



BROWN ARMSTRONG

Certified Public Accountants

TULARE COUNTY REGIONAL TRANSIT AGENCY TECHNICAL PROPOSAL

FOR AUDT SERVICES

October 11, 2022

Thomas Young, CPA/Partner

4200 Truxtun Avenue, Suite 300 | Bakersfield, CA 93309

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Cover Letter

October 11, 2022

Mr. Rich Tree, Director
Tulare County Regional Transit Agency
210 N. Church Street, Suite B
Visalia, CA 93291

Dear Mr. Tree;

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial statement audits of Tulare County Regional Transit Agency (TCRTA) for the fiscal years ending June 30, 2022 and 2023. We look forward to continuing to provide TCRTA and we believe our proposal exceeds the requirements we discussed. This proposal will demonstrate to you that our firm is continues to uniquely qualified to continue to serve as your auditors.

The efficiencies we've gained through the consistency and continuity of the lead personnel assigned to your engagement have allowed us to deliver not only a high quality audit, but an understanding of the challenges your unique agency faces related to funding and your ability to provide transportation services to a very large, spread out population. The relationship built between our firm and TCRTA ensures you have a true partner to discuss complex issues with, while maintaining independence both in fact and in appearance.

We feel even more confident and capable of continuing to uphold the level of service TCRTA expects from its auditor. The challenges over the past year that our firm, families, and clients have faced have been nothing short of grueling. Implementing a remote work environment for everyone's safety and well-being over the past year has allowed us streamline a nearly completely remote audit without compromising our quality of service and dedication to our clients. Additionally, because the COVID-19 Pandemic has had a significant impact on all business sectors and governments, and because we value the professional relationships that we have made over the last few years, we are proposing a reduction in the total quoted price.

Known as one of the largest regional accounting firms in Central California, Brown Armstrong's mission is "to exceed expectations and provide opportunities." Our sixty-three (63) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience in governmental transit and transportation planning Agency audits. We have audited numerous agencies similar to yours for four decades. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

#

Our firm partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA), California Transit Association, and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review CAFRs from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles.

Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

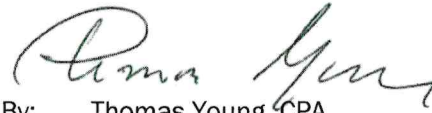
Our approach, people, commitment to timelines, and dedication to financial reporting excellence makes Brown Armstrong the best-qualified firm to meet your needs.

I will be the engagement partner and primary liaison responsible for all services provided to the TCRTA, and I am entitled to represent the firm, empowered to submit this bid, and authorized to negotiate and sign a contract with TCRTA. I can be contacted at 4200 Truxtun Ave, Suite 300, Bakersfield, CA 93309, Tel (661) 324-4971, Fax (661) 324-4997, or by email at tyoung@ba.cpa.

I, the undersigned, certify that I am duly authorized to represent the above named firm and am empowered to submit and negotiate the terms of this bid with TCRTA. In addition, I certify that I am authorized to contract with TCRTA on behalf of the above named firm. Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for ninety (90) days.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Thomas Young, CPA
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

Title of person signing on behalf of the corporation: Partner

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

1. Experience and Qualifications

Established in April of 1974, Brown Armstrong is one of the largest regional accounting firms serving California. We have built a full service accounting and consulting firm serving clients from San Diego to Humboldt County. The dimension that Brown Armstrong is able to offer TCRTA is dedicated years in public accounting, which has enabled us to become a true advisor to your organization and an assistant to your financial success. Now, with sixty-three (63) highly skilled employees, Brown Armstrong continues its growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals in California.

Our experience over the past 46 years has enabled us to become a true advisor to your organization. As part of our commitment to providing quality services to our clients, our firm is a member of the Center for Public Firms Auditors Section of the American Institute of Certified Public Accountants. Our partners, managers, and seniors are actively involved in trade associations, such as the California Transit Association. We maintain current, up-to-date knowledge of governmental accounting and auditing.

Our governmental audit staff is made up of forty-one (41) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations. We have three (3) offices located throughout the state of California. Our main office is located in Bakersfield, California. We have additional offices in Fresno and Stockton, California to better serve our clients' needs.

<i>Our Staff</i>		<i>Audit Staff</i>	
Partners	9	Partners	7
Shareholders in Training	1	Shareholders in Training	1
Managers	9	Managers	6
Seniors	7	Seniors	6
Staff	21	Staff	19
Support Staff	16	Support Staff	2
	63		41

Our firm's mission statement is to "exceed client expectations and provide opportunities." Through relationship building and a creative, tailored approach we can find the perfect solution to continue providing exceptional auditing services to Tulare County Regional Transit Agency (TCRTA).

Our Expertise

Brown Armstrong bases our success on the relationships fostered, and performance of the best quality service possible. Our partners and staff are not strangers to auditing transit agencies, much less, strangers to TCRTA.

