

RESOLUTION 2022-09

**APPOINTING SHELDON CHAVAN, CPA, AS DISTRICT TREASURER, AND
APPROVING A CONTRACT WITH CHAVAN AND ASSOCIATES, LLP
FOR DISTRICT TREASURER AND ACCOUNTING SERVICES**

* * *

MID-PENINSULA WATER DISTRICT

WHEREAS, the Mid-Peninsula Water District ("District") desires to obtain professional certified public accounting services and District Treasurer services, and issued a Request for Proposals (RFP) dated October 28, 2021; and

WHEREAS, the District received three (3) submittals from Certified Public Accounting firms; and

WHEREAS, Sheldon Chavan, CPA and Managing Partner of Chavan and Associates, LLP submitted a response dated December 17, 2021, to the District's RFP and desires to furnish such services per its Proposal dated April 12, 2022, which is attached as Exhibit A; and

WHEREAS, the Board of Directors desires to enter into a contract with Chavan and Associates, LLP, to provide professional accounting services, and for the appointment of Managing Partner Sheldon Chavan, CPA as District Treasurer, to provide professional accounting oversight of the District's financial reporting, effective May 1, 2022; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Mid-Peninsula Water District hereby appoints Sheldon Chavan, CPA, as District Treasurer, serving at the will of the Board Directors, effective May 1, 2022.

BE IT FURTHER RESOLVED that the Board of Directors of the Mid-Peninsula Water District approves a Contract for Professional Services with Chavan and Associates, LLP for District Treasurer and accounting services, effective May 1, 2022.

REGULARLY PASSED AND ADOPTED this 28th day of April 2022 by the following vote:

AYES: Zucca, Vella, Schmidt, Jordan, Wheeler

NOES: None

ABSTENTIONS: None

ABSENCES: None

DocuSigned by:

Kirk Wheeler

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Board President

ATTEST:

DocuSigned by:

Monique Madrid

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Board Secretary



Chavan and Associates, llp
Certified Public Accountants

April 12, 2022

Mid-Peninsula Water District
3 Dairy Lane
Belmont, CA 94002

We are pleased to confirm our understanding of terms and objectives of our engagement with Mid-Peninsula Water District (the "District") as well as the nature and limitations of the services we will provide. We will apply our accounting and financial reporting expertise to provide the District professional accounting services and Treasurer services, at the District's sole discretion. At the District's request, we will perform the following nonattest services either at the District's office or remotely (as needed):

1. High Priority Services
 - a. Catch-up bank reconciliations.
 - b. Update internal control processes over bank reconciliations.
 - c. Operating and capital budget development.
 - d. Identify and create standardized management reports.
 - e. Identify and create standardized board reports.
 - f. Review and update internal controls.
 - g. Review and update chart of accounts.
 - h. Establish reporting procedures and prepare quarterly investment reports.
2. General Routine Services
 - a. Review the general ledger and subledger reports, including Excel workbooks and water billing reports.
 - b. Review closing entries and analyze data to determine if any closing entries are missing.
 - c. Review routine automated and recurring journal entries, including sales journal, general journals for depreciation, insurance, retirement expense, notes payable, miscellaneous bank activities, and investment income/expense, payroll journal, and fund balance adjustments.
 - d. Review and analyze the monthly billing, payroll, accounts payable and cash management activity each month.
 - e. Review bank reconciliations and supporting bank statements.
 - f. Review and BNY 2016 COP bank statements and reports.
 - g. Review and analyze capital expenditures, property, plant and equipment reports, including capitalized assets and related depreciation.
 - h. Review and analyze the District's budget(s) and compare it(them) to the general ledger.
 - i. Identify and investigate any unusual account activities and resolve with staff.
 - j. Our services will include meetings with management and staff, as needed, to go over the services provided by our firm and provide general consultation.
 - k. We will review and provide recommended changes to the annual closing entries each year prior to the audit.
 - l. Work with MPWD's financial auditor regarding accounting inquiries, as needed.



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- m. Review and evaluate accounting personnel duties and recommend changes to ensure proper cross training of accounting staff to allow for future succession planning.
 - n. Evaluate the MPWD's use of the financial management system—currently Springbrook accounting software—to ensure full utilization of the system capabilities to eliminate duplication of effort in the MPWD's use of independent spreadsheets.
3. District Treasurer
- a. Attend all regular and/or special meetings of the Board of Directors and participate as District Treasurer.
 - b. Attend Finance Committee meetings and participate as member (as scheduled).
 - c. Present reports as necessary during Board and Finance Committee meetings.

Note: This list is not intended to be all inclusive and may change as directed by the District.

We will not provide any assurance that there are no material modifications that should be made to the monthly and annual financial statements in order for them to be presented in accordance with accounting principles generally accepted in the United States of America.

This engagement does not contemplate the preparation of financial statements. Any additional accounting services requested will be outlined in a separate engagement letter and billed separately, but at the same hourly rates as noted below. This may include, but is not limited to, accounting write-up work and financial statement preparation or compilation.

Administration and Fees

Our fees will be based upon the amount of time required at our standard billing rates plus out-of-pocket expenses. We expect that Sheldon Chavan will provide most of these services directly. His hourly rate will be \$225 as presented in our proposal and below. We will bill a flat rate of \$675 for the monthly board meetings and \$350 for monthly Finance Committee meetings in the role of District Treasurer. Any services necessary to prepare for these meetings will be billed at our standard hourly rates.

The following is a summary of the estimated contract fees based on the current scope:

Service	Rate	Hours	Acctg.	Hours	Treas.	Totals		Estimated Annual
						Hours	Fees	
Monthly Services	\$ 225	8	\$ 1,800	4.5	\$ 1,025	12.5	\$ 2,825	\$ 33,900
High Priority Services	\$ 225	80	\$ 18,000	0	\$ -	80	\$ 18,000	\$ 18,000
Quarterly Services	\$ 225	0	\$ -	2	\$ 450	2	\$ 450	\$ 1,800
Annual Services	\$ 225	40	\$ 9,000	8	\$ 1,800	48	\$ 10,800	\$ 10,800
Totals		128	\$ 28,800	14.5	\$ 3,275	142.5	\$ 32,075	\$ 64,500

Note: The scope may change based on the District's needs and requests.



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Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit as follows:

Engagement Partner	\$225 per hour
Associate Partner	\$150 per hour
Manager	\$125 per hour
Senior	\$100 per hour
Staff	\$75 per hour
Clerical	\$50 per hour

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If cooperation is not provided as anticipated and at a level that hinders the progress of the services to be provided, we retain the right to terminate the contract for cause with thirty (30) days' notice. During that time, the District will have the opportunity to provide the cooperation required to complete the audit and C&A may rescind the cancellation.

If the services to be performed by C&A are not performed in an acceptable manner to the District, the District may cancel this contract for cause by providing notice to C&A, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, C&A may seek to bring the performance of services to a level that is acceptable to the District, and the District may rescind the cancellation if such action is in the District's best interest. Notwithstanding the above provisions, the District may, upon the expiration of thirty (30) days written notice to C&A, terminate the agreement at will. Payment for services or goods received prior to termination shall be made by the District provided those goods or services were provided in a manner acceptable to the District. Payment for those goods and services shall not be unreasonably withheld.

Sheldon Chavan, CPA, is the engagement partner for the services specified in this letter. His responsibilities include supervising Chavan & Associates LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign documents on-behalf of C&A.

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



Chavan and Associates, LLP
Certified Public Accountants

Both parties agree that any dispute over fees charged by C&A to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the County of Santa Clara, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. In agreeing to arbitration, both parties acknowledge that, in the event of a dispute over fees charged by C&A, each party is giving up the right to have the dispute decided in a court of law before a judge or jury and instead both parties are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

The term of this engagement will be one year from the date of this letter unless cancelled or terminated as not previously.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing this letter and emailing it to us at sheldon@cnaillp.com or following the DocuSign link. If you have any questions, please let us know. We appreciate the opportunity to be of service and look forward to working with you and your staff.

Very truly yours,

Sheldon Chavan, CPA, Managing Partner
Chavan & Associates, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Mid-Peninsula Water District.

Signature:

Title:

Date: