



Zelenkofske Axcelrod LLC

Certified Public Accountants and
Management Consultants

**PROPOSAL
FOR
SCHOOL BUILDING AUTHORITY OF WEST VIRGINIA
FOR PROFESSIONAL AUDITING SERVICES**

**FOR THE YEARS ENDING JUNE 30, 2017,
2018, 2019 AND 2020**

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MAY 24, 2017

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WV Purchasing Division

PROPOSAL FOR INDEPENDENT AUDIT SERVICES

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Zelenkofske Axelrod LLC

May 24, 2017

Mr. Garry Stewart
Finance Manager
School Building Authority of West Virginia
2300 Kanawha Blvd E
Charleston, WV 25311

Dear Mr. Stewart:

We are pleased to present our qualifications and appreciate the opportunity to submit this proposal to provide independent audit services to the School Building Authority of West Virginia (SBA), as listed in the request for proposal. We fully recognize the extent and complexities of the services required and are confident that our firm has the ability to provide the highest quality professional services to the SBA at a competitive fee.

We understand that the SBA is requesting the following services for the years ending June 30, 2017, 2018, 2019 and 2020, and we are committed to performing the services in the required time frame as detailed in the Request for Proposal. Our proposal is firm and cannot be withdrawn for a period of 90 days from the date the proposals are opened.

- A. Audit of the SBA's financial statements as of June 30 each year, in accordance with auditing standards generally accepted in the United States of America as included in *Statements on Auditing Standards* published by the American Institute of Certified Public Accountants, U.S. General Accounting Office's Government Auditing Standards (as amended), the Single Audit Act Amendments of 1996 (as amended) and The Uniform Guidance 2 CFR Part 200 ("Super Circular"), OMB's Compliance Supplement for Single Audits of State and Local Governments, *Audits of States, Local Governments, and Non-Profit Organizations* and all recent bulletins and directives related to school finance issued by the Pennsylvania Department of Education and the Pennsylvania Auditor General's Office.
- B. Issue the Single Audit report for the SBA containing the Schedule of Expenditures of Federal Awards; Notes to the Schedule; Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance Act and Schedules of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs. In addition we will file the Data Collection Form for reporting on audits of state, local governments and non-profit organizations.
- C. Prepare management letters for the SBA including observations and recommendations affecting the financial statements, internal control, accounting, accounting systems, other instances of noncompliance with laws and regulations, and any other material matter. We cannot, however, comment on legality issues; professional standards do not permit us to do so. We will, however, conclude as to whether you have complied with appropriate rules and regulations governing the operations and programs of the SBA.

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- D. If during the course of our examination, we uncover indications of possible fraud or other illegal acts, we shall immediately notify the officers of the Board of Education and appropriate State and Federal agencies in writing. We shall perform sufficient field work to be able to clearly describe and document the situation.
- E. We shall be available to provide advisory assistance to the SBA administration throughout the school year including but not limited to assistance with audits of State and Federal agencies. The SBA will maintain its financial records and we will advise as may be necessary to enable the SBA to comply with the requirements of regulatory agencies.

As detailed in this document, Zelenkofske Axelrod LLC (“ZA”) has credentials related to serving public sector entities that are unsurpassed by any other firm in Pennsylvania. We are uniquely qualified to provide services to the SBA for reasons enumerated below:

- We are experts in serving government, educational and nonprofit entities. ZA is a niche firm providing services to only the government and nonprofit sectors. We provide services to these sectors year-round, not just “outside of busy-season”, including extensive work with Government and Municipal Authorities.
- Our staff includes a group of individuals who, before joining our Firm, have worked for governmental, educational and not-for-profit entities like yours. They came to ZA to specialize in serving public sector clientele and we have brought these individuals together to service the SBA.
- Our work plan as described in detail later in this document is a proven effective and efficient audit plan as we have successfully utilized this strategy during hundreds of similar audits.
- Our knowledge and understanding of your activities and functions coupled with the experience and knowledge of the engagement team proposed to serve the SBA guarantees efficient, effective, and superior service. Cory Johnson, Corey Troutman, Jeffrey Weiss, Jared Ewing, Brian Chruscial, Dan Sefick, Nicholas Scaife and Alexis Lauer possess a comprehensive understanding of governments, school districts and not-for-profits, which will enable us to ensure you receive the most cost effective and highest quality audit. You will find biographies of these key members of our proposed client service team in this document.

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- The engagement team has substantial knowledge of systems and processes in education, government and not-for-profit operations and functions that can update our existing understanding with minimal disruption to the SBA's staff. This translates into significant savings to the Organization by reducing the hidden costs and increased burdens on SBA personnel necessary when systems, processes, functions, and activities need to be documented and are completed by individuals with little knowledge about government, school district and not-for-profit entities.
- ZA is a Pennsylvania based regional CPA firm with offices in Pittsburgh, Greensburg, Jamison (Greater Philadelphia), Harrisburg and Dover, Delaware.
- The quality of our work is second to none, particularly in the Not-for-Profit and Government and Education Industries. This fact is evidenced in many ways, but independently supported through our most recent Peer Review which included review of specific governmental and not-for-profit engagements, resulting in an unqualified opinion with no Letter of Comment. In addition, during a General Accounting Office Quality Control Review of one of our single audit engagements, we also received an Unqualified Report with no Letter of Comment.
- Members of our Firm are frequent presenters at industry and association conferences including the PICPA, the County Commissioners Association of Pennsylvania, the County Controllers Association, the Association of Government Accountants, and the Government Finance Officers Association.
- We are not just auditors – we are trained and experienced business consultants and advisors. While conducting your audit, we identify opportunities to improve operations from several standpoints including control structure design and function as well as performance based measurements. These opportunities are delivered to you in a well-structured management communication, which can be used as a roadmap for prioritization of corrective action.

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I, Cory Johnson, as signer of this letter, am authorized to represent the firm, empowered to submit this proposal and authorized to contract with the School Building Authority of West Virginia. Please feel free to contact me at 412-367-7102, ext. 5300, if you have any questions or additional needs. We look forward to committing the resources of our firm to service the School Building Authority of West Virginia.

Sincerely,



Cory Johnson, CPA
Managing Partner-Pittsburgh and Greensburg Offices
Email - CJohnson@zallc.org



PROFILE OF THE PROPOSER – FIRM QUALIFICATIONS AND EXPERIENCE

A. Background Information

Zelenkofske Axelrod LLC, (ZA) is Pennsylvania and Delaware based regional CPA firm with offices in Pittsburgh, Greensburg, Harrisburg, Jamison and Dover (Delaware) that specializes in providing auditing, accounting and consulting services to governmental, educational and nonprofit entities. Approximately 80 percent of the firm's revenue is derived from audit services.

ZA's growth over the years has been through industry specialization, and the industries we have selected are the governmental, educational and not-for-profit industries. ZA is unique in that we have the capabilities and resources to accommodate a broad range of quality services and deliver them in a timely, responsive and cost-effective manner. Moreover, we are truly "committed" to our clientele. Our hands on, get involved approach, combined with a keen sensitivity to our clients' needs, has proven a major factor in the development and success of both our firm and our clients' businesses.

Our Pittsburgh office will be the primary location serving The SBA with the engagements. In that office we employ 22 professionals consisting of 1 partner (Cory Johnson), 2 directors, 1 senior manager, 2 managers, 6 supervisors/seniors, and 10 other professional staff of which approximately 80% work on audit engagements. The engagement team to be assigned to the audit will consist of 2 partners, 1 senior manager and numerous supervisors/seniors and staff to be employed on a full-time basis. The other partners of ZA are Jeffrey Weiss, who is the partner in charge of our Jamison Office, Patrick Kirk, the partner in charge of our Harrisburg and Dover Offices, Kim Stank, a partner on our Harrisburg Office, and Corey Troutman, another partner in our Harrisburg Office. The engagement team is more detailed in the Partner, Supervisory and Staff Qualifications and Experience Section of this proposal.

B. Range of Services

1) Audit Capabilities

We are leaders in providing accounting and auditing services to governmental, educational and nonprofit entities of all types – that's why so many governmental, educational and nonprofit entities, large and small, including several prominent institutions, engage our services. Not all CPA firms specialize in the accounting and auditing standards which govern governmental, educational and nonprofit entities. We do!

Our Governmental and Nonprofit Services specialists have completed at least 120 Continuing Professional Education (CPE) hours in the last three years in accounting and auditing, with at least 40 of those hours being in governmental and nonprofit auditing and accounting, in order to learn more about the governmental, educational and nonprofit sectors, and to comply with the continuing education requirements specified by Government Auditing Standards ("Yellow Book") for audits of organizations receiving federal financial assistance.

2) Tax Capabilities

It is difficult for most professionals to stay current with the changing tax laws. That's why we assemble a team of tax experts in house whose sole concern is to advise entities on proper compliance procedures and assess technical issues and their impact on entities like yours.

3) Management Consulting Capabilities

ZA's consultants can explore with governmental, educational and nonprofit entities the particular management needs, problems and concerns. We can devise strategies to help realize the entities' goals. We can analyze information systems and procedures to ensure their efficiency and cost-effectiveness. We can help identify and resolve potential management or operational problems early on, before they become unmanageable. We can isolate existing problem areas and offer practical solutions.

Since no two organizations are alike, our consultants will work closely with the entity, discussing current and future organization requirements and plans. An independent study results from those discussions, offering an objective analysis of the particular situation and strategies for accomplishing the objectives.

4) Other Capabilities

Unlike many traditional accounting firms, ZA is unique in that we have a group of individuals who have actually worked in the governmental, educational and nonprofit industries. They not only know the accounting and auditing aspects of governmental, educational and nonprofit entities, they also know how these entities work and understand the unique aspects of governmental, educational and nonprofit accounting and operations. In addition, these individuals have been involved on the ground floor of such issues as performance measures and performance auditing within the government, education and nonprofit sectors. This type of capability permits ZA to provide value added services to its governmental, educational and nonprofit clients by allowing us to show them how to measure and manage the use of diminishing resources to ensure that desired services and outcomes are achieved.

C. Governmental and Nonprofit Services Structure

ZA's Governmental and Nonprofit Services Practices has expanded over the years through its commitment to its clientele and name recognition in the governmental, educational and nonprofit industries. ZA is unique in that we have the capabilities and resources to accommodate a broad range of quality services and deliver them in a timely, responsive and cost-effective manner. Moreover, we are truly "committed" to our clientele. Our hands on, get involved approach, combined with a keen sensitivity to our clients' needs, has proven a major factor in the development and success of both our firm and our clients' businesses.

Our firm believes that an engagement pertaining to a particular industry requires the engagement management team assigned have the technical experience of the industry. Management personnel assigned to governmental, educational and not-for-profit engagements have worked in the industry and are experienced and qualified to perform the engagements. The SBA's audit engagement will be conducted by an engagement team from ZA that has knowledge and practical experience that is unique to the government, education and nonprofit industries. Specifically, our staff has a working knowledge of the following:

- AICPA Publication, *Audits of State and Local Governmental Units*
- The Single Audit Act of 1984 (as amended 1996)
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- The GAO – *Governmental Auditing Standards* and amendments
- The GAO – *Guidelines for Financial and Compliance Audits of Federally Assisted Programs*
- OMB Circular No. A-133 – *Audits of States, Local Governments, and Non-Profit Organizations*
- OMB Circular No. A-87 – *Cost Principles for State and Local Governments*
- Compliance Supplement for Single Audits of State and Local Governments
- Governmental Accounting Standards Board (GASB) pronouncements
- The Uniform Guidance Act, 2 CFR Part 200 (Super Circular)
- OMB Circular A-122 *Cost Principles for Non Profit Organizations*
- Financial Accounting Standards Board (FASB) pronouncements

D. Municipal Authority Experience

ZA has extensive experience in providing consulting and audit services to the following municipal authorities:

- Pennsylvania Industrial Development Authority
- Southeastern Pennsylvania Transportation Authority
- Bucks County Water and Sewer Authority
- Pennsylvania Infrastructure Investment Authority
- Commonwealth Financing Authority
- Dauphin County Industrial Development Authority
- Dauphin County Housing Authority
- Dauphin County Redevelopment Authority

- North Wales Municipal Authority
- Southwest Municipal Authority
- Lower Paxton Authority
- Steelton Borough Authority

In addition, the governmental team has the following experience with the Commonwealth of Pennsylvania:

- Commonwealth of Pennsylvania Office of the Budget
- Commonwealth of Pennsylvania Financial and Single Audit
- Commonwealth of Pennsylvania General Assembly
- Commonwealth of Pennsylvania Treasury Department
- Commonwealth of Pennsylvania Department of Human Services
- Commonwealth of Pennsylvania Department of Transportation, Harrisburg International Airport
- Commonwealth of Pennsylvania Department of Transportation
- Commonwealth of Pennsylvania Department of the Auditor General
- Commonwealth of Pennsylvania Department of Labor and Industry

E. Government Experience

ZA has extensive experience in audits of governmental entities including the following:

- Allegheny County (CAFR and Single Audit)
- Bucks County (Single Audit, Nursing Home, GASB 34 and CAFR)
- Bucks County Water and Sewer Authority (CAFR and GASB 34)
- Chester County (Single Audit, CAFR, 911)
- York County (Single Audit, Nursing Home, 911 and CAFR)
- Westmoreland County (Single Audit, Nursing Home, 911, GASB 34 and CAFR)
- Armstrong County (Single Audit, GASB 34, and Nursing Home)
- Dauphin County (Single Audit, Nursing Home, Tax Collector Audits, District Court Audits, GASB 34 and 911)
- Adams County (Single Audit, Nursing Home, 911, GASB 34 and Cost Plan)
- Clarion County (Single Audit, Consulting, GASB 34 and Cost Plan)
- Schuylkill County (Single Audit)
- Clinton County (Single Audit, Row Office Audits, Tax Collector Audits)
- Lawrence County (Single Audit)
- Fulton County (Single Audit)
- Jefferson County (Single Audit, 911, Consulting and Cost Plan)
- Pike County (Single Audit and 911)
- Potter County (Single Audit and 911)
- Franklin County (Single Audit and 911 Audit)
- Tioga County (Single Audit and 911)
- State of Delaware Drinking Water Revolving Loan Fund (Financial Audit)

- State of Delaware Hazardous Substance Cleanup Fund (Financial Audit)
- Lehigh County Authority (Financial Audit and CAFR)
- PA Turnpike Commission (CAFR)
- Swatara Township (CAFR and Financial Audit)
- Dauphin County Industrial Development Authority (Financial Audit)
- Pennsylvania Infrastructure Authority (Financial Audit)
- Pennsylvania Industrial Development Authority (Financial Audit)
- Commonwealth Financing Authority (Financial Audit)
- Dauphin County Department of Community and Economic Development (Single Audit)
- Lower Paxton Township (Financial Audit)
- Ross Township (Financial Audit)
- City of Green Castle (Financial and Forensic Audit)
- Chestnuthill Township (Financial Audit)
- Lancaster Conservation District (Financial Audit)
- York County (District Court Audits)
- City of Lebanon (Single Audit)
- Carbon County (Consulting)
- Philadelphia Water Department (Consulting)
- Southeastern Pennsylvania Transportation Authority (SEPTA) (Single Audit)
- Dauphin County Housing Authority (Single Audit)
- Dauphin County Redevelopment Authority (Financial Audit)
- Silver Spring Township (Financial Audit)
- Lower Paxton Township Authority (Financial Audit)
- Steelton Borough (Financial Audit)
- Steelton Authority (Financial Audit)
- Middletown Borough (Financial Audit)
- Lower Southampton Township (Financial Audit)
- Lower Southampton Township Library (Financial Audit)
- Jackson Township (Financial Audit)
- Lebanon County Conservation District (Financial Audit)
- First Philadelphia Charter School (Single Audit)
- Central Dauphin School District (Single Audit)
- Brownsville School District (Single Audit)
- Eastern University Charter School (Financial Audit)
- People for People Charter School (Financial Audit)
- York City School District (Single Audit)
- Shenandoah School District (Single Audit)
- Mill Creek School District (Single Audit)
- Delaware River Joint Toll Bridge Commission (Financial Audit)
- Delaware River Basin Commission (Financial Audit)
- State of Delaware Auditor of Accounts (Peer Review)
- State of Delaware Auditor of Accounts (Outsourcing Services)
- State of Delaware Office of the State Treasurer (Agreed Upon Procedures)

- Derry Area School District (Single Audit)
- Mount Pleasant Area School District (Single Audit)
- Penn-Trafford School District (Single Audit)
- Gateway School District
- Hempfield Area School District

ZA has provided consulting and auditing services to the following government entities:

- Cambria County (Single Audit, Nursing Home and 911)
- Dauphin County General Authority (Financial Audit)
- Elk County (Consulting and Cost Plan)
- Fayette County (Single Audit and Financial)
- Northampton County (Single Audit, Nursing Home, 911, GASB 34 and CAFR)
- Northumberland County (Single Audit, Nursing Home, 911, and Consulting)
- Venango County (Cost Plan and Consulting)
- Warren County (Consulting)
- Drumore Township (Financial Audit)
- City of Lebanon Authority (Financial Audit)
- Pottstown Borough (Single Audit)
- Harrisburg Housing Authority (Single Audit)
- Franklin/Adams Employment and Training Consortium (Single Audit)
- City of Philadelphia Redevelopment Authority (Single Audit)
- City of Philadelphia Pension Plan (Financial Audit)
- City of Shamokin (Single Audit)
- Erie County (Single Audit and CAFR)
- Luzerne County (Single Audit)
- Lehigh County (Single Audit)

F. Quality Control

ZA's quality control system entails various levels of review. The engagement partner and managers will monitor and review the audit work as the audit is being conducted. Before the audit report is released, a second director that is experienced in the governmental industry will review the report and other documents to evaluate the professional excellence of the audit and then give concurrence as to the propriety of the accountants' reports. In addition, ZA has an independent Peer Review performed as required by AICPA Professional Standards.

G. Grant Funding Experience

Since grants are a major source of a government's funding, we believe it is imperative to describe our knowledge related to these funding streams. We currently provide Financial and Single Audit services to numerous governmental and nonprofit entities, and have extensive audit experience with respect to Children and Youth, Drug and Alcohol, Mental Health/Intellectual Disabilities, Aging, Community Development Block, Child Nutrition Cluster, Title I, and IDEA grants through our governmental and nonprofit audit client base.

Our staff is well versed in the operation of federal and state grant programs. We understand the regulations, the complex compliance issues, and we have assisted our clients in maximizing grant funding. In addition, we have been able to intercede on behalf of our clients with various granting agencies to resolve issues to the benefit of our clients. We take great pride in keeping up-to-date with the latest issues affecting our clients and we are currently assisting them with the changes necessary to operate in accordance with various grant programs.

Our experience and knowledge with respect to federal and state grant programs clearly sets us apart from our competition and demonstrates our commitment of the highest quality of services to our clients. We know and understand your operations, and as such, we can be far more than your auditors. We can be your financial advisors and consultants to assist you in carrying out your mission more effectively and efficiently.

H. Professional Development

ZA provides a minimum of 40 hours of in-house training seminars annually for the professional staff. In addition, specialized training in the area of governmental auditing and reporting is conducted to satisfy government auditing standards. Furthermore, our professionals serving our government and not-for-profit sector attend AICPA, PICPA and specialized conferences to stay abreast of the latest developments in governmental, educational and not-for-profit accounting, financial reporting, and auditing. The professionals assigned to our audits have completed the required specialized training in governmental auditing and reporting for each of the last three years. This requirement includes completion of at least 120 hours of continuing professional education over the three (3) year period.

I. Peer Review Report

We have included on Page 53 a copy of our firm's most recent Peer Review for the year ended June 30, 2013 that included reviews of governmental and nonprofit engagements. The peer review resulted in an unmodified report. Our 2016 peer review field work has been completed and will be issued in the near future with an unmodified report.

