



## **Fechter & Company CPAS**

Certified Public Accountants

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

[CFechter@FechterCPA.com](mailto:CFechter@FechterCPA.com)

[www.fechtercpa.com](http://www.fechtercpa.com)

**Company Representative:** Craig R. Fechter, CPA MST

# **Christian Valley Park Community Services District**

## **March 25, 2022**

# **Proposal for Fiscal Auditing Services**

For the Fiscal Year Ending June 30, 2022.

### 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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March 25, 2022

Don Elias  
General Manager

Christian Valley Park  
Community Services  
District  
P.O. Box 6857  
Auburn, CA 95604

(530) 878-8050

[don@christianvalley.org](mailto:don@christianvalley.org)

[donelias1965@yahoo.com](mailto:donelias1965@yahoo.com)

Dear Mr. Elias,

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit services to the Christian Valley Park 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 21.

This proposal is an irrevocable offer valid for 60 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@FechterCPA.com

# Licensing, Independence, and Insurance



## LICENSE TO PRACTICE IN CALIFORNIA

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- Since 2005, our firm has been licensed as a certified public accounting firm by the California State Board of Accountancy and has performed continuous CPA services since then.
- 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

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- 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

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

## CONTINUING EDUCATION

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

## Firm Qualifications and Experience



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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.

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### 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.

## Firm Qualifications and Experience, Continued



### TECHNOLOGY AND SECURITY

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- 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

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- 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

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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@FechterCPA.com

## Firm Qualifications and Experience, 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 most current peer review has been completed and submitted to the California Society of Certified Public Accountants. Acceptance has not occurred as a result of the COVID pandemic. Our next peer review is due in 2023.

### 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](http://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

## Similar Engagements with Other Government Entities - References



### LOS OSOS COMMUNITY SERVICES DISTRICT

Los Osos, CA

Contact information:  
**Ron Munds,**  
General Manager  
  
2122 9<sup>th</sup>, Suite 110,  
Los Osos, CA 93402  
  
805-528-9379  
[rmunds@losososcsd.org](mailto:rmunds@losososcsd.org)

**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.  
  
**Total Hours:** 220/year  
**Years Audited:** 2021-present  
  
**Partner:** Craig R. Fechter



### NORTH COAST COUNTY WATER DISTRICT

Pacifica, CA

Contact information:  
**Connie Hsu,**  
Accountant  
  
2400 Francisco Blvd,  
Pacifica, CA 94044  
  
650-355-3462  
[chsu@nccwd.com](mailto: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  
2016-2020



### 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](mailto: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  
2015-present



### BAYSHORE SANITARY DISTRICT

Brisbane, CA

Contact information:  
**Joann Landi,**  
Clerk  
  
36 Industrial Way,  
Brisbane, CA 94005  
  
415-467-1144  
[BayshoreSanitary@aol.com](mailto: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  
2016-present



## Similar Engagements with Other Government Entities, 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.

### MUNICIPAL UTILITY AGENCIES

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- Banta-Carbona Irrigation District
- Bayshore Sanitary District
- 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

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- 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

## Similar Engagements with Other Government Entities, 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

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- 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

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- 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

# Principal Supervisory and Management Staff



**Craig Fechter, CPA**

Classification: President

Years of Experience: 21

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.

# Principal, Supervisory, and Management Staff, Continued



**Craig Fechter, CPA**

Classification: President

Years of Experience: 21

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

E. & W. Stanislaus Resource Conservation District
Fair Oaks Recreation and Park District
Granada Community Services District
Lakeside Fire Protection District
Los Osos Community Services District
Nevada County LAFCo
Olivehurst Public Utility District
Roseville Cemetery 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

# Principal, Supervisory, and Management Staff, Continued



**Scott German, CPA**

Classification: Independent Reviewer

Years of Experience: 37

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.

# Principal, Supervisory, and Management Staff, Continued



**Scott German, CPA**

Classification: Independent Reviewer  
 Years of Experience: 37  
 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

# Principal, Supervisory, and Management Staff, Continued



**Sandy Sup, CPA, MBA**

Classification: Audit Manager  
 Years of Experience: 35  
 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.

# Principal, Supervisory, and Management Staff, Continued



**Sandy Sup, CPA, MBA**

Classification: Audit Manager  
 Years of Experience: 35  
 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

Los Osos Community Services 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



# Principal, Supervisory, and Management Staff, Continued



**Joanne Berry, CPA**

Classification: Audit Manager

Years of Experience: 23

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

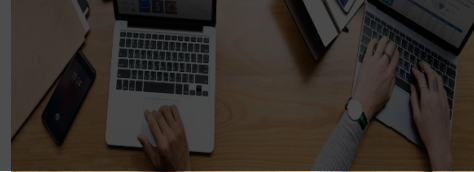
As Audit Manager at Fechter & Company, Joanne has conducted a variety of audits in accordance with the Yellow Book and governmental auditing standards.

**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

# Specific Audit Approach



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:

<b>PHASE I</b>
Initial planning and preparation
Preliminary analysis, report preparation, cash and other confirmation
Information gathering
Evaluating internal controls
<b>PHASE II</b>
Fieldwork
Post-field-work activities (e.g., follow-up on pending items, collection of confirmation letters, etc.)
<b>PHASE III</b>
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
<b>Partners</b>	2	3	3	8
<b>Managers</b>	10	15	10	35
<b>Professional Staff</b>	7	8	8	23
<b>Clerical/Support Staff</b>	1	1	2	4
<b>Total</b>	20	27	23	70

# Specific Audit Approach, Continued

## Phase 1

### INITIAL PLANNING AND PREPARATION

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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.

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

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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

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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

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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.

# Specific Audit Approach, 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.

# Specific Audit Approach, 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.

## Specific Audit Approach, Continued

### Phase 2

#### FIELDWORK

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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

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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

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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.

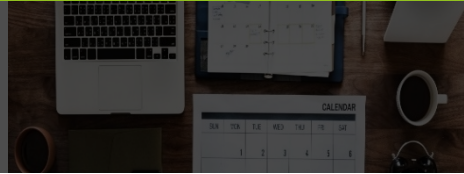
#### REPORT DELIVERY AND BOARD OF DIRECTORS PRESENTATION

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We will deliver our report in person to the Board of Directors. We will also attend a 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.

# Specific Audit Approach, 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	July 2022
	Initial planning and audit planning: Prepared-by-Client list, Information from bankers, attorney’s Prior year’s statements	July 2022
	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	July 2022
II	Fieldwork (3-4 days): Cash deposits, Internal control of disbursements, Payroll, Revenues, Inventory control, Billing and collections, Unrecorded liabilities	August 2022
	Post-fieldwork activities: Third-party confirmations	August 2022
III	Report finalization and final analysis	August 2022
	Final analysis	September 2022
	Report draft delivery	September 2022
	Final report delivery	September 2022

# Specific Audit Approach

## 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

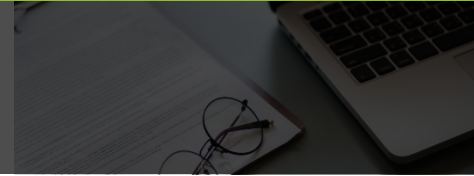
In order to address these frequent issues, the below are steps that we attempt to take with each client:

- 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.



## Specific Audit Approach

### 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.

# Compensation

## Proposed Fee Schedule

### PROPOSED FEE SCHEDULE

	Hours	Hourly Rate	Total FY 2022
Partner	8	\$225	\$1,800
Manager	35	150	\$5,250
Senior	23	100	\$2,300
Clerical/Support Staff	4	50	\$200
Sub-total	70		\$9,550
Financial Transactions Report			650
Less Professional Discount			(\$50)
Direct Expenses (travel, printing, etc.)			800
Total			\$10,950

Please note that should a single audit be necessary, an additional fee of \$3,000 will be applied per major program.

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

The above fee quote is a fixed price to be charged for all services rendered in connection with the audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Our best understanding is that the following must be performed – performing auditing standards under GAAP standards, preparing the financial statements as requested.

**STANDARD BILLING RATES FOR CLASSES OF PROFESSIONAL PERSONNEL EXPECTED TO WORK ON THE ENGAGEMENT:**

	Hourly Rate
<b>Partner</b>	\$225
<b>Manager</b>	150
<b>Professional Staff</b>	100
<b>Clerical/Support Staff</b>	50

# Attachment A: Certificate of Liability Coverage

<b>ACORD</b>	<b>FECHT-1</b>	OP ID: RG	DATE (MM/DD/YYYY) <b>07/30/2021</b>																					
<b>CERTIFICATE OF LIABILITY INSURANCE</b>																								
<p>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.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or 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).</p>																								
PRODUCER Coastal Valley Insurance Serv. Lic. OB84546 2440 Gold River Rd. Ste. 290 Gold River, CA 95670 Anthony R. Telford	916-436-2600	CONTACT NAME: <b>Anthony R. Telford</b> PHONE (A/C, No, Ext): <b>916-436-2600</b>	FAX (A/C, No): <b>916-436-2610</b>																					
INSURED Fechter & Company Certified Public Accountants Craig Fechter 3445 American River Dr #A Sacramento, CA 95864	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A:</td> <td><b>Travelers Property Casualty</b></td> <td style="text-align: center;"><b>25674</b></td> </tr> <tr> <td>INSURER B:</td> <td><b>Amco Insurance Company</b></td> <td style="text-align: center;"><b>19100</b></td> </tr> <tr> <td>INSURER C:</td> <td></td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table>			INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	<b>Travelers Property Casualty</b>	<b>25674</b>	INSURER B:	<b>Amco Insurance Company</b>	<b>19100</b>	INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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INSURER F:																								
<b>COVERAGES      CERTIFICATE NUMBER:      REVISION NUMBER:</b>																								
<p>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.</p>																								
INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS																		
<b>B</b>	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <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 <input type="checkbox"/> OTHER:	<b>X</b>	<b>ACP7814583667</b>	<b>07/06/2021</b>	<b>07/06/2022</b>	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>300,000</b> MED EXP (Any one person) \$ <b>1,000</b> PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COMP/OP AGG \$ <b>2,000,000</b> COMBINED SINGLE LIMIT (Ea accident) \$ <b>Included</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ EACH OCCURRENCE \$ AGGREGATE \$ RETENTION \$																		
<b>B</b>	<input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		<b>ACP780183667</b>	<b>07/06/2021</b>	<b>07/06/2022</b>	BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ EACH OCCURRENCE \$ AGGREGATE \$ RETENTION \$																		
<b>A</b>	<input checked="" type="checkbox"/> <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<b>N/A</b>	<b>UB3J0730802142G</b>	<b>07/10/2021</b>	<b>07/10/2022</b>	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ <b>1,000,000</b> E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b> E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>																		
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) <b>30 days notice of cancellation. Cancellation exception: 10 days notice of cancellation for non payment of premiums. Certificate holder is listed as additional insured as respects to general liability. Job: Auditing Services on clients premises.</b>																								
<b>CERTIFICATE HOLDER</b>				<b>CANCELLATION</b>																				
				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 																				

ACORD 25 (2016/03)

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