with a detailed review of the potential risk of material misstatement, we customize audit programs targeting areas of higher risk.

During this planning phase, we will work management and staff at the District to identify areas of higher risk, as well as other areas that they may want us to focus on during our audit.

Required Client Participation

Based on the requirements of our audit plan, we will also provide the District with a list of schedules, reconciliations and documents to be compiled by the District's staff that we will require to be ready **before** we will start final audit procedures. Any delay in receipt of this information will delay the audit completion and result in additional costs to the District.

Communication with Board and Management Personnel

In addition to meeting with management and staff, we will ***communicate directly*** with the District's Board members to explain our respective responsibilities, identifies risks and request members notify us of any concerns or additional areas of audit emphasis they may want us to pursue.

Audit Process Overview

Phase 2: Evaluation and Testing of Internal Controls and Compliance

Phase 2 typically consists of 1-2 days to evaluate and tests of internal controls, commonly referred to as interim audit testing. This phase is typically performed by the audit manager and seniors as well as one to two staff members onsite. Following completion of this phase, we will make any final adjustments to the audit process based on the work completed.

Procedures normally consist of the following:

- Reviewing and evaluating the District's internal control structure
 - Review policies and procedures
 - Conduct interviews with various staff members
 - Review the District's Information Technology environment
- Meet with members of the District Board and staff individually to discuss audit risks
 - Identify key controls in significant transaction classes
 - Review adopted budgets and budget amendments
 - Perform walkthroughs and tests of controls
 - Purchasing and disbursement procedures
 - Revenue collection and reconciliation with the County
 - Payroll and pension

Internal Controls

Effective internal controls are vital to the District's operating environment to ensure compliance with both financial and nonfinancial objectives. Our evaluation of internal controls includes reviewing adopted policies as well as formal and informal communications with various District employees. These discussions allow the audit team to evaluate any deviations in practices from policy. As part of the evaluation process, we will make both formal and informal recommendations for improvements based on any weaknesses that are identified.

The audit planning phase includes evaluating significant transaction classes, identifying what could go wrong, and key controls in place to address these identified risks. Our internal control testing includes testing that these key controls are operating effectively to either prevent or detect any of the identified risks. The internal control testing also includes tracing the individual transaction through the District's systems to ensure the proper reporting objectives are met.

Audit Process Overview

Our controls evaluation and testing include obtaining an understanding of the computer software used by the District and tracing sample selections through the system to determine the desired control outcomes are being achieved. We may request read-only audit access to the District's Financial Management Software to verify the accuracy of postings to the system for our testing selections. Additionally, we will employ the system throughout the audit to query data and run reports for analysis. As our audit technology progresses, we will begin to leverage the benefits of Artificial Intelligence tools to help us analyze more transactions for potential errors and fraud in the time we have available, thus providing you with higher quality audit results without increases in fees.

After controls have been documented, evaluated and tested, we will finalize the District's audit plan. Audit programs will be tailored to fit the specifics of the District's accounting processes and systems. The Firm's workpaper management software allows for real-time updates and customization of audit programs as additional risks are identified during the audit process.

Other phase 2 considerations

Sampling

Fechter & Company has developed sample sizes and sampling techniques under the guidelines of generally accepted auditing standards, as well as governmental auditing standards. Random samples are generally used for control testing. Additionally, more targeted, statistical sampling techniques are used in selection of other transactions to ensure all levels of the District's policy requirements are tested.

Sampling for Compliance Testing

Similar to our sampling techniques for general audit procedures, sampling will also be used for testing compliance, including single audit testing when necessary. Fechter & Company follows audit guidance for sampling, including sample size determination, appropriate sample population and attributes to be tested. To provide for an efficient single audit process, dual-purpose tests of controls and compliance are often used in single audit testing to limit the volume of documents that the District must provide to the auditors for review.

Audit Process Overview

Phase 3: Fieldwork/Substantive Testing

Substantive testing is performed by all members of the engagement team with direct manager involvement followed by partner review.

Below is a summary of various substantive testing procedures that may be used:

- Detailed testing of transactions and balances
- External confirmations of account balances
- Sampling of significant account activity
 - Capital asset additions and deletions
 - Accounts payable payments near year end
 - Manual journal entries
 - Revenues and receipts near year end
 - Disbursements and expense testing
- Review and testing of bank reconciliations
- Verify compliance with relevant California Statutes
- Verify compliance with debt covenants
- Review fund balance and net position for proper classification
- Verify inventory of vaults
- Compare activity to the County reports
- Perform detailed analytical procedures
- Detailed testing of grants, including single audit testing, when necessary

To provide an efficient and effective audit for the District, our substantive audit procedures will focus on areas of higher risk, be based on internal control testing, and preliminary testing in Phases 1 and 2.

The engagement partner and manager perform workpaper reviews during fieldwork to ensure all questions and documentation are completed prior to the end of substantive testing. Our goal is to complete substantive testing with as few open items as possible when we complete fieldwork.

Our firm structure allows for the majority of audit work to be completed by staff with managers and partners involved in all aspects of the District's audit process.

Audit Process Overview

Steps to address anticipated issues

In order to address these frequent issues, below are steps that we attempt to take with each client:

- Proactively inform you of major GASB standard changes that will take place in future years.
- We attempt to tackle confirmations as early as we can in the audit process. Confirmations are an integral part of every audit and must be pro-actively managed. We attempt to start this process early on and then we automatically follow up with each confirmation source every couple of weeks. If we do not hear back from a source after a couple of attempts, we will follow up with you or plan for the performance of alternative procedures which may result in additional fees.
- We understand that nearly every audit results in a set of open items. We also understand that client staff are busy with their important day-to-day jobs. We attempt to follow up on open items regularly to make sure requests are fulfilled and work to alleviate any unnecessary requests.
- If we encounter serious delays in prior years, we will follow up with District staff well before an audit is scheduled to make sure we are able to assist where necessary to assure proper closing of the books.

Proposed Schedule

While the final schedule will be worked out with you and your staff each year, we anticipate the following to be representative of our proposed schedule:

Phase	Description	Anticipated Schedule
Phase 0:	Client Acceptance and Onboarding	Award to May 2027
Phase 1:	Audit Planning	March – June 2027
Phase 2:	Evaluation and Testing of Internal Controls and Compliance	May – June 2027
Phase 3:	Fieldwork/Substantive Testing	September - November
Phase 4:	Reporting/Wrap-up	November- December

Peer Review Results

Following the death of our Founder, the Firm experienced various difficulties in completing our 2023 Peer Review. The Firm has implemented a new quality control system as a result of our 2023 Peer Review.



Patrick D. Spafford CPA
Todd C. Landry CPA
CERTIFIED BY THE CALIFORNIA BOARD OF ACCOUNTANCY
MEMBER - AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Report on the Firm's System of Quality Control

To Fechter & Company, CPAs
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 Fechter & Company, CPAs, (the firm) in effect for the year ended March 31, 2023. 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/peerreview. The summary also includes an explanation of how engagements identified as not performed or reported on 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of the applicable 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 and compliance with the firm's system of quality control based on our review.

Required Selection and Considerations

Engagements selected for review included audits performed under *Government Auditing Standards*, and 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.

Deficiencies Identified in the Firm's System of Quality Control

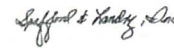
We noted the following deficiencies during our review:

Although the firm's quality control document properly identifies the requirement for monitoring, the firm was not aware of guidance requiring the performance of monitoring on an annual basis. If the firm's monitoring had been performed on an annual basis, the deficiencies noted below may have been discovered and corrected.

The firm's quality control policies and procedures address engagement performance and documentation procedures using a third-party practice aid. While the firm has reliable third-party practice aids, they did not use them effectively. This contributed to governmental and not-for-profit audit engagements, including audits performed under *Government Auditing Standards* and compliance audits under the Single Audit Act, did not conform to professional standards in all material respects in the areas of independence, risk assessment, analytical review, documentation of certain audit procedures performed and for a compliance audit under the Single Audit Act, documentation of testing specific to a compliance audit, including fraud considerations. For several review engagements, documentation of expectations as it relates to analytical review was missing and one review engagement did not properly document management inquiries. This resulted in these engagements not being performed in accordance with professional standards.

Opinion

In our opinion, except for the deficiencies previously described the system of quality control for the accounting and auditing practice of Fechter & Company, CPAs in effect for the year ended March 31, 2023, 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*. Fechter & Company, CPAs, has received a peer review rating of *pass with deficiencies*.

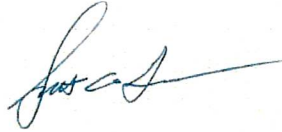


October 26, 2023

Proposer Guarantees

The proposer certifies it can and will provide and make available, at a minimum all services set forth in Section II, Nature of Services Required.

Signature of Official:



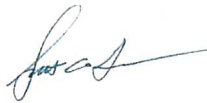
Name (typed): Scott A. German, CPA

Title: President

Proposer Warranties

- A. Proposer warrants that it is willing and able to comply with the State of California Laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Heber Public Utility District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:



Name (typed): Scott A. German, CPA

Title: President

Firm: Fechter & Company, Certified Public Accountants

Date: August 19, 2026



*Providing High-Quality Audit Services to
California Special Districts since 2005*

Proposal for 2026-2027 Professional
Financial Auditing Services to the

RECEIVED

JUL 13 2026

HPUD

Heber Public Utility District

Submitted by:

Roger A. Martinez, CPA
Partner, Audit Practice Leader
Vasquez & Company LLP
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
Tel: (213) 873-1703
Fax: (213) 873-1777
Email: ram@vasquezcpa.com

July 13, 2026

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213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

Cover Letter / Letter of Interest

July 13, 2026

Heber Public Utility District
1078 Dogwood Road, Ste. 103
Heber, CA. 92249

Attention: **Luis Carrazco**, Finance Manager

RE: Vasquez & Company LLP Proposal for 2026-2027 Professional Financial Auditing Services to the Heber Public Utility District

Vasquez & Company LLP ("Vasquez," "we," "us," or "our") is pleased to submit our proposal to Heber Public Utility District (the "District," "you," "your") to audit its financial statements for the Fiscal Year 2026/2027 ending June 30, 2027, with the option of auditing its financial statements for each of the three (3) subsequent Fiscal Years through Fiscal Year ending June 30, 2030.

Firm Information

Primary Contact and Principal with Authority to Enter into a Contract: Roger Martinez, CPA

Firm Name: Vasquez & Company LLP

Office Address: 655 N. Central Avenue, Suite 1550, Glendale, CA 91203

Telephone Number: (213) 873-1703

Fax Number: (213) 873-1777

Type of Firm: Limited Liability Partnership

Firm's Understanding

Our understanding of the project objectives, scope of work, and anticipated deliverables is as follows:

- Perform an audit and render an auditor's report on the Basic Financial Statements of the District in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special District.
 - As part of our audit, we will render a report on the basic financial statements, and also apply limited audit procedures to Management's Discussion and Analysis (MD&A), if provided, and required supplementary information pertaining to the Enterprise Fund of the District.
 - We will render our auditor's reports on the District's internal control over financial reporting and on compliance with relevant laws and regulations and other matters based on our audit of the financial statements.
- Issue a Management Letter that includes recommendations for improvements in internal control, accounting procedures, and other significant observations that are considered to be non-reportable conditions.
- Provide the cost to prepare and forward to the State Controller's Office the Annual Reports of Financial Transactions of Special Districts pursuant to Government Code Section 53891.



- Present the completed Audited Financial Statements to the Board of Directors at a regularly scheduled board meeting, if requested
- Provide general consultation as required, during the year, on financial accounting and reporting matters.

Upon request, and following the completion of our audits, we would be pleased to present to the District's Board of Directors to discuss our audit approach, scope, and results. We pride ourselves on our ability to communicate complex information clearly and objectively, enabling management and the Board of Directors to evaluate its significance and determine appropriate action plans.

Management can be assured our audits will be performed in accordance with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
- The standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards;
- The provisions of the Single Audit Act, as amended, and the Office of Management and Budget's (OMB) Guidance for Federal Financial Assistance codified at 2 CFR Part 200, Subpart F, Audit Requirements, as applicable.

Why Vasquez?

Experienced Firm:

- We have a proven track record of delivering high-quality audit services to agencies and similar governmental entities.
- We are a member of the AICPA Government Audit Quality Center, demonstrating our commitment to excellence in governmental auditing.
- We have the resources, experience, and reputation necessary to establish an excellent working relationship, deliver all requested services, and keep the District informed of emerging regulatory and accounting developments in its best interests.

Experienced Leaders:

Our leadership team is uniquely qualified to deliver the requested services. The team brings extensive expertise in providing audit services to governmental electric utilities, joint powers agencies, and water districts. Each member of our proposed engagement team specializes in key areas, including compliance and financial reporting. This expertise supports a thorough and efficient audit. Our proposed leadership team consists of:

- Roger A. Martinez, CPA, Partner and Audit Practice Leader at Vasquez, formerly with KPMG Department of Professional Practice, where he handled complex audit, accounting, and risk management issues at a national level, with over twenty-five (25) years of public accounting experience, will serve as the engagement relationship partner.

Roger's experience includes the Metropolitan Water District of Southern California, the Los Angeles Department of Water and Power, the United Water Conservation District, the Upper San Gabriel Valley Municipal Water District, and the Water Replenishment District of Southern California.

- Jay Toledo, CPA, Director at Vasquez, formerly with PwC, with over fifteen (15) years of public accounting experience, will lead our delivery of services to the District and direct and supervise the auditors performing the engagement, review the audit results, and provide technical expertise as appropriate.

Jay's experience includes the Moulton Niguel Water District, the Santa Clara Valley Water District, the Water Replenishment District of Southern California, the Victor Valley Wastewater Reclamation Authority, and the Encina Wastewater Authority.