J. Communication and Cost Containment

Clear communication between SBA management and ZA helps us tailor professional services to your changing needs. We want to be aware of your concerns and encourage you to use us as a critical sounding board to obtain an independent perspective.

Frequent contact with management enables us to keep abreast of developments within the SBA, the education industry and the broader economy. Our relationship with you is not an annual encounter, but rather a continuing relationship throughout the year. We encourage management to discuss issues with us as they arise, or if they prefer, at regular prearranged meetings.

As the audit progresses, we may identify issues that affect your results or are important for your meeting objectives. By reporting these matters to the SBA's management and making appropriate recommendations, we enhance the value of our audit service. Frequent contact and

communication with management on matters relevant to you is a prerequisite to providing valuable services.

Our relationship depends on our partners and staff maintaining regular contact with management. Through regular contact, we are better able to:

- Understand your needs and expectations
- Respond appropriately
- Maximize the value of our audit to you
- Contain costs

We will integrate our audit process with the SBA's closing schedule in order to ensure that the schedules that we need to perform routine audit procedures and the timing of these schedules are sensitive to the SBA's timing. We find this approach not only the most effective and efficient from an audit perspective, but also the least disruptive and the most beneficial for our clients.

We do not bill extra fees for time spent providing advice to the SBA. We do not bill, for example, for routine phone calls throughout the year to offer advice to the SBA or for attending meetings with the client to help resolve an issue. However, we do follow the independence standards that do not allow us to provide certain services to audit clients. When an instance occurs where the SBA may need services we cannot provide due to independence standards, we will help give advice to the SBA to ensure they receive the best services at the most competitive price.

K. Partner Involvement

We believe timely and active partner involvement is perhaps the most important factor for delivering top-quality services. ZA is known for having greater partner involvement on its audit engagements than other larger firms. Partner involvement at the SBA is critical to our service delivery. No other firm can offer you the depth and experience of senior management devoted to the needs of the SBA.

L. Deadlines

ZA will comply with the District's deadlines in the following manner; interim work will be performed in July and fieldwork will start in early August and will last until completion of the draft copy of the Audited Financial Statements. An exit conference will be held with management upon completion of fieldwork. Drafts of the financial statements will be delivered to management no later than the timelines listed in the RFP, assuming all applicable information is received. Financial statements will be issued by the dates listed in the RFP, assuming all applicable information is received. The Single audit will be issued in conjunction with the financial statements.

M. Assistance Expected from Staff

ZA would expect assistance in locating items such as bank reconciliations, invoices, etc. throughout the course of the audit. We are flexible on the format of the information we would like to receive, asking only that it ties into the trial balances and supporting documentation.

O. Legal Action

ZA does not have any pending legal action against the firm and is in good standing with the AICPA, PICPA and Commonwealth of Pennsylvania.

P. GASB Pronouncements

Our governmental and team understands the issues facing governmental entities with GASB's 67 and 68 and ZA has prepared various GASB's 67 and 68 implementation plans for our governmental clients that assisted them with the transition to GASB's 67 and 68 compliance. In addition, members of our governmental team are frequent speakers at various governmental organizations on current topics impacting government today including GASB's 67 and 68.

Q. Independence

We affirm that Zelenkofske Axelrod LLC is independent of the SBA as defined by engagement standards in the U.S. Government Accountability Office's *Government Auditing Standards*.

R. License to Practice in West Virginia

We affirm that Zelenkofske Axelrod LLC and all assigned key professional staff are properly licensed to practice in the State of West Virginia.

S. Insurance

ZA will maintain in force at all times during the term of the contract, the minimum insurance coverages with an insurance carrier acceptable to the SBA.

AUDITORS EXPERIENCE SUMMARY

Our governmental, educational and nonprofit staff include professionals who have worked in the government and nonprofit industries and understand the technical requirements in addition to the accounting and reporting issues that make it such a specialized area of the accounting profession. Our firm has professionals with the knowledge and practical experience that is unique to the industry. We have assembled a team of professionals who specialize in government, education and nonprofit accounting, auditing, reporting, and consulting. These individuals also have in-depth knowledge of grant program funding. Our professionals regularly attend and frequently speak at the Pennsylvania State Association of County Controllers and County Commissioners Association of Pennsylvania, Pennsylvania County Internal Audit Conferences, Pennsylvania Association of Township Supervisors and the Government Financial Officers Association.

The following individuals are part of our engagement team:

Cory W. Johnson – Engagement Partner
Corey Troutman – Second Review Partner
Jeffrey Weiss – Partner
Jared Ewing – Tax Director
Brian Chruscial – Senior Manager
Dan Sefick – Supervisor
Nick Scaife – Senior
Alexis Lauer – Senior

Cory W. Johnson is Managing Partner of our Pittsburgh and Greensburg offices. Cory has extensive knowledge and experience in the government, education and nonprofit industries. Cory will be responsible for the SBA's audit. Cory is a frequent speaker at the County Controller's conference, various internal audit conferences and PICPA events.

Corey A. Troutman is a Partner in our government and nonprofit audit practice. Corey has extensive knowledge and experience with these entities and will be responsible for the second review of the SBA's audit. Corey was formerly with KPMG in their government services practice. Corey's experiences include the Southeastern Pennsylvania Transportation Authority, Pennsylvania Infrastructure Investment Authority, Harrisburg Housing Authority, Habitat for Humanity and numerous other local governments, school districts and nonprofits.

Jeffrey Weiss is a Partner in our government and nonprofit audit practice. Jeff served as an Auditor and Deputy Controller in a county controller's office. He also served as Controller of the same county. In those capacities, Jeff gained extensive knowledge and expertise in the operation of governmental and not-for-profit units.

Jared Ewing is the Director of our tax practice, servicing both nonprofit and for-profit entities. Prior to joining Zelenkofske Axelrod, Jared was a Partner with Sarp and Company. In this position, Jared managed the tax practice of Sarp and Company as well as overseeing various non-profit engagements including Westmoreland Human Opportunities, Westmoreland County Food Bank, Westmoreland Human Services, and Jefferson County Community Action. Jared has extensive experience working on IRS Form 990 and individual and corporate tax returns.

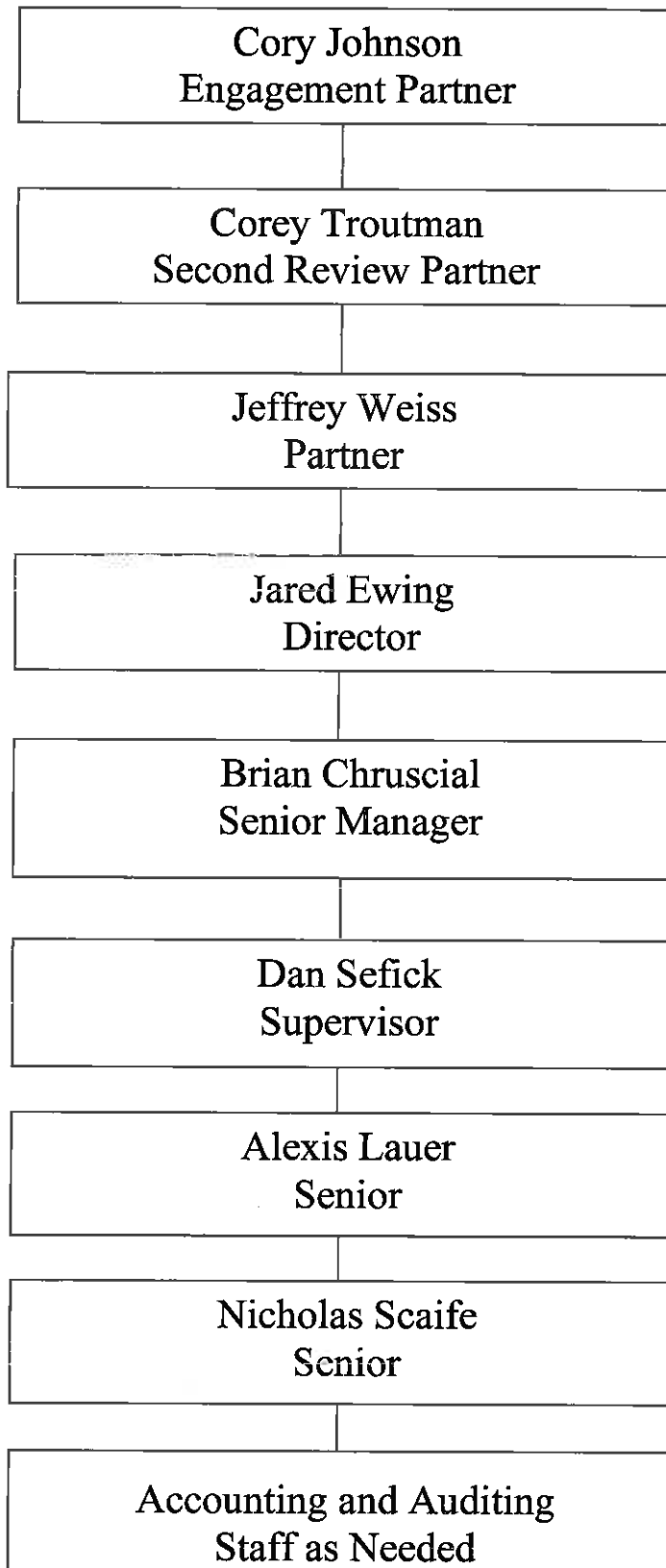
Brian Chruscial is a Senior Manager in our government and nonprofit audit practice. Brian has extensive experience with school districts, nonprofits and governmental entities. Brian will lead in managing and planning the audit of the SBA.

Dan Sefick is a Supervisor in our government and nonprofit audit practice. Dan has extensive experience with school district entities and would oversee the fieldwork of the audit of the SBA.

Alexis Lauer is a Senior in our government and nonprofit audit practice. Alexis has worked extensively on school district and governmental entities and would be responsible for completing fieldwork for the audit of the SBA.

Nicholas Scaife is a Senior in our government and nonprofit audit practice. Nick has worked extensively on nonprofit, school district and governmental entities and would be responsible for completing fieldwork for the audit of the SBA.

CLIENT SERVICE TEAM ORGANIZATION CHART



CORY W. JOHNSON, CPA
Partner

Cory W. Johnson is a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC's Pittsburgh and Greensburg offices. As a Partner of engagements, Cory is directly responsible for the audit teams assigned to ensure the timely completion and review of audit field work. His responsibility on governmental and nonprofit engagements includes the planning, supervision, completion and follow up of the audit.

Cory specializes in governmental and higher education audits for Zelenkofske. Prior to joining Zelenkofske, Cory was a Manager with KPMG. In this position, Cory managed various financial and single audits of governmental and non-profit entities including Lebanon County, Clinton County, and Cumberland County. He also worked with various school districts including Upper Darby School District, Harrisburg School District, Central Mountain School District, South Williamsport School District and Montoursville School District. His experience managing and supervising higher education entities includes the State System of Higher Education (in which he worked with multiple State Universities and the consolidation of the entire System), Lehigh University, York College and Susquehanna University. In that capacity, Cory gained extensive knowledge and expertise in the operation of governmental and higher education entities. Cory also has extensive experience working on the Commonwealth of Maryland's single audit (including the State's multiple Education Programs) and Morgan State University, as well as experience performing Community College and foundation audits such as Northampton Area Community College, Delaware County Community College, and Lehigh Carbon Community College. Cory currently works with Brownsville Area School District, Millcreek Area School District, Mount Pleasant Area School, Penn Trafford School District, City of Monessen School District, City of Erie School District, Woodland Hills School District Gateway School District, Central Dauphin School District and the City of York School District.

Cory has extensive experience in assisting counties with the implementing of all GASB's. He currently is assisting in various GASB projects. He also assisted the State System of Higher Education in implementing GASB 34 and 35. Cory is a frequent speaker on the various topics of GASB and other related governmental issues at conferences sponsored by the Pennsylvania County Controller's Association and the Mid-Atlantic Area Government Audit Forum.

Cory graduated from Lycoming College with a Bachelor of Science Degree in Accounting. He meets the Continuing Professional Education requirements of the firm, the AICPA, and the Government Auditing Standards.

Continuing Professional Education

Over the past three years, Cory has completed 120 hours of Continuing Professional Education, including 40 hours that meet the Continuing Education requirements of Government Auditing Standards.

COREY A. TROUTMAN, CPA
Second Review Partner

Corey Troutman is a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC. As a Director of engagements, Cory is directly responsible for the field supervision of various audit teams assigned to ensure the timely completion and review of audit field work. His responsibility on governmental and nonprofit engagements includes the planning, supervision, completion and follow up of the audit.

Corey A. Troutman is a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC (ZA), an independent accounting firm. Corey has been with the firm for over 12 years. As a partner of engagements, Corey is directly responsible for the supervision of audit teams assigned to ensure the timely completion and review of audit field work. His responsibilities on engagements include the planning, supervision, completion, and follow up of the audit. Corey has extensive experience managing financial and compliance audits of non-profit organizations, governmental entities, institutions of higher education, employee benefit plans, and private companies, as well as consulting for non-profit organizations and governmental entities.

Prior to joining ZA, Corey worked for Arthur Andersen and KPMG. Some of Corey's current and former clients include: Dauphin County Case Management Unit, Lycoming-Clinton Joinder Board, Lehigh University, Ben Franklin Technology Partnership, Habitat for Humanity of the Greater Harrisburg Area, York Library, Martin Library, Millcreek Township School District, Sto-Rox School District, Central Dauphin School District, York City School District, Commonwealth of Maryland, Southeastern Pennsylvania Transportation Authority (SEPTA), Pennsylvania Turnpike Commission (PTC), Pennsylvania Infrastructure Investment Authority (PENNVEST), Pennsylvania Industrial Development Authority (PIDA), Commonwealth Finance Authority (CFA), York County, Franklin County, Luzerne County, Lebanon County, Pike County, Potter County, Lower Southampton Township, Lower Paxton Township, East and numerous other entities.

Corey has extensive experience providing technical assistance to non-profit and governmental entities with the implementation of Financial Accounting Standards Board ("FASB") and Governmental Accounting Standards Board ("GASB") Pronouncements.

Corey is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.

Corey graduated from Messiah College with a Bachelor of Science Degree in Accounting. He meets the Continuing Professional Education requirements of the firm, the AICPA, and the Government Auditing Standards.

Continuing Professional Education

Over the past three years, Corey has completed 120 hours of Continuing Professional Education, including 40 hours that meet the Continuing Education requirements of Government Auditing Standards.

JEFFERY WEISS, CPA
Partner

Jeff Weiss is a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC. As a partner of engagements, Jeff is directly responsible for the field supervision of audit teams assigned to ensure the timely completion and review of audit field work. His responsibilities on engagements include the planning, supervision, completion and follow up of the audit.

Jeff specializes in governmental and not-for-profit audits for Zelenkofske Axelrod, LLC. Jeff served as an Auditor and Deputy Controller in a county controller's office. He also served as Controller of the same county. In those capacities, Jeff gained extensive knowledge and expertise in the operation of governmental and not-for-profit units.

Jeff has been responsible for the audits and consulting engagements of many government, education and not-for profit clients including City of Erie Public School System, Woodland Hills School District, Millcreek Township School District, Carbon County, Dauphin County, Westmoreland County, Northampton County, Schuylkill County, Lehigh County, Pocono Counties Service Delivery Area #15 (JTPA Program), WBPH TV-60, UCP of Central Pennsylvania, Bensalem School District, Charter Schools, and Salvation Army of Greater Philadelphia.

Jeff has extensive government and not-for-profit knowledge and has been a frequent speaker on the topic at conferences sponsored by the Pennsylvania County Controller's Association, County Commissioners Association of Pennsylvania and Government Finance Officers Association, as well as firm sponsored seminars.

Jeff is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the American Institute of Certified Public Accountants, the Pennsylvania Institute of Certified Public Accountants, Government Finance Officers Association, and the Association of Government Accountants.

Jeff graduated with a Bachelor of Science Degree in Accounting from the Pennsylvania State University. He meets the Continuing Professional Education requirements of the firm, the AICPA, and the Government Auditing Standards.

Continuing Professional Education

Over the past three years, Jeff has completed over 120 hours of Continuing Professional Education including over 40 that meet the requirement of Government Auditing Standards.

JARED EWING, CPA, CFE
Director

Jared Ewing is a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC. As a Director of engagements, Jared is directly responsible for the field supervision of various audit teams assigned to ensure the timely completion and review of audit field work. His responsibilities on governmental and nonprofit engagements include the planning, supervision, completion and follow up of the audit.

Jared specializes in governmental and nonprofit audits for Zelenkofske Axelrod LLC. Prior to joining Zelenkofske Axelrod LLC, Jared was a Partner with Sarp and Company. In this position, Jared managed Sarp and Company's tax practice as well as overseeing various financial and single audits of governmental and non-profit entities including Westmoreland Human Opportunities, Westmoreland County Food Bank, Westmoreland Human Services, Jefferson County Community Action, Hempfield Township School District and Penn-Trafford School District. In that capacity, Jared gained extensive knowledge and expertise in the operation of governmental and not for profit entities. Jared also has extensive experience working on IRS Form 990 and corporate and individual tax returns.

Jared's ZA clients include Mount Pleasant Area School District, Irwin Borough, Derry Area School District, Westmoreland Human Opportunities, Westmoreland Housing Authority, Penn-Trafford School District, Southwest Pennsylvania Human Services, Active Aging, Inc., Dickinson Center, Neighborworks Western Pennsylvania, HEARTH, Workforce Investment Board, Hempfield Township Municipal Authority and Southwest Greensburg Borough.

Jared is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.

Jared graduated from Grove City College with a Bachelor of Science Degree in Accounting. He meets the Continuing Professional Education requirements of the firm, the AICPA, and the Government Auditing Standards.

C. Continuing Professional Education

Over the past three years, Jared has completed over 250 hours of Continuing Professional Education including over 100 that meet the requirement of Government Auditing Standards.

BRIAN CHRUSCIAL, CPA
Senior Manager

Brian Chruscial is a senior manager and a Pennsylvania licensed CPA who practices public accounting through Zelenkofske Axelrod LLC. As a senior manager, Brian is responsible for the on site audit work and supervision of staff.

Brian's years of experience in the government and not for profit sector include a variety of different clients. During his time prior to working at Zelenkofske, Brian worked on various school district audits including Penn Trafford School District, Mt. Pleasant Area School District, and Derry Area School District, as well as other governmental entities such as the Municipal Authority of Westmoreland County, and the Turtle Creek Valley Council of Governments. Some of Brian's clients at ZA are the Allegheny County Industrial Development Authority, Allegheny County Higher Education Building Authority, Allegheny County Hospital Development Authority, Authority for Improvements in Municipalities, Allegheny County Redevelopment Authority, Allegheny County Residential Finance Authority, City of New Castle, Westmoreland County, Jefferson County, the Borough of Clarion, Northside Coalition for Fair Housing, Active Aging Inc. and Active Aging Foundation, and Indiana County. Brian is the senior manager on the Brownsville Area School District, Penn-Trafford School District, Woodland Hills School District, City of Erie School District and Sto-Rox School District audits as well as Allegheny, Westmoreland, Indiana and Lawrence Counties.

Brian is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants. Brian is a frequent speaker for the Pennsylvania State Association of County Controllers and other conferences.

Continuing Professional Education

Over the past year, Brian completed over 40 hours of Continuing Professional Education.

DANIEL SEFICK, CPA
Engagement Supervisor

Daniel Sefick is a supervisor at Zelenkofske Axelrod LLC. As a supervisor, Daniel is responsible for the on site audit work and supervision of staff.

Daniel's years of experience in the government and not for profit sector include a variety of different clients. During his time prior to working at Zelenkofske Axelrod LLC, Daniel worked at the Salvation Army of Southwestern Pennsylvania. Some of Daniel's has worked on various school district, government and non-profit clients during his time at ZA, some of his clients include; City of Erie Public School District, Millcreek Township School District, Woodland Hills School District, Derry Area School District, Mt. Pleasant School District, Sto-Rox School District, HEARTH, NeighborWorks Western PA and Southwest Pennsylvania Human Services, as well as other governmental entities such as the Westmoreland County Area Agency on Aging, Community Connections of Clearfield and Jefferson Counties, Lawrence County, Armstrong County, City of New Castle, Westmoreland County, and Irwin Borough. Daniel is the supervisor on Millcreek, City of Erie, Brownsville and Woodland Hills School District audits.

Daniel is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the Pennsylvania Institute of Certified Public Accountants.

Daniel graduated with a Bachelor of Arts Degree, with majors in Accounting and Finance, from Geneva College.

Continuing Professional Education

Over the past three years, Daniel has completed 120 hours of Continuing Professional Education, including 40 hours that meet the Continuing Education requirements of Government Auditing Standards.

ALEXIS LAUER, CPA
Senior Auditor

Alexis Lauer has worked in public accounting at Zelenkofske Axelrod LLC for three years. As a Senior Auditor, Alexis is responsible for the planning, field work, completion, and follow up of governmental and not-for profit audits.

Alexis has worked on various governmental and not for profit engagements during her time at Zelenkofske Axelrod. She has experience completing the field work at Counties such as Allegheny, Lawrence, and Westmoreland. She is also the in-charge on various not-for-profit and school districts audits such as Penn-Trafford School District, Mt. Pleasant School District, Active Aging, Inc., Northside Christian Health Center, and Westmoreland County Food Bank.

Alexis attained a Bachelor of Science Degree in Accounting from Robert Morris University. She is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania and meets the Continuing Professional Education requirements of the firm and Government Auditing Standards.

Continuing Professional Education

Over the past three years, Alexis has completed 120 hours of Continuing Professional Education, including 40 hours that meet the Continuing Education requirements of Government Auditing Standards.

NICHOLAS SCAIFE, CPA
Senior Auditor

Nicholas Scaife is a professional who practices public accounting through Zelenkofske Axelrod LLC. As a Senior, Nicholas is responsible for the timely completion of audit field work and the compilation of the financial statements. His responsibilities on governmental and not-for-profit engagements include the planning, fieldwork, completion and follow up of the audit.

Nicholas specializes in governmental audits for Zelenkofske Axelrod LLC. He has worked on a number of audits in Pennsylvania including the audits of Allegheny, Armstrong, Clarion, Erie, Fayette, Jefferson, Lawrence, Potter, and Westmoreland Counties. His not-for-profit clients include Southwest Pennsylvania Human Services, Inc. (all 9 coporations), Erie County HealthChoices, Erie County Care Management, and Pleasant Ridge Manor. His school district clients include the Westmoreland County Career and Technical Center and Derry Area School District. His experience includes financial audits, single audits, and grant audits of a variety of local governments, not-for-profits, authorities, and schools in Pennsylvania.

Nicholas is licensed as a Certified Public Accountant in the Commonwealth of Pennsylvania, and is a member of the Pennsylvania Institute of Certified Public Accountants.

Nicholas graduated from Thiel College with Bachelor of Arts Degrees in Accounting and Actuarial Studies. He meets the Continuing Professional Education requirements of the firm, the AICPA, and Government Auditing Standards.

Continuing Professional Education

Over the past three years, Nicholas has completed 120 hours of Continuing Professional Education, including 40 hours that meet the Continuing Education requirements of Government Auditing Standards.

REFERENCES

We have listed below some of our current and most significant governmental clients as references:

<u>Client</u>	<u>Scope of Work</u>	<u>Client Contact</u>
Southeastern Pennsylvania Transportation Authority	Financial and Single Audit	Jim Cullison Director of Operating Budgets 215-580-8112
		Pat Deon Board Chairman 215-580-7331
Pennsylvania Turnpike Commission	Financial and Single Audit GFOA Certificate Program	Randall Mellinger Internal Audit Manager 717-939-9551
Allegheny County	Single Audit GFOA Certificate Program	Chelsa Wagner Controller 412-350-4650
County of Dauphin	Financial and Compliance Audit –	Chad Saylor Chief Clerk 717-780-6338
County of York	Financial and Compliance Audit – GFOA Certificate of Achievement Program	Deb Myers Deputy Controller 717-771-9308
County of Westmoreland	Financial and Compliance Audit – GFOA Certificate of Achievement Program	Regis Garris Deputy Controller 724-830-3776
County of Bucks	Financial and Compliance Audit – GFOA Certificate of Achievement Program	Kim Doran Deputy Controller 215-348-6781

On the following pages, we have included reference letters from three of the above clients.



March 8, 2017

To Whom It May Concern:

The Certified Public Accounting and audit firm Zelenkofske Axelrod LLC has been performing the annual financial statement audit of the Southeastern Pennsylvania Transportation Authority (the Authority) since 2005. In addition, Zelenkofske Axelrod LLC also audits several other reports that the Authority is required to file with various federal, state and local governmental agencies. Such audits include the Single Audit Report which incorporates the Pennsylvania Department of Transportation Operating Report, the National Transit Database agreed upon procedures filed with the Federal Transit Administration, and a special purpose lease basis report filed with the City of Philadelphia.

We have found the employees of the firm Zelenkofske Axelrod to be very responsive in scheduling their work to meet the various audit report deadlines as well as communicating in advance information or work that they will need completed by the Authority's staff. Their auditors were found to be competent and very professional in their contacts with various levels of Authority management. The auditors also attend and communicate their audit plan, audit status, and their final reports to the Authority Board members assigned to the Audit Committee at quarterly meetings. When requested by the Authority, the auditors have been very responsive in providing guidance concerning the implementation of new accounting pronouncements.

I highly recommend, without any reservation, the firm Zelenkofske Axelrod LLC.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cleophas Crasto', is written over a horizontal line.

Cleophas Crasto
Director, General Accounting

CC:aa

Office of the County Controller

Robert P. Green
Controller

Deborah K. Myers
Deputy Controller



Administrative Center
28 E. Market St.
York, Pennsylvania 17401
Voice 717-771-9616
Fax 717-771-4330

County of York, Pennsylvania

March 3, 2017

To Whom It May Concern:

Zelenkofske Axelrod, LLC (ZA) has been the auditor of record for the County of York since 2001. The scope of their services has been to audit our basic financial statements, our Comprehensive Annual Financial Report (CAFR), our Single Audit—Schedule of Federal Financial Expenditures, our 911 Tri-annual audits, the Magisterial District Justice (MDJ) audits, and the fifth year audit of our Cost Allocation Plan.

Having been the York County Controller since 2006, I have dealt with many of the principals at ZA, including Pat Kirk, Corey Johnson, Cory Troutman, and Mike Samson, all of whom have provided first-rate service in a prompt and professional manner. They have continually made themselves accessible during the annual audit and are responsive to our concerns.

ZA has endeavored to staff our audit with experienced people who are able to efficiently conduct the audit with a minimum of disruption to our operation.

ZA has fostered productive relationships with our internal auditors and component unit auditors, which aids the county in the timely production of its CAFR, Single Audit, and MDJ audits.

We routinely draw upon ZA's broad exposure to the county government environment in Pennsylvania as we strive to make our organization more efficient and effective.

I recommend Zelenkofske Axelrod, LLC without reservation to any local government entity seeking professional audit services.

Sincerely,

Robb Green
Controller



Pennsylvania Turnpike Commission
PO Box 67676
Harrisburg PA 17106-7676
717.939.9551

February 24, 2016

To Whom It May Concern,

Zelenkofske Axelrod has been performing the annual independent audit of the Commission's financial statements and OPEB Trust Fund since 2010. Zelenkofske Axelrod also assists the Commission in the preparation and submission of the CAFR and provides guidance regarding new accounting pronouncements upon request.

During their tenure as the Commission's Independent Financial Auditor, we have found Zelenkofske Axelrod to be responsive in the scheduling and delivery of their required work products as well as communicating any issues or other information promptly and professionally to Commission management. Zelenkofske Axelrod also communicates their final audit reports annually to the Commission's Audit Committee.

Based upon our experience, I recommend, without any reservation, the Certified Public Accounting and Audit Firm Zelenkofske Axelrod LLC.

Sincerely Yours,

Randall L. Mellinger
Manager of Internal Audit



PROPOSER'S APPROACH TO THE AUDIT

Our audit of The SBA will be performed in accordance with U.S. generally accepted auditing standards and procedures applicable to governmental entities as prescribed in the following:

Government Auditing Standards;

Financial Accounting Standards Board Pronouncements (FASB's)

The Uniform Guidance Act, 2 CFR Part 200 (Super Circular)

AICPA Audit and Accounting Guide – *Audits of State and Local Governmental Units*;

AICPA Auditing and Accounting Guide – *Non-Profit Organizations*

OMB Circular No. A-87, *Cost Principles for State and Local Governments*;

Other audit guides as appropriate.

The purpose of the audit is to express an opinion on the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles. Accordingly, we will selectively test the accounting records and will perform other auditing procedures to the extent we deem appropriate. An audit based on selective testing is subject to the inherent risk that material errors or irregularities, if they exist, may not be detected. If conditions are discovered which lead us to believe that material errors, defalcations, or other irregularities may exist, or if other circumstances are encountered that require extended services, we will promptly advise management. Additionally, we will communicate to management any reportable conditions, as defined by the AICPA, found during the audit. If circumstances arise which require significant additional time, we will discuss it with you and arrive at a new fee estimate through an amendment to the agreement before we incur the additional costs.

We believe it is important to note that while audits conducted by different accounting firms might appear to be similar, it is only because one focuses on the end product – the audit report. In fact, significant differences are apparent if one focuses on the conduct of an approach to the audit. We believe our audits of governmental organizations are distinguishable from those of our competitors because we focus on three basic elements in our planning process that results in an intelligent, yet unique, approach to each audit.

First, we provide personnel experienced in governmental organizations and nonprofits. We are able to do this because as a firm, ZA considers governmental and nonprofit organizations an important specialized industry – important because of its impact on the economic process; specialized because of its unique concerns and needs. Hence, we actively seek governmental and nonprofit clients and train our professionals in the unique aspects of such audits. Second, we build on the experience of our personnel by providing the time for them to understand the governmental and nonprofit organizations, their goals, objectives and concerns, and how the organizations interact with other governments and nonprofits, their taxpayers and clients, and the community in general. Our approach is to have recurring staff on each engagement to the extent possible, as to aid in efficiency for both client personnel and the audit team. Last, we translate this knowledge and understanding into tailored programs so that the audit is conducted intelligently and with a concern for matters of local importance.

ZA segregates the audit process into four major phases. This allows us to maximize the collective experience of our trained professionals while we coordinate the delivery of services and reporting requirements. The four major phases are planning, systems evaluation, testing, and reporting.

Our audit approach has been developed from our many years of experience in providing audit services to the governmental and nonprofit sectors. Because our basic approach stresses efficiency and timeliness, we place heavy emphasis on early planning, communication and coordination of our work with your personnel.

ZA's audit approach to the engagement also stresses early resolution of audit, accounting, and financial reporting problems and questions. Much of our preliminary audit work will deal with seeking out and resolving potential problems. In this manner, ZA can render more effective client service and meet the objective of timely financial reporting.

ZA's approach to performing governmental, educational and nonprofit audits, including our audit plan is described in the following pages.

OUR AUDIT PLAN

The general audit work plan is divided into four phases, all of which are interrelated.

Phase I: Planning

The planning phase will lay the foundation for the direction of the SBA's audits. It will encompass the following steps:

Expand our understanding of the operating environment – ZA will begin the audit by expanding its understanding of the SBA's operating environment through a detailed review of applicable background information pertinent to the SBA and through meetings with the SBA's management to discuss the audit approach.

A sample of such background information includes:

- organization structure;
- operating and capital budgets;
- a description of financial and other information systems;
- recent financial statements;
- operating statistics and trends;
- grant documents;
- applicable statutes and regulations;
- contracts and major commitments;
- debt agreements; and
- minutes of the meetings of the Board and committees.

Develop an in-depth understanding of areas of concern – We will identify areas that might significantly affect timing and completion of the audit or that might be of special concern to management. We will review such areas in-depth to obtain an early understanding and resolution of any problems that may impede our progress and to develop our audit approach so that the SBA's personnel will have sufficient time to develop the data necessary for completion of the audit with minimum disruption.

Review of data processing operations – The reliability of financial information depends, to a great extent, on the effectiveness of its data processing system. Our engagement team members have the in-depth experience to evaluate the SBA's EDP facility. The prime focus on our immediate audit-related EDP review will be to gain an understanding of how the SBA accumulates and enters information and how the processed information is used.

Consequently, our planning process will include a specific review of data collection, entry and output evaluation procedures to:

- determine the organization and operational controls over the data being processed;
- evaluate the degree of “control consciousness” among personnel;
- determine the potential effect of general control strengths and weaknesses; and
- consider the possibility of management override of controls.

Our principle sources of the information for this review will be interviews with responsible accounting personnel, as well as operating personnel, reviews of pension documentation and direct observations made by our personnel.

At the conclusion of the Planning Phase, we will have developed our preliminary audit program which will be refined as work progresses.

A. Critical Audit Areas

In the Planning Stage we will identify critical audit areas that we would address in the audit of the SBA. Our approach takes into account the common control objectives by audit area and transaction class. Our consideration of the controls are in the context of achieving the control objectives relevant to the preparation of financial statements that are free of material misstatements. The control objectives state the purpose of the controls in relation to the risk and what could go wrong in the financial statements. Audit areas and transaction classes that we would include are the following:

• Audit Area	• Transaction Class
• Cash	• Process Cash Receipts • Processing Disbursements
• Investments	• Managing Investments • Assessing Assets for Impairment
• Revenue and Receivables – Governmental Funds	• Processing and Managing billings for Property Taxes, Special Assessments, and Other Revenues • Processing Cash Receipts • Processing Billing Adjustments • Estimating the Allowance for Uncollectible Accounts and Bad Debt Expense • Recording Deferred Revenue • Maintaining Master Files
• Revenue and Receivables – Proprietary Fund Types	• Processing and Managing Billings for Service and Other Revenues • Processing Cash Receipts • Processing Billing Adjusting • Estimating the Allowance for Uncollectible Accounts and Bad Debt • Recording Deferred Revenue • Maintaining the Customer Master File
• Expenditures for Good and Services and Accounts Payable and Other Liabilities	• Recording Purchases • Processing Accounts Payable and Accruals • Processing Disbursements • Maintaining the Supplier Master File
• Payroll and Related Liabilities	• Processing Payroll • Maintaining the Employee Database Master File
• Inventories	• Recording Purchases • Receiving and Storing Inventory • Costing Inventory • Managing Inventory • Estimating Excess and Obsolete Inventories
• Capital Assets and Expenditures	• Acquiring and Safeguarding Capital Assets • Depreciating/Amortizing Capital Assets • Disposing of Capital Assets • Maintaining the Capital Assets Sub-ledger • Assessing Assets for Impairment
• Debt and Debt Service Expenditures	• Managing Borrowings
• Equity and Financial Statement Reconciliations	• Recording Equity Transactions • Preparing Financial Statement Reconciliations
• Self-insurance	• Recording Claims Payable • Processing Claims Payable • Estimating the Reserve for Claims Incurred but Not Reported
• Grants and Similar Programs	• Recording Grants and Similar Programs • Processing Program Reports • Processing Program Expenditures • Reporting Grants and Similar Programs
• Financial Close and Reporting	• Defining the Financial Closing and Reporting Process • Performing the Accounting Period Close • Capturing and Processing Other Non-routine Information Requiring Significant Estimates and Judgments from Management. • Preparing and Reviewing Financial Statement Disclosures • Reviewing and Approving the Financial Statements

b. Internal Control Structure and Risk Assessment

The following approach will be used to gain and document an understanding of the SBA's internal control and assess risk:

Structure and Governance

1. Risk factors related to the entities structure and governance:

- Complexity of the organizational structure, including component units.
- Number, location, and purpose of component units.
- Activities that are economically unstable.
- Significance of related party relationships and transactions.
- Critical alliances, joint ventures, or outsourcing activities.
- Recent legal or legal functional reorganizations.
- The effectiveness of governing board or audit committee oversight.
- Issues related to key client management.
- Recent changes in management.

Industry, Regulatory, and Other External Factors

2. Risk Factors related to the governmental units industry, regulatory, and external environment, including the economic, political, and social environment:

Governmental Industry

- Unfunded mandates imposed by other governments.
- Sensitivity of taxpayers to tax increases and bond referendums.
- Complex new accounting pronouncements have to be implemented.
- Technology trends that could impact governments.

Regulatory Environment

- Complexity of Federal or state government regulation.
- The entity's compliance with regulatory requirements, including OSHA.
- Pending IRS or state examinations, including proper employee classifications, tax-exempt bond requirements, etc.
- Unfavorable or declining relationships with regulators.
- Significant contracts and grants.
- Proposed legislation that might negatively impact the governmental unit.
- Pending audits by granting agencies.
- The results of previous Yellow Book or Uniform Guidance audits.
- Environmental requirements or other environmental factors affecting the entity or industry, including:
 - Frequency of environmental issues for governments.

- Whether the governmental unit has been cited for violation of environmental laws or regulations.
- Whether the governmental unit has been designated by the EPA as a potentially responsible party.
- The susceptibility of the governmental unit to catastrophic loss.

Political, Economic or Social Environment

- Sensitivity of governmental unit to general economic conditions.
- Vulnerability to political or social conditions.
- Whether the governmental unit relies on appropriations from other governments.
- Whether the entity is a party to frequent litigation.
- Lobbying activities.

Nature of the Entity

3. Risk factors related to the nature of the entity:

Revenue Sources

- Changes in the governmental units operations.
- Revenue trends, including:
 - Whether revenues are dependent on a few large taxpayers, customers, or grantor agencies.
 - Whether the governmental unit has been unable to develop a balanced budget for the next year due to revenue shortfalls.
 - Whether revenues are increasing or decreasing.
 - Whether the entity has noted a significant slowdown in cash collections or other funding.
 - Significant changes in the entity’s bad debt experience.
- Factors related to grants such as:
 - Whether the governmental unit has difficulty meeting grantor restrictions.
 - Whether the governmental units grants require it to expand funds and then request reimbursement.
- Whether the entity engages in e-commerce.

Primary Activities, Programs, Services

- Factors related to the governmental units activities, programs, and services including:
 - Whether there have been significant changes in how the governmental unit operates.
 - The level of capacity at which the governmental unit is currently operating and whether the governmental unit is capable of providing the necessary level of service, including anticipating growth.
 - Whether the governmental unit has experienced significant labor or material shortages.

- General condition of the governmental units facilities.
- Whether the governmental units activities, programs, or services are subject to rapid technology changes.
- Evidence of problems with the quality of the governmental units activities, programs or services.
- Whether there are limitations placed by grantors on the use of the governmental units resources.
- Whether the governmental unit has an inactive or contentious governing body.
- Factors related to the governmental units key suppliers of goods and services including:
 - The principle materials and services purchased for the activities and programs.
 - Whether the governmental unit is dependant on one or a few suppliers.
 - The methods of delivery, long term contracts, and payment terms of the key suppliers.
 - Whether the governmental unit engages in e-business to purchase its materials and suppliers.
 - The stability of supply.

Budgetary Process

- The effectiveness of governing board oversight of the budgetary process.
- The level at which budget amendments and transfers are approved and by whom they are approved.
- Whether certain expenditures or interfund transfers are budgeted.
- Whether the original, unamended budget is not available.
- Whether any budget items have been overexpended.

Major Assets and Liabilities

- Significant assets or liability amounts subject to estimation process.
- Significant assets likely to be impaired.
- Significant self-constructed assets.
- Significant receivables subject to outside influences.
- Potential liabilities from litigation or significant contingent liabilities.

Expenditures/Expenses

- Whether the governmental unit has been unable to develop a budget for the next year due to excessive expenditures.
- Significant expenditures that, are largely discretionary, such as capital projects.
- The principle materials and services purchased for the governmental unit's activities, programs and services.
- Whether the governmental unit is dependent on one or a few suppliers.
- Whether costs are primarily fixed or variable.
- Employment considerations, including:
 - Whether the governmental unit has recently lost one or more key employees.

- Whether the governmental unit has difficulty attracting and retaining skilled employees.
- Accounting and disclosure for pensions, postemployment benefits, and other employee benefits.
- Whether there have been significant changes in governmental unit's workforce during the year.
- The nature of the governmental units relationship with it's labor force.
- Whether there are indications of significant employee dissatisfaction.
- Whether the governmental unit has any union employees, and if so the status of the current collective bargaining agreement.

Investments

- Investments and dispositions of securities and loans.
- Whether the government manages its own investments or has outside professionals.
- Whether high-risk or exotic investments are used to maintain or increase investment.
- Whether investment values could be negatively impacted by the market.
- The governmental units use of derivatives, securities lending transactions, or repurchase or reverse repurchase agreements.
- Restrictions imposed by governmental units investment policy.

Financing

- Whether available financing is adequate to meet cash needs.
- Whether the entity can obtain financing at competitive rates.
- The level of confidence of creditors, grantors, and lenders in the governmental units financial stability.
- The quality of the relationship with creditors, grantors and lenders.
- Significant leasing activity.
- The existence of lending agreements with restrictive covenants.
- Any potential violations of provisions of debt agreements.
- The existence of guarantees, off-balance-sheet arrangements, or complex financing.
- Whether the entity is exposed to changes in interest rates, foreign exchanges rates, commodity prices, etc., that might be hedged using derivatives.
- Whether the entity is able to obtain favorable terms with vendors, creditors, and lenders.

Financial Reporting

- Changes in significant accounting polices, including the reasons for the change.
- Whether the entities accounting policies are consistent with GAAP.
- The entity's revenue recognition policies.
- Significant, unusual, or complex revenue transactions at or near year end.

- Consistency with accounting principles and practices unique to governments.
- Accounting policies where there is no clear authoritative guidance or when the entity has a choice among acceptable alternatives.
- New accounting pronouncements that may affect the current financial reporting.
- Methods used to account for unusual or complex transactions.
- Extent and nature of accounting estimates.
- Lack of personnel with appropriate accounting and financial reporting skill.
- Financial statement presentation and disclosure issues.
- Whether the entities accounting policies are appropriate for its activities and underlying transactions and events.
- The nature and cause of material misstatements noted in prior audits.

Use of the Entity's Financial Statements

- Whether the government unit intends to distribute its statements to the general public or post them on the internet.
- Whether the governmental unit needs audited financial statements to meet local or state government, lender, or grantor reporting requirements.
- Whether the financial statements are part of a Yellow Book or Uniform Guidance single audit.
- Whether the governmental unit intends to obtain significant new debt financing.
- Whether the use of the financial statement creates an incentive for fraudulent misstatement.

Information Technology, Including General Controls

- The number and types of computing environments used by the governmental unit and risks associated with those platforms, including integration risks.
- Whether key software applications are developed and maintained internally or by external vendors.
- Lack of personnel with appropriate information technology skills.
- Whether there have been any significant changes to the governmental units IT equipment, software, procedures, or personnel, including installation of new systems.
- Whether the governmental unit has procedures in place to address known weaknesses in packaged application programs.
- Failure to restrict access to critical systems, data, programs, and networks.
- Whether significant system upgrades are tested before they are put into production.
- Failure to back up critical data programs.
- Failure to restrict physical access to critical hardware, such as telephone lines, servers, and power supply equipment.
- Whether controls exist over the development, modification, and testing of spreadsheets.

- Whether contingency plans have been developed for alternative processing in the event of loss or interruption of IT function.
- Failure to make necessary changes or upgrades to systems or programs.
- Conditions that might adversely affect the governmental units ability to accurately process and maintain all of its data and systems.
- Conditions that might adversely affect the governmental units ability to protect its data and systems from unauthorized access, corruption, or loss.
- Reliance on systems or programs that are processing inaccurate data, processing data incorrectly, or both.

Objectives and Strategies and Related Risks

4. Risk Factors related to the entities ability to achieve its objectives or execute its strategies:

- The types of risk management considered to be most important to activities, programs and services and what controls the client has in place to address those risks.
- Local Government developments that may affect the entity's ability to achieve its objectives.
- Potential expansion or contraction of activities; annexation or de-annexation plans.
- Adequacy of personnel or expertise.
- Prospective financing requirements.
- Increased legal exposure or regulatory requirements.
- Ability to accurately estimate future demand for the governmental units activities, programs, or services.
- New accounting requirements.
- Rapid changes in technology.
- Compatibility of systems and processes.
- Inconsistency between the governmental units IT strategy and its operating strategies
- Explicitly stated strategic objectives that are only moderately achieved.
- Operating risks that may exist if inappropriate objectives or strategies have been elected.

Measurement and Review of the Entities Financial Performance

5. Risk Factors related to the entities measurement and review of its financial performance:

- External information that indicate aspects of the governmental units performance important to external parties.
- Aspects of the governmental units performance that management considers important.
- The quality and source of information on which financial performance measures are based, especially if the auditor intends to use the measures for other audit purposes, such as analytical procedures.

- Whether the governmental units internal measures have highlighted unexpected results or trends.
- Whether measures considered important by management and others create pressures that may motivate management to take actions that increase the risk of material misstatement.
- The possibility that the governmental units performance measurement may lead to incorrect conclusions or inappropriate actions because information used by the government unit is incomplete or inaccurate.

Other Risk Considerations

6. Risk factors related to the entities inability to continue as a going concern:

- Declining tax base, major taxpayers in a declining industry, adverse changes in tax raters or structure, reassessments, recessionary economy, etc.
- Increasing reliance on external funding and loss of autonomy over expenditures, increasing portion of revenues committed to meeting matching fund requirements, increasing proportion of expenditures on mandated programs, disallowance of grant expenditures, or imminent intervention by state agencies.
- Decrease productivity
- Nonpayment of, or an apparent difficulty in meeting obligations such as debt principal or interest, salaries, pension or other postemployment benefit liabilities, or amounts due other governments, e.g., social security or other withholding taxes.
- Adverse financial threads such as a pattern of budget overruns, increasing deficits in net assets and fund balances, increasing amounts of short-term borrowings to reduce cash shortages, borrowing from restricted funds, increasing amounts of uncollected taxes, etc.
- Difficulty in developing a balanced budget for the next year due to anticipated revenue shortages or increased expenditures.
- Loss of grants or unwillingness of other governments to continue funding programs at existing levels.

c. Analytical Procedure

As a part of the audit process we will use analytical procedures for the following purposes:

- To plan the nature, timing and extent of the auditing procedure.
- As a substantive test to obtain audit evidence about particular assertions related to account balances or class of transactions.
- An overall review of the financial information in the final review stage of the audit.

Analytical procedures will involve comparisons of recorded amounts to expectations that are developed based on our understanding of the SBA operations and the government industry. Sources of information that will be used to develop the expectations include:

- Comparison of financial information to previous years.

- Comparison of results to budget.
- Relationship to the government industry.

d. Compliance with Laws and Regulations

Our audit will be designed to provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statements amounts. We will identify laws and regulations that may have a direct and material effect on the determination of financial statement amounts and then assess the risk of noncompliance with these laws and regulations that may cause the financial statements to contain a material misstatement. We will consider the following pertaining to material noncompliance.

- Assess whether management has identified compliance requirements that have a direct and material effect on the determination of amounts in the financial statements.
- Obtain an understanding of the possible effects of these compliance requirements on the determination of the financial statement amounts.
- Assess the risk that material misstatement of the financial statements occurred because of instances of noncompliance.
- Design and conduct the audit to provide reasonable assurance of detecting material noncompliance.

Phase II: Systems Evaluation

The systems evaluation phase of the audit will include four broad steps:

Obtain an understanding of each transaction cycle and audit area – Our approach to internal control enables us to obtain an understanding of the various transaction cycles and how they relate. Using Internal Control checklists and internal procedural documentation, we will identify the critical points in the flow of financial information.

Identify internal control strengths and weaknesses – We will identify the strengths and weaknesses in the transaction cycles and audit areas that have a bearing on the audit objectives. This identification of internal control strengths and weaknesses will enable the Client Service Team to determine the emphasis to be placed on audit testing. It will also serve as a basis for the development of conclusions and recommendations regarding weaknesses in the systems of internal accounting control and opportunities for improving efficiency and effectiveness.

Develop tailored audit programs – Our client service team will further develop tailored audit programs based on the identification of internal control strengths. Our audit programs will include compliance tests for determining if the controls are properly functioning. We will also review related statutes and regulations to determine the Board's compliance with these requirements. Substantive tests for account balances will be modified, if necessary, once the results of the compliance tests are evaluated.

Develop a detailed audit plan – As part of our Systems Evaluation phase, we will refine our detailed audit plan. The detailed audit plan, as well as the timetables for completing the plan, will be discussed with management of the SBA to enable them to:

- understand the nature of tests and our work;
- ascertain the materials and data they will have to provide; and
- monitor our progress throughout the audit.

Phase III: Testing

The third phase of our audit will be testing or traditional fieldwork phase:

Internal Control Compliance Testing – The purpose of these compliance tests will be to determine whether the expected strengths within systems are functioning as described. Generally, transactions to be tested will be selected by statistically derived sampling methods, using proven sampling guidelines.

In other words, we will use statistics-based sampling techniques to select objectively the required number of transactions that will permit forming reliable conclusions and to determine the characteristics of the data being examined.

Substantive Testing – The purpose of the substantive tests will be to provide reasonable assurance of the validity of the information produced by the accounting system. We will use ZA's statistically derived substantive sampling guidelines to select specific sample items for our test work.

We will also utilize analytical review procedures as appropriate to gain additional assurance as to the validity of reported balances such as: comparison of actual to budgeted revenues and expenses; revenue per student, personnel cost per full-time equivalent, year to year fluctuation, etc.

Phase IV: Reporting

The last phase of our audit process will be the reporting phase. Throughout the final phase, the engagement partner and manager will monitor and review the work in the critical audit areas. This monitoring will be conducted in the field.

We will work closely with the SBA's personnel in the preparation of the Financial Statements and will review "draft" financial statements with them prior to issuance. Before an audit partner signs the accountants' reports, a second partner will review the draft reports and other documents to evaluate the professional excellence of the audit. This partner will then give concurrence as to the propriety of the accountants' reports. Every effort will be made for early delivery of the reports to help ensure prompt and satisfactory professional service. Furthermore, any findings or questioned costs disclosed by our audit work will be discussed with the SBA's designated official prior to any discussion of such findings with other interested parties.

Management Letters – Because the issuance of management letters is equally as important as the expression of our opinion on the financial statements, we devote considerable attention to developing the comments in these letters to management. As auditors for the SBA, we will be interested in the SBA's overall success as an efficient, properly controlled and cost-effective entity. Therefore, The SBA can expect us to contribute constructive management letter suggestions regarding internal accounting controls.

In preparing management letters, the following matters will be considered:

A management letter does not just appear at the end of the audit; its preparation is a continuing process throughout the audit. We emphasize the importance of the management letter with the entire engagement team. This continual emphasis encourages the engagement team to plan constructive management letter comments.

Our partners and managers devote significant time to our management letters to help ensure that events are properly interpreted and that suggestions are practical and cost-effective.

All suggestions are reviewed in draft form, first with the person who would be immediately responsible for implementing the suggestion, then with the department head, and finally with the top financial official of the entity being audited.

SINGLE AUDIT APPROACH

Our approach to the single audit involves three stages, namely planning, field work and reporting. We consider our efforts in this area to be extremely important as the most effective and efficient means of dealing with federal and state requirements. **Our approach is up to date and addresses the Single Audit Act in accordance with The Uniform Guidance Act, 2 CFR Part 200 (Super Circular).**

Planning

The overall single audit objective of our test work will be to complete the single audit in accordance with U.S. generally accepted auditing standards, the standards for Government audits in the U.S. General Accounting Office's Government Auditing Standards (1994 revision), The Uniform Guidance Act, 2 CFR Part 200 (Super Circular) and other guidance as outlined previously.

The elements of our single audit planning will include our performing the following steps:

Identify the material federal and state programs administered by the SBA and the amounts expended during the audit period. We will utilize the SBA's prepared schedule that lists each grant project administered during the audit period to identify those programs which are material. The grants should be categorized by grantor agency, and grant project numbers should be listed. The opening balances, revenues or receipts, expenditures, and ending balances should be listed for each grant.

Identify and list the major compliance requirements. The major compliance requirements to be tested will be identified for all grant programs treated as major programs required by the risk based audit approach as established by the Uniform Guidance Act and the Single Audit Act Amendments of 1996.

The significant compliance requirements for the major programs will be extracted from "Major Compliance Features of Programs Administered by State and Local Governments", and the "Compliance Supplement for Single Audits of State and Local Governments".

Systems Evaluations

Review the administrative control systems established to help ensure compliance. The SBA has established systems to ensure adherence to the compliance requirements. We will review, evaluate and test the systems to determine if they can be relied on to ensure adherence with the compliance requirements. If so, the tests or compliance based on individual transactions may be limited.

Testing

Execute the sampling plan (i.e., select the sample to be tested). We will select the sample of expenditures using Monetary Unit Sampling where possible. This form of statistical sampling will minimize our audit sample.

Perform audit procedures for selected transactions. Transactions will be tested for financial audit objectives and for compliance with the major compliance requirements applicable to that program.

All selected transactions charged to grant programs will be tested to determine whether the charges:

- are necessary and reasonable for the proper administration of the program;

- conform to any limitations or exclusions in the award;

- were given consistent accounting treatment and applied uniformly to both grant-assisted and other activities of the recipient;

- were net of applicable credits;

- did not include costs properly chargeable to other grant-assisted programs;

- were properly recorded (i.e., correct amount and date) and supported by source documentation; and

- were incurred in accordance with competitive purchasing procedures, if appropriate.

Test compliance with other material compliance requirements. Some of the material requirements are not transaction-oriented, i.e., they cannot be tested simply by extending the audit procedures for the transactions selected in the sample. Such requirements are called one-time compliance requirements and must be tested separately by performing audit procedures specifically designed for the requirements.

Test matching requirements. Matching will be examined by reviewing its recording of the match for material grants and comparing the recording to the matching requirements, if any. Particular attention will be paid to:

the type of the match, i.e., cash versus in-kind, and whether it is the type defined by the grant agreement;

the amount of the match and whether it is equal to the amount required by the grant agreement; and

the valuation of the match when in-kind services or property are involved.

Costs included in a matching share are subject to the same cost principles as the direct charges.

Review reports and claims for advances and reimbursements to other levels of governments. The grantors are concerned with the accuracy and reliability of the reports they receive from grantees. As auditors, we cannot ensure accuracy and reliability. However, we can and will review a sample of reports for the material programs and determine the source and propriety of the data in the reports.

Reporting

The single audit requires the following Independent Auditor reports:

- Report on the Supplementary Schedule of Expenditures of Federal Awards;
- Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and
- Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance.

The Single Audit package (for each applicable entity) will also include the following:

- Schedule of Expenditures of Federal Awards;
- Notes to Schedule of Expenditures of Federal Awards;
- Schedule of Findings and Questioned Costs;
- Summary Schedule of Prior Audit Findings; and
- Management Letter

System Review Report

October 11, 2013

To the Members

Zelenkofske Axelrod LLC

and the Peer Review Committee of the Pennsylvania Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of **Zelenkofske Axelrod LLC** (the firm) in effect for the year ended June 30, 2013. 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.

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

In our opinion, the system of quality control for the accounting and auditing practice of **Zelenkofske Axelrod LLC** in effect for the year ended June 30, 2013, 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*. **Zelenkofske Axelrod LLC** has received a peer review rating of *pass*.

Davis Kinard & Co, PC
Certified Public Accountants

COMPENSATION

Our proposed all inclusive maximum fee to provide the services requested by the RFP is listed below.

	Fiscal Year Ending 06-30-2017	Fiscal Year Ending 06-30-2018	Fiscal Year Ending 06-30-2019	Fiscal Year Ending 06-30-2020
Fixed Annual Fee for SBA Financial Statement Audit	\$18,000	\$18,360	\$18,730	\$19,105
Single Audit	\$3,500	\$3,570	\$3,640	\$3,715

Our fees for the requested services are based on the specifications in the RFP and our experience in providing services to governmental entities as well as our extensive knowledge and understanding of the industry. Our invoices for these fees will be rendered as work progresses and will be billed monthly to the SBA. Our cost submittal is based on anticipated cooperation from SBA personnel and access to the necessary personnel, documents and records to complete the requested services. If unexpected circumstances or delays are encountered, we will discuss them with you and determine whether additional time or costs may be necessary to complete the engagement. The above fee includes being available to the SBA to answer questions that do not require extensive research.

If additional time is necessary (e.g. due to changes in professional standards, changes in laws or regulations, establishment of new funds, new bond issues, client assistance time, changes in accounting principles or estimates, restatement of prior year financial statements, etc.) we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Should it become necessary for the SBA to request us to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the SBA and our firm at our standard hourly rates discounted for the type of engagement.

**EXHIBIT A : PRICING PAGE
AUDIT SERVICES
FLAT FEE PRICING**

Description		Extended Cost
Total all-inclusive maximum price for audit services as described in this solicitation.	2017	18,000
Total all-inclusive maximum price for audit services as described in this solicitation.	2018	18,360
Total all-inclusive maximum price for audit services as described in this solicitation.	2019	18,730
Total all-inclusive maximum price for audit services as described in this solicitation.	2020	19,105
	TOTAL BID AMOUNT	\$ 74,195

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

 (Name, Title)
 Cory Johnson, Partner

 (Printed Name and Title)
 3800 McKnight East Drive, Suite 3805 Pittsburgh, PA 1537

 (Address)
 (412) 367-5300 (412) 367-7103


 (Phone Number) / (Fax Number)
 Cjohnson@zelle.org

 (email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Zelenkofske Axelrod LLC

 (Company)



 (Authorized Signature) (Representative Name, Title)

Cory Johnson, Partner

 (Printed Name and Title of Authorized Representative)

5/19/17

 (Date)

(412) 367-7102 x 5300 (412) 367-7103

 (Phone Number) (Fax Number)

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Zelenkofske Axelrod LLC

Authorized Signature: [Signature] Date: 5/19/17

State of Pennsylvania

County of Allegheny, to-wit:

Taken, subscribed, and sworn to before me this 19 day of MAY, 2017

My Commission expires 06-07, 2019

AFFIX SEAL HERE

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Kathleen Lewis, Notary Public
Ross Twp., Allegheny County
My Commission Expires June 7, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

NOTARY PUBLIC

[Signature]
Purchasing Affidavit (Revised 08/01/2015)

WV-10
Approved / Revised
12/16/15

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
 Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification;
 Bidder is a resident vendor partnership, association, or corporation with at least eighty percent of ownership interest of bidder held by another entity that meets the applicable four year residency requirement; **or**,
 Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or**,
2. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,
3. **Application is made for 2.5% vendor preference for the reason checked:**
 Bidder is a nonresident vendor that employs a minimum of one hundred state residents, or a nonresident vendor which has an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia and employs a minimum of one hundred state residents, and for purposes of producing or distributing the commodities or completing the project which is the subject of the bidder's bid and continuously over the entire term of the project, on average at least seventy-five percent of the bidder's employees or the bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years and the vendor's bid; **or**,
4. **Application is made for 5% vendor preference for the reason checked:**
 Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or**,
5. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
 Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or**,
6. **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
 Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.
7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
 Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) rescind the contract or purchase order; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Zelenko & Ke Axelrod LLC

Signed: 

Date: 5/19/17

Title: Partner

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.