



CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY

Chairman Tim Spohn
Vice Chairman Jeff Parriott
Board Member John P. Ferrero
Board Member Roy Haber, III
Board Member Pat Marcellin

REGULAR MEETING AGENDA JUNE 11, 2015 at 9:00 A.M.*

(Immediately following the conclusion of the City Council Meeting)

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the Authority:

- ▶ **Agenda Items:** *Members of the public may address the Authority on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Authority.*

- ▶ **Public Comments (Non-Agenda Items):** *Anyone wishing to address the Authority on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Authority from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Authority is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed card should be submitted to the City Clerk prior to the Agenda item being called by the City Clerk and prior to the individual being heard by the Authority.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

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1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments
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5. **BOARD MATTERS**

5.1 Consideration of the minutes of the May 14, 2015 regular meeting.

RECOMMENDED ACTION: Approve as submitted, with Board Members Ferrero and Haber abstaining due to their absence from the meeting.

5.2 Consideration of a proposal submitted by Eadie and Payne, LLP to provide auditing services for the Industry Public Facility Authority for the fiscal year 2015-2016.

RECOMMENDED ACTION: Approve the proposal.

6. Adjournment.

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.1

CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY
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CALL TO ORDER

The Regular Meeting of the Public Facilities Authority of the City of Industry, California, was called to order by Chairman Tim Spohn at 10:12 a.m. in the City of Industry Council Chamber, 15651 East Stafford Street, California.

FLAG SALUTE

The flag salute was led by Chairman Tim Spohn.

ROLL CALL

PRESENT: Tim Spohn, Chairman
Jeff Parriott, Board Member
Pat Marcellin, Board Member

ABSENT: Roy Haber, Board Member
John P. Ferrero, Board Member

STAFF PRESENT: Kevin Radecki, Executive Director; Michele Vadon, Legal Counsel; Cecelia Dunlap, Assistant Secretary.

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY BOARD MEMBER MARCELLIN TO GRANT BOARD MEMBER FERRERO AND BOARD MEMBER HABER AN EXCUSED ABSENCE. MOTION CARRIED 3-0, WITH BOARD MEMBER FERRERO AND BOARD MEMBER HABER ABSENT.

PUBLIC COMMENTS

There were no public comments.

CONSIDERATION OF THE MINUTES OF THE FEBRUARY 12, 2015 REGULAR MEETING.

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY CHAIRMAN SPOHN TO APPROVE THE MINUTES AS SUBMITTED. MOTION CARRIED 3-0, WITH BOARD MEMBER FERRERO AND BOARD MEMBER HABER ABSENT.

CONSIDERATION OF RESOLUTION NO. PFA 2015-01 - A RESOLUTION OF THE INDUSTRY PUBLIC FACILITIES AUTHORITY OF THE CITY OF INDUSTRY,

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CALIFORNIA, APPROVING A BUDGET FOR THE FISCAL YEAR 2015-2016

Dean Yamagata from Frazer LLP, the City's contracted Finance Department, presented a staff report to the Authority.

MOTION BY BOARD MEMBER PARRIOTT, AND SECOND BY BOARD MEMBER MARCELLIN TO ADOPT RESOLUTION NO. PFA 2015-01. MOTION CARRIED 3-0, WITH BOARD MEMBER FERRERO AND BOARD MEMBER HABER ABSENT.

CONSIDERATION OF RESOLUTION NO. PFA 2015-02 - A RESOLUTION OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY APPROVING FORMS OF PRELIMINARY OFFICIAL STATEMENTS, CONTINUING DISCLOSURE AGREEMENTS AND BOND PURCHASE AGREEMENTS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE CITY OF INDUSTRY PUBLIC FACILITIES AUTHORITY'S TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 1), TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 2) AND TAX ALLOCATION REVENUE REFUNDING BONDS, SERIES 2015 (TRANSPORTATION-DISTRIBUTION-INDUSTRIAL REDEVELOPMENT PROJECT NO. 3), AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO

Legal Counsel Vadon presented a staff report to the Authority.

Mr. Donald Hunt, Partner with Fulbright & Jaworski, LLP, presented a report to the Authority.

MOTION BY BOARD MEMBER MARCELLIN, AND SECOND BY BOARD MEMBER PARRIOTT TO ADOPT RESOLUTION NO. PFA 2015-02. MOTION CARRIED 3-0, WITH BOARD MEMBER FERRERO AND BOARD MEMBER HABER ABSENT.

ADJOURNMENT

There being no further business, the Industry Public Facilities Authority adjourned.

TIM SPOHN, CHAIRMAN

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CECELIA DUNLAP,
ASSISTANT SECRETARY

INDUSTRY PUBLIC FACILITIES AUTHORITY

ITEM NO. 5.2

MEMORANDUM

**To: Board of Directors
City of Industry Public Facilities Authority**

Through: Audit Committee

From: Dean Yamagata – Contracted Finance Manager

Date: May 29, 2015

Subject: Auditing Firm Selection and Recommendation

In accordance with the financial policies the City of Industry, the finance department has solicited bid proposals from four (4) accounting firms to perform the year end audit of the financial statements of the City of Industry Public Facilities Authority as of June 30, 2015.

Three (3) accounting firms submitted bids and one (1) accounting firm chose not to submit a bid. The following table summarizes each fee proposal and a comparison to the prior year's billings.

							Eadie & Payne, LLP			
							Actual Hours and Actual Fee			
Eadie & Payne, LLP		Lance, Soll & Lunghard, LLP		The Pun Group		6/30/2014		6/30/2013		
Hours	Fee	Hours	Fee	Hours	Fee	Hours	Fee	Hours	Fee	
40	4,110	70	7,975	40	5,000	143.79	20,333	68.96	10,300	

Eadie & Payne, LLP have been the auditors of the City of Industry for the prior seven years and are knowledgeable of the City activities and processes. We believe that it will be more efficient and will take less time of City personnel to retain the firm that has prior knowledge of the City. The Audit Committee has met on May 29, 2015 and has reviewed the engagement letter and has approved the selection of Eadie & Payne, LLP to provide auditing services to the City of Industry Public Facilities Authority.

Recommended Action

Approve the retention of Eadie & Payne, LLP as the auditors for the City of Industry Public Facilities Authority.



expect quality.

**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

April 13, 2015

Board of Directors
City of Industry Public Facilities Authority
15625 East Stafford Street
City of Industry, CA 91744

Dear Members of the Board:

We are pleased to confirm our understanding of the services we are to provide to the City of Industry Public Facilities Authority (IPFA) for the year ended June 30, 2015. We will audit the financial statements of the governmental activities, and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the IPFA as of and for the year ended on June 30, 2015. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany IPFA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has opted to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements will not be affected by this missing information.

We have also been engaged to report on supplementary information other than RSI that accompanies the IPFA's financial statements. We will subject the schedules of long-term debt to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

Redlands Office
Ontario Office

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Audit Objectives

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

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the IPFA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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

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

Audit Procedures—Internal Controls

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of IPFA's compliance with provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representation contained therein. You agree to assume all management responsibilities for any non-audit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles.

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

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date of the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the supplementary information in accordance with GAAP; (b) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, or attestation engagements performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and the timing and format for providing that information.

Audit Administration, Fees, and Other

Eadie and Payne, LLP meets the independence requirements contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Rules 101 and 102 of the American Institute of CPAs Code of Professional Conduct with respect to the audit of IPFA for the year ended June 30, 2015.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers. Work provided by third-party service providers that we use in serving your account will be covered by the firm's professional liability insurance.

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

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

The audit documentation for this engagement is the property of Eadie and Payne, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eadie and Payne, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period required by law or regulation. If we are aware that an awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Based on our discussions, we expect to begin interim fieldwork and building up permanent file at a mutually convenient date in July or August 2015; we expect to carry out the final fieldwork at mutually convenient dates in October 2015, and issue our reports no later than end of November 2015. Eden Casareno is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be at standard hourly rates plus out-of-pocket costs (such as postage, travel, telephone, etc.) and will not exceed \$4,110. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. A late charge of one percent per month will be assessed on all balances remaining unpaid after thirty days. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If other services are determined to be necessary by IPFA personnel, we will perform these services to the extent and cost agreed to mutually. Payments for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 45 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of American Arbitration Association. Such arbitration shall be binding and final.

In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter or comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review accompanies this letter.

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

Very truly yours,

EADIE AND PAYNE, LLP


Eden C. Casareno

Accepted by the City of Industry Public Facilities Authority

Signature: _____

Title: _____

Date: _____

System Review Report

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

We have reviewed the system of quality control for the accounting and auditing practice of Eadie & Payne, LLP (the firm) in effect for the year ended April 30, 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 Eadie & Payne, LLP, in effect for the year ended April 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*. Eadie & Payne, LLP has received a rating of *pass*.

Postlethwaite & Netterville

Donaldsonville, Louisiana
August 7, 2013