- Cristy A. Canieda, CPA, CGMA, Partner and Government Practice Leader at Vasquez, formerly with PwC, with over thirty (30) years of public accounting experience, will be the engagement



quality control reviewer and will provide an objective evaluation of the engagement team's significant judgments and conclusions in formulating the auditor's report.

Cristy's experience includes the Encina Wastewater Authority, the Municipal Water District of Orange County, the Central Basin Municipal Water District, and the Hidden Valley Municipal Water District.

Information Technology Expertise:

Our audit approach includes a review of the District's Information Technology (IT) general controls by IT professionals with more than 20 years of experience to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the District's technology standards, and appropriate to safeguard your information assets.

Our Internal Control-Based Audit Approach:

- Our professionals, with extensive experience in performing financial and compliance audits of local water agencies in California, will bring an unbiased, fresh perspective to the District's systems, operations, and practices. Our experience will enable us to assess your risk and compare your existing policies and practices with those of other efficient, reputable agencies. We will focus on the critical areas of your operations.
- Our audit approach is unique in that we evaluate and test key internal accounting controls rather than merely performing substantive tests. This approach provides critically important information to the District's management about the effectiveness of its internal controls.

Communication with the District:

- We will hold regularly scheduled status meetings to keep you abreast of our progress.
- We will provide you with meaningful status reports.
- We will take a proactive approach to develop practical solutions to identified challenges.
- Team members, including the engagement partner and quality control partner, will be available year-round.

Addressing Critical Accounting Matters:

Recognizing that your interests are best served by highly qualified, knowledgeable, and trained accountants and auditors, we offer our staff and our clients:

- Frequent training in current technical matters and subjects of importance to the finance, accounting, and auditing aspects of local governments, such as new GASB requirements.
- Specific Federal and State of California regulations pertaining to local government accounting, reporting, and compliance.

Timeliness:

- We understand and appreciate the importance of adhering to agreed-upon timelines and meeting deadlines.
- We structure our audit approach to recognize issues early, plan for the orderly completion of our work, and avoid end-of-audit surprises.
- We commit to performing the work within the agreed time period.

New GASB Pronouncement Experience:

- Our team has assisted our clients in adopting applicable Governmental Accounting Standards Board (GASB) statements.
- Our firm assists clients in assessing their readiness to implement the new standards and guiding them through the actual implementation.



Heber Public Utility District

July 13, 2026

Page 4

Providing an Effective and Efficient Audit:

- Our risk-based approach, our high-caliber management team, and our experienced staff ensure that critical issues are not overlooked but instead are promptly identified, communicated to you, and resolved to the District's satisfaction.

Affirmations:

- Our proposal is a firm and irrevocable offer for the period being bid on.

Vasquez is committed to providing the District with the highest level of client service. We trust you will find Vasquez well-qualified to serve the District. If you have any questions, please contact me using the information provided below. As the authorized signer of this proposal and a partner at Vasquez, I am fully empowered to represent the firm, submit this bid, and execute a contract with the District.

VASQUEZ & COMPANY LLP

Roger A. Martinez, CPA

Partner, Audit Practice Leader

655 N. Central Avenue, Suite 1550

Glendale, CA 91203

Tel: 213-873-1703

Email: ram@vasquezcpa.com

Organization / Credentials / Professional Experience

Brief Description of Firm and Number of Years in Business

Vasquez and Company LLP is a Limited Liability Partnership established in 1969, registered with the State of California Department of Consumer Affairs, with over 55 years of experience in performing financial, compliance, and performance audits, internal control reviews, fraud investigations, and risk assessments of Water Districts, Transportation Agencies, Cities, Counties, and other governmental entities.

The AICPA ranks us among the nation's top 1% of accounting firms (G400). In addition:



Vasquez has been recognized as one of *INSIDE Public Accounting's* "Top 300 Firms in 2025" in the U.S.



Accounting Today has named us a West Coast Regional Leader for three consecutive years.

Value Added Services

As a regional firm with former partners and managers from international accounting firms, we offer superior service characterized by timely, personalized attention. Our professionals deliver innovative yet practical solutions that provide clients with a competitive advantage. The following represents a partial list of benefits that would be available to the District as a client of the firm:



Specialty and expertise in financial, compliance, internal, and performance audits



Knowledge of "best practices" for government agencies



Extensive partner involvement



Keeping up with current trends



Routine Consultation throughout the year



Cutting-edge technology utilized to minimize audit costs for you



Quality assurance throughout the engagement (i.e. staffing, planning, execution, reporting)

Heber Public Utility District

Proposal for 2026-2027 Professional Financial Auditing Services

6

Professional Experience with Public Agencies / Special Districts

Utility/Water Districts/Private Clients

Vasquez provides audit services to approximately 100 governmental and regulated entities annually, including regional water quality control plants, electric utilities, and other enterprise funds subject to financial and compliance audits. These audits are performed in accordance with auditing standards generally accepted in the United States.

The following is a list of clients served by key personnel, similar to the services requested in the RFP.

Clients	
Arizona Water Company	
California American Water	
City of El Monte – Sewer Fund	
City of Hawthorne – Sewer and Storm Drain Fund	
City of Montebello – Water Utility Fund	
City of Simi Valley – Sanitation Fund; Ventura County Waterworks District No. 8	
City of Norwalk – Sewer Fund and Water Fund	
Big Bear Municipal Water District	
Central Basin Municipal Water District	
Encina Wastewater Authority	
Desert Water Agency	
Fox Canyon Groundwater Management Agency	
Hidden Valley Municipal Water District	
Imperial Irrigation District	
Long Beach Water Department	
Los Angeles Department of Water and Power	
Metropolitan Water District of Southern California	
Monterey One Water	
Moulton Niguel Water District	
Municipal Water District of Orange County	
Needles Public Utility Authority	
San Diego Gas & Electric Company	
San Gabriel Basin Water Quality Authority	
San Gabriel Valley Water Company	
Santa Clara Valley Water District	
Southern California Edison Co.	
Upper San Gabriel Valley Municipal Water District	
United Water Conservation District	
Water Replenishment District of Southern California	
Walnut Valley Water District	
Valley County Water District	
Vernon Light and Power	
Victor Valley Wastewater Reclamation Authority	

Government Clients

Vasquez has served more than 100 government entities over the past 10 years. We perform numerous financial and compliance audits of governmental organizations. These audits include risk assessments conducted using a structured approach based on the Committee of Sponsoring Organizations (COSO) Principles.

Government Clients		
City of Agoura Hills	City of Monterey Park	Hub Cities Consortium JPA
City of Azusa	City of Norwalk	Imperial County Transportation Commission

Heber Public Utility District

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Government Clients		
City of Baldwin Park	City of Palos Verdes Estates	Independent Cities Finance Authority
City of Bell	City of Pico Rivera	Los Angeles County Metropolitan Transportation Authority
City of Bell Gardens	City of Pomona	Los Angeles Unified School District
City of Beverly Hills	City of Rosemead	Monterey One Water
City of Calabasas	City of San Fernando	Morongo Basin Transit Authority
City of Carson	City of Santa Fe Springs	Moulton Niguel Water District
City of Commerce	City of Santa Monica	Mountain Area Regional Transit
City of Compton	City of Simi Valley	Needles Public Utility Authority
City of Cudahy	City of South El Monte	Omnitrans
City of Culver City	City of South Gate	Plumas County Transportation Commission
City of El Monte	City of Torrance	Pomona Valley Transportation Authority
City of Gardena	City of Vernon	Quechan Indian Tribe
City of Hawthorne	City of Walnut	Riverside County Transportation Commission
City of Hidden Hills	City of West Hollywood	Santa Barbara Metropolitan Transit
City of Huntington Park	City of Westlake Village	San Bernardino County Transportation Authority
City of Industry	County of Fresno	Santa Clara Valley Water District
City of Inglewood	County of Los Angeles	San Joaquin Valley Library System
City of Irwindale	County of San Bernardino	Southern California Regional Rail Authority
City of La Puente	County of Siskiyou	Southern California Edison Co
City of Lawndale	Antelope Valley Transit Authority	Southern Gas Company Fleet & Real Estate
City of Lynwood	California American Water	SunLine Transit Agency
City of Malibu	California State Treasurer's Office	Transportation Agency for Monterey County
City of Maywood	Desert Water Agency	Tuolumne County Transportation Council
City of Merced	Gold Coast Transit District	Victor Valley Wastewater Reclamation Authority
City of Modesto	Hidden Valley Municipal Water District	Victor Valley Transit Authority
City of Montebello	Hub Cities Career Center	Water Replenishment District of Southern California

Government Accounting Standards Board (GASB)

Our firm encourages the early adoption of all applicable Government Accounting Standards Board (GASB) statements. Some of these standards have been monumental in establishing new financial reporting requirements for state and local governments throughout the United States and in restructuring the information previously presented.

Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

We propose an engagement team with substantial experience auditing governmental entities for the District's financial and compliance audits. Our industry-focused staff has completed training courses in governmental accounting, auditing, and financial reporting, as well as specialized training on the compliance requirements of the OMB Uniform Guidance, including changes to single audit requirements. Additionally, our partners have conducted training on the Uniform Guidance for professional organizations.

Performance Improvement Observations

Providing value-added management letter comments is a priority for Vasquez. Our auditors' and consultants' unique experience enables us to provide meaningful assistance beyond what most audit firms can offer. We achieve this through various means, primarily by identifying issues before they become significant problems for our clients. Additionally, we meet with our clients throughout the year to gain a deeper understanding of their challenges. As a result, our clients have realized many benefits, including improved operational efficiency, enhanced security, and proactive prevention of potential audit issues.

Range of Services

Vasquez is a full-service firm dedicated to serving governmental entities and tax-exempt organizations. Our areas of specialization include audit, tax, risk assessments, advisory services, and performance reviews.

Assurance

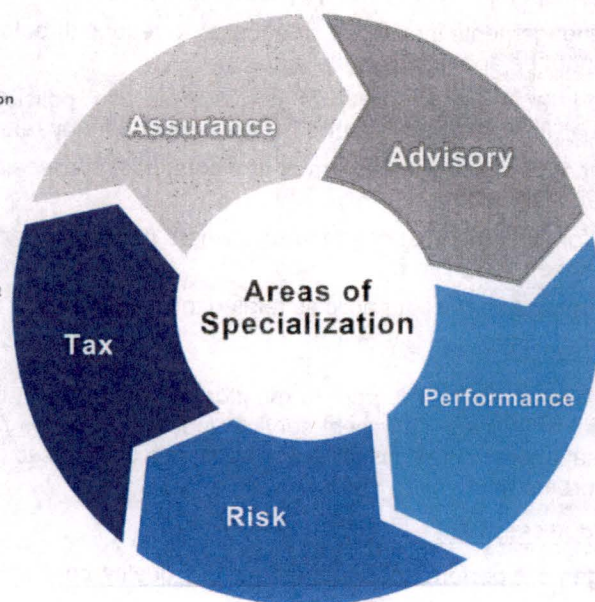
- Compliance Audits
- Financial Statement Audits
- Financial Statement Review
- Financial Statement Compilation
- Forensic Audit
- Agreed-Upon Procedures
- Forecasts & Projections
- Benefit Plans
- Examination

Tax

- IRS Representation
- Return of Organization Exempt from Income Tax
- California Exempt Organization Annual Information Return
- Annual Registration Renewal Fee Report

Risk

- Corporate Governance
- Enterprise Risk Management
- Sarbanes-Oxley Consulting
- Regulatory Compliance
- IT Risk & Advisory
- Security & Privacy
- Fraud



Advisory

- Internal Control Review
- Strategic Planning
- Organizational Analysis
- Internal Audit
- Regulatory Accounting & Compliance
- Outsourced Accounting
- Offshore Accounting
- Outsourced CFO/Controller
- Systemized IT Risk Projects
- Business Process & Strategic Analysis
- Data Analysis

Performance

- Business Intelligence/Corporate Performance Management
- Performance Improvement & Implementation
- Performance Audit
- Expense Reduction Analysis

Number of Employees in the Firm

Please refer to the Firm Qualifications and Experience section for the breakdown of the number of employees in the Firm

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Independence

Vasquez is independent of the District as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards. Our quality control program is designed to monitor compliance with audit and accounting professional standards, as well as firm policies. Our client service approach requires the active involvement of experienced partners and managers in consulting and audit engagements to ensure that critical issues are identified and resolved in a timely manner. Vasquez does not have any professional relationships involving the District or any of its agencies or component units.

If selected, Vasquez shall give the District written notice of any professional relationships entered into during the period of the agreement.

Independence Policies and Monitoring Programs

One of our quality control objectives is to provide reasonable assurance that our firm and personnel comply with relevant ethical requirements when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Our firm satisfies this objective by establishing and maintaining policies and enforcing specific procedures relative to the following:

- Personnel adherence to relevant ethical requirements such as those in regulations, interpretations, and rules of the AICPA, U.S. Government Accountability Office, state CPA societies, state boards of accountancy, state statutes, and any other applicable regulators.
- Communicating independence requirements to firm personnel and, where applicable, others subject to them.
- Identifying and evaluating possible threats to independence and objectivity, including the familiarity threat that may be created by using the same senior personnel on an audit or attest engagement over a long period, and taking appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards.
- Withdrawing from engagements if effective safeguards to reduce threats to independence to an acceptable level cannot be applied.
- Written confirmation, at least annually, of compliance with policies and procedures on independence from all firm personnel required to be independent by relevant requirements.
- Confirming the independence of another firm or firm personnel in associated member firms who perform part of an engagement.
- Rotating personnel for audit or attest engagements where regulatory or other authorities require such rotation after a specified period.
- Advising acquired practice units of our policies related to independence, integrity, and objectivity.

Quality Control

Vasquez has an extensive quality control program to monitor compliance with the audit and accounting professional standards and firm policies. Our client service approach requires the active involvement of experienced partners and managers in the consulting and audit engagements to ensure that critical issues are identified and resolved promptly.

