



January 02, 2024

TO: Finance Advisory Committee

FROM: Ron Munds, General Manager
Adrienne Geidel, District Accountant
Laura Durban, Administrative Services Manager

SUBJECT: Agenda Item 4 – 01/02/2023 FAC Meeting
Review of Board Item Approval of Two-Year extension of Auditing Services

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Troy C. Gatchell
Matthew D. Fourcroy
Christine M. Womack

General Manager
Ron Munds

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Battalion Chief
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DESCRIPTION

At the May 6, 2021 Board of Directors (Board) meeting, the Directors approved an agreement with for auditing services with Fechter & Company CPAs (Fechter) for the three years beginning with Fiscal Year 2020-21. The agreement provides an option to extend the contract for two years with approval of the Board. Fetcher has completed three years of audit services with the completion of the Fiscal Year 2022-2023 audit. Staff is recommending extending the contract for two more years as summarized in this report.

STAFF RECOMMENDATION:

Staff recommends that the FAC adopt the following motion:

I recommend to the Board, that the Board approve a two-year contract extension with Fechter & Company CPAs for auditing services for an amount not to exceed \$24,000 in year four and year five.

DISCUSSION

At the May 6, 2021 Board of Directors (Board) meeting, the Directors approved a three-year agreement for auditing services from Fechter & Company CPAs, beginning with Fiscal Year 2020-21. With the close of the 2022-23 Fiscal Year, Fetcher has completed three years of auditing services. The contract does allow for a two-year extension with Board approval. Fechter & Company CPA informed the district there would be a 4.3% increase in year four and then a 0% increase for year five of auditing services.

Fechter has proven to be a valuable resource to District staff over the last three years and have helped guide the staff's financial reporting and controls. They have provided objective and impartial audits. Staff's experience with Fechter has enabled the District to remain confident in its financial position during their tenure and oversight of the District's financial reporting and internal controls.

During the last three audit years, FAC, Directors and Staff have commented on the clean audits provided and the ease of understanding the audit reports.

Attachment

Current agreement



Fechter & Company
Certified Public Accountants

3445 American River Drive, Suite A
Sacramento, Ca 95864
(T) 916.333.5360 (F) 916.333-5370

cfechter@gmail.com
www.fechtercpa.com

Company Representative: Craig R. Fechter, CPA MST

Los Osos Community Services District

March 30, 2021

Proposal for Fiscal Auditing Services

For the Fiscal Years Ending June 30,
2021, 2022 and 2023 with an option
to extend for two (2) additional years.

Statement of Confidentiality

This proposal and supporting materials contain confidential and proprietary business information of Fechter & Company. These materials may be printed or photocopied for use in evaluating the proposed project but are not to be shared with other parties.

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SECTION 1: TECHNICAL PROPOSAL

Introduction - Letter of Transmittal



March 30, 2021

Ron Munds
General Manager

Los Osos Community
Services District
2122 9th Street,
Suite 110
Los Osos, CA 93402

(805) 528-9370

rmunds@losososcsd.org

Dear Mr. Munds:

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit services to the Los Osos Community Services District (the District). The Statement of Firm Qualifications and the credentials listed in the resumes of our team will demonstrate our qualifications, competence, and capacity to perform the audit services requested within the time frame required by the District.

We believe we are best qualified to perform this engagement because we maintain a small staff of experienced auditors and accountants. We are able to promise the staff on your engagement will have experience that is directly applicable to your entity.

We commit to completing your audit within the time frame required, which is specified in the Audit Timeline on page 11.

This proposal is an irrevocable offer valid for 120 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to the District. I am located 3445 American River Drive, Suite A, Sacramento, CA 95864, and you can contact me by telephone at (916) 333-5360.

Thank you for considering our proposal. We look forward to a long and successful working relationship with you and your management team.

Very Truly Yours,



Craig R. Fechter, CPA, President

Fechter & Company, Certified Public Accountants
3445 American River Drive, Suite A, Sacramento, CA 95864
(T) 916.333.5360 (F) 916.333.5370 - cfechter@gmail.com

Introduction, Continued

For the Fiscal Year ending in June 30, 2020



NATURE AND SCOPE OF WORK TO BE PERFORMED: ANNUAL AUDIT

TASK 1

Conduct three (3) consecutive yearly audits of the financial statements of LOCSD, starting with fiscal year 2020-21 and ending with fiscal year 2022-23 in accordance with generally accepted auditing standards for the purposes of expressing an opinion on the conformity of the financial statements with generally accepted accounting principles.