The Difference

When you choose Brown Armstrong for your auditing services, you aren't just choosing an accountant, you're choosing a resource, a friend, and an expert. You don't need to dread your upcoming audit, the audit team assigned to your engagement will not only meet the deadlines you have in place, but will work with you to keep you current on the latest regulations. Our professional auditing staff is experienced in working with clients in all levels of the public sector, but the team we have chosen for you have specific skills that make them the best fit for your needs.

Our partners work with many cities, counties, nonprofits, pensions, retirement systems, corporations, and most importantly, transit agencies. This wealth of knowledge and experience prepares us for any situation, no matter how big. With Brown Armstrong, you can be confident that you have chosen a firm that will not only do the job, but will continue to support you throughout the partnership.

License to Practice in California

Our firm and all assigned key professional staff are properly licensed to practice in the State of California.

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

Personnel Experience

When you choose Brown Armstrong for your auditing services, you aren't just choosing an accountant. You're choosing a resource, a friend, and an expert. You don't need to dread your upcoming audit, the audit team assigned to your engagement will not only meet the deadlines you have in place, but will work with you to keep you current on the latest regulations.

All members assigned to your engagement have experience auditing transit agencies similar to TCRTA. This knowledge and background will lead to an efficient, timely, and quality audit that will keep your operation running smoothly.

From our governmental audit staff of forty-one (41), we have assembled an audit team consisting of members who are extremely qualified to perform your audit. Team members are as follows:

Engagement Personnel	Engagement Position(s)	Years of Experience
Thomas Young, CPA	Engagement Partner	25
Neeraj Datta, CPA	Technical Review Partner	20
Sarabeth Prior-Dalmas, CPA	Engagement Manager	8
Emilio Nava	Engagement Staff	7
Benjamin Koo	Engagement Staff	1

The entire audit team will be staffed from our Bakersfield office, which will provide you with the best customer experience and quality of service that the engagement deserves. All assigned personnel will be employed on a full-time basis, and have direct experience with transit districts.

Please refer to the Personnel section for their individual resumes.

2. Understanding of the Project

We emphasize "hands-on" partner involvement and consistency of staff assignments in our audits. We believe this emphasis benefits our clients in two ways:

1. A superior, quality audit is delivered on time; and
2. We reduce the cost of the audit - in audit fees, and in that unseen cost, the "training of an auditor" unfamiliar with TCRTA's personnel and procedures.

Based on experience auditing California transit and transportation planning agencies, we have developed standard audit plans that have been tailored to ensure we perform sufficient examination of the claimants, agencies, and funds.

- Auditing standards generally accepted in the United States of America.
- The standards applicable to financial audits contained in *Government Auditing Standards*.
- The provisions of U.S. Office of Management and Budget (OMB) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- The requirements for the Annual National Transit Administration (formerly Section 15) as set forth by the Federal Transit Administration.

The audit will include the following:

- Fiscal Audit of Tulare County Regional Transit Agency.
- The Fiscal examination shall include an evaluation of the system of internal control, a proper test of the accounting records and other financial records, and a review of the accounting system in operation.

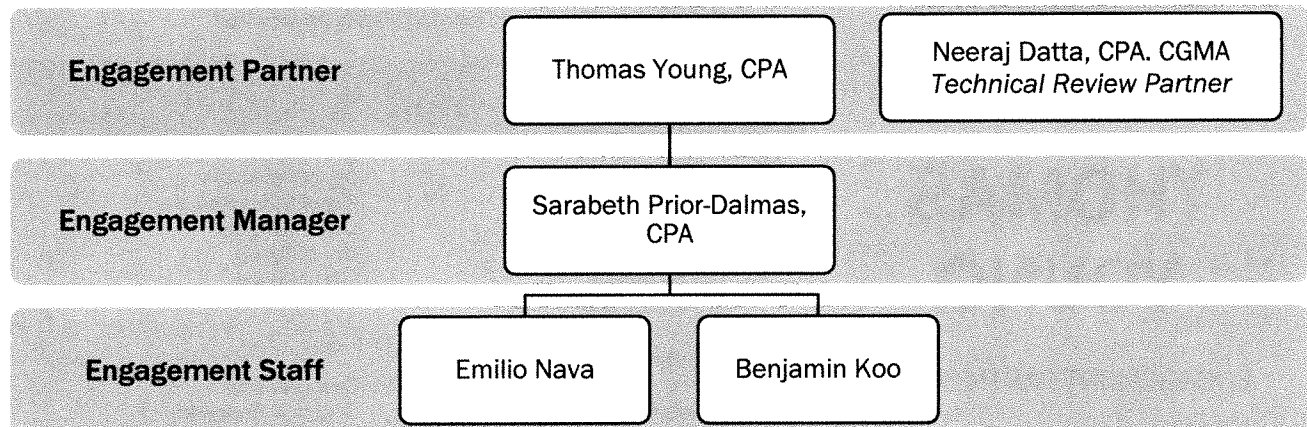
We will issue one report on the following by December 31st of each year:

- a. Fiscal audit of the Tulare County Regional Transit Agency

3. Personnel

TCRTA requires auditors who can quickly identify and understand the pertinent issues and promptly provide assistance whenever and wherever needed. This cannot be accomplished without a comprehensive knowledge of operations. Brown Armstrong has assembled a key group of professionals that possess a firm grasp of the subject matter, as well as the experience, confidence, and friendliness you deserve. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

Resumes of the primary engagement team are included on the following pages.



Staff Continuity

Every effort will be made to ensure continuity of audit personnel and allow for a smoother audit process during the term of the engagement. We understand that the project manager or primary professional staff shall not be substituted without the prior approval by the TCRTA Director.

Our firm policy is to provide staff consistency on engagements; however, having a large public sector focus allows us to provide options for staff rotation if requested.

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency



THOMAS YOUNG

ENGAGEMENT PARTNER, CPA

EDUCATION

University of California, Davis
1994

Bachelor of Science Degree in
Business and Public Administration
with a Concentration in Economics

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.ba.cpa

EMAIL:
tyoung@ba.cpa

BACKGROUND

Thomas Young, a partner at Brown Armstrong, will be the Engagement Partner for this engagement. He has over twenty-five (25) years of experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, special districts, and transit districts.

Not only does Thomas have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, and the California Municipal Finance Officers Association.

EXPERIENCE

Cities

City of Baldwin Park
City of Bakersfield
City of Delano
City of Fresno
City of Lindsay
City of Modesto

City of Pasadena
City of Santa Barbara
City of Seaside
City of Tulare
City of Visalia

Counties

County of Kern
County of Fresno
County of Stanislaus

County of Tulare
County of Riverside
County of San Luis Obispo

Special Districts

Belridge Water Storage District
Eastern Kern Air Pollution Control
District
Fresno Irrigation District
Kern County Bar Association
Kern County Water Agency
Lake Isabella Community Services
District

Lamont Public Utility District
Mojave Public Utility District
Port Hueneme Water Agency
Santa Clara Valley Water District
Valley Consortium for Medical
Education
Westside Mosquito and Vector
District

Transits

Antelope Valley Transit Authority
Contra Costa County Transit District
Council of Fresno County Governments
Golden Empire Transit District
Kern Council of Governments
Omnitrans Transit District
Peninsula Corridor Joint Powers Board
Riverside Transit Agency
San Joaquin Council of Governments
Santa Cruz Metropolitan Transit District
Tulare County Association of Governments
Stanislaus Council of Governments

ROLES AND RESPONSIBILITIES

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of TCRTA, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency



NEERAJ DATTA

TECHNICAL REVIEW PARTNER,
CPA, CGMA

EDUCATION

Delhi University, India

Bachelor of Commerce Honors Degree
with a Concentration in Accounting

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.ba.cpa

EMAIL:
ndatta@ba.cpa

BACKGROUND

Neeraj is the technical review partner of the project from our Bakersfield office. He has more than 13 years of governmental auditing experience and 20 years of auditing experience. He has been with the firm since August of 2012, after 8 years of auditing experience that includes Big Four accounting firms, KPMG San Francisco, KPMG New York, Ernst and Young New York, and Deloitte and Touché, Toronto. His primary business focus is governmental entities audit and accounting. His audit specialties include special districts, counties, cities, retirement systems, and investment funds.

Neeraj has always ensured that we provide the highest level of audit and consulting services to all our clients. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

EXPERIENCE

Cities

City of Fresno
City of Pasadena
City of Tulare

Counties

County of Fresno
County of Tulare

Special Districts

Cawelo Water District
Carpinteria Valley Water District
Goleta Water District
Mojave Air and Space Port
Pixley Public Utility District

Port Hueneme Water Agency
North of the River Municipal
Water District

Retirements

Fresno County Employees' Retirement Association
Imperial County Employees' Retirement System
Marin County Employees' Retirement Association
San Bernardino County Employees' Retirement Association
San Diego County Employees' Retirement Association
Tulare County Employees' Retirement Association
Ventura County Employees' Retirement Association

Nonprofits

California State University, Sonoma Campus
Pasadena Community Access Corporation
Rotary Club of Bakersfield
Rotary Waterman Foundation
National Test Pilot School

ROLES AND RESPONSIBILITIES

- Responsible for assisting the Engagement Partner in performing the audit risk assessment and design audit procedures
- Assists in audit documentation review in significant areas
- Reviews financial statements to ensure they are in conformance with GAAP and GFOA requirements
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency



SARABETH PRIOR-DALMAS

ENGAGEMENT MANAGER, CPA

EDUCATION

California State University, Bakersfield

Bachelor of Science Degree in Business
Administration, Concentration in
Accounting

CONTACT

PHONE:
661-324-4971

WEBSITE:
www.ba.cpa

EMAIL:
sprior-dalmas@ba.cpa

BACKGROUND

Sarabeth is the engagement manager of the project and located in our Bakersfield office. She has more than 8 years of governmental auditing experience at Brown Armstrong. Her primary business focus is governmental entities audit and accounting. Her audit specialties include special districts, retirements, and nonprofits.