Performance Monitoring and Assessment

The objective of the engagement performance element of our quality control is to provide reasonable assurance that:

- Engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements.
- Our firm or engagement partner issues reports that are appropriate in the circumstances.

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Policies and procedures for engagement performance address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures require that consultation take place when appropriate. Also, our firm has established criteria against which all engagements are to be evaluated to determine whether an engagement quality control review should be performed.

We satisfy the above objectives by establishing and maintaining the following policies and procedures:

- Planning for engagements meets professional, regulatory, and firm requirements.
- Qualified engagement team members review work performed by other team members on a timely basis.
- Vasquez establishes procedures addressing the nature, timing, extent, and documentation of the engagement quality control review.
- Vasquez establishes criteria for the eligibility of engagement quality control reviewers.
- Vasquez requires that consultation take place when appropriate, that sufficient and appropriate resources are available to enable appropriate consultation to take place; that all the relevant facts known to the engagement team are provided to those consulted; that the nature, scope, and conclusions of such consultations are documented; and that conclusions resulting from such consultations are implemented.

Management follow-up procedure internally called "Voice of the Client" to set the tone of "how we did" and "where we can improve."

License to Practice in California

Vasquez is licensed to conduct public accounting in California. All "key" engagement team members are properly licensed Certified Public Accountants in California. Vasquez certifies that it will inform the District of any suspension, termination, lapse, non-renewals, or restrictions of its licenses, certificates, or other required documents upon notification. The following link contains a copy of the firm's license:

[DCA - Search Details](#)

CBA
CALIFORNIA BOARD OF ACCOUNTANCY

BOARD OF ACCOUNTANCY

ISSUANCE DATE
JULY 28, 1997

EXPIRATION DATE
JULY 31, 2027

CURRENT DATE / TIME
JUNE 25, 2025
5:48:54 PM

LICENSING DETAILS FOR: 6286

NAME: VASQUEZ & CO LLP

LICENSE TYPE: CPA - PARTNERSHIPS

LICENSE STATUS: CLEAR

PREVIOUS NAMES: VASQUEZ FARUKH & CO LLP

ADDRESS
665 N CENTRAL AVENUE STE 1550
GLENDALE CA 91203
LOS ANGELES COUNTY

MAP

Active License in Good Standing

Meets CBA Requirements

Committed to Professional Standards

Firm Qualifications and Experience

Size of the Firm and Nature of Governmental Audit Staff

Our Government Practice Group comprises over **150+** professionals trained and experienced in conducting audits of governmental entities. These entities include utilities, municipal water districts, California cities, transportation agencies, education agencies, and other special districts.

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This group comprises professionals with experience at international accounting firms who seek to specialize in their chosen industry. Our firm fosters a progressive, agile, and client-centric environment that empowers professionals to work with greater autonomy. Our leadership team comprises sixteen (16) partners and directors, each of whom has previously worked with one or more global accounting firms. The table below reflects the firm's personnel resources that the District would have access to.



Office Locations

We will serve the District from our headquarters based in Glendale. This engagement will be led by one relationship partner, one lead audit director, one quality control partner, one senior audit manager, one IT audit senior manager, and supporting staff on a full-time basis.



Headquarters
655 N. Central Avenue, Suite 1550
Glendale, CA 91203
t) 213-873-1700 f) 213-873-1777

Manila
12/F KMC Armstrong Corporate Center,
H.V. Dela Costa, Salcedo
Village, Makati City, 1227

Fresno
8050 N. Palm Ave, Suite 300
Fresno, CA 93711
t) 559-389-5124

Phoenix
Two North Central Avenue, Suite 1800
Phoenix, AZ 85004
t) 602-759-7319

Irvine
2020 Main St., Suite 1200
Irvine, CA 92614
t) 949-623-8798

Sacramento
500 Capitol Mall, Ste 2350
Sacramento, CA 95814
t) 916-503-3269

Las Vegas
3753 Howard Hughes Parkway Paradise
Suite 200, Las Vegas, NV 89169
t) 702-784-7644

San Diego
402 West Broadway Suite 400
San Diego, CA 92101
t) 619-595-3100

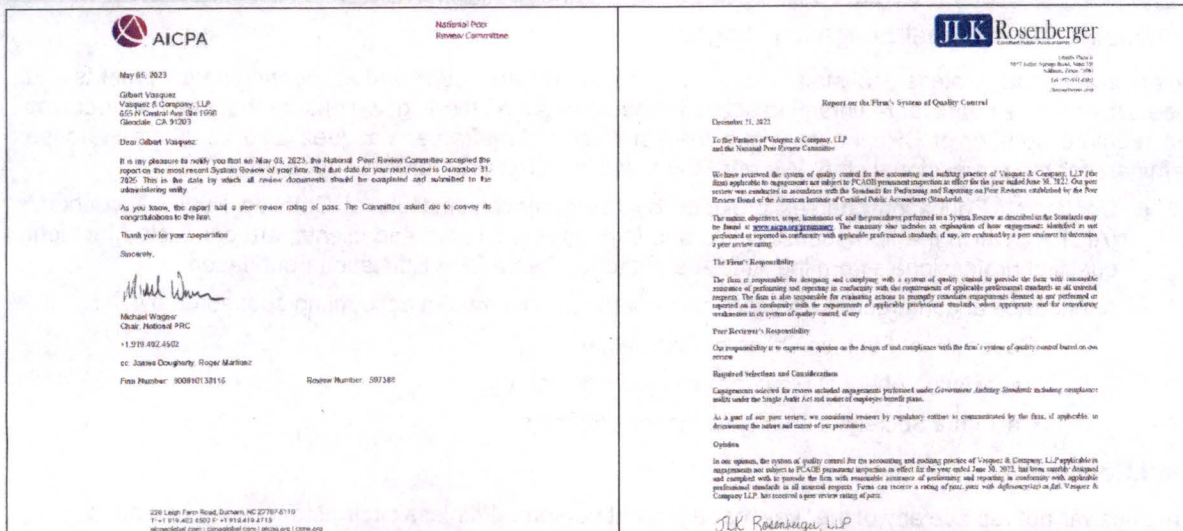
Peer Review Report

Vasquez is a member of the American Institute of Certified Public Accountants (AICPA) Division of Firms and received a Peer Review Rating of "Pass" without comment - the highest rating from the AICPA on its peer review dated May 5, 2023. As a member of the AICPA Governmental Audit Quality Center (GAQC), this peer review covered several government engagements similar in size and complexity as the District performed in accordance with Government Auditing Standards. A copy of the peer review opinion follows:

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Our most recent peer review is substantially complete, subject to the approval of the Acceptance Body of the CalCPA Peer Review Committee. A copy of that report will be made available once finalized.

Federal or State Desk Reviews and Disciplinary Actions Within the Past Three (3) Years

As a mid-size firm with hundreds of clients, Vasquez works with regulatory agencies on a regular basis. Vasquez has not had any disciplinary action taken against the firm during the past three (3) years with state regulatory bodies or professional organizations, nor any pending or settled litigation within the past three (3) years.

Financial Report Samples

Santa Clara Valley Water District - Annual Comprehensive Financial Report 2025

- <https://assets.valleywater.org/files/2026-01/FY%2025%20ACFR%20-FINAL%20-%20signed%20w%20covers2-grup.pdf>

Water Replenishment District of Southern California - Annual Comprehensive Financial Report 2025

- <https://www.wrd.org/files/1e9c7bfa1/Annual+Comprehensive+Financial+Report+2025.pdf>

Victor Valley Wastewater Reclamation Authority - Annual Comprehensive Financial Report 2025

- <https://www.vvwraca.gov/home/showpublisheddocument/1162/639033934059870000>

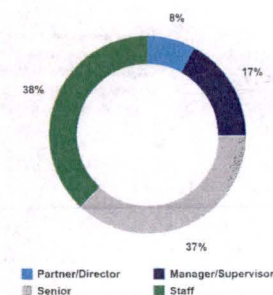
Audit Team

Partner, Supervisory and Staff Qualifications and Experience

Our team structure, staffing, service approach, communication, and coordination are refined to fit the District's unique needs. We staff our engagements with individuals focused on a dedicated industry. Their dedication and understanding will ensure the team's continuity year after year.

Vasquez has built its reputation on close partner involvement and strong client relationships. However, the ultimate success of our client relationships is mainly attributable to one key component – our people. As a result, our average partner-to-staff leverage ratio is higher than that of most other firms.

Beyond partner leadership and support, an audit is only as good as the people who do most of the daily work. Therefore, we are committed to providing a staff resource pool that embodies the attributes you expect of your auditor, including technical expertise in GASB, knowledge of government and utility industries, and soft skills such as respect, empathy, and timely response to questions.



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Continuing Professional Education Program

To ensure that our professional staff remains current on the latest audit and accounting developments and meets the requirements for maintaining active licensure in good standing, we ensure that our staff receives the required number of CPE hours within the established timeframe. Vasquez also conducts in-house seminars for the professional staff. We offer the following CPE Programs for our staff:

- Continuing Education courses provided by the American Institute of Certified Public Accountants (AICPA), which the firm sponsors live and in-house for its staff and clients, are conducted by highly qualified professionals from the AICPA and the California CPA Education Foundation.
- Attendance at conferences and seminars related to government accounting sponsored by:
 - Government Finance Officers Association
 - Association of Local Government Auditors, and the
 - California Society of Municipal Finance Officers

Staff Continuity

Vasquez will not replace any of the "key management personnel" unless circumstances beyond our control occur (e.g., personnel leave the firm). Changes to our designated key team members shall not be made without the District's prior written approval. Each person assigned to the engagement has been chosen for their ability to repeat on future engagements.

Engagement Team

Vasquez is an independent certified public accounting Firm of "recognized ability and standing" and licensed to practice in the State of California. A synopsis of the team members and their respective roles, followed by their resumes, is as follows:

Team Member	Role
Roger A. Martinez, CPA Relationship Partner HARTINEZ, ROGER ALEXANDER LICENSE NUMBER: 81467 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR EXPIRATION DATE: JUNE 30, 2027 SECONDARY STATUS: N/A CITY: GLENDALE STATE: CALIFORNIA COUNTY: LOS ANGELES ZIP: 91203 	Roger A. Martinez, Vasquez Partner and Audit Practice Leader, formerly with KPMG Department of Professional Practice, with over twenty-five (25) years of public accounting experience, will serve as the relationship partner. Roger's experience includes the Metropolitan Water District of Southern California, the Los Angeles Department of Water and Power, the United Water Conservation District, the Upper San Gabriel Valley Municipal Water District, and the Water Replenishment District of Southern California.
Jay Toledo, CPA Lead Audit Director TOLEDO, DOMINADOR BALORD LICENSE NUMBER: 143769 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR EXPIRATION DATE: JANUARY 31, 2028 SECONDARY STATUS: N/A CITY: COVINA STATE: CALIFORNIA COUNTY: LOS ANGELES ZIP: 91722 	Jay Toledo, Vasquez Audit Director, formerly with PwC and with over fifteen (15) years of public accounting experience, will lead services, supervise the auditors performing the audit engagement, and provide technical assistance as needed. Jay's experience includes the Santa Clara Valley Water District, the Monterey One Water, the Moulton Niguel Water District, the Water Replenishment District of Southern California, the United Water Conservation District, the Victor Valley Wastewater Reclamation Authority, and the Encina Wastewater Authority.

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Team Member	Role
Cristy A. Canieda, CPA, CGMA Quality Control Partner CANIEDA, CRISTY ANGULO LICENSE NUMBER: 97674 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR  EXPIRATION DATE: JANUARY 31, 2028 SECONDARY STATUS: N/A CITY: GLENDALE STATE: CALIFORNIA COUNTY: LOS ANGELES ZIP: 91203 	Cristy A. Canieda, Vasquez Government Practice Leader, formerly with PwC, with over thirty (30) years of public accounting experience, will serve as the technical reviewer for the engagement and will work closely to review and evaluate the audit fieldwork and reports. Cristy is a government specialist and serves as a Technical Reviewer for the GFOA Certificate of Excellence in Financial Reporting Program. Cristy's experience includes the Municipal Water District of Orange County, the Central Basin Municipal Water District, the Encina Wastewater Authority, the Water Replenishment District of Southern California, and the Hidden Valley Municipal Water District.
Samuel Joy Tolentino, CPA Senior Audit Manager TOLENTINO, SAMUEL JOY DAYEGO LICENSE NUMBER: 155511 LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT LICENSE STATUS: CLEAR  EXPIRATION DATE: MAY 31, 2027 SECONDARY STATUS: N/A CITY: ONTARIO STATE: CALIFORNIA COUNTY: SAN BERNARDINO ZIP: 91754 	Samuel Tolentino, Vasquez Senior Audit Manager, formerly with PwC, EY, and KPMG, with fifteen (15) years of public accounting experience, will manage the day-to-day activities and task accomplishments, monitor progress, and ensure schedule compliance. He will also ensure ongoing, timely communication among all engagement team levels, ensuring the smooth operation of our audit process. Sam's experience includes the Moulton Niguel Water District, United Water Conservation District, and the Water Replenishment District of Southern California.
Jason Tagasa, CISA IT Audit Senior Manager ISACA Certification Verification on 07 January 2026 Name: Jason Tagasa Status: Active Certification Type: CISA Certification Number: 19153674 Date Certified: 11 January 2019 Expiration Date: 31 December 2026	Jason Tagasa, Vasquez IT Audit Senior Manager, formerly with EY, with nearly ten (10) years of professional experience, will oversee audit procedures pertaining to the District's financial systems and information technology. His IT risk-based controls assessment approach for evaluating and testing internal controls provides management and the Governing Board with added assurance. Jason's experience includes the Desert Water Agency, the Monterey One Water, the Moulton Niguel Water District, the Santa Clara Valley Water District, and the Water Replenishment District of Southern California.

