



**Eadie + Payne, LLP**

3880 Lemon St., Ste. 300  
Riverside, CA 92501

P.O. Box 1529  
Riverside, CA 92502-1529

Office: 951-241-7800

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

**Certified Public Accountants  
& Business Advisors**

January 15, 2019

Al Morrissette & Wes Zuber  
Wrightwood Community Services District  
1275 Hwy 2  
P.O. Box 218  
Wrightwood, CA 92397

Dea Mr. Morrissette & Mr. Zuber,

On behalf of Eadie + Payne LLP, we thank you for the opportunity to be of service to the Wrightwood Community Services District (WCSD). Our proposal includes the financial audit and preparation of WCSD's basic financial statements.

E+P has deep experience with governmental agencies throughout the State of California. Our team has developed a fresh perspective in some challenging engagements. Our audit approach is differentiated by the focus on internal control and COSO, timely communication, and commitment to quality service.

We are committed to begin the services requested as soon as we receive the signed engagement letter in order to meet the requirements of the State Controller's Office. We have also applied a courtesy discount to our standard pricing as requested.

We would be honored to assist WCSD in meeting their financial needs and reporting requirements in its early years of formation.

Very truly yours,

EADIE AND PAYNE, LLP

Donald N. Ecker  
951-241-7803

Hong N. Nguyen  
951-241-7804

January 15, 2019

Governing Board and Management  
Wrightwood Community Services District  
1275 Hwy 2  
P.O. Box 218  
Wrightwood, CA 92397

We are pleased to confirm our understanding of the services we are to provide to the Wrightwood Community Services District for the years ended June 30, 2018 and 2019. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, "Agreement"), confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

#### **Engagement Objective and Scope**

We will audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Wrightwood Community Services District as of and for the years ended on June 30, 2018 and 2019. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the 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 Wrightwood Community Services District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis;
2. Budgetary Comparison schedule



**EADIE + PAYNE**

*Celebrating a Century  
of Quality Service*

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## **Audit Objectives**

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

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

## **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute 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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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

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

#### **Audit Procedures - Internal Controls**

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. 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 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 Wrightwood Community Services District's compliance with 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 basic financial statements and related notes for Wrightwood Community Services District in conformity with U.S. generally accepted accounting principles based on information provided by you. In addition, we will prepare the California State Controller's Reports for the District. Each of these services will be based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

## **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements 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 or illegal acts 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities relating to the financial statements, 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, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

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

Eadie and Payne, LLP meets the independence requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Rules 101 and 102 of the American Institute of CPAs Code of Professional Conduct with respect to the audit of the Wrightwood Community Services District for the years ended June 30, 2018 and 2019.

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

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

The audit documentation for this engagement is the property of Eadie and Payne, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne, 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.

Our fieldwork for our audits and other services will be scheduled at a mutually agreeable time. Hong Nguyen is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter or comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review accompanies this letter.

Our fees for these services for the years ended June 30, 2018 and 2019 will be \$14,300 and \$10,900, respectively. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Eadie and Payne, LLP shall be free to destroy our records related to this engagement.

Governing Board and Management  
Wrightwood Community Services District

January 15, 2019  
Page Seven

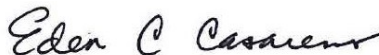
We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign this letter and return it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

Very truly yours,

**EADIE AND PAYNE, LLP**



Hong N. Nguyen



Eden C. Casareno

Accepted by the Wrightwood Community Services District

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Attachment:

Attachment A - Peer Review Letter

Attachment B - Term and Conditions Addendum





A Professional Accounting Corporation  
www.pncpa.com

**System Review Report**

To the Partners of Eadie & Payne, LLP  
& the California Society of CPAs Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the Firm) in effect for the year ended April 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP in effect for the year ended April 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Eadie & Payne, LLP has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads 'Postlethwaite &amp; Netterville'.