Sarabeth will be highly involved in the field work and a face to face presence for Brown Armstrong. She and the supervisor accountant will be easily accessible to TRCRTA at all times. Her ability to manage an audit has become invaluable for Brown Armstrong. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

EXPERIENCE

Counties

County of Merced

County of Riverside

County of San Luis Obispo

County of San Luis Obispo

County of Santa Barbara

County of Santa Cruz

Retirements

City of Fresno Employees' Retirement System

Ventura County Employees' Retirement System

Special Districts

Bear Mountain Recreation and Park District

Buena Vista Water Storage District

Goleta Water District

Kern Delta Water District

Mojave Air and Space Port

Mojave Public Utility District

Port Hueneme Water Agency

Transits

Kern Council of Governments

Tulare County Association of Governments

Stanislaus Council of Governments

Riverside Transit Agency

San Joaquin Council of Governments

Nonprofits

Bakersfield ARC, Inc.

Bakersfield Homeless Center

First Assembly of God Church

National Test Pilot School

ROLES AND RESPONSIBILITIES

- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of TCRTA regarding audit planning, fieldwork, and reporting

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency



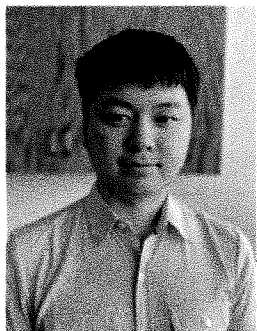
**EMILIO
NAVA**

ENGAGEMENT STAFF

EDUCATION

California State University, Bakersfield

Bachelor of Science Degree in
Business Administration
Concentration in Accounting and
Finance



**RICARDO
ROBLES**

ENGAGEMENT STAFF

EDUCATION

California State University, Bakersfield

Bachelor of Science Degree in
Accounting

EXPERIENCE

Cities

City of Bakersfield
City of St. Helena
City of Huron

City of Paso Robles
City of Tulare

Counties

County of Merced
County of Riverside

County of Tulare

Retirements

Imperial County Employees' Retirement System
Santa Barbara County Employees System

Special Districts

Carpinteria Valley Water District
Community Action Partnership of Kern
Community Action Partnership of Madera County, Inc.
Community Action Partnership of San Luis Obispo, Inc.
East Bay Regional Park District
Goleta Water District
Indian Wells Valley Groundwater Authority
Mojave Air and Space Port
North Kern Cemetery District
San Luis Obispo Integrated Waste Management Authority
Westside Mosquito Vector Control District

Transits

Marin County Transit District
Napa Valley Transportation Authority
Riverside Transit Agency

Solano County Transit District
Tulare County Association of
Governments

EXPERIENCE

Cities

City of Huron
City of Tulare

City of Laguna Woods

Counties

County of Riverside
County of Santa Barbara

County of Tulare

Retirements

Contra Costa County Employee's Retirement Association
Merced County Employees' Retirement Association
San Joaquin County Employees' Retirement Association

Special Districts

Buena Vista Water Storage District
Community Action Partnership of Madera County, Inc.
Mojave Public Utility District
Olcese Water District

Transits

Antelope Valley Transit Association
Central Contra Costa Transit Authority
Gold Coast Transit District
Kings County Area Public Transit Agency
Marin County Transit District
Napa Valley Transportation Authority
Riverside Transit Agency
Solano County Transit

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

4. Subcontracting

We do not anticipate the need to subcontract any portion of this engagement.

5. References

Following is a list of three (3) clients for whom we have performed technical and management assignments of similar complexity to that proposed in this request.

Client	Scope of Service	Dates of Service
Riverside Transit Agency 1825 Third Street Riverside, CA 92507 Charlie Ramirez, Controller (951) 565-5156 cramirez@riversidetransit.com	Annual Financial Audit TDA Compliance Single Audit Other Agreed Upon Procedures	2003 to Present
Central Contra Costa Transit Agency 2477 Arnold Industrial Way Concord, CA 94250-5326 Erick Cheung <i>Chief Financial Officer</i> (925) 680-2051 cheung@countyconnection.com	Annual Financial Audit TDA Compliance Single Audit Act	1997 to Present
Golden Empire Transit District 1830 Golden State Avenue Bakersfield, CA 93301-1012 Melissa Ash, Fiscal Manager (661) 869-6313 mash@getransit.org	Annual Financial Audit TDA Compliance Pension Audit	2011 to Present

6. Methodology

The methods employed to formulate our auditors' opinions consist of several phases. These phases are: planning, study and evaluation of internal control, compliance testing, final audit plan, final field work, final review, and completion of the audit.

Planning

During this phase of the audit, we will:

- Confer with management to coordinate our efforts with TCRTA's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- Prepare a preliminary assessment of the TCRTA's internal control structure including controls over federal and state financial assistance programs;
- Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing);
- Confer with management regarding the results of our planning;
- Submit questionnaires and request for information to management regarding internal control. Our approach will emphasize transaction processing; cash receipts, cash disbursements, and payroll; and
- Obtain an understanding of general ledger and related reports available for audit.

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

Internal Control Evaluation

During this phase we will obtain an understanding of and evaluate key components of TCRTA's internal control structure. Procedures will consist of:

- We will review questionnaires and documents obtained from management regarding the internal control structure.
- We will perform walk-throughs and tests of compliance with policies and procedures.
- We will interview key management personnel to verify or resolve complicated issues.
- We will summarize potential reportable conditions and opportunities for efficiencies and improvements for discussion with management.

Sample Sizes and Anticipated Statistical Sampling

We will utilize Statement on Auditing Standards Number 39 for guidance in selecting sampling techniques and sizes. We anticipate using statistical sampling and evaluation in our tests of receipts, disbursements, payroll and expenditures. Usually to achieve 95% confidence over large populations, we do not sample more than 120 items, selected with replacement. We emphasize compliance items over substantive when using sampling.

Judgmental sampling and evaluation will be used for large dollar items, usually in excess of our selected materiality levels and bearing a strong relationship to our risk evaluation process.

Understanding the Agency's Internal Control Structure

We use inquiry, both written and oral, to document our understanding of TCRTA internal control structure. We then test our understanding with compliance auditing, sometimes called tests of transactions.

Compliance Testing

Based on our preliminary assessment of the internal control structure, we anticipate performing compliance testing in the following areas:

<u>Area</u>	<u>Sample Size</u>
Receipts and revenues;	40-60
Disbursements and accounts payable; and	40-60
Payroll and related liabilities.	40-60

Staff assistants will perform compliance testing in August with direct supervision by Ms. Prior-Dalmas. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software, Excel, and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work

Our experience with various transit agencies and municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs (over \$750,000 annually) participated in by TCRTA. We then consult the actual law; the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain an understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents. However, based on our prior experience with transit agencies, we will probably identify TCRTA's federal capital grant as a major program.

Establishment of Final Audit Plan

Our audit plan will be based on the following:

- Results of our compliance testing;
- Analytical procedures applied to interim financial statements of TCRTA; and
- Conference with management regarding the results of test of controls.

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Tulare County Regional Transit Agency

Final Field Work

In this phase of the examination, we obtain sufficient competent evidential matter to afford a reasonable basis for our opinions and reports. This evidential matter is obtained through the performance of substantive procedures consisting of inspection, observation, inquiry, confirmation, and analytical tests. We request our clients to provide us with adjusted balances at the beginning of field work, to minimize audit adjustments. In addition, we find it cost effective to have such balances already imported into our reporting software before we begin our field work, as we use analytical procedures such as comparing current year actual to prior year actual and/or budget versus actual to determine adequacy of audit procedures.

We use analytical procedures in both the planning and auditing phase of our work. In addition, we will use internal data such as passenger fares per revenue miles to test reasonableness of fares collected and to determine reasonableness of fluctuation in operating expenses.

Report Writing: Our software is capable of complete report writing, including combining statements and footnotes. Our financial typing team of two has a combined total of 20 years of experience. They proforma prior year financial reports, paying close attention to ensure all prior year figures and information are accurately transitioned into the firm's own formatting. The financial statements are then updated to include current year's figures and go through our typing department for initial review, which includes formatting, footing, and proofing. Any comments are then provided to the manager. The manager performs their review, and consult with TCRTA if necessary, regarding any potential inconsistencies that need to be modified and provide approved changes back to the typing department to be updated. Once revisions are made, they are then verified for accuracy before providing back to TCRTA. The manager will provide a clearly marked "DRAFT" of the financial statements that is password protected. TCRTA may request a "tracked changes" version that will allow them to make changes. The changes are then reviewed and made by the typing department to ensure changes are consistent with what is currently presented in the financial statements. Once the financials are ready to be issued, it is provided to the Partner for final review, from there it would undergo review from the concurring/technical reviewer and then for final issuance.

At the end of our field work, we will have an exit conference with the audit committee and TCRTA management. The purpose of this meeting will be to summarize the results of our field work and to review significant findings.

We will also provide TCRTA's management with periodic written reports on the status of our audit. These reports will be provided at the completion of each major component of our audit. These are normally the end of preliminary field work and completion of final field work.

Final Review

The review process is constant throughout the engagement. Each working paper prepared by a staff assistant is reviewed by the engagement manager. All working papers and all financial statements and reports to be issued are then reviewed by the engagement partner. These financial statements and reports are then reviewed by a governmental audit partner not directly involved in the engagement for concurrence of opinion prior to release of these statements and reports to TCRTA.

Completion of the Audit

The objective of our audit plan is to express our opinion on the fair presentation of TCRTA's financial statements, to report on TCRTA's compliance with applicable laws and regulations, to report on TCRTA's internal control structure, and to issue a management letter.

The following events will transpire between the conclusion of field work and delivery of the audited financial statements:

1. We will review the draft financial statement and supplementary schedules to TCRTA and discuss these with appropriate personnel.
2. We will be available for any meetings that may be necessary to discuss the audit reports.
3. The final report will be issued upon approval by TCRTA.
4. We will be available for a presentation to the governing board for TCRTA .