**ROGER A. MARTINEZ, CPA****Partner, Audit Practice Leader**

Tel: 213-873-1703

Email: ram@vasquezcpa.com

Areas of Expertise

Roger's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews and forecasts and projections to government agencies.

Representation of Experience

- Arizona Water Company
- Big Bear Municipal Water District
- City of Needles Public Utility Authority
- City of Vernon Light and Power
- City of Long Beach Water Department
- Desert Water Agency
- Encina Wastewater Authority
- Hidden Valley Municipal Water District
- Imperial Irrigation District
- Los Angeles Department of Water and Power
- Metropolitan Water District of Southern California
- Monterey One Water
- Moulton Nigel Water District
- Pacific Gas & Electric
- San Diego Gas & Electric Company
- San Gabriel Valley Water Company
- Santa Clara Valley Water District
- Southern California Edison Company
- Southern California Gas Company
- United Water Conservation District
- Upper San Gabriel Valley Municipal Water District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Roger has provided professional audit and consulting services to some of the largest and most complex governmental or regulated entities in California, including Los Angeles Department of Water and Power, Metropolitan Water District, Imperial Irrigation District, Pacific Gas and Electric, City of Long Beach, Los Angeles Unified School District, and the California State University System. He has also served as a quality technical reviewer of utilities at a national level.

Educational Background

Roger received his Bachelor of Arts, Major in Economics and Minor in Accounting from UCLA. He remains current on accounting matters by attending conferences and continuing education courses applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Roger A. Martinez in the past three (3) years:

Course Title	Subject Code	Date
Quarterly accounting update Q1 2026	AA	04/09/2026
Financial close automation in health care accounting with Blackline	AA	03/26/2026
Economic Damages: Key Considerations and Trends You Should Know	AA	03/24/2026
CCH Axxess Engagement Pro-End User Training	AA	03/06/2026
Q1 2026 Quarterly Accounting Webcast	AA	03/19/2026
Q1 2026 Quarterly Sustainability Webcast	AA	02/18/2026
Those Charged with Governance responsibilities for Leadership, Boards, and Others for Fraud Prevention Detection	AA	01/27/2026
Quarterly Accounting Update - Q4 2025 Webcast	AA	01/08/2026
Annual Economic Damages Case Law Update	AA	12/17/2025
Q4 2025 Quarterly Accounting Webcast	AA	12/16/2025
Q4 2025 Quarterly Accounting Webcast	AA	12/11/2025
Q4 2025 Quarterly Sustainability Webcast	AA	11/19/2025
AICPA GAS Single Audit Guide: Risk Assessment Process Changes Coming	GV	10/23/2025
Southern California Area Meeting - August 2025	AA	08/19/2025
Navigating Compliance and Risk: Understanding the New Administration's Tariffs	AA	07/29/2025
2025 Compliance Supplement and Single Audit Update	GV	07/21/2025
Fraud 101 - Misappropriations	Fraud	06/27/2025
Professional Conduct and Ethics Dealing with Ethical Crises 2024-2025	Ethics	06/25/2025
2025 Governmental Audit Quality Center Annual Update Webcast	GV	06/24/2025
California Regulatory Review The Fastest 100 minutes 2024-2025	AA	06/24/2025
2025 Government and Nonprofit Accounting Updates Seminar	GV	06/10/2025
Annual GASB Update	AA	05/06/2025
Annual Yellow Book Update	AA	05/06/2025
Annual Single Audit Update	AA	05/06/2025
ASC 740 Update	AA	05/06/2025
Governmental Accounting and Auditing Virtual Conference 2025	GV	04/23/2025
Refresher on Test Controls Training	AA	03/11/2025
Q1 2025 Quarterly Sustainability Webcast	A	03/05/2025
Navigating Business Interruption Claims	AA	12/09/2024
AICPA & CIMA Portfolio Valuation Forum	AA	06/13/2024
PwC's Q1 2024 Quarterly Accounting Webcast	AA	03/13/2024



JAY TOLEDO, CPA

Audit Director

Tel: 213-873-1760

Email: jtoledo@vasquezcpa.com

Areas of Expertise

Jay's areas of expertise include managing all aspects of financial and compliance audits, including internal control reviews and single audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, financial statement reviews, forecasts, and projections to government agencies.

Representation of Experience

- Arizona Water Company
- County of Fresno – San Joaquin Valley Infrastructure
- Big Bear Municipal Water District
- Encina Wastewater Authority
- Monterey One Water
- Moulton Niguel Water District
- Santa Clara Valley Water District
- San Gabriel Valley Water Company
- United Water Conservation District
- Victor Valley Waste Reclamation Authority
- Water Replenishment District of Southern California

Professional Background

Jay's professional background includes auditor and manager positions with PwC. Jay is a certified public accountant licensed in the state of California.

Educational Background

Jay received his Bachelor of Science degree in Accountancy from Far Eastern University. He remains current on accounting matters by attending conferences and continuing education courses on subjects applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Continuing Professional Education

Following are relevant continuing professional education courses completed by Jay Toledo in the past three (3) years:

Title	Subject Code	Date
2026 GOV+NPO: Accounting & Reporting Updates Seminar	AA	06/11/2026
2026 GOV+NPO: Accounting & Reporting Updates Seminar	GV	06/11/2026
Academy School of Audit CCH Axxess Knowledge Coach & The KBA - WEB #4	AA	03/26/2026
CCH Axxess Engagement Pro - End User Training - Web #4	AA	03/09/2026
Firmwide System of Quality Management Rollout - Session 4	AA	12/16/2025
Firmwide System of Quality Management Rollout - Session 3	AA	12/10/2025
Firmwide System of Quality Management Rollout - Session 2	AA	12/02/2025
Firmwide System of Quality Management Rollout - Session 1	AA	11/17/2025
Q3 Audit Update 2025 (45171)	AA	10/21/2025
Quarterly Accounting Update - Fall 2025 (45730)	AA	10/14/2025
2025 Government and Nonprofit Accounting Updates Seminar	GV	06/10/2025
Public Sector: Auditing Alternative Investments (62571)	GV	01/22/2025
Quarterly Accounting Update - Winter 2025	AA	01/08/2025
Q4 State Local Governments A&A Updates - 2025	GV	01/08/2025
Single Audit of Governmental and Nonprofit Entities	GV	01/08/2025
FASB Update for Private Companies and Not-for-Profit Organizations	AA	06/10/2024
Q1 Audit Update 2024	AA	05/15/2024
Compliance- Evaluation of Risk and Performing Test of Controls	GV	05/14/2024
Affiliates in State & Local Government	GV	04/16/2024
Government and Nonprofit Updates Training	GV/AA	02/15/2024
Audit Methodology Training	AA	02/09/2024
Ethics for California CPAs	Ethics	01/23/2024
Fraud Auditing and Investigation CLFAIN	Fraud	01/18/2024
Quarterly Accounting Update - Winter 2025	AA	01/08/2024
Q4 State Local Governments A&A Updates - 2024	GV	01/08/2024
Single Audit of Governmental and Nonprofit Entities	GV	01/08/2024
GOV Orb APS: It's All in the Optimization (62503)	GV	11/30/2023
GOV Orb - Maps, Leads, and Trees - Oh My! (62501)	GV	11/03/2023
Accounting & Auditing for Lessors under ASC 842, Leases (48360)	GV	10/19/2023
Utility Finance & Accounting for Financial Professionals	AA	10/13/2023
Q3 State Local Governments A&A Updates - 2023 (64388)	GV	10/10/2023
SLG Pension and OPEB Audit Issues (62561)	GV	10/09/2023
Comparison of IFRS to U.S. GAAP-2023 (48627)	AA	09/26/2023
Ramifications of the New Standard on Credit Losses to Non-Lending Clients (45407)	AA	09/05/2023-09/06/2023
SLG - Incorporating ITGCs into Financial Statement Audits (62565)	GV	08/24/2023
Control Testing for Financial Statements of State and Local Governments (62564)	GV	08/08/2023



CRISTY A. CANIEDA, CPA, CGMA

Partner

Tel: 213-873-1720

Email: ccanieda@vasquezcpa.com

Areas of Expertise

Cristy's areas of expertise include overseeing all aspects of financial and compliance audits including internal control reviews and Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program specific audits, financial statement reviews, forecasts and projections to government agencies, preparation of comprehensive annual financial reports, State Controller's reports.

Prior Experience

- Big Bear Municipal Water District
- Central Basin Municipal Water District
- City of Vernon Light & Power
- Coachella Valley Association of Governments
- Encina Wastewater Authority
- Hidden Valley Municipal Water District
- Jurupa Community Special District
- La Habra Heights Water District
- La Puente Valley County Water District
- Municipal Water District of Orange County
- Needles Public Utility Authority
- Orange County Water District
- Rancho California Water District
- Water Replenishment District of Southern California
- WateReuse Finance Authority

Professional Background and Affiliations

Cristy's professional background includes Technical Standards and Continuing Education with PwC. She is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Cristy received her Bachelor of Science in Accountancy and Associate in Government Auditing from Evergreen University and her Master's in Business Administration from Ateneo Graduate School of Business. She remains current on accounting matters by attending conferences and continuing education courses applicable to governmental accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. She maintains compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Cristy A. Canieda in the past three (3) years:

Course Title	Subject Code	Date
Not-for-Profit Organizations Virtual Conference 2026	AA	05/28/2026
2026 BDO Alliance EVOLVE Conference	GV & AA	05/05/2026
Governmental Accounting & Auditing Virtual Conference 2026	GV & AA	04/22/2026
The CPA's Guide to Ethical Leadership - 2025-26	Ethics	01/30/2026
GFOA Best Practices Forum	GV	09/15/2025- 09/19/2025
2025 Government and Nonprofit Accounting Updates Seminar	GV	06/10/2025
2025 GAQC Annual Required Webcast	AA	05/08/25
BDO Alliance Conference	AA	05/04/2025- 05/07/2025
CalCPA Annual Governmental Accounting and Auditing Conference	GV	04/23/2025 04/24/2025
2025 CSMFO Conference	AA	02/18/2025- 02/21/2025
AICPA Townhall Series	AA	01/30/2025
GAQC 2025 Single Audit Lightning Round	AA	01/28/2025
Common Quality Issues in State and Local Government Financial Statement Audits	GV	10/24/2024
Public Sector: Auditing Alternative Investments	AA	06/19/2024
State and Local Government: Review of New Audit Templates	AA	04/02/2024
Audit Documentation	AA	03/01/2024
2024 Government & Nonprofit Updates	AA	02/15/2024
RSM Audit Methodology Refresher	AA	02/09/2024
2024 CSMFO Conference	AA	01/30/2024- 02/01/2024
Fraud Auditing and Investigation	Fraud	01/27/2024
Ethics for California CPAs	Ethics	01/21/2024
Audit Year-End Audit Alert	AA	12/12/2023
Accounting and Auditing for Lessors under ASC 842, Leases	AA	10/19/2023
Q3 State and Local Governments A&A Updates – 2023	GV	10/10/2023
Government Audit Reviewers' Training	GV	09/14/2023
Comparison of IFRS to US GAAP	AA	09/14/2023



SAMUEL JOY TOLENTINO, CPA

Audit Senior Manager

Tel: 213-873-1714

Email: stolentino@vasquezcpa.com

Areas of Expertise

Samuel's practice is focused on managing all aspects of financial and compliance audits, including internal control reviews, Single Audits performed in accordance with Office of Management and Budget Uniform Guidance, program-specific audits, financial statement reviews, forecasts, and projections to local governments.

Representation of Experience

- City of Palos Verdes Estates
- Needles Public Utility Authority
- Monterey One Water
- Moulton Niguel Water District
- San Gabriel Valley Council of Governments
- Santa Clara Valley Water District
- United Water Conservation District
- Water Replenishment District of Southern California

Professional Background and Affiliations

Samuel's professional background includes PwC, EY, and KPMG, where his practice was focused on audit engagement planning, budgeting, preparing audit programs, drafting financial statements, and management reports. Samuel is a Certified Public Accountant licensed to practice in the State of California.

Educational Background

Samuel earned his Bachelor of Science in Accounting from the Polytechnic University of the Philippines. He remains current on accounting matters by attending seminars focused on subjects applicable to accounting and financial reporting, as well as federal and state regulatory matters and auditing requirements. He has maintained compliance with the continuing education requirements of the AICPA and the California Board of Accountancy.

Heber Public Utility District

Proposal for 2026-2027 Professional Financial Auditing Services

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Continuing Professional Education

The following are relevant continuing professional education courses completed by Samuel Tolentino in the past three (3) years:

Title	Subject Code	Date
AI Implementation in Finance	AA	06/24/2026
Excel for Auditors: Eliminate Risk and Increase Productivity	AA	06/19/2026
What's Going on at the Not-for-Profit Advisory Committee 2026	AA & GV	06/18/2026
2026 Governmental & Nonprofit Accounting Updates Seminar	AA & GV	06/11/2026
ACADEMY SCHOOL OF AUDIT CCH AXCESS KNOWLEDGE COACH & THE KBA - WEB #1	AA	03/10/2026
CCH AXCESS ENGAGEMENT PRO - END USER TRAINING - WEB #3	AA	03/06/2026
Firmwide System of Quality Management Rollout - Session 1	AA	11/17/2025
Auditing Estimates Reminders - 2025 (45096)	AA	10/24/2025
Q3 Audit Update 2025 (45171)	AA	10/21/2025
Quarterly Accounting Update - Fall 2025 (45730)	AA	10/14/2025
2025 Governmental & Nonprofit Accounting Updates Seminar	AA	06/10/2025
Vasquez & Company LLP: Refresher on Test of Controls	AA	03/11/2025
Teams Webinar: Making Sense of Federal Grant Freezes and Executive Orders Under the New Administration	AA	02/26/2025
Fraud 101 - Fraudulent Financial Reporting-CPFRRT	Fraud	01/31/2025
Introduction to Audit Sampling (45061)	AA	01/24/2025
Public Sector: Auditing Alternative Investments (62571)	GV	01/22/2025
Q4 State Local Governments A&A Updates - 2024 (61558)	AA	01/06/2025
Governmental Accounting for Revenue-CLGOV3	GV	12/20/2024
Introduction to Single Audit (62075)	GV	12/19/2024
Vasquez & Company LLP: Audit Documentation	AA	03/01/2024
Vasquez & Company LLP: Audit Sampling Refresher	AA	02/21/2024
2024 Government and Nonprofit Updates Training	GV	02/15/2024
GOV Orb - Just the FAQs (62504)	GV	01/05/2024
Q4 State Local Governments A&A Updates - 2023 (64389)	GV	01/04/2024
GOV Orb APS: It's All in the Optimization (62503)	AA	11/30/2023
Q3 Audit Update 2023 (45162)	AA	10/24/2023
Control Testing for Financial Statements of State and Local Governments (62564)	AA	08/08/2023



JASON TAGASA, CISA
IT Audit Senior Manager

Tel: 213-873-1773

Email: jtagasa@vasquezcpa.com

Areas of Expertise

Jason's practice is focused on participating in internal audit, compliance, IT risk assurance and financial auditing engagements. He is skilled at audits of various mobile, network and infrastructure systems, databases, ERP applications and data management systems.

- IT Risk Assessment
- Internal Controls Assessment And Optimization
- Business Process and Operations Review
- SOC Reports
- Regulatory Guidance and Compliance (SOX)
- Project and Program Management
- Disaster Recovery and Business Continuity
- IT Security and Vulnerability Assessments
- Internal Audit Support

Professional Background and Affiliations

Jason's professional background includes IT senior auditor with EY. He is a Certified Information Systems Auditor (CISA).

Representation of Experience

- Arizona Water Company
- Desert Water Agency
- Monterey One Water
- Moulton Niguel Water District
- Needles Public Utility Authority
- Santa Clara Valley Water District
- San Gabriel Valley Water Company
- Water Replenishment District

Educational Background

Jason received his Bachelor of Science in Accounting from the University of Santo Tomas. He remains current on accounting matters by attending conferences and continuing education courses which are focused on information systems and financial reporting, as well as federal and state regulatory matters and auditing requirements.

Heber Public Utility District

Proposal for 2026-2027 Professional Financial Auditing Services

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Continuing Professional Education

Following are relevant continuing professional education courses completed by Jason Tagasa in the past three (3) years:

Title	Subject Code	Date
Common audit deficiencies: Governmental audits	AA	07/09/2026
2026 GOV + NPO Accounting & Reporting Updates Seminar	AA	06/11/2026
Reimagining GRC: The strategic role of control self-assessment in modern governance	AA	03/24/2026
Academy School of Audit CCH Axxess Knowledge Coach & The KBA Web Session	AA	03/17/2026
CCH Axxess Engagement Pro - End User Training	AA	03/09/2026
The nth-party frontier: Getting ahead of hidden AI risks in your supply chain	AA	02/25/2026
Architecting proactive compliance programs with continuous control monitoring	AA	02/25/2026
Structuring AI governance for enterprise resilience	AA	02/25/2026
Making a dent in cyber risk: A practitioner's guide to quantification and prioritization	AA	02/25/2026
2025 Government & Nonprofit Accounting Updates Seminar	GV & AA	06/10/2025
2025 Mid-Year Outlook for Internal Audit: Embracing Change, Managing Risk, and Leading with Insight Webcast	AA	06/05/2025
Group Audits of State & Local Government Entities (62570)	GV	05/13/2025
PMP Certification Training	AA	04/29/2025
Emerging Trends in SOX Compliance: Navigating the Evolving Landscape Webcast	AA	03/31/2025
Refresher on Test of Controls Training	AA	03/11/2025
From Due Diligence to Resilience: Building Robust Third-Party Risk Management	AA	02/26/2025
Risk-Based IT Compliance: The Case for Business-Driven Cyber Risk Quantification	AA	02/26/2025
Demystifying AI Audits: A Practical Guide to Compliance	AA	02/26/2025
Ethics for California CPAs	AA	02/24/2025
Q1 Audit Update 2024 (45164)	AA	05/15/2024
Compliance- Evaluation of Risk and Performing Test of Controls (60816) Training	AA	05/14/2024
Q1 State Local Governments A&A Updates - 2024 (61555)	AA	05/13/2024
Compliance- Understanding/Documenting Internal Controls (60815)	AA	05/07/2024
Audit Documentation Refresher	AA	03/01/2024
Audit Sampling Refresher	AA	02/21/2024
2024 Government and Nonprofit Updates Training	AA	02/15/2024
Audit Methodology Refresher	AA	02/09/2024
GFOA Best Practices Help You Implement and Monitor Your Internal Controls	GV	02/01/2024
Rethinking Financial Reporting	GV	02/01/2024
GASB Update - Recently Issued Pronouncements	GV	02/01/2024
Comparison of IFRS to U.S. GAAP-2023 (48627)	AA	09/26/2023

Approach to the Audit Specific Audit Approach

Based on the District's operations and fund structure, our audit approach will focus on enterprise fund activities, including water, wastewater, and solid waste operations; governmental activities, including parks, recreation, retention basins, and street lighting; property tax revenues; grant and loan activity; capital assets and depreciation; CalPERS pension reporting; State Controller reporting; and internal controls appropriate for a small special district environment.

As part of an audit engagement, we utilize a formal project management methodology to ensure that all tasks are planned effectively and completed on time. Additionally, we document and authorize any schedule changes to maintain a clear and accurate record.

Embedded within your audit team are experienced project managers who have strong project management skills. These Vasquez team leaders will provide highly collaborative project management expertise and consultation to the District to ensure that there are no surprises during the audit. Additionally, Vasquez will continually seek ways to enhance the management and execution of the audit. We want to ensure that audit planning, scheduling, and budgeting are executed properly and in a timely manner.

At each phase of our engagement, our client service standards guide us toward providing an exceptional customer experience – one in which we become a trusted adviser and bring innovative ideas and solutions that deliver value to you.

- **We understand.** Our audit and consulting professionals follow our CCH Axxess Engagement process, which provides a thorough understanding of your business, current situation, needs, and expectations, ensuring no surprises at each phase of the engagement.
- **We communicate.** Our team is trained to communicate effectively through consistent and open dialogue at the right time with the right people.
- **We collaborate.** We collaborate to bring together the right expertise to meet your needs, proactively resolve emerging issues, and deliver innovative ideas and solutions that add value to you.
- **We deliver.** We deliver on our commitments – on time, within budget, and with the highest quality.



At Vasquez, we strive to build strong relationships with our clients and continually seek ways to ensure that our services align with their needs. We believe it is essential to continually improve our interactions with clients and the delivery of services to them. We do this, in part, by adhering to defined client service standards and seeking feedback from our clients on our performance.

Every financial statement audit engagement presents a different set of challenges. No two organizations are the same, and therefore, we must tailor the audit to each organization based on the specific risks identified.

Our audit approach is based on a risk assessment process which is planned and executed by experienced auditors. The results as depicted below form the basis for our audit strategy and procedures, and ultimately yield practical comments for strengthening internal controls and improving practices, as well as our opinion on the financial statements and our auditor's reports on internal control and compliance with laws and regulations.



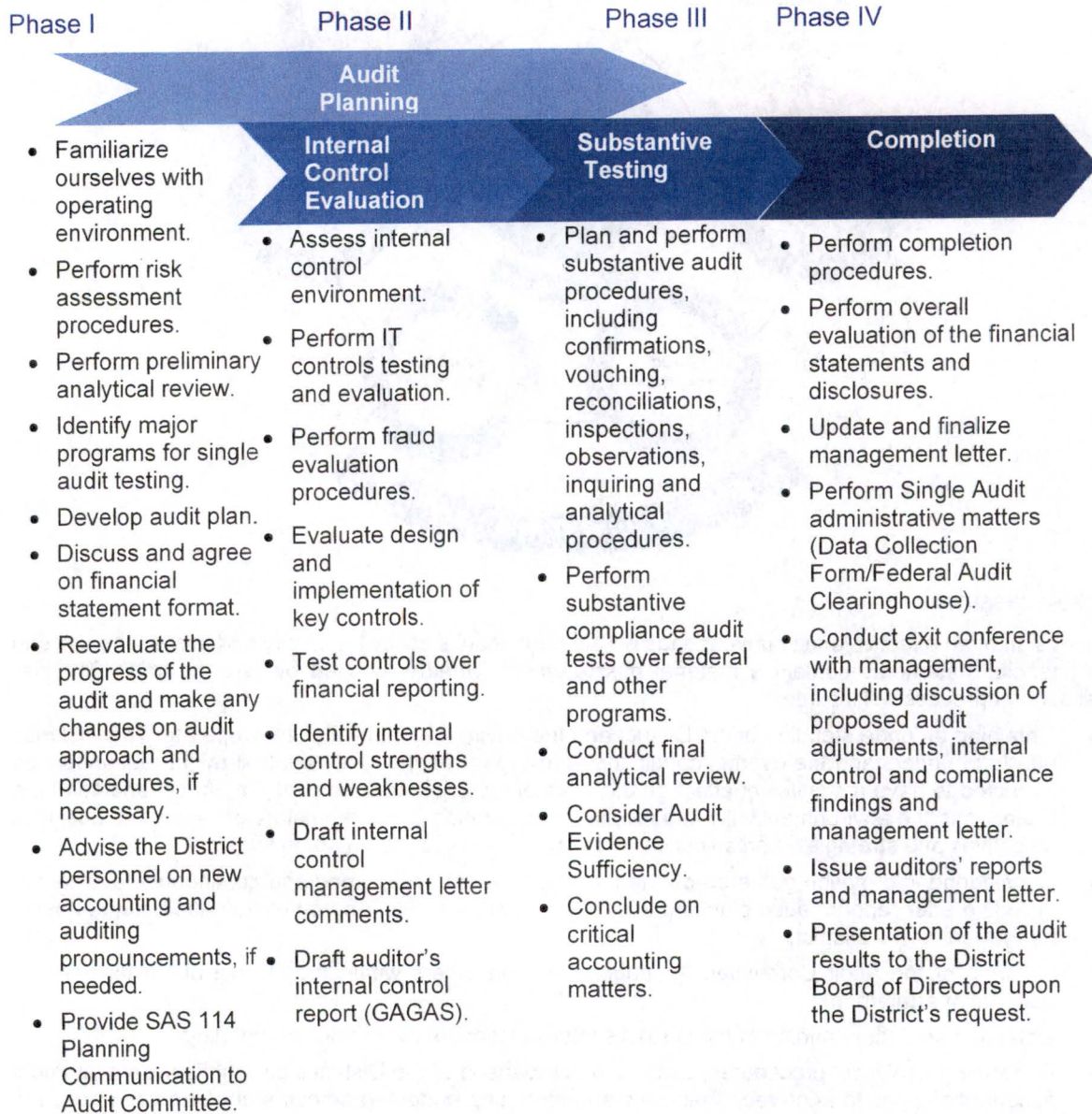
Risk Assessment

The design of an effective audit plan depends on the audit team's ability to identify and assess the risk that the financial statements contain a material misstatement, whether caused by error or fraud. The risk assessment process will include:

- Obtaining an understanding of the District and the environment in which they operate. This includes efforts to understand the events, conditions, and organizational activities that might reasonably be expected to have a significant effect on the risks of material misstatement. An understanding of the District and the environment will often involve consideration of the regulatory environment, business objectives and strategies, and selection of an application of accounting principles.
- Considering information gathered during the engagement acceptance and continuance evaluation, including prior reports, audit planning activities, previous audits, and other non-audit engagements performed for the District.
- Inquiring of the Audit Committee, management, and others within the District about the risks of material misstatement.
- Obtaining an understanding of the District's internal controls over financial reporting.
- Performing analytical procedures, such as a comparison of the District's current financial statement account balances to prior-year financial statements and budgeted amounts and/or a comparison of current relevant financial ratios to industry ratios or prior-year ratios.

Developing an Audit Strategy

In developing an audit strategy, we may decide to perform tests of the District's internal control over certain systems and processes. We assess the desirability of adopting such a strategy by considering cost-benefit analyses, transaction volume, and prior-year control testing results. If test results indicate that the District's internal controls are effective, we may decide to reduce the level of substantive tests we perform as a basis for our opinion.



Phase I – Audit Planning

The planning phase lays the foundation for the direction of our audit efforts. It encompasses the following steps:

- Conducting entrance conferences with the appropriate District management personnel. The agenda would include, but need not be limited to, the following:
 - The application of generally accepted accounting principles
 - Concerns of the District management
 - Report requirements, refinements, and deadlines
 - Initial audit approach and timing schedule
 - Assistance by District personnel
 - Establishment of principal contacts
 - Progress reporting process
 - Consideration of Fraud in a Financial Statement Audit
 - The auditors' responsibility for fraud prevention
 - Scheduling inquiries of management and others (including non-accounting personnel) about the risk of fraud
- We believe it is important for us to assist the District in implementing new accounting, auditing, and compliance requirements. For that reason, we intend to schedule training with District personnel involved in all phases of the audit so they have a clear understanding of the latest technical changes in their respective areas, as well as the audit requirements and timeline.

Expanding our understanding of the District and its operating environments. We will accomplish this by familiarizing ourselves and updating our knowledge of applicable background information pertinent to the District, its component units, their mission, funding sources, and structure.

Through our background knowledge of the District and our fact-finding process, we will develop an in-depth understanding of the areas of concern. We will be able to meet with District management to discuss areas that might have a significant impact on the timing and completion of the audits or that may be of particular concern to management. We will review these areas in depth to gain an early understanding and resolve any "problem" areas that may impede our progress, and to develop our overall approach so that the District will have sufficient time to develop the data necessary for the completion of the audit with minimal disruption to the day-to-day routine.

Our planning process will include a specific review of computer activities performed by the District personnel to:

- Determine the organizational and operational controls over the data being processed, including, but not limited to, system development and maintenance controls, hardware controls, and access controls.
- Evaluate the degree of "control consciousness" among personnel.
- Determine the potential impact of general control strengths and weaknesses.
- Consider the possibility of management override of controls.

Our principal sources of information for this review will be interviews with responsible personnel from accounting and computer operations, reviews of program documentation for the District's system, and direct observations made by our audit team.

- The audit team will use our analytical review techniques to identify other areas that may require attention. Until the year-end account balances are finalized, our review will focus on comparing budgets to actual and projected information. We can thus identify sensitive areas to determine whether they indeed require extra attention.

Based on our understanding of the District's operating environment, and through our analytical review and other planning procedures, we will meet with District personnel to highlight areas to emphasize during the audit. We will concentrate our efforts on the identified audit concerns and areas we know are important to District management. Some of our preliminary audit concerns are elaborated as follows:

- Compliance with applicable laws, regulations, and reporting requirements.
 - Receipt of all revenue to which the District is entitled.
 - Purchase authorizations within budgetary limitations.
 - Adequate safeguarding of District cash, investments, and inventory assets.
- We will work directly with the appropriate District personnel to discuss the financial statements and footnotes in accordance with all authoritative accounting systems and interpretations. Accordingly, we will meet to discuss and agree upon the format for the individual and general-purpose financial statements and any additional requirements that may be relevant because of recent or pending professional pronouncements. (See "Phase IV - Completion" for a more in-depth discussion of our financial reporting capabilities.)

Interim Audit Testing

Our audit approach is flexible and tailored to fit the District's evolving needs. We will work with you to review the current audit schedule and determine the best approach for each phase of the financial statement audit. We provide you with the option of an interim audit effort or after year-end. There are several advantages to performing interim testing, such as:

- It shifts the timing of our testing into less busy periods of the year for your staff and our staff.
- It allows us to focus on the high-risk areas before the year-end close, providing more time to deal with issues.
- It allows us to judge the quality of the interim period, rather than solely year-end, financial statement information, and cut-offs, which allows more opportunity for us to identify and for the District to implement best practices over internal controls and processes.

There are advantages to performing interim audit testing, and as we stated previously, we will work with you to determine the best approach; you will control this process.

Phase II – Control Evaluation

Understanding how key systems and processes contribute to your overall processing environment and affect the reliability of financial information is a primary element of our audit approach. Our objective is to assess whether the standards of security, integrity, continuity, and control are conducive to reliable processing, consistent with the District's technology standards, and appropriate to safeguard your information assets.

IT General Controls

IT general controls are pervasive controls within the IT environment. The following types of IT General Controls are typically addressed in our audit approach:

- **Logical security (access to programs and data)**—includes the components of management governance over Information Technology (policies and procedures, monitoring), application configuration (passwords, service accounts, super users, user identification/authentication), and security of the physical assets.
- **Change control management**—assesses program changes (upgrades, service patches, source code) moved into the production environment, and the processes applied to ensure the appropriate initiation, authorization, segregation, testing, and approval are evident.
- **Data backup and recovery**—reviews that the data backup process and ability to recover data for the financially significant applications, databases, spreadsheets, and operating systems for the given opinion period are complete, tested, and maintained, including the handling of errors.
- **Job processing**—tests for the completeness of data interfacing into financially significant applications and the change management processes for handling errors, script changes, and interface edits.

- **Security administration**—addresses the user access provisioning (new hire onboarding, position/role changes, employee separation) for the financially significant applications, databases, spreadsheets, and operating systems, along with management's review of access for completeness, segregation of responsibilities, and accuracy.

Our testing of IT application controls provides strong audit evidence and streamlines the audit process.

IT Application Controls

IT application controls apply to the business processes they support. These controls are embedded within the software applications to prevent or detect unauthorized transactions. When combined with manual controls, application controls verify the completeness, accuracy, authorization, and validity of processing transactions. Our methodology for assessing application controls is as follows:

- Define materiality by the system, such as utility billing, cashiering, purchasing and disbursements, revenues, payroll, and asset management, using business process mapping as a starting point.
- Map various transaction types to identify key controls and determine if the control is an application control or manual control.
- Utilize our proprietary questionnaires to help verify and test various automated controls.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate application security controls, which are controls to verify that minimum access to applications is allowed for individuals to perform their job.
- Through inquiry, review of written policies and procedures, and on-site testing, evaluate input controls that ensure that transactions are initially recorded, entered, and accepted by the application accurately and completely.
- By developing and testing a sample of transactions, evaluate processing controls, which ensure that transactions are processed by the application programs accurately and completely.
- Through inquiry and review of written policies and procedures, evaluate output controls, which ensure that output is complete and is delivered (standard or customized) to the appropriate parties in an appropriate manner.
- Through inquiry, review of written policies and procedures, and tests of a sample of transactions, evaluate interface controls, which ensure that transactions between multiple systems are secure, and integrity of the information transmitted is maintained, accurate and complete.

Phase III – Substantive Testing

Sampling is one of the methods we use to obtain efficiency in the audit process. In designing and implementing a sampling plan, we consider the specific audit objective to be achieved and determine that the audit procedures to be applied will achieve that objective. We will:

- Define the objective of the test.
- Define the population to be sampled, the population element to be examined (sampling unit), and what an error is.
- Determine which sampling technique is most appropriate.
- Determine the appropriate sample size and select a sample intended to represent the population.
- Examine each sample item to determine whether it represents an error or an exception.

Substantive Testing – The purpose of the substantive tests is to provide reasonable assurance of the validity of the information produced by the accounting system. These tests will include various detailed tests, such as inspection of underlying source documents, confirmations, and reconciliations. We will also perform analytical procedures, including ratio analysis, comparisons of actual-to-budget information, and other procedures. Specifically, tests that we have found to be effective and efficient for District audits include confirmation of cash, investments, grants receivable, loan balances and debt, tests of subsequent receipts for selected receivables, and unrecorded liabilities for payables.

Consideration of Fraud – The primary responsibility for preventing and detecting fraud rests with those charged with governance and management. It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud, and on fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance. Oversight by those charged with governance includes considering the potential to override controls or other inappropriate influence over the financial reporting process.

We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Accordingly, as part of our audit planning process, we will perform procedures to obtain information that will be used for identifying the risks of material misstatement due to fraud, such as the following:

- Discussions with management and others within the District. These discussions would focus on obtaining an understanding of management's: (a) assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent, and frequency of such assessments; (b) process for identifying, responding to, and monitoring the risks of fraud in the District, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; (c) communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the District; and (d) communication, if any, to employees regarding its views on business practices and ethical behavior. We will also make inquiries of management and others within the District as appropriate to determine whether they have knowledge of any actual, suspected, or alleged fraud affecting the District.
- Discussions with those charged with governance. We will obtain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in the District and the internal control that management has established to mitigate these risks.
- Evaluation of unusual or unexpected relationships identified. Unusual or unexpected relationships, variances, or balances that we may identify during our preliminary analytical review procedures will be evaluated for an indication of risks of material misstatement due to fraud.
- Discussions among our audit team members. This discussion will involve exchanging ideas or brainstorming among our audit team members about how and where the District's financial statements might be susceptible to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the District could be misappropriated.

Adjusting Journal Entries – Any adjusting journal entries proposed by our auditors will be discussed and explained to the Finance Director and others, as appropriate. It is our practice to discuss issues and proposed audit entries with the program manager or management personnel immediately responsible for the program to ensure that we have not misunderstood the matter. This will ensure that the proposed entry, management comment, and recommendation are accepted by the immediate manager and that the recommendation is feasible and makes business sense. It is also our policy to address issues and resolve them as they arise rather than at the end of the audit. In short, there will not be any surprises.

The final element of our work plan is regular reporting to the District management to apprise them of our progress. We believe communication is vital. Therefore, we have stressed the importance of maintaining close, ongoing relationships throughout this proposal and have indicated the various points at which we will meet for specific discussions and decisions.

Any and all potential exceptions or findings will be immediately discussed with knowledgeable personnel and summarized in weekly status meetings to ensure accuracy of any findings, time for management to correct noted deficiencies and the avoidance of any surprises.

Phase IV - Reporting

- Review federal, state, and other grant reporting requirements,
- Determine which internal control findings are significant deficiencies or material weaknesses,
- Prepare findings and draft the auditors' reports,
- Review draft reports with the District management, and
- Evaluate management feedback and proposed corrective actions, make revisions as necessary, and finalize the report.

Ample time will be provided for management review of all reports in draft form.

Management Letter

After our audit, separate from any significant internal control deficiencies or items of noncompliance we may have identified and included in the respective auditors' reports, we will also provide our comments and observations for improvements to operating, accounting, and business practices. The diverse experience of our personnel and the fresh perspectives of our team members, combined with their independent, objective viewpoints, will likely yield valuable insights. The findings and other comments will contain, as warranted and appropriate:

- Specific recommendations for improving accounting practices and procedures and the internal accounting and administrative controls.
- Comments on the design, controls, and audit trails of new and redesigned automated systems and suggestions to improve processing methods and procedures.
- Suggestions for operational improvements or cost efficiencies noted during our examination.
- Comments relative to ensuring compliance with the applicable laws, rules, and regulations, including U.S. Government Accountability Office (GAO) guidance and regulations.
- Comments regarding the implementation of the new GASB pronouncements.
- Other comments, recommendations, or observations regarding best practices that we believe may be of interest.

Single Audit and Grant Specific Audit - Applicable Audit Procedure and Reporting Standards Approach

We will utilize an integrated audit approach if a single audit is required. This means we will coordinate the single audit testing of major federal programs with the testing of internal controls and systems in conjunction with the financial statement audit. Each major program requires a separate opinion on compliance with federal rules and regulations. The scope of our testing will be sufficient and specific enough to allow opinions on each of the District's major programs. In addition, we will perform risk assessment procedures, including:

- Review of prior years' reported findings and
- Consider the extent of continuing or new personnel assigned to administer each major federal program.

Our procedures for testing major federal programs will be performed as follows:

- Hold a planning meeting with the accounting managers and grant administrators.
- Make a preliminary assessment of the condition of the records and controls and determine the procedures necessary to document the systems.
- Obtain copies of the grant agreements under which federal financial assistance is provided.
- Document any program-specific compliance requirements in the agreements beyond those included in the OMB Compliance Supplement.
- Review reports completed to meet the federal financial reporting requirement.
- Document our understanding of program requirements and other laws and regulations.
- Establish detailed work plans and audit timetables in conjunction with management.

- Schedule regular status meetings to monitor the audit process.
- Review the inventory of grants and other federal and state assistance.
- Test the completeness and accuracy of the schedule of expenditures of federal awards.
- Examine external, state, and federal audit reports for control weaknesses, compliance exceptions, or questioned costs.

Our Tools



Vasquez uses CCH Axcess Engagement electronic audit workpapers to enable a more efficient and intelligent audit process. CCH Axcess Engagement is also useful for financial analysis and reporting, including financial statement preparation.



To help manage the data flow for our testing, we utilize the Vasquez Citrix ShareFile, a secure and regulatory-compliant tool, to handle the many requests more effectively and efficiently and to provide the information necessary to conduct an engagement of this size.



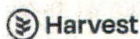
Office 365 provides access to Office applications, online productivity services, and business services such as web conferencing, hosted email, and online storage.



We utilize IDEA data analytics software to perform data analysis and enhance the effectiveness and efficiency of our audit sampling process.



DataSnipper allows us to conduct automated document matching, text recognition, and document review and management.



Vasquez leverages Harvest Valuations as an independent pricing desk to validate the fair value of investments, enhancing the rigor and objectivity of our audit procedures.

Special Ideas, Techniques, or Suggestions that Might Make the Audit Proceed Smoothly

To promote an efficient, well-coordinated audit process and minimize disruption to District personnel, Vasquez will implement the following practices:

- **Kickoff Planning Meeting** – Conduct an entrance conference with District management to confirm expectations, timelines, key contacts, deliverables, and areas of audit focus.
- **Early PBC Request List** – Provide a detailed Prepared-by-Client (PBC) request list at the beginning of the engagement, allowing District staff ample time to gather supporting documentation and resolve questions before fieldwork.
- **Shared Request Tracker** – Utilize a secure, centralized request-tracking system to monitor outstanding items, due dates, and document submissions, providing real-time visibility to both the District and the audit team.
- **Interim Walkthroughs and Risk Assessments** – Perform interim walkthroughs of significant transaction cycles and internal controls to identify potential issues early and reduce year-end fieldwork requirements.
- **Regular Status Meetings** – Hold brief weekly status meetings during fieldwork to discuss progress, address open items, communicate emerging issues, and ensure there are no surprises at the conclusion of the audit.

Cost Proposal

Our fees for the services outlined in this proposal are based on the assumption that unexpected circumstances will not be encountered during the audit, along with the following:

1. Staff is available to answer questions and provide supporting documentation within the agreed timeframe.
2. Audit evidence is provided in an electronic format, and audit fieldwork procedures are conducted primarily remotely.
3. No instances of fraud that will require additional procedures.
4. Vasquez will assist in the preparation of the District's financial statements. The District will provide the necessary information to support the financial statements and will designate an individual with suitable skills, knowledge, and experience (SKE) to oversee the service.
5. The information provided is substantially complete and correct for the year under audit.
6. The base fee excludes Single Audit services. If a Single Audit or grant-specific audit is required, fees will be billed separately at \$5,000 per major program, subject to the District's approval.
7. Other unforeseen events such as contractual difficulties with suppliers, third-party service providers, or clients.