The audit shall be conducted following audit standards prescribed by the following bodies of authority, but not necessarily limited to:

Los Osos Community Services District Request for Proposal – Annual Audit

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
2. The standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards (2007)*;
3. Minimum audit requirements and reporting guidelines for Special Districts, pursuant to California Code of Regulations, State Controller, Subchapter 5, 1131.2 "Minimum Audit Requirements and Reporting Guidelines for Special Districts".

TASK 2

Render a report on compliance and internal control over financial reporting based on an audit of the financial statements.

A written report shall be issued immediately to management upon the discovery of illegal acts or major irregularities discovered during the performance of this task.

TASK 3

Issue a management letter for conditions or weaknesses, if any, in the internal control structure that are not reportable under TASK 3 because they are not considered significant deficiencies.

TASK 4

Provide Draft Audited Financial Statements to the District in December. Report preparation, editing and printing shall be the responsibility of the auditor.

TASK 5

Prepare the annual Financial Transactions Report and file with the State Controller.

Introduction, Continued

Firm's General Experience



Fechter & Company, Certified Public Accountants is a professional corporation based in Sacramento, California. Since April 2005 we have built a practice providing audit, tax, and business consulting to government agencies, non-profit organizations, and small business with annual budgets of less than \$25 million.



EXPERIENCED AUDITORS

From our staff of 4 CPA's and 5 seasoned staff, 3-4 will be assigned to perform all audit procedures. From initial planning through fieldwork to financial statement preparation, our depth of experience will be evident.



PERSONAL SERVICE

You receive a high level of personal service with easy access to professionals who can answer your questions and facilitate the audit process.



STEADFAST TURNAROUND

The professional staff is highly focused on assuring that all financial statements are issued as soon as the audit is complete. Our standard issue time is 10 days from the date we receive the final information from our clients.



EFFICIENT PROCESSES

Our staff turnover is very low. As a result, you will have the same staff from year to year, resulting in a more efficient and effective use of your staff.

Introduction, Continued

Firm's General Experience



TECHNOLOGY AND SECURITY

- Microsoft Office: Since most of our clients use Microsoft applications, we likewise use the programs, which enable us to collaborate on projects.
- Engagement Processing: We use Thomson Reuter's Engagement CS paperless auditing software to provide for an efficient audit process. Your staff will not be required to provide mass amounts of copies, only access to the document and we will scan what we need.
- All laptop computers are secured with passwords, changed frequently.
- Our firm subscribes to approximately a dozen industry periodicals and newsletters to help us proactively inform our clients about potential changes in accounting legislation and standards
- We offer an annual Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) update course to our clients at no additional charge.

OTHER AFFIRMATIONS

- We know of no conflicts of interest with the District or any of its personnel.
- We will notify you with any changes that occur with our peer review or license status.

ENGAGEMENT PARTNER AND STAFF FOR THIS ASSIGNMENT

Mr. Craig Fechter will lead the audit while Ms. Sandy Sup and Ms. Joanne Berry will assist with the fieldwork. Complete resumes are attached to this proposal.

We have recognized the District's need for staff consistency. You will deal with the same principal each year on the audit – Mr. Craig Fechter, CPA.

Mr. Craig Fechter, CPA is authorized to answer questions and to bind our firm.

Craig R. Fechter, CPA, President
3445 American River Drive, Suite A
Sacramento, CA 95864
(T) 916.333.5360
(F) 916.333.5370
cfechter@gmail.com

Experience and Support



DEMONSTRATION OF COMPREHENSIVE KNOWLEDGE OF RERQUIRED SERVICES

Our firm is a small, locally based firm in Sacramento, California. We serve clients in the Sacramento Valley, San Francisco Bay area, and Southern California. We primarily distinguish ourselves from other firms by our low turnover rate. We have had remarkably stable staffing since our firm's inception and we expect this stability to continue. You will likely deal with the same staff each year you are under audit. We believe that this continuity in staffing leads to a more efficient audit process.

By combining our expertise, experience and the team mentality of our staff, we assure that every client receives the close analysis and attention they deserve. Our dedication to high standards, hiring and retention of seasoned tax professionals, and work ethic is the reason our client base returns year after year.

Fechter & Company, CPAs is committed to providing exceptional service to Special Districts. We have performed audits, reviews and tax compliance service for a number of government agencies over the years and we are committed to serving the industry on a continuing basis. This work forms the bulk of the firm's overall workload. Each auditor you deal with will have an extensive background in servicing governmental agencies.

Management Plan

We will perform an onsite interim audit, we use electronic paperless audit software, and will facilitate the collection of source documents through an electronic portal.

The District requests that the auditor express an opinion on the District presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America. We propose that the engagement be divided into the following segments:

PHASE I
Initial planning and preparation
Preliminary analysis, report preparation, cash and other confirmation
Information gathering
Evaluating internal controls
PHASE II
Fieldwork
Post-field-work activities (e.g., follow-up on pending items, collection of confirmation letters, etc.)
PHASE III
Report finalization and final analysis
Report delivery and Board of Directors presentation

ESTIMATED STAFF HOURS BY PHASE

	Phase I Hours	Phase II Hours	Phase III Hours	Total Hours
Partners	5	7	8	20
Managers	20	30	20	70
Professional Staff	30	45	35	110
Clerical/Support Staff	6	6	8	20
Total	61	88	71	220

Specific Audit Approach, Continued

Phase 1

INITIAL PLANNING AND PREPARATION

As the first step in our planning and preparation phase, we will meet with the staff of your company to establish a working relationship. We expect this meeting will involve the District's key financial personnel as well as the General Manager.

We will deliver a Prepared-by-Client list (PBC), which details the items we will need to perform the audit. We will resolve any ambiguities or questions we or the District might have about the services we are to perform.

We will gather contact information for the District's bankers, attorneys, prior accountant, and other relevant parties, and make inquiries as required by Government Auditing Standards.

We will examine prior year's financial statements to develop audit plans for each significant balance sheet and income statement account.

PRELIMINARY ANALYSIS

The primary focus of an audit is to develop expectations and compare actual financial results against those expectations. We will compare the current year's results with budgetary expectations to identify any areas of material misstatement.

REPORT PREPARATION

Unlike other firms, we prepare financial statements prior to field work. Doing so allows us to focus on the overall financial position of the organization and limits our testing of clearly insignificant areas.

CASH AND OTHER CONFIRMATIONS

We will confirm cash with the bank, any material year-end accounts or grants receivable, grants or donations received during the year, debt outstanding at the end of the year, and any other financial transaction that we consider material to the financial statements as a whole. The decision to confirm a statement item depends on the materiality of the item, the susceptibility of the item to misstatement, or the likelihood of fraud.

Management Plan, Continued

Phase 1

INFORMATION GATHERING: We will obtain the information requested in the PBC along with any associated report required.

1. Sample Sizes and Statistical Sampling Techniques

Depending on the type of testing being performed, we utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide. Internal control, substantive, and compliance testing samples are generally selected using nonstatistical techniques. During sample selection we consider three questions: (1) purpose of the test—attribute or balance testing, (2) susceptibility of the population or process to fraud or misstatement, and (3) size of transactions—small and numerous, or large and infrequent.

2. Testing revenues and disbursements

In testing revenues and disbursements, we determine that the attribute being tested is applied to the transaction as approved by the District's Management and Board. We will select 20 to 30 items based on the results of a random number generator, and select another 20 to 30 items by scanning the detailed general ledger. The result is an overall sample of 40 to 60 invoices to confirm compliance with board-approved procedures. We determine sample sizes in accordance with the objective of the test, the population to be sampled, and the risk associated with that population. The sample size also depends on the size of the population and whether or not we will be able to properly stratify populations into individually significant and individually insignificant items.

3. Type and extent of analytical procedures

We will use analytical procedures in all areas of the audit. Initially, we will perform analytical procedures to assist us in identifying areas of risk for which substantive procedures will be performed. For certain areas, especially revenues and expenses, we will also utilize analytical procedures as part of our substantive testing. In the final stages of the audit, we will use analytical procedures as part of our final review of the audit.

Management Plan, Continued

Phase 1

INFORMATION GATHERING: We will obtain the information requested in the PBC along with any associated report required.

4. Examining the District's internal control structure

Among the items included in the PBC is a questionnaire regarding internal controls. We will review the completed questionnaires and compare them with procedures the District has established for actions such as purchasing, cash and check collections, inventorying fixed assets, billing, payroll disbursement, and budgeting. We will then audit each area of internal control that will materially affect the audit.

5. Determining pertinent laws and regulations

We will examine items such as grant agreements to determine their effect on the District, and audit them if necessary. We will also examine pertinent ordinances to determine whether the District is complying.

6. Assessing risk

Generally accepted auditing standards require that we assess the risks of material misstatement and fraud. After analyzing internal controls and evaluating potential weaknesses, we will determine which areas of the audit carry the risk of material misstatement and take steps to mitigate that risk.

7. Samples for compliance testing

Compliance testing samples are generally selected using nonstatistical techniques. Sample sizes are determined by risk assessment and nature of the population. For the single audit compliance testing, we will follow the sampling techniques in accordance with those consistent with OMB's Uniform Guidance.

Management Plan, Continued

Phase 2

FIELDWORK

With the assistance of District personnel, we will test the balances resulting from the following procedures:

- Cash deposits
- Internal control of disbursements
- Payroll
- Revenues
- Inventory control
- Billing and collections
- Unrecorded liabilities

We will also discuss with the Board any specific concerns or procedures they want performed.

POST-FIELDWORK ACTIVITIES

Once we complete our fieldwork, we will resolve any pending items and ensure that all requested third-party confirmations have been received. After the District has reviewed the financial statements and any proposed adjusting journal entries, we will obtain signed representation letters from the District and from its counsel that confirm or explain any pending litigation against the District and its effect on the audited financial statements.

Phase 3

REPORT FINALIZATION AND FINAL ANALYSIS

Prior to finalizing the financial statements, we will perform a second comparison of current year results with prior year results, and budgetary expectations to actual results. Performing these tests subsequent to the audit work provides additional assurance that the financial statements are free of material misstatement.

REPORT DELIVERY AND BOARD OF DIRECTORS PRESENTATION

We will deliver our report in person to the Finance Advisory Committee and the Board of Directors. We will also attend an open session board meeting to answer questions that the Board may have. Our aim is to create an open line of communication between our firm and your organization so the Board feels comfortable asking for help with any questions or issues that may arise during the year.

Management Plan, Continued

Audit Timeline

Because the firm president performs and supervises on-site fieldwork, the turnaround time from the end of our fieldwork to the report draft is typically only 10 days. Completion of the final audit report depends on how promptly the District’s staff is able to provide needed reports and confirmations. The typical turnaround is within 3 weeks. The following table shows our timeline for completing the major tasks of the audit.

Phase	Audit Task	Estimated Timeline
I	Pre-Audit conference: Scheduling with District Accountant and General Manager	July 2021
	Initial planning and audit planning: Prepared-by-Client list, Information from bankers, attorney’s Prior year’s statements	August 2021
	Preliminary analysis: Report preparation, Cash and other confirmations, Internal controls Information gathering: Statistical sampling and testing, Revenues and disbursements, Internal controls, Laws and regulations, Risk assessment, Functionality testing	August 2021
II	Fieldwork (3-4 days): Cash deposits, Internal control of disbursements, Payroll, Revenues, Inventory control, Billing and collections, Unrecorded liabilities	3 rd or 4 th week of September 2021
	Post-fieldwork activities: Third-party confirmations	October 2021
III	Report finalization and final analysis	October 2021
	Final analysis	November 2021
	Report draft delivery Final report delivery a week before Board meeting and presentation to the Finance Advisory Committee at the Board of Directors open session as scheduled	December 2021 January 2022

Management Plan, Continued

Identification of Anticipated Potential Audit Problems



IDENTIFICATION OF POTENTIAL PROBLEMS

At the present moment we do not anticipate any major audit problems that will cause delays in issuance of the audit report as evidenced by the District's timely audits in the past several years. We recognize that timeliness is important to the District and we commit to issuing the audits in a timely manner.

Based on prior experiences, the following difficulties may cause delays:

- New accounting or GASB standards.
- Confirmations* that we repeatedly send to confirmation sources, such as long-term debt, cash, or grant confirmations.
- Failure of client personnel to respond to our questions and needs in a timely manner.
- Books that are not appropriately closed and require numerous adjustments.

STEPS TO ADDRESS ANTICIPATED ISSUES

In order to address these frequent issues, the below are steps that we attempt to take with each client:

- Proactively inform you of major GASB standard changes that will take place in a future year – a prime example of a GASB standard that will impact nearly every governmental agency is that of GASB 87 which require capitalization of leases and should be effective for the fiscal year ended June 30, 2021.
- We attempt to tackle confirmations as early as we can in the audit process. Confirmations are an integral part of every audit and must be pro-actively managed. We attempt to start this process early on and then we automatically follow up with each confirmation source every couple of weeks. If we do not hear back from a source after a couple of attempts, we will follow up with you.
- While we understand that nearly every audit may result in open Items. We also understand that client staff can get busy with day-to-day jobs. We attempt to follow up on open items every couple of weeks to make sure requests are fulfilled.
- If we encountered serious delays in prior years, we will follow up with District staff well before an audit is scheduled to make sure we are able to assist where necessary to assure proper closing of the books.

Management Plan, Continued

Remote Work Capabilities

Because of COVID-19, we have the capability of performing 100% remote work.

Even before COVID, our firm had sensed an overall change in the labor and audit market and we began to prepare for work in a remote environment. This allowed employees with more flexibility to work at home as needed and to have more time for themselves, in addition to overall environmental considerations.

Once COVID became a reality of life, our employees began to work exclusively at home and we began to perform remote engagements. In order to facilitate this work, we offer the following:

- Our audit software is exclusively on a secure cloud-based server. Our employees have access to the audit file from wherever is most convenient to them or the client.
- We have an online server through a system called Gofileroom. We will set you up with access to this server and you will be able to securely transfer files to us through it. This server is directly connected to our audit software.
- We are likewise able to transfer information to you via this server. We are able to open the audit file, right click on documents, and send directly to your portal.
- We have the commercial version of “Zoom”, meaning we can have an unlimited amount of “face to face” meetings with an unlimited number of people.

We are confident we will be able to complete your review in a remote environment assuring the maximum amount of security for your and our staff.

Personnel Qualification



Craig Fechter, CPA

Classification: President

Years of Experience: 19

Master of Science in Taxation at Golden Gate University, 2012

BS in Business Administration, Accountancy at CSUS, 2001

PROFESSIONAL CERTIFICATIONS AND AFFILIATIONS

Certified Public Accountant
Member California Society of Certified Public Accountants
Member American Institute of Certified Public Accountants
Adjunct Professor of Accounting, University of California, Davis Extension
Executive Committee, Big Brothers Big Sisters of the Greater Sacramento Area
Scoutmaster, Boy Scouts of America, Troop 320
Facilities, Transportation & Finance Committee, San Juan Unified School District
Past Finance Committee Chair, San Juan Education Foundation

RELEVANT EXPERIENCE

During college, Mr. Fechter worked for a local sole practitioner. Following graduation from Sacramento State in 2001, he gained valuable experience at two regional CPA firms. In 2005, he struck out on his own and Fechter & Company was born.

Throughout his professional career, Mr. Fechter has performed financial statement audits of numerous counties, local government agencies, and non-profit agencies.

In 2012, Mr. Fechter earned his Masters of Science in Taxation from Golden Gate University.

Mr. Fechter oversees the Firms Tax and Audit practice, providing tax and business consulting to a wide range of professional corporations, not-for-profits, and small businesses.

Personnel Qualification, Continued



Craig Fechter, CPA

Classification: President

Years of Experience: 19

Master of Science in Taxation at Golden Gate University, 2012

BS in Business Administration, Accountancy at CSUS, 2001

FINANCIAL STATEMENT AUDITS:

Participated as Engagement Partner

Carmichael Recreation and Park District
Emerald Bay Services District
Granada Community Services District
Borrego Springs Fire Protection District
E. & W. Stanislaus Resource Conservation District
Sites Project Authority
South Lake County Fire Protection District
Mission Oaks Recreation and Parks District

CONTINUING PROFESSIONAL EDUCATION

Mr. Fechter takes annual courses on the Governmental Accounting & Audit Update. He has recently completed a course in the implementation of the new Auditing Standards (SAS 108-114). He also serves on the accounting advisory board for UC Davis Extension and teaches a course, which serves as a source of CPE for Mr. Fechter.

Mr. Fechter is an accomplished public speaker and published author. He has taught CPE courses for the American Society of Women Accountants (Sacramento chapter). He is also the author of accounting-related articles published by Comstock's Magazine and The Nugget, the journal of the Sacramento District Dental Society.

References for the above clients, who worked exclusively with Mr. Fechter, are available upon request.

FINANCIAL STATEMENT AUDITS:

Participated as Lead Auditor

Marin County, MAAP, Inc., San Joaquin County, Stanislaus County, Sierra County, San Luis Obispo County, Lassen County

Personnel Qualification, Continued



Scott German, CPA

Classification: Independent Reviewer

Years of Experience: 35

BS California State University,
 Sacramento

RELEVANT EXPERIENCE

Following his graduation from California State University, Sacramento, Mr. German began his career at Main Hurdman, a predecessor form of KPMG. While there he was responsible for providing audit to large not-for-profit organizations, construction, auto dealers and healthcare.

Following KPMG, he moved into the private sector with a large trade association in Sacramento where he served as the Director of Finance for 5 years. He was responsible for managing the entities investment in a for profit subsidiary, information systems and budgeting.

Mr. German continued his career with the California subsidiary of the international drilling company, Major Drilling, Inc. In his capacity as controller, he was responsible for cash management, insurance, bonding and financial reporting.

Volunteer

St Francis High School, Patron's of the Arts

Sacramento Theatre Company

Mr. German develops and oversees the Firm's Quality Control program acting as the Independent Review "Partner" on all engagement he does not manage. His extensive experience in the private sector is a great resource for our clients and allows us to focus appropriately on audit risk.

Personnel Qualification, Continued



Scott German, CPA

Classification: Independent Reviewer
 Years of Experience: 35
 BS California State University,
 Sacramento

FINANCIAL STATEMENT AUDITS: *Fechter & Company*

E. Claire Raley Center for the Performing Arts
EMSTA College
Sylvan Cemetery District
Fair Oaks Cemetery District
Syngen

Marys Gone Crackers
Creative Solutions 4 Autism.
North Coast County Water District
Sunrise Recreation & Park District
Olivehurst Public Utility District

FINANCIAL STATEMENT AUDITS: *With former firms*

California Dental Association
California Manufacturers Association
United Way Sacramento

Teichert Construction
American Red Cross, Sacramento
The Dentists Company, Insurance Services

INDUSTRY EXPERIENCE

California Optometric Association Director of Finance
PC Exploration, Inc. Controller

Personnel Qualification, Continued



Sandy Sup, CPA, MBA

Classification: Audit Manager
 Years of Experience: 25
 BS University of New Hampshire
 MBA at CSUS

RELEVANT EXPERIENCE

Sandy has been auditing government entities for more than 25 years. She has audited 28 of the 58 counties in California as well as numerous cities and districts in California and Nevada. This work included primary responsibility for the preparation of Comprehensive Annual Financial Reports as well as many other financial reports, including single audit reports. All the Comprehensive Annual Financial Reports for which Sandy served as the primary preparer were considered for, and awarded, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. Sandy served as a reviewer on the Special Review Committee of the Government Finance Officers Association that is responsible for awarding the Certificate of Achievement for Excellence in Financial Reporting for more than four years.

PROFESSIONAL ASSOCIATIONS

American Institute of Certified Public Accountants (AICPA)
California Society of Certified Public Accountants (CalCPA)
Government Finance Officers Association (GFOA)

Sandy meets the continuing professional education requirements for performing audits in accordance with Government Auditing Standards, which require that she receive 80 credit hours of continuing professional education every two years with at least 24 of those hours being specifically related to governmental accounting and auditing.

Personnel Qualification, Continued



Sandy Sup, CPA, MBA

Classification: Audit Manager

Years of Experience: 25

BS University of New Hampshire

MBA at CSUS

FINANCIAL STATEMENT AUDITS: **With Fechter & Company**

Granada Community Services District
Rio Linda/Elverta Water District
East Stanislaus RCD
Thermalito Water and Sewer District
Sewage Commission Oroville Region
Banta-Carbona Irrigation District

East Stanislaus Resource Conservation District
Amador Air District
North Coast County Water District
Markleeville Public Utility District
Olivehurst Public Utility District
Nevada LAFCO

FINANCIAL STATEMENT AUDITS: **With former firm**

Amador County
Butte County
El Dorado County
Inyo County
Lake County
Marin County
Mono County
Monterey County

Napa Sanitation District
Nevada County
City of Porterville, CA
Citrus Heights Water District
Sierra County
Siskiyou County
Sutter County
City of Reno, Nevada

Personnel Qualification, Continued



Joanne Berry, CPA

Classification: Audit Manager

Years of Experience: 17

BS in Business Administration, Accounting from California

Polytechnic Institution, 1997

RELEVANT EXPERIENCE

Mrs. Berry began working in public accounting in 1998 with the international accounting firm Ernst & Young, LLP. Mrs. Berry has held successful financial management positions with biotech and energy organizations. Her experience includes the following:

- Month end close and reporting
- Construction and development
- Compliance with regulatory requirements
- Project management of various accounting projects including software implementations and internal control rework

As Audit Manager at Fechter & Company, Joanne has conducted a variety of audits in accordance with the Yellow Book and governmental auditing standards.

FINANCIAL STATEMENT AUDITS:

With Fechter & Company

Olivehurst Public Utility District
Rio Linda/Elverta Community Water District
Progressive Employment Concepts
Bradshaw Christian School
California Society of Health-System Pharmacists
Community Living Options
Sacramento Ballet
International Christian Adoptions
Greater Yosemite Council – Boy Scouts of America

List of Projects of Similar Size and Scope



This is a comprehensive list representing California governmental agencies our firm has served by conducting audits over the last three (3) years. Contacts and email addresses will promptly be provided upon request. Approximately 50% of our audit clients are government entities.

MUNICIPAL UTILITY AGENCIES

- Banta-Carbona Irrigation District
- Bayshore Sanitary District proposal
- Callayomi County Water District
- East Contra Costa Irrigation District
- Emerald Bay Services District
- Foresthill Public Utility District
- Fox Canyon Groundwater Mgmt Agency
- Granada Community Services District
- North Coast County Water District
- Ojai Valley Sanitary District
- Olivehurst Public Utility District
- Paradise Irrigation District
- Rio Linda-Elverta Community Water District
- Rural North Vacaville Water District
- Sewerage Commission - Oroville Region
- Sites Project Authority
- Thermalito Water and Sewer District
- Washington County Water District

OTHER SPECIAL DISTRICTS AND AGENCIES

- Colusa Basin Drainage District
- Dixon Public Library
- Eastside Mosquito Abatement District
- El Dorado County LAFCo
- Fair Oaks Cemetery District
- Los Medanos Community Healthcare District
- Mono County Local Transportation District
- Nevada County LAFCo
- Roseville Cemetery District
- Solano County Mosquito Abatement District
- E. Stanislaus Resource Conservation District
- W. Stanislaus Resource Conservation District
- Sylvan Cemetery District
- Turlock Mosquito Abatement District

List of Projects of Similar Size and Scope, Continued



This is a comprehensive list representing California governmental agencies our firm has served by conducting audits over the last three (3) years. Contacts and email addresses will promptly be provided upon request. Approximately 50% of our audit clients are government entities.

SPECIAL DISTRICTS – FIRE PROTECTION

- Alpine Fire Protection District
- Bonita-Sunnyside Fire Protection District
- Borrego Springs Fire Protection District
- Bridgeport Fire Protection District
- Carpinteria Fire Protection District
- Courtland Fire Protection District
- El Dorado Fire Protection District
- Garden Valley Fire Protection District
- Greenfield Fire Protection District
- Julian-Cuyamaca Fire Protection District
- Kensington Fire Protection District
- Lakeside Fire Protection District
- Mokelumne Fire Protection District
- Montecito Fire Protection District
- North County Fire Protection District
- North Tahoe Fire Protection District
- Pioneer Fire Protection District
- South Lake County Fire Protection District
- Springlake Fire Protection District
- Stanislaus Consolidated Fire
- Truckee Fire Protection District
- Woodland Avenue Fire Protection District

SPECIAL DISTRICTS – RECREATION AND PARK

- Ambrose Recreation and Park District
- Arden Manor Recreation and Park District
- Boulder Creek Recreation and Park District
- Carmichael Recreation and Park District
- Fair Oaks Recreation and Park District
- Fulton El Camino Rec and Park District
- Greater Vallejo Recreation District
- Mission Oaks Recreation and Park District
- North County Recreation and Park District
- Pleasant Hill Recreation and Park District
- Sunrise Recreation and Park District

References



CITY OF NEEDLES

Needles, CA

Contact information:

Sylvia Miledi,
Finance Manager

817 3rd Street,
Needles, CA 92363

760-326-2113
smiledi@cityofneedles.com

Scope of audit work:

Financial Statement audit of City and Needles Public Financing Authority; and Single Audit of the City

Hours Annually: 250
Partner: Craig R. Fechter

September 2017-2019



NORTH COAST COUNTY WATER DISTRICT

Pacifica, CA

Contact information:

Connie Hsu,
Accountant

2400 Francisco Blvd,
Pacifica, CA 94044

650-355-3462
chsu@nccwd.com

Scope of audit work:

Audit of the GASB 34 financial statements, management letter and report on internal control structure, and preparation of annual report of financial transactions of special districts.

Hours Annually: 175
Partner: Craig R. Fechter

September 2016-present



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Rio Linda, CA

Contact information:

Deborah Denning,
Bookkeeper

730 L St.
Rio Linda, CA 95673

916-991-1000
ddenning@rlecwd.com

Scope of audit work: CAFR Client

Audit of the GASB 34 financial statements, single audit, management letter and report on internal control structure.

Hours Annually: 150
Partner: Craig R. Fechter

September 2015-present



BAYSHORE SANITARY DISTRICT

Brisbane, CA

Contact information:

Joann Landi,
Clerk

36 Industrial Way,
Brisbane, CA 94005

415-467-1144
BayshoreSanitary@aol.com

Scope of audit work:

Audit of the GASB 34 financial statements, single audit, management letter and report on internal control structure.

Hours Annually: 125
Partner: Craig R. Fechter

September 2016-present

Additional Data

Licensing, Independence, and Insurance



LICENSE TO PRACTICE IN CALIFORNIA

- Since 2005, our firm has been licensed as a certified public accounting firm by the California State Board of Accountancy.
- All key professional staff are properly licensed in California.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- We have no prior substandard audit work or unsatisfactory performance pending with the State board of Accountancy or other related professional organizations.
- We received an unmodified opinion in our 2017 peer review which has been submitted to the state society of CPAs for approval.

INDEPENDENCE

- Our firm is independent of the District as defined by generally accepted auditing standards and the US General Accounting Office's Government Auditing Standards.
- All professional staff in our firm meet the independence requirements of the American Institute of Certified Public Accountants and the Government Auditing Standards, 2003 revision, published by the U.S. General Accounting Office.
- Our firm has no history or professional relationships with the District or its personnel.

INSURANCE

- We carry the insurance coverage required by the District.
- A copy of our current Liability Insurance Certificate is included as Attachment A.

CONTINUING EDUCATION

All of our staff are required to maintain their continuing education at levels necessary to provide services to government clients.

Additional Data, Continued

Quality Control Review



Our peer review, including a review of a specific governmental engagement, is provided below. Fechter & Company has never failed a peer review and has fully implemented all required quality control procedures, our next peer review is due in 2020.

Contact information:

Grant Bennett Associates
David C. Wilson, CPA, CVA
1375 Exposition Boulevard
Suite 230
Sacramento, California
95815

916-922-5109

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

September 27, 2018

To the Owner of Fechter & Company and the Peer Review Committee of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Fechter & Company (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Fechter & Company in effect for the year ended March 31, 2017, 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*. Fechter & Company has received a peer review rating of *pass*.

Grant Bennett Associates
GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



1375 Exposition Boulevard, Suite 230
Sacramento, CA 95815
916/922-5109 FAX 916/641-5200

P.O. Box 223096
Princeville, HI 96722
888/769-7323

Additional Data, Continued

Certificate of Liability Coverage



CERTIFICATE OF LIABILITY INSURANCE

FECHT-1 OP ID: RG

DATE (MM/DD/YYYY)
05/22/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Coastal Valley Insurance Serv. Lic. OB84546 2440 Gold River Rd. Ste. 290 Gold River, CA 95670 Anthony R. Telford		CONTACT NAME: Anthony R. Telford PHONE (AGC No. Ext): 916-436-2600 FAX (AGC No.): 916-436-2610 E-MAIL ADDRESS:															
INSURED Fechter & Company Certified Public Accountants Craig Fechter 3445 American River Dr #A Sacramento, CA 95864		<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: Travelers Property Casualty</td> <td>25674</td> </tr> <tr> <td>INSURER B: Allied Insurance Company</td> <td>42579</td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Travelers Property Casualty	25674	INSURER B: Allied Insurance Company	42579	INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER C:																	
INSURER D:																	
INSURER E:																	
INSURER F:																	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL INRD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			ACP7894583667	07/06/2019	07/06/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 1,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPIOP AGG \$ 2,000,000 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			ACP789583667	07/06/2019	07/06/2020	COMBINED SINGLE LIMIT (Ea accident) \$ Included BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB3J0730801942G	07/10/2019	07/10/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH+ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 30 days notice of cancellation. Cancellation exception: 10 days notice of cancellation for non payment of premiums.

CERTIFICATE HOLDER For Verification Purposes Only	CANCELLATION FORVE-1 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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ACORD 25 (2014/01)

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SECTION 2: COST PROPOSAL

Proposed Fee Schedule

PROPOSED FEE SCHEDULE

Staff Member	Hourly Rate	Estimated Hours	Staff Costs	Other Expenses	Total
Partner CPA	\$225	20	Included	1,000	\$5,500
Audit Manager	150	70	-	-	\$10,500
Senior Staff CPA	75	110	-	-	\$8,250
Staff Accountant	-	-	-	-	-
Administrative	50	20	-	-	\$1,000
Other (SD Financial Transaction Report)	-	-	-	-	\$1,000
Less Professional Discount					(\$4,250)
Total	\$500/hour	220	-	1,000	\$22,000

Please note that if a Single Audit should be necessary, a fee of \$2,700 will be applied per Single Audit.

We propose a fee increase of 2.5% for subsequent audits.

In the even that disclosures in the audit indicate extraordinary circumstances which warrant more intensive and detailed services, all pertinent facts relative to the extraordinary circumstances shall be provided to the District together with an estimate of the cost of additional services.