Donaldsonville, Louisiana  
December 16, 2016

## ATTACHMENT B

### Eadie and Payne, LLP's Terms and Conditions Addendum

#### **Overview**

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "we," "us," or "our" is a reference to Eadie and Payne, LLP, and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this *Terms and Conditions Addendum*.

#### **Billing and Payment Terms**

We will bill you for our professional fees and out-of-pocket costs upon completion of the service or monthly as work progresses. Payment is due within 30 days of the date on the billing statement. If payment is not received by the due date, you will be assessed interest charges of 1% per month on the unpaid balance.

We reserve the right to suspend or terminate our work for non-payment of fees. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of our services.

#### **Electronic Data Communication and Storage**

In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

#### **Client Portals**

To enhance our services to you, we will utilize ShareFile, a collaborative, virtual workspace in a protected, online environment. ShareFile permits real-time collaboration across geographic boundaries and time zones and allows Eadie and Payne, LLP and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use ShareFile, you will be required to execute a client portal agreement and agree to be bound by the terms, conditions and limitations of such agreement.

You agree that Eadie and Payne, LLP has no responsibility for the activities of ShareFile and agree to indemnify and hold Eadie and Payne, LLP harmless with respect to any and all claims arising from or related to the operation of ShareFile. While ShareFile backs up your files to a third party server, we recommend that you also maintain your own backup files.

## ***Newsletters and Similar Communications***

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

## ***Records Management***

### Record Retention and Ownership

We will return all of your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements.

Our firm destroys workpaper files after a period of 7 years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

### Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests also may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

### Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

### ***Disclaimer of Legal and Investment Advice***

Our services under this Agreement do not constitute legal or investment advice unless specifically agreed to in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

### ***Brokerage or Investment Advisory Statements***

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of the engagement letter. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker or investment advisor.

### ***Other Income, Losses and Expenses***

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

### ***Limitations on Oral and Email Communications***

We may discuss with you our views regarding the treatment of certain items or decisions you may face. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by the gross negligence or willful misconduct of Eadie and Payne, LLP, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this in a separate engagement letter.

### ***Management Responsibilities***

While Eadie and Payne, LLP can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge or experience to oversee any services that Eadie and Payne, LLP provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

### ***Conflicts of Interest***

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product.

### ***Alternative Dispute Resolution***

If a dispute arises out of or relates to the Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in California.

The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

### ***Insurance***

Eadie and Payne, LLP shall, during the term of the engagement and for 3 years after termination of same by either you or us, maintain in full force and effect, accountants professional liability insurance coverage from an insurance carrier or carriers licensed to conduct business in the state of California. As of the policy effective date, such insurance carrier(s) shall be rated A- (Excellent), by A.M. Best with a Financial Size Category of Class VII or greater. Premiums for said insurance policy shall be paid by Eadie and Payne, LLP.

Upon your written request, Eadie and Payne, LLP shall furnish certificates of insurance for the required professional liability insurance coverage. Such certificate of insurance shall indicate the minimum limits of liability per claim and in the aggregate as required by you.

### ***Proprietary Information***

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property we use are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

### ***Statute of Limitations***

You agree that any claim arising out of this Agreement shall be commenced within one (1) year of the delivery of the work product to you, regardless of any longer period of time for commencing such claim as may be set by law. A claim is understood to be a demand for money or services, the service of a suit, or the institution of arbitration proceedings against Eadie and Payne, LLP.

### ***Termination and Withdrawal***

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this Agreement or as we determine professional standards require.

### ***Assignment***

All parties acknowledge and agree that the terms and conditions of this Agreement shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

***Severability***

If any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this Agreement.

***Entire Agreement***

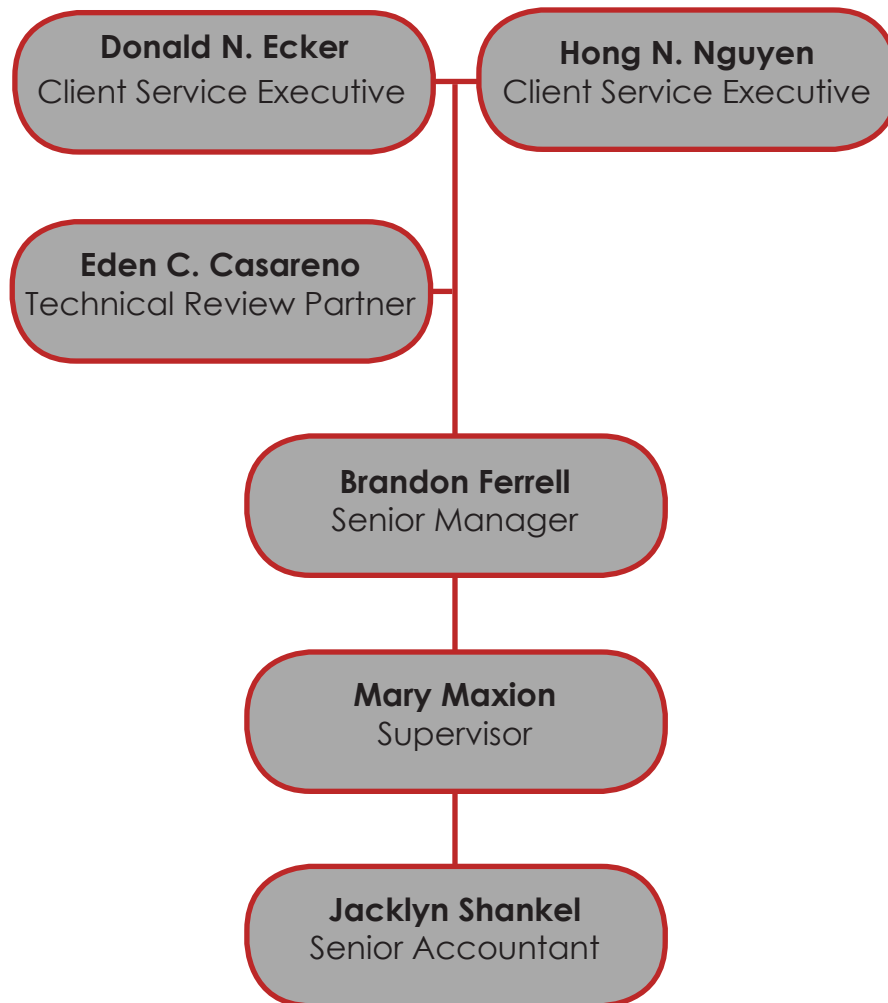
The engagement letter, including this *Terms and Conditions Addendum* and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this Agreement must be made in writing and signed by both parties.



# PERSONNEL

## E+P Organizational Chart

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# DONALD N. ECKER

Client Service Executive

decker@ceos2.com | 951.241.7803

*Mr. Ecker has been a community leader in Southern California for 40 years and understands the local economy.*



Chairman

## EDUCATION

*BS Degree in Business Administration, emphasis in Business, from California Polytechnic University, Pomona*

*Executive MBA from Northwestern University, Kellogg School of Management*

*Young Presidents University Programs: Stanford, Buckhead- Georgia, Chicago, Monterey, Newport, Greece, Sweden, Taiwan, New Zealand, Colorado Springs, and Australia*

## PROFESSIONAL ORGANIZATIONS

*American Institute of Certified Public Accountants*

*California Society of Certified Public Accountants*

## COMMUNITY ORGANIZATIONS

*Greater Riverside Chamber of Commerce  
Past Chairman*

*Citizen of the Year*

*Business of the Year*

*Volunteer of the Year*

*UC Riverside Board of Trustees-28 Years*

*Monday Morning Group-Past Chairman,  
30 years*

*Founding member of Security Bank of  
California*

*Co-Chair Measure A*

*Has participated in raising \$100M for  
Charities throughout the Inland Empire  
United Way of the Inland Valleys, Past  
Chairman*

**Licensed by the State of California  
Years of Experience: 50**

## SUMMARY

Mr. Ecker joined Eadie + Payne in 2015 as Director of Risk Management. He serves as Risk Advisor and Leader in Communication with boards and top management in assuring clients that commitments are delivered consistent with engagement letters and commitments.

Mr. Ecker is a true entrepreneur having founded various businesses in three distinctly different sectors.

Mr. Ecker is a Retired Senior and Managing Partner/Practice Leader of EY, a global professional services firm, including Managing Partner of the Riverside Office. During his 20 plus year career he co-founded the Capital Markets Group for the firm and headed Entrepreneurial Services, Southern California, that had approximately 350 people. While Managing Partner of EY Riverside, he was the coordinating/Relationship Partner on RCTC. He played a key role in transportation dating back to Measure A in 1988 as well as Measure AA in 1992. He also led the bond analysis of RCTC Toll Road original 1st placement. He participated in P3 discussions between the California Private Transportation Company, Orange County Measure M, and Riverside County from 1988-1993. He was part of the team that successfully negotiated the partnership between OCTA and RCTC.

Mr. Ecker is one of E+P's client service executives currently serving the County of San Bernardino on two engagements – the Risk Assessment and Audits of Special Districts. In 1999, Mr. Ecker also assisted in the passage of Measure I in San Bernardino County.

He founded CEO Strategic Solutions, LLC. He works with CEOs in clarifying the mission and giving objective solutions for business success. He served on two public boards; having qualified as a "financial expert" for SEC reporting, and chaired both audit committees.

Mr. Ecker has earned a trusted relationship with the State Controller's Office dating back to 2016.

Mr. Ecker's career in the public sector includes:

- Riverside County
  - Riverside County Transportation Commission
  - City of Compton
  - City of Oxnard
  - City of Stockton
  - Mission Inn, City of Riverside Transaction
  - Orange County- post bankruptcy
  - San Bernardino County- Various Projects
- Private Sector Includes:
- Baker's Burgers
  - Guthy Renker
  - Press Enterprise
  - Stater Bros.
  - Yeager Construction

## RECENT RELEVANT CPE:

CSMFO Annual Conference: 2018

CSMFO Panel, Case in Point: Restoring Fiscal Credibility to your City: 2018

League of California Cities Annual Conference: 2016





# HONG N. NGUYEN, CPA

Client Service Executive

hnguyen@eadiepaynellp.com | 951.241.7804

*Ms. Nguyen strives for continual improvement and embraces being a positive resource to her clients.*



Industry Advisor

## EDUCATION

BS Degree in Business Administration, emphasis in Accounting, University of California, Riverside

Brainard Strategy Leadership Academy graduate September 2018

## PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

California Society of Municipal Finance Officers



Licensed by the State of California  
Years of Experience: 10

## SUMMARY

Ms. Nguyen joined Eadie + Payne in 2008 and was promoted to partner in 2018. Ms. Nguyen possesses a comprehensive understanding of governmental auditing standards and an ability to apply technical accounting and auditing knowledge to real-life situations of the clients she serves. She demonstrates professional judgment, makes sound decisions, and possesses strong project management and interpersonal skills.

She has been the Executive on numerous initial audit engagements and excels in gaining a thorough understanding of the entity's operations and procedures. She values integrity and continued improvement.

Ms. Nguyen's governmental clients served include:

- Big Bear Municipal Water District
- City of Compton
- City of Industry
- City of Montebello
- City of Pomona Redevelopment Agency
- City of Oxnard
- City of Stockton
- City of San Fernando Redevelopment Agency
- County of San Bernardino
- Hesperia Recreation and Park District
- Inland Valley Development Agency
- Law Library for San Bernardino County
- San Bernardino County Special Districts
- San Bernardino Valley Water Conservation District

She served as the in-charge executive in providing agreed-upon procedures to multiple former redevelopment agencies in Los Angeles County, Riverside County, and San Bernardino County. She gained a thorough understanding of the unique and complex compliance and financial reporting requirements related to the dissolution and consequent presentation of redevelopment agencies in California and continues to remain updated with current developments and regulations.

## RECENT RELEVANT CPE:

- CSMFO Conference: 2019, 2018, 2017, 2016
- CSMFO Panel, Case in Point: Restoring Fiscal Credibility to Your City: 2018
- E+P Audit and Accounting Update: 2018, 2017, 2016
- Quarterly Yellow Book Update - Q3: 2017
- AICPA Single Audit Fundamentals: 2017
- E+P Risk Assessment and Internal Control: 2017
- AICPA Government Audit Quality Center Update: 2018, 2016
- CalCPA Governmental Accounting & Auditing Conference: 2016, 2015
- E+P Single Audit Update: 2016



# EDEN CASARENO, CPA

Technical Review Partner

ecasareno@eadiepaynellp.com | 951.241.7805

*Our team has the ideal mix of industry experience and an innovative approach to ensure our solutions are in line with your mission.*



*Partner, Head of Attest and Government Services*

## EDUCATION

*BS Degree in Business Administration, emphasis in Accounting, University of California, Riverside*

*Leadership Excellence Summit, Brainard Strategy Leadership Academy*

## PROFESSIONAL ORGANIZATIONS

*American Institute of Certified Public Accountants*

*California Society of Certified Public Accountants*

*California Society of Municipal Finance Officers*

*California Special Districts Association*

## SUMMARY

Ms. Casareno joined Eadie + Payne in 2002 and became a partner in 2009. Ms. Casareno ensures continual communication and high-quality execution, leveraging her over 18 years of experience performing financial statement audits, assisting clients with complex governmental accounting and reporting requirements, evaluating internal control design and implementation, and developing solutions for government clients in Southern California.

Ms. Casareno serves as the engagement partner for the following entities:

- City of Oxnard
- City of Stockton
- Hesperia Recreation and Park District
- Inland Empire Resource Conservation District
- Inland Valley Development Authority
- Law Library for San Bernardino County
- Riverside County Law Library
- San Bernardino County Auditor-Controller's Office
- San Bernardino County Special Districts
- San Geronimo Pass Water Agency
- Twentynine Palms Water District

She also served as lead partner in providing agreed-upon procedures and consulting services to former redevelopment agencies in eight cities in Los Angeles County, Riverside County, and San Bernardino County, and assisted these agencies with the unique and complex compliance and financial reporting requirements related to the dissolution of redevelopment agencies in California. She also provided consulting services to the City of Moreno Valley (process reviews for CAL-Card and ASES program), City of Eastvale (property tax study), and County of San Bernardino (CAL-Card audit and County-wide Risk Assessment study).

## RECENT RELEVANT CPE:

- AICPA Advanced Topics in a Single Audit: 2018
- CSMFO Conference: 2019, 2018, 2017, 2016
- CSMFO Panel, Case in Point: Restoring Fiscal Credibility to your City: 2018
- AICPA Government Audit Quality Center Update: 2018, 2017, 2016
- E+P Audit and Accounting Update: 2018, 2017, 2016
- AICPA Fundamentals of Single Audit: 2017
- CalCPA Governmental Accounting and Auditing Conference: 2017, 2016
- Financial Statement, Tax, and Government Fraud: 2016
- League of California Cities Annual Conference: 2016

**Licensed by the State of California**  
**Years of Experience: 18**



# BRANDON FERRELL, CPA

Senior Manager

bferrell@eadiepaynellp.com | 951.241.7814



Senior Manager

## EDUCATION

*BS Degree in Business Administration  
with emphasis in Accounting,  
University of La Verne*

## PROFESSIONAL ORGANIZATIONS

*American Institute of Certified Public  
Accountants*

*California Society of Certified Public  
Accountants*

*National Society of Accountants for  
Cooperatives*

## SUMMARY

Mr. Ferrell joined Eadie + Payne in 2018 as a Manager in the attest department with over 12 of experience in attest services. As manager, he leads in the planning, organization and execution of attest engagements. He has strong interpersonal, communication, and project management skills, which are necessary to meet your service expectations. Mr. Ferrell is able to apply technical accounting and auditing knowledge to real-life situations of the clients he serves. He demonstrates professional judgment, makes sound decisions, and possesses strong project management and interpersonal skills and continues to remain updated with current developments and regulations.

Mr. Ferrell serves on the audits of:

- City of Moreno Valley
- City of Oxnard
- San Geronio Pass Water Agency
- Inland Empire Resource Conservation District
- Inland Counties Regional Center
- 29 Palms Water District
- Calcot Ltd
- Cal Bean
- Ventura Pacific

As manager with the firm, Mr. Ferrell performs both detail and top-level review of audit work and ensures that workpaper documentation and financial statements are presented in accordance with appropriate accounting pronouncements and generally accepted auditing standards.

## RECENT RELEVANT CPE:

CSMFO Annual Conference 2019: Changing Demo of Finance Dept.  
CSMFO Annual Conference 2019: Make it happen CSMFO  
CSMFO Annual Conference 2019: Balloted Storm-water Funding  
CSMFO Annual Conference 2019: GASB 87+ Lease Acct  
CSMFO Annual Conference 2019: Public Pension Battle  
CSMFO Annual Conference 2019: GASB Update\_Big Three  
CSMFO Annual Conference 2019: Important Dev. And Trends  
CalCPA Audit and Accounting Update: 2018, 2017, 2016  
CCH Audits of State and Local Governments, 2018  
Fraud in Financial Statements, 2018  
AICPA Government Audit Quality Center Update: 2018

Licensed by the State of California  
Years of Experience: 12



# MARY MAXION, CPA

Supervisor

mmaxion@eadiepaynellp.com | 951.241.7823



Audit Supervisor

## EDUCATION

BA Degree in Business Administration emphasis in Accounting, DeVry University, Long Beach, California

## PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Licensed by the State of California  
Years of Experience: 2

## SUMMARY

Ms. Maxion joined Eadie + Payne as a staff accountant in April 2017 and has been promoted to supervisor in July 2018. Ms. Maxion demonstrates a strong understanding of generally accepted accounting principles, as well as governmental auditing standards. She has proven herself to be a valuable key team player by undertaking challenging assignments and overcoming them through efficient planning, sound decision making, and effective communicating, both internally and externally.

Ms. Maxion's clients served include:

- City of Compton
- City of Oxnard
- San Bernardino Special Districts
- Inland Counties Regional Center, Inc.
- Southern California Professional Golfers' Association Foundation, Inc.
- TuffStuff Fitness International Inc.
- Ultimate Internet Access, Inc.
- Partners Advantage Insurance LLC
- Central Valley Almond Association
- Calcot, Ltd.
- Cal Bean & Grain Coop Inc.
- Ventura Pacific Coop
- Fisher Family Properties, LLC

Ms. Maxion has been a key person in the firm's largest government audit client for which she serves as the first point of contact to the client. She is in charge of working with the City Controller's office to resolve the major discrepancies from prior fiscal years to bring them current. She holds regular status update presentations for City Management and she was the key player in assessing weaknesses in internal control by conducting interviews with department heads, documenting procedures, observations, and control testing. Ms. Maxion has led the team in processing and documenting over 200 findings, including interpreting State Controller's internal control findings. Ms. Maxion also assigns and supervises staff to complete work on multi-year engagements concurrently. She works with various City departments to manage the project work flow and communications of requested items in relation to the engagement.

## RECENT RELEVANT CPE:

- CSMFO Annual Conference, 2019: Fiscal Year-End Planning
- CSMFO Annual Conference, 2019: GFOA Best Practices
- CSMFO Annual Conference, 2019: Coleman Report
- AICPA – GAQC Update 2017, 2018
- AICPA – Single Audit Fundamentals, Parts 1-4, 2017
- CSMFO – The Coleman Report, 2018
- CSMFO – Avoiding the Pitfalls: Common Financial Reporting Deficiencies and Latest GASB Implementation Guidance, 2018
- CSMFO – The Future of IT and Smart Cities, 2018
- CSMFO – District 9! Risk and Compliance in Special Districts, 2018
- CSMFO – GASB Revisits the Financial Reporting Model, 2018
- CSMFO – Debt Disclosure Policies, 2018



# JACLYN SHANKEL

## Senior Accountant

jshankel@eadiepaynellp.com | 951.241.7819



Senior Accountant

### EDUCATION

*BA in Business and History, Walla Walla University (Summa Cum Laude)*

*MA in Early Modern History, King's College, London (Merit)*

### PROFESSIONAL ORGANIZATIONS

*American Institute of Certified Public Accountants*

*California Society of Certified Public Accountants*

### SUMMARY

Ms. Shankel joined Eadie + Payne as a senior staff accountant in 2018 with a diverse training in accounting and research. During her time at E+P and through prior nonprofit accounting experience, Ms. Shankel has demonstrated a strong understanding of generally accepted accounting principles and procedures. She has further developed her research and critical thinking skills through substantial volunteering experience, donating time to institutions such as the British Museum, the Museum of Tolerance, local nonprofits, and more. Through the application of these key analytical and critical thinking skills to auditing standards, Ms. Shankel has proved herself to be a valuable team player.

Ms. Shankel's clients served include:

- City of Oxnard
- San Bernardino County Special Districts
- Riverside County Law Library
- Ventura Pacific Company
- Girl Scouts of San Geronio Council
- San Bernardino Regional Emergency Training Center

### RELEVANT RECENT CPE:

CSMFO Annual Conference, 2019: IT Control Environment  
CSMFO Annual Conference, 2019: Don't be a victim of Fraud  
Analytical Procedures

License Pending  
Years of Experience: 1





# FEE PROPOSAL

We expect the budget hours for the initial year audit to be 110 due to the documentation and testing of internal controls and set-up of the basic financial statements. Subsequent year audits should take considerably less time. We have accounted for this in our multi-year fee proposal. We have also applied a 30% courtesy discount from our standard rates.

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
<b>PLANNING</b>	<b>48</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>FIELDWORK</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>
<b>REPORT PREPARATION</b>	<b>33</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>Total hours</b>	<b>110</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<i>Blended Rate*</i>	\$120	\$120	\$124	\$128	\$132	\$136	\$140
<b>Total audit fee</b>	<b>\$13,200</b>	<b>\$9,800</b>	<b>\$10,200</b>	<b>\$10,500</b>	<b>\$10,800</b>	<b>\$11,200</b>	<b>\$11,500</b>
<b>Meals &amp; travel</b>	<b>\$600</b>	<b>\$600</b>	<b>\$600</b>	<b>\$600</b>	<b>\$600</b>	<b>\$600</b>	<b>\$600</b>
<b>SCO Report &amp; GANN Reporting assistance</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>TOTAL FEES</b>	<b>\$14,300</b>	<b>\$10,900</b>	<b>\$11,300</b>	<b>\$11,600</b>	<b>\$11,900</b>	<b>\$12,300</b>	<b>\$12,600</b>
<b>7 year proposed total</b>	<b>\$84,900</b>						
<i>*Includes 3% annual increase</i>							

## Rates for Additional Professional Services

Our hourly billing rates for additional professional services are as follows:

	Standard Rate	Discount	Maximum Rate
Partner	\$350	\$(100)	\$250
Manager/Supervisor	225	(75)	150
Senior/Staff	125	(25)	100