Total All-Inclusive Maximum Price

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Total All-Inclusive Maximum Price	\$ 32,300	\$ 33,269	\$ 34,267	\$ 35,295

Rates by Partner, Specialist, Supervisory, and Staff Level Times Hours Anticipated for Each
**APPENDIX D
PART 1**
**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR
THE AUDIT OF FINANCIAL STATEMENTS**

	HOURS	STANDARD HOURLY RATE	QUOTED HOURLY RATE	TOTAL
PARTNERS	17	\$ 375	\$ 255	\$ 4,333
MANAGER	41	250	170	6,967
SUPERVISORY STAFF	48	175	119	5,710
STAFF	147	140	95	13,989
OTHER (SPECIFY)	-	-	-	-
SUBTOTAL	253			\$ 31,000
OUT OF POCKET EXPENSES:				1,300
OTHER				-
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2026-27				\$ 32,300
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2027-28				\$ 33,269
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2028-29				\$ 34,267
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY 2029-30				\$ 35,295

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction for the total all-inclusive maximum price.

Heber Public Utility District

Proposal for 2026-2027 Professional Financial Auditing Services

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Out-of-pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

Our out-of-pocket expenses are presented in the Total All-Inclusive Maximum Price. All expense requirements will be charged against the total all-inclusive maximum price submitted by the firm.

Rates for Additional Professional Services

Hourly Billing Rates

Our standard hourly rates are as follows:

Personnel Category	Hourly Rate
Partners	\$ 375
Directors	300
Senior Managers	250
Managers	225
Supervisors	200
Seniors	175
Staff	140

Manner of Payment

We understand that the payments will be made under the following schedule:

- 10% - Billed upon the beginning of Field Work, subsequent to the Initial Audit Opening Conference with the General Manager;
- 25% - Not-to-Exceed maximum for combined progress payments, to be billed no more frequently than monthly and no later than the 25th of each month;
- 25% - Billed subsequent to delivery of the Draft Final Statements and Recommendations to Management;
- 25% - Billed subsequent to delivery of Final Statements and Recommendations to Management;
- Request for Proposals – 2026-27 Professional Financial Auditing Services 11
- 15% - To be paid upon receipt of final paper/electronic copies of the reports, but no sooner than 30 days after acceptance of Final Statements and Recommendations to Management by the Heber Public Utility District Board of Directors.

Proposed Audit Schedule

The proposed audit schedule below is subject to coordination with District management and will be finalized during the entrance conference. The schedule will align with the District's fiscal year ending June 30, 2027, and the RFP's required audit milestones.

Description	Responsibility	Duration	Start Date	End Date
Entrance meeting	Vasquez & District	1	9/3/2027	9/3/2027
Request list to be provided by Vasquez to the District (Final)	Vasquez	1	9/7/2027	9/7/2027
All requested items for the Yearend fieldwork are to be provided by the District	District	4	9/7/2027	9/12/2027
Audit fieldwork – Yearend	Vasquez & District	24	9/14/2027	10/16/2027
Audit exit meeting - Final	Vasquez & District	1	10/19/2027	10/19/2027
Initial ACFR draft report to be provided to the District	Vasquez	4	10/25/2027	10/28/2027
MD&A, Introductory and Stat Section to be provided to Vasquez	District	3	10/28/2027	11/1/2027
Second ACFR draft to be provided to the District	District	1	11/4/2027	11/4/2027
Finance Committee Meeting	District	1	11/8/2027	11/8/2027
Quality control review and comments on the Second ACFR draft	Vasquez	1	11/10/2027	11/10/2027
Final ACFR and other reports issuance	Vasquez & District	1	11/16/2027	11/16/2027
SAS 114 Conclusion Letter and Management Letter Comments (if any)	Vasquez	1	11/16/2027	11/16/2027
Single Audit				
All requested items for the Single audit fieldwork are to be provided by the District	District	4	9/7/2027	9/12/2027
Audit fieldwork – Single audit	Vasquez & District	24	9/14/2027	10/16/2027
Initial Single audit report draft	Vasquez	4	10/25/2027	10/28/2027
Initial Single audit report draft comments to be provided by the District	District	3	10/28/2027	11/1/2027
Single audit report partner and quality control review and comments	Vasquez	1	11/10/2027	11/10/2027
Single audit report issuance	Vasquez & District	1	11/16/2027	11/16/2027
FAC submission	Vasquez & District	1	12/16/2027	12/16/2027

Client References
Similar Engagements with Other Government Entities

Client/Contact/Address	Nature of Engagement	Engagement Partners
Moulton Niguel Water District Kelsey Decasas Controller Address: 26161 Gordon Rd, Laguna Hills, CA 92653 Tel: (949) 831-2500 Email: kdecasas@mnwd.com	Scope of Work: Financial Statement Audit Report, Single Audit Report, Tax Services, and GANN Limit. 609 Hours Date: Client from 2024 to Present	Roger Martinez Lead Partner Cristy Canieda QC Partner Jay Toledo Lead Director Samuel Tolentino Senior Audit Manager Jason Tagasa IT Audit Senior Manager
Desert Water Agency Esther Saenz Finance Director 1200 Gene Autry Trail South Palm Springs, CA 92264 Tel: (760) 323-4971 Email: Essenz@dwa.org	Scope of Work: Annual Financial and Compliance Audit and Management Letter. 605 Hours Date: Client from 2022 to Present	Roger Martinez Lead Partner Cristy Canieda QC Partner Jason Tagasa IT Audit Manager
Water Replenishment District of Southern California Greg Black Chief Financial Officer 4040 Paramount Blvd. Lakewood, CA 90712 Tel: (562) 275-4210 Email: gblack@wrd.org	Scope of Work: Annual Financial and Compliance Audit, Special Districts Financial Transactions Report, Management Letter. GFOA Award. 528 Hours Date: 2008 to 2018 and 2020 to 2025	Cristy Canieda Lead Partner Roger Martinez QC Partner Samuel Tolentino Lead Audit Manager
Victor Valley Wastewater Reclamation Authority Xiwei Wang Accounting Supervisor 20111 Shay Road Victorville, CA 92394 Tel: (760) 246-8638 x 114 Email: xwang@vvraca.gov	Scope of Work: Annual Financial and Compliance Audit and Management Letter. GFOA Award. 405 Hours Date: Client from 2021 to Present	Roger Martinez Lead Partner Cristy Canieda QC Partner Jason Tagasa IT Audit Manager

Prior Engagements with Heber Public Utility District

Vasquez has not had any prior engagements with the Heber Public Utility District within the past five (5) years.

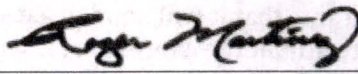
Attachment I – Appendix B Proposer Guarantees

APPENDIX B

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum all services set forth in Section II, Nature of Services Required

Signature of Official: _____



Name (typed): Roger Martinez

Title: Partner

Firm: Vasquez & Company LLP

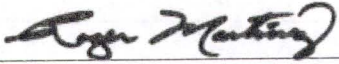
Date: 07/13/2026

Attachment II – Appendix C Proposer Warranties

APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with the State of California Laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Heber Public Utility District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: 

Name (typed): Roger Martinez

Title: Partner

Firm: Vasquez & Company LLP

Date: 07/13/2026

Attachment III – Firm's Sample Engagement Letter

555 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

[Date]

[Board of Directors] [Audit Committee] [Board of Trustees] [Chief Executive Officer] [Chief Financial Officer]

[Client Name]

[Address]

[City, STATE Zip]

The Objective and Scope of the Audit of the Financial Statements

You have requested Vasquez & Company LLP ("Vasquez", "we", "us", or "our"), audit the Sample Entity (the "District", "you", or "your") financial statements which comprise the statement of net position as of June 30, 2026, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ending and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter ("Engagement Letter").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS"), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

Accounting principles generally accepted in the United States of America ("U.S. GAAP") provide for certain required supplementary information ("RSI"), such as Management's Discussion and Analysis ("MD&A"), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") 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 the District's RSI in accordance with GAAS. 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.



[Client Name]

[Date]

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The following RSI is required by U.S. GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis (MD&A)
- 2) Schedules of District's Proportionate Share of the Net Pension Liability and Related Ratios (CalPERS and PARS)
- 3) Schedules of Pension Contributions (CalPERS and PARS)
- 4) Schedule of Changes in Net OPEB Liability and Related Ratios
- 5) Schedule of OPEB Contributions

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements:

- 1) Introductory Section
- 2) Statistical Section

You have also requested that Vasquez perform the audit of the District as of June 30, 2026 to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS; GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's ("OMB") Compliance Supplement. Those standards, regulations and supplements require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We will also :

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the District and its environment, the applicable financial reporting framework, and the District's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider the District's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.



[Client Name]
[Date]
Page 3

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will also communicate to the Governing Board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

There will be no component units whose financial statements will be omitted from the basic financial statements.

The list of federal financial assistance programs and awards that the District participates in and that are to be included as part of the single audit will be provided to us before we begin the audit fieldwork.

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control over financial reporting and over compliance for major programs will include any significant deficiencies and material weaknesses in internal control over financial reporting and over compliance for major programs of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and over compliance for major programs consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the District complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. 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 District involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, analysts, regulators, vendors, customers or others.



[Client Name]

[Date]

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Management is responsible for the preparation of the RSI and supplementary information presented in relation to the financial statements as a whole in accordance with U.S. GAAP. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and will indicate that the auditor has reported on such RSI and supplementary information. Management also agrees to present the RSI and the supplementary information with the audited financial statements or, if the RSI and the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the RSI and the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Governing Board is responsible for informing us of its views about the risks of fraud, waste or abuse within the District, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the District.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Engagement Letter; and
2. That it believes 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.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and



[Client Name]
[Date]
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the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Governing Board of District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the District's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the District's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of the District's schedule of expenditures of federal awards for the year ending June 30, 2026.
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.
4. An accompanying schedule of findings and questioned costs.

You have informed us that you intend to prepare an annual comprehensive financial report ("ACFR") and submit it for evaluation by the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Our association with other information in the ACFR consists of reading the other information and considering whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated, and reviewing the ACFR based on the GFOA's financial statement checklist.

We will also complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the District's books and records. The District will determine that all such data, if necessary, will be so reflected. Accordingly, the District will not expect us to maintain copies of such records in our possession.



[Client Name]

[Date]

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The assistance to be supplied by the District personnel, including the preparation of schedules and analyses of accounts, has been discussed and will be coordinated with [Individual's Name], [Title]. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services necessary for the preparation of the financial statements, which includes assistance in the preparation and assembly of the District's ACFR and the State Controller's Financial Transaction Report.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a nonaudit service to the District, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit services to be performed. The District has agreed that [Individual's Name], [Title], possesses suitable skill, knowledge, or experience and that the individual understands the nonaudit services to be performed and described above sufficiently to oversee them. Accordingly, the management of the District agrees to the following:

1. The District has designated [Individual's Name], [Title], as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. [Individual's Name], [Title], will assume all management responsibilities for the subject matter and scope of the preparation and assembly of the ACFR;
3. The District will evaluate the adequacy and results of the services performed; and
4. The District accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the District's management and those charged with governance of the objectives of the nonaudit services, the services to be performed, the District's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the nonaudit services. We believe this Engagement Letter documents that understanding.

Fees and Costs

Partner's Name is the engagement partner responsible for supervising the engagement and signing the audit report.

Our fees for the audit services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

1. Anticipated cooperation from District personnel.
2. Timely responses to our inquiries;
3. Timely completion and delivery of client assistance requests;
4. Timely communication of all significant accounting and financial reporting matters;



[Client Name]
[Date]
Page 7

5. The assumption that unexpected circumstances (Exhibit I) will not be encountered during the engagement;
6. No instances of fraud that will require additional procedures;
7. All information will be available electronically to help us perform the procedures remotely; and
8. One (1) major program subject to single audit procedures.

If any of the aforementioned criteria are not met, then fees may increase. We anticipate the fee to be \$FEE as set forth in the Agreement. If we find that additional time is likely to be necessary, we will attempt to discuss it with the District's management and Audit Committee and arrive at a new fee estimate before we incur additional time or costs. In no case will fees exceed the total "Not to Exceed" amount without amendment to the Agreement.

The maximum number of report copies we will provide you is ten (10). Any copies you will request in excess of this maximum number will be an additional cost to you. As an alternative, we can provide you an electronic copy (PDF) of the report at no cost.

Our fees are based on the determination of one (1) major program subject to the Single Audit Act Amendments of 1996 and Uniform Guidance. Should we determine that additional programs are required for audit, we will discuss this with you in advance of performing the additional work.

Our invoices for these fees will be rendered in accordance with the terms set forth in our contract and are payable on presentation. In accordance with Vasquez policies, work may be suspended if your account becomes 30 days or more overdue and will 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 notice of termination, even if we have not issued a report. You will be obliged to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Invoices aged over 30 days may be subject to a 10% late charge.

Use of Subcontractors and Third-Party Products

From time to time and depending upon the circumstances, we may, in our sole discretion, use employees of our wholly-owned subsidiary ("The Vasquez Advantage, Inc.") living outside the United States of America (U.S.A) or qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information and Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our U.S.A.-based employees, provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of The Vasquez Advantage, Inc.'s employees and third-party service providers may involve the processing, input, disclosure, movement, transfer, and storage of your information and data, including Confidential Information and Personal Information, outside the United States and outside of our technology infrastructure. We shall be responsible for any and all damages resulting from any breach of this Engagement Letter by any of The Vasquez Advantage Inc.'s employees living outside the United States and third-party service providers to whom we disclose the Confidential Information and/or Personal Information.