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

Working Papers

We will retain the working papers for at least five years (our firm policy is 5-7 years). The working papers will be available for examination by authorized representatives of TCRTA.

Proposed Schedule of Work and Deadlines

Timing	Phase	Staff	Hours
October	Planning and Administration	Partner	2
	<ul style="list-style-type: none">Kick-off entrance Conference with Management to discuss audit approach, timing, assistance and issues. Discuss SAS-99 approach.	Manager	4
	<ul style="list-style-type: none">Prepare overall memo confirming audit procedures, timing and assistance.	Senior	6
	<ul style="list-style-type: none">Prepare detailed work plan and audit programs, audit budget and staffing schedule. Provide schedules to TCRTA's management.	Staff	8
		Clerical	4
November/December	Interim and Final Field Work	Partner	6
	<ul style="list-style-type: none">Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and reviews of supporting documentation:	Manager	15
	<ul style="list-style-type: none"><ul style="list-style-type: none">Budgeting,	Senior	33
	<ul style="list-style-type: none"><ul style="list-style-type: none">Revenue, billing, accounts receivable and cash collections,	Staff	68
	<ul style="list-style-type: none"><ul style="list-style-type: none">Purchasing, expenditures, accounts payable and cash disbursements,	Clerical	0
	<ul style="list-style-type: none"><ul style="list-style-type: none">Capital assets and journal entry procedures,		
	<ul style="list-style-type: none"><ul style="list-style-type: none">Payroll,		
	<ul style="list-style-type: none"><ul style="list-style-type: none">Inventory		
	<ul style="list-style-type: none"><ul style="list-style-type: none">Self Insurance		
	<ul style="list-style-type: none">Entrance conference with Management.		
	<ul style="list-style-type: none">Follow-up on all outstanding confirmations.		
	<ul style="list-style-type: none">Verify and validate account balances by including invoices, vouchers, resolutions, minutes, and other documentation, as required.		
<ul style="list-style-type: none">Perform analytical review of revenues and expenditures. Determine reasons for material differences between budget and actual, test and verify management attestations.			
<ul style="list-style-type: none">Complete payroll testing from journals to W-2 amounts (cross fiscal year). Tie W-2's to other available information.			
<ul style="list-style-type: none">Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.			
January	Reporting	Partner	4
	<ul style="list-style-type: none">Draft all required reports.	Manager	6
	<ul style="list-style-type: none">Prepare report to TCRTA Audit and Finance Committee.	Senior	4
	<ul style="list-style-type: none">Finalize all reports, findings and recommendations.	Staff	6
	<ul style="list-style-type: none">Available to present all reports to Managerial Committees.	Clerical	8
		Total Hours	168
February	Exit Meeting With Board of Directors		
	<ul style="list-style-type: none">Explain overall audit approach		
	<ul style="list-style-type: none">Discuss findings and recommendations		
	<ul style="list-style-type: none">Report opinions on financial statements and single audit		
	<ul style="list-style-type: none">Address required communication topics		

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

Information Technology Incorporated into our Audit Approach

Extent of Use of EDP Software in the Engagement

Each staff person has access to a personal computer, and has knowledge of CCH Pfx Engagement software we have purchased for auditing municipalities and report writing. We use this software in the beginning, inputting all prior year actual numbers, and the client current year budget, including amendments. We then input year-to-date numbers and run analytical work at the end of the audit comparing appropriation-expenditure numbers to prior year and budget amounts. All significant differences are investigated. Our software is capable of complete report writing, including combining statements and footnotes.

Scope

Our approach to Information Technology within the Financial Statement audit process begins with determining the overlap between the Financial Statement audit objectives, the identified risks of material misstatement and the Information Technology Space. This overlap determines the scope of our IT audit. If there is significant overlap, we will coordinate a parallel risk-based IT audit in conjunction with, and in support of, the financial statement audit. This parallel audit will include documentation and testing of IT General Controls and Application Controls as well as the application of Computer Assisted Audit Tools.

IT General Controls

Assessing the specific risks that IT introduces to financial reporting processes begins with the consideration of IT General Controls (ITGC) and the indirect effect these controls have on risk within the financial statements. ITGCs operate within the IT environment but do not generally lead directly to financial statement risks; their failure to operate would affect some other element of the financial reporting process which would then cause a material misstatement. The effectiveness of automated controls within a financial system relies on the effectiveness of ITGC; ITGC are the foundation that all other IT controls are based on. Because of the diversity of ITGC, we utilize a framework developed by the AICPA's IT Executive Committee that consists of five basic areas: control environment, change management, logical access, backup and recovery, and service organizations.

The control environment refers to management of the IT function; examples of this would include management of computer operations, IT governance, capital and operating budgets, IT strategy, IT risk assessment and IT policies and procedures. Change management focuses on appropriate management of changes to programs and systems acquisition or development; especially the identification of relevant risks related to change management and the effective establishment of mitigating controls. Logical access controls refer to all the controls in place to prevent access to the various layers of the IT space (Network, Operating System, Applications and Data) as well as physical access to the IT resources themselves. Backup and Recovery involves the appropriate backup of data, a suitable business continuity plan and an effective disaster recovery plan. Service organizations present a unique risk in that the controls operate, for the most part, outside the entity and are not under the control of management. The key risks are vendor reliability and vendor controls, mitigated by the presence of Service Level Agreements (SLA) and/or Service Organization Control (SOC) reports.

Application Controls

Once we have established that ITGC are in place and operating effectively in the areas described above, we assess controls that are embedded within the financial reporting applications. These controls are characterized by automatic occurrence, usually through computer systems, based on predefined criteria, circumstances, times, dates, or events. They generally provide controls for authorization, approval, delivery of product or service, transactional recording, integrity of data, and audit trail. They generally are designed to prevent, detect, or correct adverse situations from affecting systems, data, and business processes. Our focus is on application controls that are relevant to identified risks of material misstatement within the financial reporting process. Once we identify these relevant controls we perform tests of controls to lower our assessed control risk and reduce substantive testing, where appropriate, to achieve audit efficiencies.

Computer Assisted Audit Tools

We utilize several Computer Assisted Audit Tools (CAATs) to perform audit tests when manual procedures would not be effective or efficient. CAATs can rapidly perform substantive tests across an entire population of transactions or facilitate targeted sample selection within a population of transactions. We coordinate with IT personnel to obtain the appropriate data files necessary for these tests and integrate the results with the financial statement audit and risk assessment.

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

Reporting

Once we have reduced identified risk to a sufficiently low level through our Risk Assessment, Further Audit Procedures iteration cycle, we evaluate audit findings, evidence and control deficiencies and report these to those charged with governance within the financial statement audit report, report on internal control over financial reporting and/or a management letter.

Computer Software Used in the Engagement

Brown Armstrong uses Windows Server 2019 virtual servers in a VMWare environment hosted on redundant Cisco UCS physical servers. We use cloud based Exchange Online through Microsoft 365 for our email. Our servers are on protected power and have redundant drive arrays to eliminate any single points of failure. All of our data is backed up using Zetta.net, which is HIPAA, FINRA, FIRPA, ITAR, SEC 17A-4 and SOX compliant. In addition, our IT system is reviewed (peer review) by a third-party IT consulting firm.

All key personnel assigned to your audit have computer application skills and experience in auditing computerized accounting systems. At least two members of our proposed audit team are considered "power users" with skills above normal users. In addition, Brown Armstrong contracts with an outside IT consulting firm to perform testing on audit client's EDP and computer logistics on an as-needed basis.

In 2007, Brown Armstrong switched to paperless audits utilizing CCH Pfx Engagement software. Our staff is equipped with portable computer equipment that enables them to work effectively from the field. Our laptops have both hard drive encryption technology and tracking software to help us locate them in the case they are lost or stolen, and client data is regularly cleared off the local drives after jobs are finished. The data on each laptop in our main auditing software (CCH Pfx Engagement) is synched both with the central file room in our office and between each laptop in the field so there are multiple copies of the data available in case a laptop fails. Also, we use ACL software in performing computer assisted audit procedures. Several of the procedures we have performed using ACL were:

- Selection of warrants for test of control procedures
- Test for duplicate payments
- Test for potential employee fraud
- Transfer of trial balance data to our financial statement preparation software
- Test of inventory pricing

In performing such procedures, our clients were requested to provide us with their disbursements, payroll and other modules in either Dbase, ASCII or spreadsheet formats. ACL is able to read such files and perform various data mining functions such as sorting, recalculating, comparing, etc.

TECHNICAL PROPOSAL

Tulare County Regional Transit Agency

7. Project Costs

The total all-inclusive maximum price for the year ended June 30, 2022, will be \$20,000. Fees for the June 30, 2023, audit will not exceed \$25,000.

All-Inclusive Maximum Price For Fiscal Year Ended June 30, 2022			
	Hours	Hourly Rates	Total
Partners	12	\$220	\$ 2,640
Manager	25	\$180	4,500
Senior	45	\$125	5,625
Staff	78	\$85	6,630
Clerical	8	\$65	520
Subtotal			19,915
Out-of-Pocket			85
Total All-Inclusive Maximum Price	168		\$ 20,000

All-Inclusive Maximum Price For Fiscal Year Ended June 30, 2023			
	Hours	Hourly Rates	Total
Partners	16	\$220	\$ 3,520
Manager	30	\$180	5,400
Senior	50	\$125	6,250
Staff	106	\$85	9,010
Clerical	8	\$65	520
Subtotal			24,700
Out-of-Pocket			300
Total All-Inclusive Maximum Price	210		\$ 25,000

8. Signature

Name of Firm: Brown Armstrong Accountancy Corporation

Contact Information of Signer: Thomas Young, CPA
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
T: (661) 324-4971

The undersigned is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with Tulare County Association of Governments and Tulare County Regional Transit Agency. This offer is firm and irrevocable for a period of ninety (90) days.

Signature: _____
Thomas Young, CPA

Title: _____
Partner

EXHIBITS

Tulare County Regional Transit Agency

Exhibit I

External Quality Control Review Report



9250 EAST COSTILLA AVENUE, SUITE 450
GREENWOOD VILLAGE, COLORADO 80112
303-792-3020 (o) | 303-792-5153 (f)
WWW.WCRCPA.COM

REPORT ON FIRM'S SYSTEM OF QUALITY CONTROL

June 27, 2019

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018. 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 in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

RANDY WATSON | JEREMY RYAN | TROY COON | KELLY WATSON | JOHNNIE DOWNING

EXHIBITS

Tulare County Regional Transit Agency

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 Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2018, 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*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

EXHIBITS

Tulare County Regional Transit Agency

Exhibit II

Summary of Recent Governmental Experience

CITIES	RETIREMENT PLANS	SPECIAL DISTRICTS
City of Baldwin Park	Contra Costa County Employees' Retirement Association	Antelope Valley East Kern Water Agency
City of Bakersfield	Fresno City Employees' Retirement System	Bear Mountain Recreation and Park District
City of Burlingame	Fresno County Employees' Retirement Association	Buena Vista Water Storage District
City of Fresno	Imperial County Employees' Retirement System	California Valley Community Services District
City of Huron	Kern County Employees' Retirement Association	Carpinteria Valley Water District
City of Laguna Woods	Los Angeles Fire and Police Pension System	Cawelo Water District
City of Morro Bay	Los Angeles City Employees' Retirement System	East Bay Regional Park District
City of Paso Robles	Los Angeles County Employees' Retirement Association	Eastern Kern Air Pollution Control District
City of St. Helena	Marin County Employees' Retirement Association	Goleta Water District
City of Tulare	Merced County Employees' Retirement Association	Indian Wells Valley Groundwater Authority
City of Visalia	Mendocino County Employees' Retirement Association	Kern Tulare Water District
	Sacramento County Employees' Retirement System	Kern Water Bank Authority
	San Bernardino County Employees Retirement Association	Lamont Public Utility District
	San Diego City Employees' Retirement System	Lebec County Water District
	San Diego County Employees' Retirement Association	Mojave Public Utility District
	San Francisco Bay Area Rapid Transit District Money Purchase Plan and Deferred Compensation Plan	North Kern Cemetery District
		North Coast Unified Air Quality Management District
		Riverside County Habitat Conservation Agency
		Pixley Public Utility District
		Port Hueneme Water Agency
		San Joaquin Area Flood Control Agency
		San Joaquin Valley Air Pollution Control District
		Shafter Recreation and Park District
		Sonoma County Public Safety Consortium
		South San Joaquin Irrigation District
		West Valley County Water District
		Westside Mosquito Abatement District
FIRST 5s		
First 5 Kern	San Joaquin County Employees' Retirement Association	
First 5 Merced	San Joaquin Regional Transit District Retirement Plans	
First 5 Monterey	San Luis Obispo County Employees' Pension Trust	
First 5 Napa	San Mateo County Employees' Retirement Association	
First 5 San Mateo	Santa Barbara County Employees' Retirement System	
First 5 Sonoma	Sonoma County Employees' Retirement Association	
First 5 Ventura	Stanislaus County Employees Retirement Association	
	Tulare County Employees' Retirement Association	
	Ventura County Employees' Retirement Association	
COUNTIES	NONPROFITS	HEALTHCARE
County of Fresno	Bakersfield ARC	Kern Health Systems
County of Kern	Community Action Partnership of Kern	Kern Medical
County of Merced	Community Action Partnership of San Luis Obispo	Liberty Health Advantage
County of Riverside	Community Action Partnership of Madera County	Heritage Provider Network
County of San Joaquin	Kern County Bar Association	Heritage California Medical Group
County of Santa Barbara	Kern County Library Foundation	Heritage New York Medical Group
County of Santa Cruz	Missionary Church Western Regional	Southwest Health Care District
County of Stanislaus	Tranquil Waters Guidance Center	Riverside County Health System - Medical Center
County of Tulare	Valley Consortium for Medical Education	San Joaquin County General Hospital
County of Napa	Women's Center - High Desert	
SCHOOLS DISTRICTS	TRANSIT DISTRICTS	
Richland School District	Anaheim Transportation Network	Peninsula Corridor Joint Powers Board
	Antelope Valley Transit Authority	Riverside County Transportation Commission
	Central Contra Costa Transit Authority	Riverside Transit Agency
	Eastern Contra Costa Transit Authority	San Joaquin Council of Governments
	Fresno County Transportation Authority	San Joaquin Regional Transit District
	Gold Coast Transit District	San Luis Obispo Council of Governments
	Golden Empire Transit District	Santa Barbara Metropolitan Transit District
	Kern Council of Governments	Santa Cruz Metropolitan Transit District
	Kings County Area Public Transit Agency	Solano County Transit
	Marin County Transit District	Stanislaus Council of Governments
	Napa Valley Transportation Authority	Tulare County Association of Governments