We also may provide services to you using certain third-party hardware, software, equipment, or products (collectively, "Third-Party Products" and each, individually, a "Third-Party Product"). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Confidential Information and Personal



[Client Name]

[Date]

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Information, within the Third-Party Product's infrastructure and not ours which may result in the access, transfer, disclosure, storage or processing of such information and data outside of the United States. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, "EULA") will govern all obligations the licensor of such Third-Party Product relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

To the extent Vasquez gives the District access to a Third-Party Product in connection with the services contemplated herein, the District agrees to comply with the terms of any applicable EULA for such Third-Party Product, and the District shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product, by the District, or any user to whom the District grants access to such Third-Party Product. The District agrees to indemnify and hold Vasquez harmless from and against any claims, actions, lawsuits, proceedings, judgments, liens, losses, damages, costs, expenses, fees (including reasonable legal fees, expenses, and costs), and other liabilities relating to, or arising from or out of, the improper use of a Third-Party Product, or a violation of the terms of the applicable EULA for such Third-Party Product, by the District, or any user to whom the District grants access to such Third-Party Product.

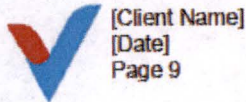
You acknowledge that the use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, or maintenance. We will not be liable for any damages relating to such limitations, delays, delivery failures, interruptions, errors, or other problems. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from the use of a Third-Party Product.

Use and Ownership; Access to Audit Documentation

The Audit Documentation for this engagement is the property of Vasquez. For purposes of this Engagement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of Vasquez's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by Vasquez for the District under this Engagement Letter, or any documents belonging to the District or furnished to Vasquez by the District.

However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a regulatory body. Other third parties may also request or subpoena our audit documentation. We will notify you of any such request or subpoena. If requested, access to such audit documentation will be provided under the supervision of Vasquez personnel. Further, 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. Before we provide access to or copies of such workpapers, unless prohibited by law, we will notify the District's management and provide copies of such request to allow the District to take any action it deems necessary or appropriate to limit or prevent access to such workpapers.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable Vasquez policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing the Access & Release Letter provided by Vasquez, without substantive modifications thereto. Vasquez reserves the right to decline a successor auditor's request to review our Audit Documentation.



In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the District, the District will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of Vasquez. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of Vasquez audit personnel and at a location designated by our firm.

Indemnification, Limitation of Liability, and Claim Resolution

Because Vasquez will rely on the District and its management and the Governing Board to discharge the foregoing responsibilities, the District agrees to indemnify, hold harmless and release Vasquez and its partners, directors, employees, affiliates, subsidiary, contractors, subcontractors, or assigns from all third-party claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of District management.

The District and Vasquez agree that no claim or demand for arbitration arising out of services rendered pursuant to this Engagement Letter shall be filed more than the earlier of two years after the date of the audit report issued by Vasquez or the date of this Engagement Letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. Vasquez's liability for all claims, damages and costs of the District arising from this engagement is limited to the amount of fees paid by the District to Vasquez for the services rendered under this Engagement Letter.

If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this Engagement Letter, excluding claims for non-monetary or equitable relief (collectively, the Dispute), either party may, upon written notice to the other party, request non-binding mediation. A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the JAMS Mediation, Arbitration and ADR Services.

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation. The mediator shall not act as a witness for either party in any subsequent proceeding between the parties.

Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys' fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.



Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in the jurisdiction in which the Vasquez office providing the relevant services exists, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current JAMS Comprehensive Arbitration Rules & Procedures, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the California Rules of Civil Procedure and/or is otherwise customary in light of the complexity of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).

The arbitration shall be conducted before one neutral arbitrator, unless all parties agree otherwise. In cases involving more than one Arbitrator, the Parties shall agree on, or, in the absence of agreement, JAMS shall designate, the Chairperson of the Arbitration Panel. Where the parties have agreed that each party is to name one Arbitrator, the Arbitrators so named shall be neutral and independent of the appointing party, unless the parties have agreed that they shall be non-neutral (the "Arbitration Panel"). The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the California Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the JAMS. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.

In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the applicable statute of limitations or repose. For the purposes of applying the statute of limitations or repose, receipt of a written demand for arbitration by the JAMS shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

These provisions shall survive the termination of this engagement for services.

Confidentiality

Vasquez and the District may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, Vasquez and the District agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Engagement Letter. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, Vasquez is permitted to disclose the District's Confidential Information to Vasquez's personnel, agents, Subcontractors, and representatives (collectively, the "Vasquez Parties" and each, individually, a "Vasquez Party") for the purpose of exercising its rights and



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fulfilling its obligations hereunder and to comply with applicable laws and professional, regulatory, and/or ethical standards.

"Confidential Information" means, information in any form, consisting of: (i) any nonpublic information provided by the Disclosing Party; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Engagement Letter. Without limiting the generality of the foregoing, the District acknowledges and agrees that Audit Documentation constitutes Confidential Information of Vasquez.

"Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Disclosing Party's Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care.

Other Relevant Information

In accordance with GAS, a copy of our latest tri-annual peer review report accompanies this Engagement Letter as Exhibit II.

Independence

Vasquez meets the GAS independence requirements as it relates to the District. Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the District in the performance of our services. Any discussions that you have with Vasquez personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Information Security

Vasquez is committed to the safe and confidential treatment of the District's proprietary information. Vasquez is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The District agrees that it will not provide Vasquez with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the District's information, including the use of our secure file transfer site to ensure the safe sharing of data between the parties.

E-mail Communication

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails may be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or



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unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement.

In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We ask that you use our secure file transfer site to share all confidential information to the engagement team.

Personal Information

As used herein, the term "Personal Information" (or "PI") means any personal information or data, as may be defined by applicable privacy, data protection, or cybersecurity laws, that directly or indirectly identifies a natural person.

Each party agrees to transmit PI consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such PI to perform our obligations and exercise our rights under this Engagement Letter.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to Vasquez Party of such PI and shall take reasonable steps to ensure that such PI does not include irrelevant or unnecessary information about individuals.

To the extent the California Consumer Privacy Act and California Privacy Rights Act, including as amended or replaced, and the associated regulations ("CCPA"), are applicable, Vasquez is a "Service Provider" for the District as such term is defined by the CCPA. Limited to the applicability of this paragraph, the terms PI and "Consumer" shall have the same meaning as such terms are defined by the CCPA. The District may disclose PI to the Vasquez Parties solely for: (i) a valid and specific business purpose as specified in this Engagement Letter; and (ii) to perform the services in this Engagement Letter. For any PI disclosed to Vasquez by the District, or obtained or accessible by an Vasquez Party on the District's behalf under this Engagement Letter, we will not (i) "sell" or "share" the PI (as those terms are defined by the CCPA); (ii) retain, use, or disclose PI for any purpose other than for the specific business purpose as specified in this Engagement Letter; or (iii) retain, use, or disclose the information outside of the direct business relationship between the parties unless to another service provider as a subcontractor, where the subcontractor meets the requirements for a "Service Provider" under the CCPA. At your written request, and at your cost, we shall reasonably assist you in addressing your obligations under the CCPA with regard to privacy rights requests related to your PI held by us, directly resulting from our business relationship with you. We reserve the right to decline such a request where, as determined in our sole discretion, the request for our assistance could violate or impair a Consumer's (as that term is defined by the CCPA) rights under the CCPA or another applicable law or regulation, or professional and/or ethical obligation. We certify that we understand and will comply with the requirements enumerated in (i), (ii), and (iii) above.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Engagement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours



necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Engagement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Engagement Letter. We will not be liable to you for any loss, damage or expense arising out of or from, or relating to, such termination or suspension of our services.

Either party hereto may terminate this Engagement Letter for any reason upon fifteen (15) days' prior written notice to the other party. In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

Either party may terminate this Engagement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance to result in a violation of law, a regulatory requirement, a legal process, a contractual obligation with a third party, applicable professional or ethical standards, or, in the case of Vasquez, our client acceptance or retention standards; or (ii) if the other party, or any director, executive, partner or principal thereof, is placed on a Sanctioned List (as defined herein), or if any director or executive of, or other person closely associated with such other party or its affiliate, is placed on a Sanctioned List (as defined below).

Neither Vasquez nor the District shall be responsible for any delay or failure in its performance resulting from acts beyond its reasonable control (each, a "Force Majeure Event"). Force Majeure Events include, "but are not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days by a Force Majeure Event; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter. When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

The parties agree that those provisions of this Engagement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Engagement Letter.

Miscellaneous

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

The District agrees that it will not include our reports or otherwise associate us with any public or private securities offering without first obtaining our consent. Therefore, the District agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. The District agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is



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distributed. If, based on our review, we identify no material inconsistencies with our audit, or other misstatements of fact, we will promptly communicate in writing to the District that we do not object to the inclusion of our report in the offering documents. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Engagement Letter. The District shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States or Canada. The District shall not knowingly cause Vasquez to violate any sanctions applicable to Vasquez. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and the United Kingdom.

Any term of this Engagement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.

Other Services

We are always available to meet with you and/or other executives at various times throughout the year to discuss current business, operations, accounting, and auditing matters affecting the District. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas.

You may request that we perform additional services not addressed in this Engagement Letter. If this occurs, we will communicate with you the scope of the additional services and estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this Engagement Letter.

Notices

Unless otherwise expressly agreed upon by the parties in this Engagement Letter, all notices required to be given hereunder will be in writing and addressed to the party at the business address provided in this Engagement Letter, or such other address as such party may indicate by a notice delivered to the other party. Except as otherwise expressly provided in this Engagement Letter, notices hereunder will be deemed given and effective: (i) if personally delivered, upon delivery; (ii) if sent by registered or certified mail or by overnight courier service with tracking capabilities, upon receipt; and, (iii) if sent by electronic mail (without indication of delivery failure), at such time as the party that sent the notice receives confirmation of receipt, whether by read-receipt confirmation or otherwise.



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Governing Law

This Engagement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Engagement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law principles, and applicable U.S. federal law.

Entire Agreement

This Engagement Letter, including any exhibits, policies, schedules, and/or other documents expressly incorporated herein by reference or attached hereto, constitutes the entire agreement between Vasquez and the District, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Engagement Letter including any separate nondisclosure agreement executed between the parties.

If any term or provision of this Engagement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Engagement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

This Engagement Letter may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which taken together will constitute one and the same instrument. Each party agrees that any electronic signature of a party to this Engagement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature.

Acknowledgment and Acceptance

Each party acknowledges that it has read and agrees to all of the terms contained herein, including any exhibits, policies, schedules, and/or other documents expressly incorporated herein by reference or attached hereto. Each party and its signatory below represent that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

AGREED TO AND ACKNOWLEDGED BY:

VASQUEZ & COMPANY LLP

Partner's Name
Partner



Heber Public Utility District

Proposal for 2026-2027 Professional Financial Auditing Services

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RESPONSE:

Confirmed on behalf of **Sample Entity**.

Officer Signature: _____

Title: _____

Date: _____



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EXHIBIT I – Examples of Unexpected Circumstances

Incorrect accounting applications or errors in your records

We generally base our fee estimates on the expectation that your accounting records are in good order so that our work can be completed using our normal testing and other procedures. However, should we find numerous errors, incomplete records or disorganized bookkeeping methods, we will have to do additional work to determine that the necessary corrections have been made and properly reflected in the financial statements.

Lack of audit facilitation or timely preparation

To minimize your costs, we plan how your personnel will facilitate the audit (e.g., the schedules they will prepare, how to prepare them, the supporting documents that need to be provided, etc.). We also discuss matters such as the availability of your key personnel, deadlines and working conditions. Indeed, the information you furnish us on these matters is a key element in our fee quotation. Therefore, if your personnel are unable, for whatever reason, to provide these materials on a timely basis, it may substantially increase the work we must do to complete the engagement within the established deadlines. Moreover, in some circumstances this may require a staff withdrawal, as discussed in the following paragraph.

Staff withdrawal

A staff withdrawal consists of our removing one or all staff because the condition of your records or the inability of your personnel to provide agreed upon materials within the established timetable makes it impossible for us to perform our work in a timely, efficient manner, as established by our engagement plan. Sometimes, a complete staff withdrawal is necessary to permit an orderly audit approach. A staff withdrawal is not necessarily an adverse reflection on your personnel. However, it involves additional costs, as we must reschedule our personnel; and incur start-up costs, etc., to prevent total engagement costs from increasing significantly.

Unforeseen events

Even though we communicate frequently with clients and plan our engagement with management and their staff, unforeseen events can occur. Examples include accounting problems, litigation, changes in your business or business environment, contractual or other difficulties with suppliers, third-party service providers, or customers, etc. When those circumstances occur, additional time is needed to provide you with assistance and complete our engagement in accordance with professional standards.

Again, we emphasize that we strive to deliver the best value for our professional services. Fee quotations are provided based upon the facts and circumstances that you describe to us. However, unlike the sale of products, the performance of professional services is affected by many variables, such as those noted above, which may change fee estimates.

We want you to receive the maximum value for our professional services and to perceive that our fees are reasonable and fair. We, therefore, commit to informing you in advance of any need to revisit fee estimates.



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EXHIBIT II – Peer Review Report



AICPA

National Peer
Review Committee

May 05, 2023

Gilbert Vasquez
Vasquez & Company, LLP
655 N Central Ave Ste 1550
Glendale, CA 91203

Dear Gilbert Vasquez:

It is my pleasure to notify you that on May 03, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2025. 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,

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: James Dougherty, Roger Martinez

Firm Number: 900010138115

Review Number: 597388

220 Leigh Farm Road, Durham, NC 27707-8110
T: +1.919.402.4502 F: +1.919.419.4713
aicpaglobal.com | cimaglobal.com | aicpa.org | cima.org



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+ COMPANY, LLP



[Client Name]
[Date]
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Liberty Plaza II
5057 Keller Springs Road, Suite 150
Addicks, Texas 75001
Tel: 972-911-6800
jlr Rosenberg, com

Report on the Firm's System of Quality Control

December 21, 2022

To the Partners of Vasquez & Company, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vasquez & Company, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022. 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).

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. 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.

The Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control 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 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 Vasquez & Company, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2022, 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*. Vasquez & Company LLP has received a peer review rating of *pass*.

JLK Rosenberg, LLP



www.vasquez.cpa

Vasquez & Company LLP has over 55 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies.