



May 3, 2021

**TO:** Finance Advisory Committee (FAC)

**FROM:** Ron Munds, General Manager

**SUBJECT:** Agenda Item 6 – 05/03/2021 FAC Meeting  
Selection of Firm for a Three-Year Contract for Auditing Services

**DESCRIPTION**

**President**

Christine M. Womack

**Vice President**

Matthew D. Fourcroy

**Directors**

Charles L. Cesena  
Troy C. Gatchell  
Marshall E. Ochylski

**General Manager**

Ron Munds

**District Accountant**

Robert Stilts, CPA

**Unit Chief**

Eddy Moore

**Battalion Chief**

Paul Provence

At the February 1, 2021 Finance Advisory Committee (FAC) meeting, the committee approved the release of an Request for Proposal (RFP) for auditing services for the next three years beginning with Fiscal Year 2021-22. A working group to review the submitted proposals was formed which was comprised of four members: The General Manager, District Accountant and two members from the FAC (Lisa Gonzalez and Sandra Cirilo). This report summarizes the results of the working group's review of the proposals the FAC's recommendation to the Board.

**STAFF RECOMMENDATION:**

Staff recommends that the Board adopt the following motion:

***Motion: I move to recommend to the Board of Directors that the Board approve a contract with (firm's name) for a three-year contract for annual auditing services.***

**DISCUSSION**

At the February 1, 2021 Finance Advisory Committee (FAC) meeting, the committee approved the release of a Request for Proposal (RFP) for auditing services for the next three years beginning with Fiscal Year 2021-22. A working group to review the submitted proposals was formed which comprised of four members: The General Manager, District Accountant and two members from the FAC (Lisa Gonzalez and Sandra Cirilo).

Staff directly contacted 7 firms and posted the RFP on the District's website. The District received three proposals in response to the bid solicitation for Audit Services. The following are responding firms and proposed costs:

**Mailing Address:**

P.O. Box 6064  
Los Osos, CA 93412

**Offices:**

2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

**Phone:** 805/528-9370

**FAX:** 805/528-9377

www.losososcsd.org

- Fechter & Company based in Sacramento, CA.
- Rogers, Anderson, Malody & Scott based in San Bernardino, CA.
- Moss, Levy & Hartzheim based in Santa Maria, CA.

| Firm  | Cost                  |
|---|-----------------------|
| <b>Fechter &amp; Company</b>                | \$22,000 (+2.5%/yr.)* |
| <b>Rogers, Anderson, Malody &amp; Scott</b> | \$20,330 (+2.0%/yr.)* |
| <b>Moss, Levy &amp; Hartzheim</b>           | \$19,200 (+2.5%/yr.)* |

\*Each firm included a cost escalator for subsequent years.

## **Working Group Evaluation**

The working group met on April 20<sup>th</sup> to discuss the three proposals. The group acknowledged that all three firms were about equal in qualifications and had the required special district auditing experience. Based on each firm's approach to the audit including schedule, understanding of the scope of work and dedicated resources, the group ranked Fechter & Company and Moss, Levy & Hartzheim equally. The following is a brief summary of the top two proposals.

### ***Fechter & Company (F&C)***

F&C is a relatively small firm (9 employees) based out of the Sacramento area. The firm provided a clear, detailed proposal which outlined their approach to completing the audit in the timeline provided in the RFP. The hours dedicated in their schedule were reasonable, especially given that they are unfamiliar with the District's operations and financial reporting procedures. Consequently, F&C's proposal was the highest priced of the three proposals received. Additionally, they proposed a 2.5% increase in their fee for each subsequent year of the contract. The additional cost could be justified as an "opportunity cost" since the District would be moving to a new auditing firm which would allow for an alternative of "fresh" look at the District's financial statements and internal controls. That said, the additional increase in subsequent years will result in added cost over the term of the contract above that of the other proposals.

### ***Moss, Levy & Hartzheim (ML&H)***

ML&H has been the District's auditing firm since Fiscal Year 2012-2013 and maintains a local office in Santa Maria. The firm has rotated the lead managing auditor in accordance with state law to ensure objective and impartial audits. They have proven to be a valuable resource to District staff over the years and have helped guide the staff's financial reporting and controls to a point of having viable (clean) audits for the past six years. This experience and continuity in service has enabled the District to remain confident in its financial position during their tenure. Additionally, ML&H's cost proposal was the least expensive of the proposals received. Their proposed cost in year three of the contract would be below the first year costs of the other two proposals.

As stated, each firm has the experience to provide the District with sound auditing services.

### **Attachments:**

Fechter & Company Proposal  
Rogers, Anderson, Malody & Scott Proposal  
Moss, Levy & Hartzheim Proposal



**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 I: TECHNICAL PROPOSAL

### Introduction – Letter of Transmittal

March 30, 2021

Ron Munds  
General Manager

Los Osos Community  
Services District  
2122 9<sup>th</sup> 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 II.

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

# Introduction, Continued

## For the Fiscal Year ending in June 30, 2020

### **NATURE AND SCOPE OF WORK TO BE PERFORMED: ANNUAL AUDIT**

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#### **TASK 1**

Conduct three (3) consecutive yearly audits of the financial statements of LOCSO, 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



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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.

## Introduction, Continued

### Firm's General Experience

#### 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@gmail.com



## Experience and Support

### **DEMONSTRATION OF COMPREHENSIVE KNOWLEDGE OF RERQUIRED SERVICES**

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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:

|   |
|---|
| <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**

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

# Specific Audit Approach, Continued

## Phase I

### 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 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

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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.

## Management Plan, Continued

### Phase I

**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 I

**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

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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

---

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<br>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 <sup>rd</sup> or 4 <sup>th</sup> 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   | December 2021   |
|       | Final report delivery a week before Board meeting and presentation to the Finance Advisory Committee at the Board of Directors open session as scheduled  | January 2022  |

# Management Plan, Continued

## Identification of Anticipated Potential Audit Problems

### **IDENTIFICATION OF POTENTIAL PROBLEMS**

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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 recognise 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**

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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 proactively 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.



# 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        |

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

**FINANCIAL STATEMENT AUDITS:  
Participated as Lead Auditor**

### 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.

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.

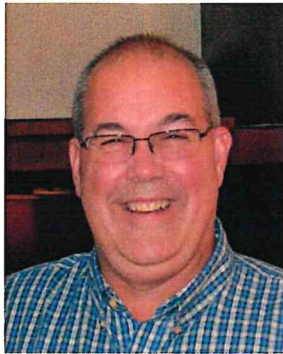
Mr. German continued his career with the California subsidiary of the international drilling company, Major Drilling, Inc. In his capacity as controller, he was responsible for cash management, insurance, bonding and financial reporting.

**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<br>Director of Finance |
| PC Exploration, Inc.<br>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**

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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

## References



### CITY OF NEEDLES

Needles, CA

**Contact information:**

**Sylvia Miledi,**  
Finance Manager

817 3<sup>rd</sup> Street,  
Needles, CA 92363

760-326-2113  
[smiledi@cityofneedles.com](mailto: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](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

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@rlcawd.com](mailto:ddenning@rlcawd.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](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

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.

#### INSURANCE

---

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

#### 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.

#### 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](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



# 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).

|   |   |
|---|---|
| <b>PRODUCER</b><br>Coastal Valley Insurance Serv.<br>Lic. OB84546<br>2440 Gold River Rd. Ste. 290<br>Gold River, CA 95670<br>Anthony R. Telford | <b>CONTACT NAME:</b> Anthony R. Telford<br><b>PHONE (A/C No. Ext.):</b> 916-436-2600<br><b>FAX (A/C No.):</b> 916-436-2610<br><b>EMAIL ADDRESS:</b>                           |
| <b>INSURED</b><br>Fechter & Company<br>Certified Public Accountants<br>Craig Fechter<br>3445 American River Dr #A<br>Sacramento, CA 95864       | <b>INSURER(S) AFFORDING COVERAGE</b><br>INSURER A: Travelers Property Casualty<br>INSURER B: Allied Insurance Company<br>INSURER C:<br>INSURER D:<br>INSURER E:<br>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 SUBR INAD WVD | POLICY NUMBER   | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS  |
|----------|---|--------------------|-----------------|-------------------------|-------------------------|---|
| B        | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR<br>GENL AGGREGATE LIMIT APPLIES PER:<br><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC<br>OTHER: |                    | ACP7894583667   | 07/06/2019              | 07/06/2020              | EACH OCCURRENCE \$ 1,000,000<br>DAMAGE TO RENTED PREMISES (Per occurrence) \$ 300,000<br>MED EXP (Any one person) \$ 1,000<br>PERSONAL & ADV INJURY \$ 1,000,000<br>GENERAL AGGREGATE \$ 2,000,000<br>PRODUCTS - COMP/OP AGG \$ 2,000,000 |
| B        | AUTOMOBILE LIABILITY<br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input checked="" type="checkbox"/> Hired AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS  |                    | ACP789583667    | 07/06/2019              | 07/06/2020              | COMBINED SINGLE LIMIT (Per accident) \$ Included<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$   |
|          | UMBRELLA LIAB <input type="checkbox"/> OCCUR<br>EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE<br>DED <input type="checkbox"/> RETENTION \$   |                    |                 |                         |                         | EACH OCCURRENCE \$<br>AGGREGATE \$  |
| A        | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/ MEMBER EXCLUDED? (Mandatory to file)<br>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"/> OTHER<br>E.L. EACH ACCIDENT \$ 1,000,000<br>E.L. DISEASE - EA EMPLOYEE \$ 1,000,000<br>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.

|  |  |
|--|--|
| <b>CERTIFICATE HOLDER</b><br>FORVE-1<br>For Verification Purposes Only | <b>CANCELLATION</b><br>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.<br>AUTHORIZED REPRESENTATIVE<br> |
|--|--|



## SECTION 2: COST PROPOSAL

### Proposed Fee Schedule

#### PROPOSED FEE SCHEDULE

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

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.



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

MARCH 30, 2021

# LOS OSOS COMMUNITY SERVICES DISTRICT

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES  
FOR THE FISCAL YEARS ENDING JUNE 30, 2021, 2022 AND 2023  
(WITH THE OPTION FOR THE TWO SUBSEQUENT FISCAL YEARS)

CONTACT PERSONS:  
SCOTT W. MANNO, CPA, CGMA  
smanno@ramscpa.net

TERRY SHEA, CPA  
terry@ramscpa.net

909.889.0871

PREPARED BY  
ROGERS ANDERSON MALODY & SCOTT, LLP  
735 E Carnegie Drive, Suite 100  
San Bernardino, CA 92408

LICENSE #2596  
FEIN 95-2662063

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

March 30, 2021

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

Los Osos Community Services District  
Attention: Ron Munds, General Manager  
2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST

**MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA  
Louis Fernandez, CPA  
Abigail Hernandez Conde, CPA, MSA  
Zoe Xinlu Zhang, CPA, MSA  
John Maldonado, CPA, MSA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants



Dear Evaluation Committee:

I am pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for the past 73 years has been to provide honest, objective and high-quality results to all our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by the continued organic growth of our firm and our list of long-term clients, some we have served for over 20 years.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that is why we have a *dedicated team of auditors* that possess the specialized knowledge and experience to help ensure our audits are planned and executed in a way that maximizes audit efficiency and effectiveness and provides you the highest quality services.

We are aware that the Los Osos Community Services District (the District) will be reviewing other proposals during this process, but we believe that RAMS would be an exceptional choice for the audit for the following reasons. Our firm:

- Utilizes *Teammate Analytics*, a suite of more than 150 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using our CAAT) which enables us to focus on key audit areas allowing us to become more efficient resulting in a higher quality audit at a reasonable fee.
- Provides auditing services to over 50 governmental agencies and not-for-profit organizations, including over 20 cities, most of which have enterprise activities.
- Developed a comprehensive remote working environment for our audits. All our staff currently have the tools for working remotely in an effective and efficient manner allowing us to still provide a quality audit. Our ultimate goal is to continue to meet your needs, but in a safe environment.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to our clients.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.

- Understands the audit process can be a stressful experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit. We make every effort to ensure the audit process, from the interim fieldwork to the preparation of any required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this by comprehensively planning the audit and utilizing our staff and audit technologies in the most efficient and effective manner while keeping disruptions and miscommunications to a minimum.
- Has audit team members that are personable and easy to work with, yet still focused on the audit. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service.
- Has an extensive internal quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and reviewed by the engagement manager, *each report is also examined by 2 partners and at least 1 professional proofreader.*
- Has assisted many of our clients with the preparation of their Comprehensive Annual Financial Reports, and all our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- Believes that our fee estimate provides a fair and reasonable investment, commensurate with level of service provided and the experience of the audit team members. While we may not be the lowest bidder, that is not our objective. We focus on delivering the best value and price our prospective engagements accordingly.
- Is a local Southern California firm. All our employees live, work and shop in the region, allowing our local cities to benefit from our sales and property taxes.

Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all of the assigned professional staff to the engagement. Mr. Shea, Partner and Mr. Manno, Partner are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with the District. We understand the work to be done as listed in the section of this proposal titled *Services to be provided*. In addition, we will be committed to meeting any agreed upon time frames. This proposal is a firm and irrevocable offer for 120 days.

We can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, [terry@ramscpa.net](mailto:terry@ramscpa.net) or [smanno@ramscpa.net](mailto:smanno@ramscpa.net).

Thank you for the opportunity to present our proposal to the District. We will be committed to exceeding your expectations of an auditor and believe this proposal provides you with information about our firm, the service team members and our customized audit approach. We look forward to having a long and mutually beneficial relationship with the District. Please contact us if you have any questions regarding this proposal.

Respectfully yours,

**ROGERS, ANDERSON, MALODY & SCOTT, LLP**




---

Scott W. Manno, CPA, CGMA  
Partner

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience

#### About our firm

We are a local firm founded in 1948 and located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We provide a full range of services as expected of a full-service accounting firm. We are one of the



oldest, most trusted and respected CPA firms in Southern California, with over 73 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting and management advisory services. Over *sixteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment successor agencies, water districts, other special districts, not-for-profit corporations and joint power authorities. We do not use our government accounting and auditing practice as “fill work” for the firm, it is one of our primary focuses thus allowing us to provide quality services to local governments.

We understand your desire engage auditors that have a thorough understanding of the ever-changing complex accounting and compliance issues confronting governments today. Our firm has an extensive history of governmental accounting and auditing. During that time, we have gained valuable experience, acquired an in-depth knowledge of, and obtained the technical expertise needed to perform high quality governmental audits. This expertise has enabled us to provide exceptional, high quality service and to provide solutions at fees we feel represent our value to our clients. In addition, we use our participation in various industry associations to continuously update our knowledge with respect to issues relating to governmental accounting, auditing and operations. Any insight we gain is immediately passed on to our clients if we feel they will benefit from it.

Our firm has a total staff of thirty-five people, which includes eighteen certified public accountants. The staff consists of six partners, three managers, eleven supervisors/senior accountants, ten staff accountants and five support staff. The audit staff consists of eighteen members who devote over 80% of their time to municipal engagements. The engagement team assigned to the District’s engagement will consist of the following full-time staff: one audit partner, one audit manager, one audit supervisor/senior and two to three staff auditors. All personnel are located at our San Bernardino office.

#### CAFR preparation

We have extensive experience in the preparation of Comprehensive Annual Financial Reports (CAFR). For the fiscal years ended June 30, 2018 and 2019, our staff prepared over 20 CAFR’s, with each entity receiving the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2020, again, our staff prepared over 20 CAFR’s for our clients for submittal to the GFOA. In addition, we have helped many cities and special districts develop their first year’s report for submittal. Two of our audit partners and one of our managers are technical reviewers for the GFOA CAFR award program. **In addition, we review all the CAFR’s for compliance with the GFOA certificate program checklist as well as addressing any prior year comments, if applicable, to insure they have been addressed.**

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### *Governmental Audit Quality Center*

As a member of the American Institute of CPAs *Governmental Audit Quality Center* (Center), we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental and not-for-profit audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available. At RAMS, our goal is to continue to enhance our quality initiatives within our governmental and not-for-profit audit practice to deliver the highest quality audit services possible.

In addition, the *Governmental Audit Quality Center* provides access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership provides us with timely information on a variety of technical, legislative and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations which we pass on to our clients.

#### *Single audit experience*

Most of our municipal clients, and some of our other governmental and not-for-profit clients, have been subject to an audit in accordance with *Uniform Guidance*. We recently performed single audits for the following entities:

|                                      |                          |
|--------------------------------------|--------------------------|
| Elsinore Valley Muni. Water District | City of San Bernardino   |
| City of El Cajon                     | City of La Mesa          |
| City of San Marcos                   | City of West Covina      |
| City of Poway                        | City of Twentynine Palms |
| City of Fillmore                     | City of Woodlake         |
| City of Exeter                       | City of Rosemead         |
| City of La Verne                     | City of Hawthorne        |

Our specialized Single Audits Team is led by Managers and Supervisors with Intermediate and Advance Single Audits Certifications issued by the AICPA guaranteeing a successful and thorough engagement.

#### *Engagement quality control*

We have an extensive internal quality control review process to ensure your audit meets the highest standards. In addition to the preparation of financial reports by a senior member of the engagement team, each report is reviewed by the engagement manager/supervisor and then is examined by the engagement partner. Subsequently, a technical review is then performed by the Quality Control partner along with being proofread by a professional staff. In addition, all audit workpapers are reviewed by the in-charge auditor and the partner in-charge of the engagement.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### External quality control review

As a member of the AICPA Private Companies Practice Section, our firm has participated in the "Peer Review" program since 1993 and has been examined every three years since that date by an outside, independent firm of certified public accountants. Participation in this program ensures that our engagements, firm policies, and audit procedures meet the standards of the AICPA, the Yellow Book and the California State Board of Accountancy. Throughout our participation in this program, the firm has received pass ratings from the peer reviewers. The latest review below included reviews of specific governmental entities.

During the latest review, an independent firm reviewed our policies and procedures and then inspected a representative sample of engagement workpapers and reports, including governmental entities and engagements subject to the *Uniform Guidance*. For the year ended November 30, 2017, our firm received a rating of *pass* which indicates our auditing practice is suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable standards. The results provide confirmation that the custom audit approach and procedures we use are technically sound and in compliance with applicable standards.

The firm is not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

#### Disciplinary action

The firm **has never** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations.

**Our firm does not have a record of substandard work.**

In addition to the external quality control review, our firm performs in-house peer reviews over our audit and attest engagements annually.

### Grant Bennett Associates

A PROFESSIONAL CORPORATION

#### Report on the Firm's System of Quality Control

May 15, 2018

To the Partners of Rogers, Anderson, Malody & Scott, LLP and the Peer Review Committee of the California Society of CPAs:

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 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 engagements 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 Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 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*. Rogers, Anderson, Malody & Scott, LLP 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  
[www.gbacos.com](http://www.gbacos.com)

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

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Firm qualifications and experience (continued)

#### *Identification of potential audit problems*

One potential problem could be the implementation of any future Governmental Accounting Standards Board Statements. With our deep understanding of governmental accounting and auditing, constant training, and broad resources, we do not anticipate any issues during a GASB implementation. Our approach to any GASB statement implementation would be as follows: gain a thorough understanding of the pronouncement; determine applicability to the District; if applicable, discuss the statement and how it will affect the District with District staff; and provide guidance to District staff on the accounting and financial reporting implications.

In addition, we will consider the following items related to the pandemic:

- Any changes in internal control procedures due to District staff working remotely, staff reductions, including related IT changes.
- Valuation issues related to investments as well as accounts receivable balances (accounting estimates)
- Pandemic related grant funding (FEMA grants and CARES act funding received directly from the Federal government and amounts passed through from the State and/or counties).
- The effects of reduced revenues, staffing, etc. on budget vs. actual comparisons.

#### *Equal Opportunity Employer*

Our firm is an equal opportunity employer and is committed to providing employment opportunities to all qualified persons regardless of race, color, sex, religion, national origin or handicap. Our staff represents a wide range of cultures and ethnic backgrounds. We provide opportunities for advancement for all staff based on ability, skill and desire to advance.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental and not-for-profit entities operate. This experience is a critical component in providing the District with an effective and efficient audit.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental and not-for-profit accounting and auditing along with a broad business perspective. Each member will have access to a wide range of technical resources and knowledge bases which will enable them to provide the District with practical observations and effective solutions.

#### *Partner and supervisory staff involvement*

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory staff involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork, thus facilitating a proper, efficient and effective audit, with minimal disruption of your staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of the entire District's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency as well as offer practical and functional advice for improving your accounting processes and procedures.

All professionals on this engagement have worked on audits similar in nature to the District's, therefore, the District will not have to train our engagement team.

#### *Staff continuity*

Continuity of audit staff is a principal concern with our firm. In order to retain our staff, we offer extremely competitive wages, opportunities for advancement, generous medical packages, a retirement plan, bonus opportunities, as well as educational benefits. Even with the benefits we provide, we realize we may lose staff at any given time. Knowing this, we plan to provide staff continuity from year to year, which is in the best interest of the District and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted. **However, the District reserves the right to accept or reject replacements.**

We believe that due to the significant involvement of the partners on all of our engagements, any staff transition would have a minimal effect on the audit efficiency and effectiveness of subsequent years.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

#### *Continuing professional education*

Our team of auditor specialists stays current in this highly technical practice area by adhering to, and typically exceeding, the continuing professional education requirements of *Government Auditing Standards* as well as the State Board of Accountancy guidelines. All professionals at our firm participate in continuing professional education (CPE) programs, which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the Association of Government Accountants. Participation in these programs helps us to ensure that our clients are serviced with the best trained and most proficient government and not-for-profit auditors and accountants available. In addition, we periodically provide in-house training taught by our partners and senior level staff using published resources. All staff are required to attend fraud and ethics training. It is our goal to provide our professional staff continuing education which exceeds the minimum standard of 80 hours over two years.

In accordance with our firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance with GAS standards which require 24 hours directly related to governmental accounting and auditing.

In addition to the required CPE, we also use the following to increase our technical knowledge: view the Governmental Audit Quality Center Annual Webcast Update and other relevant seminars and review monthly publications from the AICPA, the GFOA, and various other resources. We also attend conferences and seminars sponsored by the GFOA, California Society of Municipal Finance Officers and the California Special District Association.

#### *Assigned personnel*

It is our goal to provide you with capable, competent, and personable individuals who offer an extensive background, not only in governmental and not-for-profit accounting and auditing, but also in general business practices. We offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental and not-for-profit accounting and provides you with the support you need in dealing with the complex issues confronting entities such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the District with a comprehensive audit of the highest quality, while still focusing on personal service. The resumes of the key engagement personnel assigned to the audit are presented near the end of this proposal. The following individuals will be assigned to the engagement for the entire contract period:

#### *Scott W. Manno, CPA, CGMA - Partner, Engagement Partner*

Scott is a municipal audit partner with the firm and will be the engagement partner. He is licensed to practice as a certified public accountant in the State of California. He has been in public accounting for 25 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Scott will directly oversee all engagement staff while assisting in planning and performing the engagement as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Scott is a working partner and will be actively and continually involved in all aspects of the engagement.



# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

*Terry P. Shea, CPA - Partner, Concurring Partner*

Terry is also a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. Terry has over 39 years of public accounting experience and has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various not-for-profit organizations. As the concurring partner, Terry will work directly with Scott in planning and performing the engagement. In addition, he will provide technical consultation for the engagement team.

*Brad A. Welebir, CPA, CGMA, MBA - Partner, Quality Control Reviewer*

Brad will be the Quality Control Reviewer. He is licensed to practice as a certified public accountant in the State of California. He has over 16 years of practical, governmental accounting and auditing experience. Brad will be responsible for the final quality control review of all released reports.

*Brianna Schultz, CPA, CGMA - Engagement Manager*

Brianna is a manager with the firm and is licensed to practice as a certified public accountant in the State of California. Brianna has over eleven years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As the engagement manager, she will work directly with the audit in-charge and partner, while supervising the engagement team during all phases of the engagement. In conjunction with the audit in-charge, she will also oversee the preparation of any required reports.

*Louis Fernandez, CPA - Senior Accountant*

Louis is a senior accountant with the firm and is licensed to practice as a certified public accountant in the State of California. Louis has four years of experience in providing accounting and auditing services for water agencies, municipalities, special districts, and various nonprofit organizations. As the engagement senior accountant, he will work directly with the audit manager and partner, while supervising the engagement team during all phases of the engagement.

*Senior and staff level accountants*

All staff employed by us and working on governmental audits are qualified to perform governmental audits. Each staff member is encouraged to take on increased responsibility for engagements previously worked on. This enables our staff to grow on each engagement and allows them to continue to gain the skills and knowledge required to perform the audits.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service that you will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the audits have previously worked together as a multi-disciplined team, thus ensuring a smooth, efficient and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the District.

Full engagement team resumes are provided as follows.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

#### Engagement team resumes



**Scott W. Manno, CPA, CGMA**  
**Engagement Partner**

#### Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995 after serving in the United States Army. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various not-for-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001. Currently, Mr. Manno serves as a technical reviewer for the GFOA CAFR Award program. Since 2010, Mr. Manno has been serving as a technical volunteer on the California Special Districts Association Audit Committee and is also on the Association's fiscal committee providing accounting and fiscal program guidance. Also, Mr. Manno has done presentations on fraud.

In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss current events, pronouncements, etc., including the implementation of GASBS 68/75.

#### Education/licenses

Bachelor of Science degree from California State University, San Bernardino  
Certified Public Accountant - State of California  
Chartered Global Management Accountant - American Institute of Certified Public Accountants

#### Related professional experience

Partial listing of relevant governmental agencies served:

|  |  |                                       |                                     |
|--|--|---------------------------------------|-------------------------------------|
| Elsinore Valley Municipal Water District | Big Bear Area Regional Wastewater Agency   | Beaumont-Cherry Valley Water District | Chino Basin Desalter Authority      |
| Rubidoux Community Services District     | Upper San Gabriel Municipal Water District | Running Springs Water District        | Crestline Village Water District    |
| West Valley Water District               | Western Municipal Water District           | Ventura Regional Sanitation District  | Conejo Recreation and Park District |
| Saticoy Sanitary District                | Pine Cove Water District                   | Idyllwild Water District              | Valley Water Company                |

Mr. Manno has completed over 200 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ Association of Certified Fraud Examiners, *Fraud Related Internal Controls*
- ◆ American Institute of Certified Public Accountants, *Governmental Accounting and Auditing Update*
- ◆ Checkpoint Learning, *GASB Pension Standards Overview*

#### Professional affiliations

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Association of Government Accountants (AGA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Special Districts Association (CSDA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

**Terry P. Shea, CPA**  
**Concurring Partner**



#### *Professional experience*

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent five years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined Rogers, Anderson, Malody & Scott, LLP in 1987 where he has completed governmental audits including municipalities and provided financial consulting services for various cities.

#### *Education/licenses*

Bachelor of Arts degree from California State University, Fullerton  
Certified Public Accountant - State of California

#### *Related professional experience*

Partial listing of relevant governmental agencies served (\*includes enterprise fund accounting):

|                                       |                                      |   |
|---------------------------------------|--------------------------------------|---|
| Crestline-Lake Arrowhead Water Agency | Ventura Regional Sanitation District | San Bernardino Valley Municipal Water District    |
| City of La Mesa*                      | Vallecitos Water District            | City of El Cajon*                                 |
| Pine Cove Water District              | Vista Irrigation District            | Mojave Water Agency                               |
| United Water Conservation District    | Crestline Village Water District     | San Bernardino Valley Water Conservation District |
| Running Springs Water District        | Rossmoor Community Services District | Helendale Community Services District             |
| Costa Mesa Sanitary District          | City of Mission Viejo*               | Rosamond Community Services District              |

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for one Riverside County city and one Los Angeles County city.

#### *Continuing professional education*

Mr. Shea has completed over 120 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ American Institute of Certified Public Accountants, *Governmental and Not-for-Profit Conference*
- ◆ California Society of CPAs Education Foundation, *Governmental Auditing Skills*
- ◆ Thomson Reuters, *Audits of State and Local Governments*

#### *Professional affiliations*

Mr. Shea is a member of the following professional organizations:

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

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)



**Brad A. Welebir, CPA, CGMA, MBA**  
**Quality Control Partner**

#### *Professional experience*

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in January 2004. He works primarily on audits of governmental agencies, small to mid-sized businesses, and not-for-profit organizations. Mr. Welebir serves as a technical reviewer for the GFOA CAFR Award program.

#### *Education/licenses*

Masters of Business Administration - Accounting Emphasis from California State University, Fullerton  
Bachelor of Arts in Business Administration from La Sierra University  
Certified Public Accountant - State of California  
Chartered Global Management Accountant - American Institute of Certified Public Accountants

#### *Related professional experience*

Partial listing of relevant governmental agencies served (\*includes enterprise fund accounting):

|                                       |  |  |                                      |
|---------------------------------------|--|--|--------------------------------------|
| Twentynine Palms Water District       | East Valley Water District             | Crestline Village Water District         | Running Springs Water District       |
| Beaumont Cherry Valley Water District | Upper San Gabriel Muni. Water District | Big Bear Area Regional Wastewater Agency | Rubidoux Community Services District |
| Crestline-Lake Arrowhead Water Agency | Valley Water Company                   | West Valley Water District               | Idyllwild Water District             |

#### *Continuing professional education*

Mr. Welebir has completed over 120 hours of continuing professional education courses in the past three years of which the following select courses are relevant to this engagement:

- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *OMB A-133 Single Audit Update*
- ◆ California Society of Municipal Finance Officers, *Annual Conference Sessions*
- ◆ Government Finance Officers Association, *GAAP Update*
- ◆ Thomson Reuters, *Yellow Book Update*

#### *Professional affiliations*

Mr. Welebir is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)
- ◆ California Special Districts Association (CSDA)

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)



**Brianna Schultz, CPA, CGMA**  
**Audit Manager**

#### *Professional Experience*

Ms. Schultz began her career with Rogers, Anderson, Malody & Scott, LLP in July 2014, and had over three years' experience with another public accounting firm serving the same industry. During her time with the firm, she has worked primarily on audits of municipalities, special districts and redevelopment agencies, as well as various non-profit organizations.

#### *Education*

Bachelor of Science degree from California State University, San Bernardino  
Certified Public Accountant – State of California  
Chartered Global Management Accountant – American Institute of Certified Public Accountants

#### *Related Professional Experience*

Partial listing of relevant governmental agencies served (\*includes enterprise fund accounting):

|                                       |  |                                      |                                      |
|---------------------------------------|--|--------------------------------------|--------------------------------------|
| Beaumont-Cherry Valley Water District | Elsinore Valley Municipal Water District | Rubidoux Community Services District | Costa Mesa Sanitary District         |
| Meeks and Delay Water Company         | Sativa Los Angeles County Water District | Rossmoor Community Services District | Rosamond Community Services District |
| Mojave Water Agency                   | Vallecitos Water District                | Valley Water Company                 | City of West Covina*                 |
| City of La Mesa*                      | Pine Cove Water District                 | City of El Cajon*                    | City of Hawthorne*                   |

Ms. Schultz obtained the AICPA's *Advanced Single Audit Certificate* in 2019 and the *Intermediate Single Audit Certificate* in 2017. She served as the contract Interim Accounting Manager for the City of Glendora in 2016 and the Senior Accountant for the City of Rancho Cucamonga in 2015. Additionally, she is a reviewer for the GFOA CAFR Program.

#### *Continuing Professional Education*

Ms. Schultz has completed over 100 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ Wolters Kluwer CPE Link, *OMB Supplement Addendum and the Latest COVID-19 Single Audit Implications*
- ◆ American Institute of Certified Public Accountants, *Impact of COVID-19 on Financial Reporting and Single Audit*
- ◆ Wolters Kluwer CPE Link, *2020 GAAP, GAAS & SSARS Update*
- ◆ California Society of Municipal Finance Officers, *Lease Accounting*

#### *Professional Affiliations*

Ms. Schultz is a member of the following organizations:

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

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Partner, supervisory and staff qualifications and experience (continued)

**Louis Fernandez, CPA**  
**Audit Senior**



#### *Professional Experience*

Mr. Fernandez is an Audit Senior with the firm. He has over four years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit senior, he will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all workpapers prepared for the engagement. In addition, he will also be responsible for the preparation of any required reports.

#### *Education*

Bachelor of Arts degree from California State University, San Bernardino  
Bachelor of Arts – Information Systems and Technology Concentration degree from California State University, San Bernardino  
Certified Public Accountant – State of California

#### *Related professional experience*

Partial listing of relevant governmental agencies served (\*includes enterprise fund accounting):

|  |  |                                      |                                       |
|--|--|--------------------------------------|---------------------------------------|
| Big Bear Area Regional Wastewater Agency | Elsinore Valley Municipal Water District | Crestline Village Water District     | Crestline-Lake Arrowhead Water Agency |
| United Water Conservation District       | Nipomo Community Services District       | Rossmoor Community Services District | Rubidoux Community Services District  |
| Valley Water Company                     | Saticoy Sanitary District                | Idyllwild Water District             | West Valley Water District            |
| City of Woodlake*                        | City of La Mesa*                         | City of Menifee*                     | City of San Bernardino                |

#### *Continuing Professional Education*

Mr. Fernandez has completed over 100 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ Wolters Kluwer CPE Link, *Governmental Accounting and Auditing Update*
- ◆ Wolters Kluwer CPE Link, *Government Risk Assessments*
- ◆ Wolters Kluwer CPE Link, *Government Auditing Standards and Foundations*

#### *Professional affiliations*

Mr. Fernandez is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Similar engagements with other Government entities

|                     |  |
|---------------------|--|
| <b>Entity:</b>      | <b><i>Crestline Village Water District</i></b>                                       |
| Scope of work:      | Financial Audit  |
| Date:               | Years ending June 30, 1996 - present   |
| Engagement partner: | Mr. Scott Manno/Mr. Brad Welebir   |
| Total hours:        | 200  |
| Contact person:     | Mrs. Larrie Ann Davis, Office Manager (909) 338-1727,<br>ladavis@cwwater.com         |
| Address:            | 777 Cottonwood Drive, Crestline, CA 92325  |
| <b>Entity:</b>      | <b><i>Pine Cove Water District</i></b>   |
| Scope of work:      | Financial Audit  |
| Date:               | Years ending June 30, 2010 - present   |
| Engagement partner: | Mr. Terry Shea/Mr. Scott Manno   |
| Total hours:        | 200  |
| Contact person:     | Mr. Jerry Holldber, General Manager, (951) 659-4936, jerry@pcwd.org                  |
| Address:            | 24917 Marion Ridge Drive, Idyllwild, CA 92519  |
| <b>Entity:</b>      | <b><i>Nipomo Community Services District</i></b>                                     |
| Scope of work:      | Financial Audit/CAFR   |
| Date:               | Years ending June 30, 2016 - present   |
| Engagement partner: | Mr. Terry Shea   |
| Total hours:        | 250  |
| Contact person:     | Ms. Lisa Bognuda, Finance Director (805) 929-1133,<br>lbognuda@ncsd.ca.gov           |
| Address:            | 602 E. Huntington Drive, Suite B, Monrovia, CA 91016                                 |
| <b>Entity:</b>      | <b><i>Rubidoux Community Services District</i></b>                                   |
| Scope of work:      | Financial Audit  |
| Date:               | Years ending June 30, 2016 - present   |
| Engagement partner: | Mr. Scott Manno  |
| Total hours:        | 200  |
| Contact person:     | Mr. Brian Laddusaw, Director of Finance, (951) 684-7580,<br>bladdusaw@rcsd.org.org   |
| Address:            | 3590 Rubidoux Blvd. Riverside, CA 92509  |
| <b>Entity:</b>      | <b><i>Rosamond Community Services District</i></b>                                   |
| Scope of work:      | Financial Audit  |
| Date:               | Years ending June 30, 2015 - present   |
| Engagement partner: | Mr. Scott Manno/Mr. Terry Shea   |
| Total hours:        | 240  |
| Contact person:     | Mr. Brad Rockabrand, Finance Director (661) 256-5812,<br>brockabrand@rosamondcsd.com |
| Address:            | 3179 35th Street West, Rosamond, CA 93560  |

See Attachment A for a complete of current and recent clients served.

\* = received GFOA/CSMFO award

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Affirmative statements

#### *Independence*

Rogers, Anderson, Malody & Scott, LLP is independent of the District and any component units, as defined by general standard number two of the generally accepted auditing standards, and by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards*.

#### *License to practice*

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. The key professional staff, which includes the partners, managers, and supervisors, are all certified public accountants licensed to practice in the State of California and are in compliance with all applicable Board of Accountancy standards.

### Specific audit approach

#### *Services to be provided*

The District desires the auditor to express an opinion on the fair presentation of the financial statements for the Los Osos Community Services District and the Assessment District in accordance with generally accepted accounting principles.

In addition, we shall:

- Assist District staff with the preparation of the financial statements.
- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information and provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules, if applicable.
- Provide opinions as to the compliance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance).
- Perform procedures over the District's GANN Limit.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the new AICPA audit guide "Audits of State and Local Governments".
- *Government Auditing Standards* issued by the Comptroller of the United States of America.
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance).
- State Controller's Office *Minimum Audit Requirements for Special Districts*.
- Specific auditing standards relating to any grant agreement determined to be material by the auditor.
- Prepare the Districts annual State Controller's Report.

Reports to be issued:

- A report on the fair presentation of the financial statements in conformity with GAAP.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- A report in compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the *Uniform Guidance*, if applicable.
- Prepare Management Letter that includes significant and less significant (i.e., reportable and non-reportable) recommendations for improvements to internal control.
- We will issue reports to those charged with governance (SAS 114 letters) as required by auditing standards.



# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

RAMS will also perform the following:

- We shall communicate to management any reportable conditions found during the audit, including significant deficiencies and material weaknesses, nonreportable conditions will be reported in a separate letter to management.
- Make an immediate, written notification of all irregularities and illegal acts or indication of illegal acts of which we become aware to the following: President, Board Directors; Vice President, Board of Directors; General Manager.

### Engagement approach

Our engagement approach for your audit will be developed using established goals which will enable measurement of the audit process by the engagement partner and lead auditor. Our approach involves frequent communication between the partner and the engagement team to ensure that all audit objectives are achieved in accordance with our goals and that any issues which may arise are communicated and dealt with on a timely basis. Our overall knowledge and expertise in governmental accounting and auditing has allowed us to identify key audit and accounting risks in the government environment. More importantly, the approach provides for a complete reassessment of the management and control environment in each year's audit and thus is capable of responding to changes and will ensure that deadlines are met in issuing the annual financial statements.

Our engagement approach has been developed and refined over many years. The backbone of our approach revolves around the following constants:

- **Knowledge and experience.** We have been auditing governmental entities like the District, both large and small, for over 73 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit. It also enables us to perform detailed risk assessment procedures allowing us to identify significant audit risk areas within the District and its control environment.
- **Intelligent design:** As discussed later in our proposal, all our audits are designed to be intelligent using our powerful audit software tools (Engagement and *Teammate Analytics*). This allows us to analyze large amounts of data in seconds increasing both the efficiency and, more importantly, the effectiveness of all our audit engagements.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we can design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just "dates" to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and District Management and staff) throughout the audit process helps to eliminate "surprises." Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation. District staff will have direct access to the partner, manager and other supervisory staff at all times during the engagement, as well as after.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs while still providing an effective audit and high-quality reports.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

As indicated in the next section of the proposal, the overall objective of the engagement with the District is to conduct an audit of the financial statements in accordance with required auditing standards and the expression of an opinion on those financial statements. Beyond that initial objective, we believe that our engagement approach provides certain other value added characteristics, at no additional cost, that will benefit the District over the long-term:

- All our audits are designed to be performed in an efficient and effective way to minimize disruption to the office operations.
- We offer practical observations and recommendations relating to internal control issues, implementation of accounting standards and the policies and procedures regarding both.
- We identify opportunities for operating efficiencies which can be used to decrease operating costs of the District.

### *Audit approach and proposed audit segmentation*

The following is a summary of the audit team's audit approach for the District's engagement. The audit will be divided into the following segments:

#### Segment 1 - Interim testing - planning, pre-audit administration and internal control testing

During this phase of the audit, our principal objectives will be to gather information about the District and its environment, including its internal control over financial reporting.

To achieve the desired objectives of this phase of the audit, we will:

- Meet with the District's staff in order to determine convenient dates in which we can begin our audit, and to discuss the assistance to be provided by the District's staff.
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the District's financial statements to material misstatement and fraud.
- Review and evaluate the District's accounting and reporting processes by reviewing the prior year's audit workpapers, any District-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of board meetings, etc., and by using various analytical procedures. Analytical procedures will enhance our understanding of the District and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the District.
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the District's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the District's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Test controls, if control risk is assessed below the maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation, and evaluating the completeness of the documentation tested, as well as the adequacy of support and approvals as they appear on the support.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of the District's operations.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

In addition, we will perform the following procedures related to IT General Controls that “touch” financial data:

- *Security access (including physical) controls:* evaluate the general system security settings and password parameters; evaluate the process for adding, deleting and changing security access; and evaluate the access capabilities of various types of users; evaluate access controls to networks and financial applications; evaluate access controls related to data files; and evaluate physical access to networks, servers, etc.
- *Computer operations:* Evaluate backup and recovery processes; and review processes of identifying and handling operational problems.
- *System development and system changes:* Evaluate processes related to system development and system changes (if applicable).
- *Application testing:* We will determine if the testing of application controls is deemed necessary based on our professional judgment in the planning stages of the engagement. If deemed appropriate, application control testing might consist of the following:
  - Interview key personnel, inquire of testing processes (quality assurance and end user testing) for application changes, review the chain of relevant documents (end user acceptance report);
  - Observe attempts to input incorrect data, determine who can override controls;
  - If table driven, determine who can change edits and tolerance levels;
  - Conduct tests based on user access rights;
  - Test access privileges for each sensitive function or transaction;
  - Review access rights that set and amend configurable approval and authorization limits;
  - Observe transmission reports and error reports;
  - Observe validity and completeness parameters and settings;
  - Review access to set and amend configurable parameters on file transfers; and
  - Review process for validation and test operation.

This phase of the engagement for the audit will be performed by the audit supervisor and two/three staff accountants with direct supervision by the audit manager and partner.

### Segment 2 - Year-end testing - substantive testing

During this phase of the audit, our principal objectives will be to assess the risk of material misstatement at the financial statement level and specific assertions, design overall responses to assessed risks and further audit procedures, perform substantive tests, as needed, and complete the audit and evaluate audit findings, if applicable.

To achieve the desired objectives of this phase of the audit, we will:

- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.
- Identify significant risks.
- Develop a detailed audit plan.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

- Design substantive tests of account balances designed and modified specifically for the District's operations and assessed level of risk. Substantive procedures will consist of testing balance sheet accounts, revenues and expenditures accounts along with various analytical procedures as deemed necessary. In addition, various accounts made be confirmed with outside parties (cash, investments, etc.).

If any proposed audit adjustments are noted during this phase, we will discuss and explain them, in detail, with the appropriate level of management prior to posting.

This phase of the engagement for the audit will be performed by the audit supervisor and two/three staff accountants with direct supervision by the audit manager and partner.

### Segment 3 - Reporting - report preparation/audit conclusion (workpaper review)

During this phase of the audit, our principal objectives will be to evaluate whether the financial statements, taken as a whole, are free from material misstatement and form an opinion(s) and issue our report.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion(s).
- Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.).
- Prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the engagement's quality control partner.
- Issue all reports by the agreed-upon dates.

This phase of the engagement will be performed by the audit supervisor and one staff accountant with direct supervision by the audit manager and partner. In addition, the engagement's quality control partner will perform a detailed quality control review of the financial statements.

The above procedures are a general list of procedures to be performed. After our initial review of the District and our detailed risk assessment, we will customize the engagement and gear it towards the needs of the District and the audit itself. In doing so, we will determine which procedures to perform relative to our risk assessment. All of our audits are customized to each entity, helping to ensure a complete, effective, and efficient audit. The foundation of the above approach is based on open communication coupled with a strong knowledge of the District's operations and detailed planning at the initial stages of the audit.

Our firm is dedicated to performing a timely audit engagement. Prior to the start of the audit, we will meet with District staff and decide on adequate timeframes, agreed upon by both the District and us, for the performance of the audit and the release of the financial statements. *We will dedicate the necessary resources to meet any agree upon time frames.*

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

Level of staff and approximate number of hours assigned to each segment:

| Segment   | Partner | Manager | Senior | Staff | Total |
|-----------|---------|---------|--------|-------|-------|
| Segment 1 | 3       | 4       | 18     | 18    | 43    |
| Segment 2 | 5       | 6       | 29     | 25    | 65    |
| Segment 3 | 6       | 5       | 25     | 6     | 42    |
| Totals*   | 14      | 15      | 72     | 49    | 150   |

### Sample sizes

Our sample sizes will be determined in accordance with the AICPA's *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment as permitted by Statement on Auditing Standards. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, our planned substantive testing and analytical procedures as well as our professional judgement.

We utilize our Computer Aided Audit Tools (CAAT) software, Teammate Analytics, to draw our audit samples. The software allows us to generate random samples, systematic samples, stratified samples, attributes samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

### Audit technology

We design our audits to be intelligent using our powerful audit software (Engagement and Teammate Analytics). This allows us to analyze data in real time. In addition, all audit team members are linked to each other using wireless connections (or a local router) which enables them to share information at an almost real-time speed. Below are benefits of our audit software:

- **We utilize Teammate Analytics, a suite of more than 150 dynamic Computer Aided Audit Tools (CAATs). Using data received directly from the Department, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value-added services.**
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant District staff time.
- Once your trial balances and financial statements are entered into our software, we are able to observe your statements in the field allowing us to notice any variances and address them at your office.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide the District with fund financial statements almost immediately after importing the trial balances.
- We can provide the District with our audited trial balances which show the coding of the financial statement schedules for ease of review for District staff. These reports show each account coded to a specific financial statement line item/function as well as journal entries posted during the audit.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

#### *Analytical procedures*

To properly utilize analytical procedures, industry background and knowledge are needed. With our firm's long history and qualified staff, we believe we have the necessary knowledge and experience to effectively apply analytical procedures. We will utilize analytical review procedures throughout our audit of the District. During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine areas that may need additional analysis; we will also compare current year actual amounts to the District's annual budget. During the *final* phase of our audit, we will perform procedures similar to those mentioned above, as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Any significant variances are investigated further through inquiry and other substantive testing as deemed necessary until resolved to our satisfaction. Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the District and various other entities. In addition, we may choose to use various other analytical techniques such as trend analysis, etc.

***Unlike other audit firms, we use analytical procedures to supplement our substantive testing, not supplant them.***

#### *Understanding of internal control over financial reporting*

Our approach to obtaining an understanding of the District's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring*. We will use customized procedures which we have developed internally to evaluate your internal control systems. By combining our customized procedures and our detailed knowledge of the District and its environment, we will be able to provide constructive feedback in areas we feel need improvement. In addition to our customized procedures, we will also perform the following:

***Control Environment.*** Through inquiry of the District's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the District's board meetings, we will obtain an understanding of management's and the District Board's attitudes, awareness and actions concerning the control environment, focusing on the substance of the controls rather than their form.

***Risk Assessment.*** Through inquiry of the District's personnel and the use of questionnaires, we will obtain sufficient knowledge of the District's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

***Control Activities.*** Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the District's major transaction cycles. As mentioned above, we will test the District's control procedures on which we intend to rely on for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs, and financial and management information systems will be analyzed during this process.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

**Information and Communication.** Through inquiry of the District's personnel, we will identify the major types of transactions engaged in by the District. We will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records, and the manner of processing the transactions. Finally, we will obtain an understanding of the District's financial reporting process used to prepare financial reports, including the approaches used in making accounting estimates and disclosures.

**Monitoring.** Through inquiry of the District's personnel and the use of questionnaires, we will obtain sufficient knowledge of the major types of activities the District uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

#### *Approach in determining applicable laws and regulations*

We understand the importance of laws and regulations in planning an audit of a local government or not-for-profit entity and design all of our audits to ensure we test transactions for compliance. As part of our audit process, our audit team will obtain an understanding of the laws and regulations that will have a direct and material effect on the District's financial statements. In determining which laws and regulations are applicable to the District's financial statement audit, we will consult the following sources:

- AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- California Government Code (investments, GANN limit requirements, etc.)
- U.S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), 2018 Revision
- Applicable contracts/grants of the District
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance)

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance while continuing to refer back to the applicable compliance guideline to ensure changes in compliance are not missed.

#### *Approach in drawing samples for compliance testing*

Our approach to be taken in drawing audit samples for purposes of tests of compliance will depend on the number of transactions, the amounts of financial assistance provided (as applicable), and the District's internal controls over the respective programs. Our audits are designed to ensure we will select samples that will provide sufficient evidence of the District's compliance with the laws and regulations that will have a material effect on compliance with laws and regulations.

As previously mentioned, we utilize our CAAT software, *Teammate Analytics*, to draw our audit samples. The software allows us to pull random samples, systematic samples, stratified samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

#### *Approach to Pension and OPEB Liabilities in accordance with GASB 68 and GASB 75\**

Our approach to be taken in auditing the reasonableness of the Pension and OPEB Liabilities reported amounts will be by performing various reviews of the pension and OPEB reports. Along with other procedures, we will compare prior year and current amounts and participants for reasonableness, compare the audited fiduciary net position to the valuations, for the OPEB, determine whether the discount rate is reasonable (trust vs. no trust) and consider the competencies of the actuaries themselves. Since the valuation and measurement dates are prior to the fiscal year end, we felt there should be no issues regarding the timeliness of the reports. We will discuss with Management in advance the need of a roll forward or new OPEB valuation, if applicable.

#### *Approach to be taken during the Covid-19 pandemic virtual or online audit*

The COVID-19 pandemic led to most of our audits being performed remotely in 2020. We were highly flexible with our clients and were able to perform almost all our audits remotely unless the clients requested a limited staff presence on-site. No matter how the pandemic continues to develop in California, we are prepared and able to continue serving our clients remotely, and even on-site with the appropriate precautions.

The availability and use of technology has had a significant impact on the accounting and auditing profession, allowing us to provide professional services across longer distances and more timely than ever before. We have continued to evolve our ability to serve our clients remotely throughout the COVID-19 pandemic and have experienced new efficiencies for both auditor and auditee. We anticipate continuing to perform substantially all our audit work remotely and will work with the District to maximize the remote efficiencies using technology. If the District would like members of the audit team on-site, we will work with District management on determining an acceptable staffing level.

We maintain regular and routine contact with our clients throughout the audit planning, fieldwork, and conclusion phases of the audit with the use of email, phone calls, secure portals, video conferencing, project tracking schedules, and any other means necessary to ensure the timely completion of the audit by any agreed-upon deadlines. Our audit team is very responsive to our clients, and we encourage our clients to connect with us throughout the year for any matters that may affect the audit, or of a general accounting nature. We have found this to be mutually beneficial for both our clients and the annual audit work.

#### *Expectations and communication regarding data needs*

Our Firm uses a dedicated secured portal interface to track the data provided from our clients at any time. This software is very user friendly and allows all parties involved in the auditing process to get real time updates of pending, completed, and new items, as they come up in the process. The client will be provided an initial request list of documents and schedules, for internal control testing and substantive procedures testing, respectively, in advance to the fieldwork selected weeks.

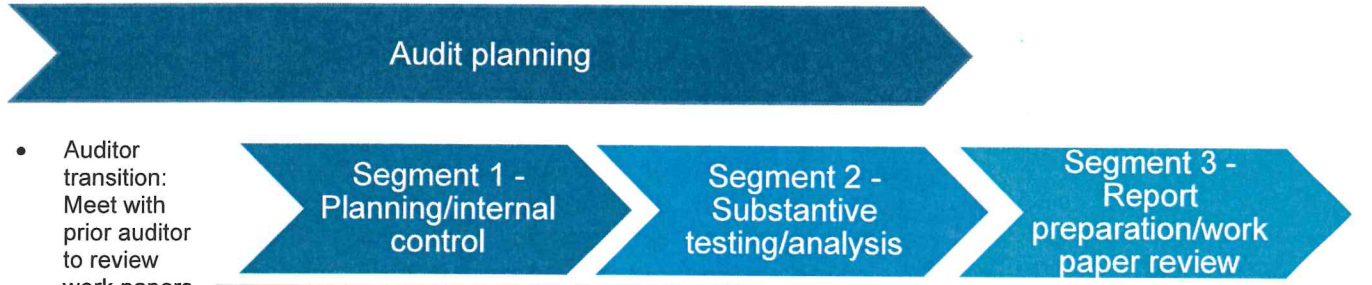


# LOS OSOS COMMUNITY SERVICES DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

### Specific audit approach (continued)

#### Proposed audit timing



- Auditor transition: Meet with prior auditor to review work papers
- Entrance conference to meet with management for pre-audit planning.
- Preliminary risk assessment procedures.

| Anticipated timing of each segment |                  |                  |
|------------------------------------|------------------|------------------|
| May/June                           | August/September | October/November |

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Obtain an understanding of systems, internal controls, and current-year issues.</li> <li>• Assess and evaluate design and implementation of key internal controls (including IT related).</li> <li>• Perform tests of internal controls as needed.</li> <li>• Identify control deficiencies</li> <li>• Perform detailed risk assessment procedures.</li> <li>• Draft internal control comment letter</li> <li>• Develop detailed audit plan - provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed.</li> </ul> | <ul style="list-style-type: none"> <li>• Perform substantive audit fieldwork.</li> <li>• Perform substantive analytical procedures.</li> <li>• Consider whether audit evidence is sufficient to form an opinion.</li> <li>• Conduct exit conference with management to discuss proposed entries, internal control issues, etc.</li> </ul> | <ul style="list-style-type: none"> <li>• Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement.</li> <li>• Review all workpapers.</li> <li>• Evaluate financial statements and note disclosures.</li> <li>• Perform final analytical procedures.</li> <li>• Draft required reports.</li> <li>• Issue final required reports by or before agreed upon date.</li> <li>• Present to Board as needed.</li> </ul> |
|---|---|--|

#### CAFR suggestions

Based on our preliminary review, the CAFR appears to be well organized and laid out. It is difficult to determine without any agreements, but it would appear the debt from the DWR and SWCRB would be considered a "direct borrowing". Currently, we have no other recommended changes. If selected as auditor, we will perform a detail review and the CAFR, including checking for all proper disclosures.

#### Conflict of interest

We are unaware of any conflicts of interest with the District.

## RECENT GOVERNMENT CLIENTS SERVED

| <u>Government Client</u>                             | <u>Years Served</u>  | <u>CSMFO/<br/>GFOA<br/>Awards</u> | <u>Successor<br/>Agency</u> | <u>Housing<br/>Authority</u> |
|--|----------------------|-----------------------------------|-----------------------------|------------------------------|
| Crestline Village Water District                     | 04/30/96 to 04/30/20 |                                   |                             |                              |
| Crestline-Lake Arrowhead Water                       | 06/30/98 to 06/30/20 |                                   |                             |                              |
| San Bernardino Valley Muni Water District            | 06/30/04 to 06/30/20 |                                   |                             |                              |
| Elsinore Valley Municipal Water District             | 06/30/15 to 06/30/20 | Yes                               |                             |                              |
| Ventura Regional Sanitation District                 | 06/30/07 to 06/30/19 | Yes                               |                             |                              |
| Saticoy Sanitary District                            | 06/30/07 to 06/30/19 |                                   |                             |                              |
| Pine Cove Water District                             | 06/30/10 to 06/30/20 |                                   |                             |                              |
| Western Municipal Water District                     | 06/30/11 to 06/30/16 | Yes                               |                             |                              |
| WRCRWA   | 06/30/11 to 06/30/16 |                                   |                             |                              |
| Vista Irrigation District                            | 06/30/11 to 06/30/16 | Yes                               |                             |                              |
| Idyllwild Water District                             | 06/30/11 to 06/30/20 |                                   |                             |                              |
| Vallecitos Water District                            | 06/30/15 to 06/30/18 | Yes                               |                             |                              |
| Big Bear Area Regional Wastewater                    | 06/30/12 to 06/30/20 | Yes                               |                             |                              |
| Beaumont Basin Watermaster                           | 06/30/13 to 06/30/19 |                                   |                             |                              |
| Mojave Water Agency                                  | 06/30/19 to 06/30/20 |                                   |                             |                              |
| Costa Mesa Sanitary District                         | 06/30/15 to 06/30/17 | Yes                               |                             |                              |
| Beaumont Cherry Valley Water District                | 12/31/17 to 12/31/20 | Yes                               |                             |                              |
| United Water Conservation Agency                     | 06/30/15 to 06/30/19 | Yes                               |                             |                              |
| Inland Empire Resource Cons. District                | 06/30/04 to 06/30/16 |                                   |                             |                              |
| Rosamond Community Services District                 | 06/30/15 to 06/30/20 |                                   |                             |                              |
| Rossmoor Community Services District                 | 06/30/05 to 06/30/20 |                                   |                             |                              |
| Rim of the World Park & Rec. District                | 06/30/06 to 06/30/20 |                                   |                             |                              |
| Ventura County Regional Energy                       | 06/30/07 to 06/30/19 |                                   |                             |                              |
| Heartlands Communications Fac Auth                   | 06/30/07 to 06/30/20 |                                   |                             |                              |
| Heartlands Fire Training Authority                   | 06/30/07 to 06/30/20 |                                   |                             |                              |
| Consolidated Fire Agencies                           | 06/30/14 to 06/30/20 |                                   |                             |                              |
| Riverside County Habitat Con. Agency                 | 06/30/15 to 06/30/20 |                                   |                             |                              |
| Santa Ana Watershed Association                      | 12/31/09 to 12/31/18 |                                   |                             |                              |
| Capistrano Bay Community Services District           | 06/30/13 to 06/30/20 |                                   |                             |                              |
| Ventura County Public Fin Authority                  | 06/30/12 to 06/30/20 |                                   |                             |                              |
| Nipomo Community Services District                   | 06/30/16 to 06/30/20 | Yes                               |                             |                              |
| SBIAA  | 06/30/17 to 06/30/20 |                                   |                             |                              |
| West Valley San Bernardino Water District            | 06/30/17 to 06/30/19 |                                   |                             |                              |
| WRCOG  | 06/30/17 to 06/30/20 | Yes                               |                             |                              |
| West Basin Municipal Water District                  | 06/30/20             |                                   |                             |                              |
| Mission Springs Water District                       | 06/30/20             |                                   |                             |                              |
| Palos Verdes Transit Authority                       | 06/30/19 to 06/30/20 |                                   |                             |                              |
| San Bernardino Valley Water Conservation District    | 06/30/17 to 06/30/20 |                                   |                             |                              |
| Riverside County Regional Park & Open Space District | 06/30/16 to 06/30/20 |                                   |                             |                              |

RECENT GOVERNMENT CLIENTS SERVED (continued)

| <u>Government Client</u>                                     | <u>Years Served</u>  | <u>CSMFO/<br/>GFOA<br/>Awards</u> | <u>Successor<br/>Agency</u> | <u>Housing<br/>Authority</u> |
|--|----------------------|-----------------------------------|-----------------------------|------------------------------|
| Running Springs Water District                               | Accounting support   |                                   |                             |                              |
| Phelan Pinon Hills Community Services District               | Accounting support   |                                   |                             |                              |
| City of Canyon Lake  | Accounting support   |                                   |                             |                              |
| City of Rolling Hills  | Accounting support   |                                   |                             |                              |
| San Diego Workforce Partnership                              | 06/30/16 to 06/30/20 |                                   |                             |                              |
| Rubidoux Community Services District                         | 06/30/16 to 06/30/20 |                                   |                             |                              |
| CSUSB - Student Union  | 06/30/05 to 06/30/19 |                                   |                             |                              |
| CSUSB - Associated Students Inc.                             | 06/30/10 to 06/30/19 |                                   |                             |                              |
| CSUSB - Philanthropic Foundation                             | 06/30/11 to 06/30/19 |                                   |                             |                              |
| CSUSB - University Enterprise Corp.                          | 06/30/11 to 06/30/19 |                                   |                             |                              |
| Helendale Community Services District                        | 06/30/10 to 06/30/18 |                                   |                             |                              |
| Conejo Recreation and Park District                          | 06/30/19 to 06/30/20 |                                   |                             |                              |
| Upper San Gabriel Valley MWD                                 | 06/30/19 to 06/30/20 |                                   |                             |                              |
| March Joint Powers Authority                                 | 06/30/19 to 06/30/20 |                                   |                             |                              |
| Chino Basin Desalter Authority                               | 06/30/19 to 06/30/20 |                                   |                             |                              |
| Mountains Recreation and Conservation                        | 06/30/19 to 06/30/20 |                                   |                             |                              |
| Triunfo Sanitation   | 06/30/20             |                                   |                             |                              |
| Yucca Valley Airport   | 06/30/20             |                                   |                             |                              |
| Resource Conservation District of the Santa Monica Mountains | 06/30/15 to 06/30/20 |                                   |                             |                              |
| North County Dispatch  | 06/30/19 to 06/30/20 |                                   |                             |                              |
| City of El Cajon   | 06/30/07 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of Exeter   | 06/30/17 to 06/30/20 |                                   |                             |                              |
| City of Woodlake   | 06/30/17 to 06/30/20 |                                   |                             |                              |
| Town of Yucca Valley   | 06/30/08 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of La Verne   | 06/30/11 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of San Jacinto  | 06/30/11 to 06/30/20 |                                   | Yes                         | Yes                          |
| City of Twentynine Palms                                     | 06/30/11 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of La Mesa  | 06/30/11 to 06/30/20 |                                   | Yes                         | Yes                          |
| City of Menifee  | 06/30/14 to 06/30/20 | Yes                               |                             |                              |
| City of San Marcos   | 06/30/14 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of Redondo Beach  | 06/30/12 to 06/30/16 | Yes                               | Yes                         | Yes                          |
| City of Loma Linda   | 06/30/13 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of Sierra Madre   | 06/30/12 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| Successor Agency to the County of SB                         | 06/30/14 to 06/30/20 |                                   |                             |                              |

RECENT GOVERNMENT CLIENTS SERVED (continued)

| <u>Government Client</u>      | <u>Years Served</u>  | <u>CSMFO/<br/>GFOA<br/>Awards</u> | <u>Successor<br/>Agency</u> | <u>Housing<br/>Authority</u> |
|-------------------------------|----------------------|-----------------------------------|-----------------------------|------------------------------|
| City of Hawthorne             | 06/30/16 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of West Covina           | 06/30/16 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of Aliso Viejo           | 06/30/16 to 06/30/20 | Yes                               | No                          | No                           |
| City of Claremont             | 06/30/16 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of Thousand Oaks         | 06/30/18 to 06/30/20 | Yes                               | Yes                         | Yes                          |
| City of South Pasadena        | 06/30/18 to 06/30/20 |                                   | Yes                         | Yes                          |
| City of Rolling Hills Estates | 06/30/19 to 06/30/20 |                                   |                             |                              |
| City of Poway                 | 06/30/14 to 06/30/19 | Yes                               | Yes                         | Yes                          |
| City of Capitola              | 06/30/12 to 06/30/18 | Yes                               | Yes                         | Yes                          |
| City of Fillmore              | 06/30/08 to 06/30/18 | Yes                               | Yes                         | Yes                          |
| City of Chino                 | 06/30/11 to 06/30/16 | Yes                               | Yes                         | Yes                          |
| City of Rosemead              | 06/30/11 to 06/30/17 | Yes                               | Yes                         | Yes                          |
| City of Moorpark              | 06/30/12 to 06/30/17 | Yes                               | Yes                         | Yes                          |
| City of Calabasas             | 06/30/20             | Yes                               | Yes                         | Yes                          |
| City of Lawndale              | 06/30/20             | Yes                               | Yes                         | Yes                          |
| City of San Bernardino        | 06/30/20             | Yes                               | Yes                         | Yes                          |
| Town of Windsor               | 06/30/19             |                                   | Yes                         | Yes                          |
| City of Ojai                  | 06/30/20             |                                   | Yes                         | Yes                          |
| City of Moreno Valley         | 06/30/20             | Yes                               | Yes                         | Yes                          |
| City of Beaumont              | 06/30/20             |                                   | Yes                         | Yes                          |

Original  
*Los Osos Community Services  
District*

COST PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

FOR THE YEARS ENDING JUNE 30, 2020, 2021 & 2022

PREPARED BY:

**ROGERS, ANDERSON, MALODY & SCOTT, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

| <b>Staff Member</b> | <b>Hourly Rate</b> | <b>Estimated Hours</b> | <b>Staff Costs</b> | <b>Other Expenses</b> | <b>Total</b> |
|---------------------|--------------------|------------------------|--------------------|-----------------------|--------------|
| Partner CPA         | \$ 280             | 14                     | \$ 3,920           | \$ -                  | \$ 3,920     |
| Audit Manager       | \$ 180             | 14                     | 2,520              | -                     | 2,520        |
| Senior Staff CPA    | \$ 120             | 72                     | 8,640              | -                     | 8,640        |
| Staff Accountant    | \$ 105             | 50                     | 5,250              | -                     | 5,250        |
| Administrative      | \$ 40              | 0                      | -                  | -                     | -            |
| Other               |                    |                        |                    | 1,000                 | 1,000        |
| <b>Total</b>        |                    | 150                    | \$ 20,330          | \$ 1,000              | \$ 21,330    |

The above fees are for Fiscal Years 2020-21 and 2021-22. For Fiscal Year 2022-23 the fees would be increased by 2%.

In the event disclosures in the audit indicate extraordinary circumstances which warrant more intensive and detailed services, the FIRM shall provide all pertinent facts relative to the extraordinary circumstances together with the firm's estimate of the cost of additional services to the District.

**LOS OSOS COMMUNITY SERVICES DISTRICT**

**PROFESSIONAL AUDIT SERVICES PROPOSAL**

For Fiscal Year Ending June 30, 2021, 2022, and 2023  
With optional Fiscal Years Ending June 30, 2024 and 2025

**Submitted By:**

Moss, Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455  
Phone: 805.925.2579  
Fax: 805.925.2147

**Submitted On:**

March 30, 2021

**Contact Person:**

Ronald A. Levy, CPA  
rlevy@mlhcpas.com

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**  
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# **Technical Proposal**





Attention: Ron Munds, General Manager  
Los Osos Community Services District  
2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

We are pleased to respond to the Los Osos Community Services District's (the District) Request for Proposal for independent auditing services. We have prepared our proposal to address each specification included in the District's Request for Proposal.

After 61 years in public accounting and more than 43 years of performing nonprofit and local governmental audits, it is extremely gratifying to witness the continued growth of Moss, Levy & Hartzheim LLP. The firm has evolved from a one-person operation to a regional public accounting firm with offices in Beverly Hills, Santa Maria, and Culver City with clients throughout the State of California, as well as thirty-one other states. We and the entire staff are pleased with not only the continuing development of the firm, but also the progress and economic health of our clients. We understand that governmental accounting is a specialized industry with its own accounting standards and requirements and that is why we strive to constantly improve the quality of our professional services. This degree of dedication coupled with our ability to inform our clients of any new accounting and auditing issues is paramount to our success.

We feel that our size is such that we are large enough to provide a broad spectrum of services and experience backed by an in-house training program, professional development courses, and an extensive professional library, yet not so large as to become impersonal and rigid. Our informal style allows us to be flexible enough to complete our audits in a timely manner that is the most convenient for each client. This style, also, allows us to be more accessible to our clients when our clients have questions or concerns.

It is our understanding that we will be responsible for expressing an opinion on the District's financial statements in conformity with accounting principles generally accepted in the United States of America. It is also our understanding that we will be responsible for issuing the following:

1. An auditor's opinion letter on the fair presentation of the financial statements of the District in accordance with auditing standards generally accepted in the United States of America.
2. A report on internal controls over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with government auditing standards.
3. An in-relation-to report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general-purpose financial statements.
4. If applicable, we will complete the District's Single Audit on the federal expenditures of grants in accordance with the U.S. Office of Management and Budget Grant Guidance/Super Circular.
5. If applicable, a report on compliance with the requirements of laws, regulations, contracts and grants applicable to major federal programs and the schedule of federal expenditures.
6. If applicable, a report on internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs.
7. A schedule of findings and questioned costs and the status of prior year's findings and questioned costs.
8. We will communicate in a letter to the General Manager any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure or accounting system, which could affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions shall be reported in a separate letter to management which shall be referred to in the report on internal controls. The report on compliance shall include all material instances of non-compliance.

9. We will make immediate, written notification to the General Manager of all irregularities and illegal acts or indications of illegal acts of which we become aware.
10. Prepare the annual Financial Transactions Report and file the report with the State Controller's office.

Moss, Levy & Hartzheim LLP is independent of the District, and its component units, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accountability Office's *Government Auditing Standards*.

We will make all communications to the District and its Audit Committee as required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditors' responsibility under auditing standards generally accepted in the United States of America.
2. Significant accounting policies.
3. Management judgment and accounting estimates.
4. Significant audit adjustments.
5. Disagreements with management.
6. Difficulties encountered in performing the audit.
7. Errors, irregularities, and illegal acts.

All work papers and reports will be retained, at our expense, for a minimum of seven years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the District of the need to extend the retention period. The work papers are subject to review by state and county agencies and other individuals designated by the District. Accordingly, the work papers will be made available upon request.

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

All adjusting journal entries made by us will be discussed and explained to the designated personnel prior to recording.

If convenient for the Districts' staff, the approximate target dates for an audit will be as follows:

1. Detailed audit plan – July 1
2. Interim audit fieldwork – July 16-17
3. Year-end audit fieldwork – October 27-29
4. Comments from District staff due – November 26
5. Provide draft audited financial statements to District staff – December 13
6. Issue final audit report and management letter – January 5
7. Present and discuss annual financial statements with the Board of Directors – Date of Districts Choice
8. File the annual Financial Transactions Report with the State Controller's office – no later than January 31

Minimal assistance of the Districts' staff is required during the course of the audit, however, we ask that the District provide the following: cooperation in answering questions, requested audit confirmations, bank reconciliations, trial balance as of June 30, 2021, detailed general ledger for the fiscal year, and other original documentation supporting amounts and disclosures in the financial statements.

This proposal is a firm and irrevocable offer until June 9, 2021.

Thank you for your consideration and please do not hesitate to contact the authorized representative listed below with any questions, problems, or concerns.

Ronald A. Levy, CPA, Partner  
rlevy@mlhcpas.com  
2400 Professional Parkway, Ste. 205  
Santa Maria CA 93455  
(805) 925-2579

Sincerely,

Ronald A. Levy, CPA

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**

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**LICENSE TO PRACTICE IN CALIFORNIA**

Moss, Levy & Hartzheim LLP is a properly licensed certified public accounting firm in the State of California, license # 5863. All certified public accountants engaged in the audit of the District are licensed to practice in the State of California and have received at least the minimum number of continuing professional education hours required by the State Board of Accountancy to perform audits under professional standards.

**INDEPENDENCE**

Moss, Levy & Hartzheim LLP is independent of Los Osos Community Services District, and its component units, as defined by auditing standards generally accepted in the United States of America.

**FIRM QUALIFICATIONS AND EXPERIENCE**

Moss, Levy & Hartzheim LLP is a minority owned regional firm that performs audits of entities throughout the State of California. The firm currently employs 34 professionals and has annual gross revenues between 5.0 and 5.5 million dollars. Eighty-four percent of the 34 total employees are women or belong to an ethnic minority. The firm has three offices in California; Beverly Hills, Santa Maria, and Culver City.

The firm is in good standing with both the America Institute of Certified Public Accounts and the California Society of Certified Public Accountants.

The audit work will be completed by staff from our Santa Maria office.

The Santa Maria office is currently staffed by eight certified public accountants (five partners, two managers, and one supervisor). In addition, the office employs four senior accountants, four staff accountants, and two administrators.

The District will have one partner and one alternate partner assigned to the audit at all times. In addition, a manager, supervisor, and one or two staff accountants will be assigned on a full-time basis to the audit from the Santa Maria office. The Los Osos Community Services District will also have a computer specialist assigned to the audit on a full-time basis. This individual assists the audit team in documenting the computer system internal control structure.

Please see *Appendix C - Current and/or Recently Completed Governmental Audits*.

**PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE**

It is the firm's policy to have our partners involved in the management function of our audits. Having multiple partners involved in the engagement allows the District to receive immediate responses to questions about accounting and audit topics, concerns, and recommendations.

Mr. Ronald Levy will be the partner in charge of the District's audit. Mr. Levy will have primary responsibility for the audit. Mr. Levy will be responsible for final review of the District's audit report, financial statements, and the State Controller's Report. Mr. Levy will also be responsible for addressing any questions or concerns that arise during the fiscal year.

Mr. Craig Hartzheim will be the alternate partner assigned to the audit. As alternate partner, it is his responsibility to be familiar with the District, its staff, the audit, and any special problem areas of the District in the event that Mr. Levy is unavailable.

Mr. Travis Hole will be the manager assigned to the audit. As the manager, Mr. Hole will oversee the day to day operations of the audit and will review all audit areas. Mr. Hole will be at the District for 100% of the fieldwork. He performs in-house training for governmental auditing staff members and is in charge of keeping the firm updated on aspects of governmental accounting and auditing issues.

Mr. Alex Hom will be the supervisor assigned to the audit. As the supervisor, it will be Mr. Hom's responsibility to oversee the senior staff and the staff accountant, do preliminary reviews of audit sections, and to perform more difficult audit sections.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**

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**PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE-**  
**continued**

Mr. Luis Najera will be the senior accountant assigned to the audit. As the senior accountant, it will be Mr. Najera's responsibility to help oversee the staff accountants, do preliminary reviews of audit sections, and to perform more difficult audit sections.

Mr. David Ortiz will be the Information Technology Director assigned to the audit. Mr. Ortiz has extensive knowledge in auditing EDP functions. Mr. Ortiz will perform the statistical sampling procedures for the audit. Also, he will document and test the internal control structure of the computer systems.

In addition to the supervisory staff listed above, one or two staff accountants will be assigned to the audit. All staff accountants have degrees from accredited colleges or universities, have received in-house audit training, and at present have at least one year of auditing experience. All staff accountants will be directly supervised by the fieldwork supervising partner assigned to the audit at all times. All partners and staff members have worked on numerous engagements together. Consistently working together will provide the District with a knowledgeable and efficient audit team.

The firm will maintain staff continuity on the engagement throughout the term of the contract, barring any terminations, illnesses, or other unforeseen circumstances. At the request of the District, any Moss, Levy & Hartzheim LLP employee assigned to the audit can be removed and replaced by another qualified employee. Moss, Levy & Hartzheim LLP has an advantage in that there is relatively low turnover in employees, as can be seen on individual resumes, and therefore the firm will not use the District as a training ground for its employees.

Please see *Appendix A - Resumes* for each individual's resume.

**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES**

Please see *Appendix B - References*.

**SPECIFIC AUDIT MANAGEMENT PLAN**

The extent of our work will be what is required to enable us to express an opinion on the financial statements in accordance with:

1. *AICPA Industry Audit Guide for Local Governments,*
2. *AICPA Audit Standards,*
3. Laws of the State of California,
4. U.S. Generally Accepted Accounting Principles,
5. Our firm's own additional standards and procedures.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America.

The primary purpose of the audit is to express an opinion on the financial statements, and such an audit is subject to the inherent risk that material errors or fraud may exist and not be detected by us. If conditions are discovered which lead to the belief that material errors, defalcations, or fraud may exist, or if any other circumstances are encountered that require extended services, we will promptly advise the District.

Our audit will begin when it is convenient for the District's staff. We estimate this date to be in July to perform audit planning and fieldwork. Upon acceptance of the audit proposal, the engagement partner or manager will contact the General Manager to discuss the scope and timing of the annual audit, to review any accounting issues known at that time, to prepare audit confirmations, and to address any concerns or questions you may have about the impending audit.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## AUDIT PROPOSAL

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### SPECIFIC AUDIT MANAGEMENT PLAN - continued

We will schedule approximately four to five days of fieldwork each fiscal year. We will utilize the prior fiscal year's financial statements and our learned knowledge of your systems to determine materiality for the different audit sections. Each fiscal year, we will select a sample of transactions to determine to what extent the systems are functioning as described to us. The extent of our sample size will depend upon our assessment of the internal control structure. The selection of transactions for testing will be made using a combination of random, systematic, and haphazard sampling techniques. We will identify the strength of the systems upon which we can rely in planning our substantive tests. Our internal control review will meet all the requirements of the AICPA Statement on Auditing Standards (SAS) No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, as amended by SAS Nos. 78 and 99, *Consideration of Fraud in a Financial Statement Audit*. We will also perform preliminary analytical review procedures using the prior fiscal year's audited financial statements.

We will also review the following documents in order to determine compliance with laws and regulations:

- (a) Minutes of the Board of Directors with special attention to: indications of new income sources, including state and local grants; expenditure authorizations and related disbursements, including any special or restrictive provisions; authorization for bank or other debt incurred; awards to successful bidders; authorization for new leases entered into; changes in licenses, fines or fees; and authorization for significant new employees hired,
- (b) New agreements and amendments to new agreements including but not limited to: grant agreements; debt and lease agreements; labor agreements; joint venture agreements; and other miscellaneous agreements,
- (c) Administrative Code, and
- (d) Investment and/or Endowment Policies.

The objective in testing transactions for compliance with laws, regulations, and the provisions of contracts and grant agreements is to express an opinion on whether the District has complied, in all material respects, with applicable compliance requirements, noncompliance with which could have a material effect on each major program. In selecting audit samples for purposes of tests of compliance, we will plan our tests to support a low assessed level of control risk. We will select transactions from each program or area that requires testing. The selection of transactions to test is based on the auditors' professional judgment.

In addition to the work above, we will perform an analytical review of all significant balance sheet and revenue and expense accounts, which includes a comparison of prior fiscal year financial statements and current fiscal year budget, to the fiscal year-end trial balance.

The primary objective of the year-end audit work is to audit the final numbers that will appear in the District's financial statements. Our fieldwork includes procedures required under SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*. We will also maintain compliance with SAS Nos. 103-112 during the fiscal year ended June 30, 2021. These procedures significantly changed the way auditors approach audits and are required for audits with a fiscal year ended beginning after December 31, 2006. This will entail a risk-based audit approach that will increase the time spent on audit planning. Standards also require interviews with audit committee members (if applicable), and/or members of the board of directors and management.

We will also perform audit procedures such as:

- (a) Confirmations, by positive and negative circularization including, but not limited to, all cash and investment accounts; selected receivable and income balances; all bonds, loans, notes payable, and capital leases; all notes receivable; all insurance carriers; all legal firms contracted by the District; and other miscellaneous confirmations as deemed necessary,
- (b) Physical verifications and observations of assets,
- (c) Analysis and review of evidential material,
- (d) Interviews and investigative efforts,
- (e) Electronic data processing testing for computer and software reliability, and
- (f) Numerous other procedures as deemed necessary for audit completion.

SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*, impacts both the planning and the performance of the audit. In planning, the audit team will discuss how and where the financial statements might be susceptible to material misstatement due to fraud. To determine this, we will inquire of management, consider results of analytical procedures, and consider other fraud risk factors. We will review the results of our inquiries and identification of potential fraud areas on a daily basis to ensure compliance with SAS No. 99.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**AUDIT PROPOSAL**

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**SPECIFIC AUDIT MANAGEMENT PLAN - continued**

We have extensive knowledge in auditing computer systems. We have assisted numerous clients with the implementation of accounting software and database systems. This assistance has provided our firm with a thorough background in computer systems in both software applications and auditing such systems. It is our policy to have a computer specialist as part of the audit team. This individual assists the audit team in documenting the computer system's internal control structure and highlighting strengths and weaknesses relating to the computer structure of the District.

Moss, Levy & Hartzhiem LLP uses networked laptop computers for audit fieldwork that connect to our office computer network via the internet. Software used by our staff includes Word, Excel, PPC Engagement Manager, AdvanceFlow, and AuditWare for financial statements preparation. The firm employs a paperless audit approach. We will request the majority of the audit schedules and information electronically.

As part of the audit, we will compose a management letter, informing you of required audit disclosures, and noting certain observations or recommendations that we feel will assist you in strengthening internal control, and/or gaining efficiency in conducting your daily operations. The management letter is intended to be a helpful tool for management based on our experience, and never a critique of operations or management. The management letter is provided to management in draft form, and is subject to revision and approval, prior to issuance.

We will retain working papers and reports at our expense for a period of seven years. In addition, we will make our working papers available, upon your request, to any oversight District or successor auditor, if any.

If selected, we will not delegate or subcontract our responsibilities without prior written consent of the Los Osos Community Services District. We will maintain insurance coverage throughout the course of the professional service agreement and provide evidence of coverage.

We also assure that we will be in compliance with the Equal Employment Opportunity Act, will be in compliance with the California Fair Employment Practices Act, and will be in compliance with Title VI of the Civil Rights Act of 1964.

**ADDITIONAL DATA**

There is no additional information we wish to present.

Respectfully submitted,

Ronald A. Levy, CPA  
**Moss, Levy & Hartzheim LLP is an Equal Opportunity Employer**

## **APPENDICES**

# LOS OSOS COMMUNITY SERVICES DISTRICT

## APPENDIX A - RESUMES

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### RONALD A. LEVY, CPA – PARTNER

- California licensed CPA with 43 years of audit experience with governmental entities.
- Partner in charge of all governmental audits, currently including 30 municipal audits (including Redevelopment Agency & Single Audits), 29 school district audits, and 62 special district audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, preparation of federal single audits, and preparation of State Controller's Reports.
- Honored as CPA of the year (2006) by the Santa Barbara Chapter of the California Special Districts Association.
- Has met or exceeded all continuing education requirements, including recent courses in:
  - 2020, 2019, and 2018 Governmental Accounting Conferences*
  - 2020, 2019, and 2018 School District Conferences*
  - GASB Statement No.34 Training Conference*
  - Compliance Auditing, Audit Sampling and Concluding the Audit*
  - Audits of State and Local Governments*
  - Governmental Accounting Update*
  - The Single Audit Act*
  - Auditor's Reports on Audits of Local Governments*
  - Planning a Governmental Audit Engagement*
- Member of the following:
  - California Society of Municipal Finance Officers
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
  - California Association of School Business Officials
  - Kiwanis Club
- A Bachelor of Science degree from Oregon State University conferred in 1977.
- Taught accounting courses at a branch of LaVerne College and Chapman College.
- Knowledgeable about all areas of tax law.



# LOS OSOS COMMUNITY SERVICES DISTRICT

## APPENDIX A - RESUMES

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### CRAIG HARTZHEIM, CPA – PARTNER (ALTERNATE)

- California licensed CPA with 30 years of audit experience with governmental, non-profit, and commercial entities.
- Engagement partner for governmental and non-profit audits (Beverly Hills office), currently including 40 special district audits (including Los Angeles County Flood Control District and the County Sanitation District of Los Angeles County), 12 school districts and related audits, and 17 municipal audits.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, preparation of federal single audits, and preparation of State Controller's Reports.
- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2020, 2019, and 2018 Governmental Accounting Conferences*

*2020, 2019, and 2018 School District Conferences*

*Audits of States and Local Governments*

*Preparing Governmental Financial Statements*

*GAAS Guide*

*Other Comprehensive Basis of Accounting (OCBOA) Statements*

*Audit Standards Update*

*Implementing SAS No. 112*

*Implementing SAS No. 114*

*Auditing Update*

*Grants Management*

- A Bachelor of Science degree in Accounting from Marquette University conferred in 1982.
- Member of the following:
  - American Institute of Certified Public Accountants
  - California Society of Certified Public Accountants
- Knowledgeable about all areas of tax law including non-profit and payroll tax issues.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**APPENDIX A - RESUMES**

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**TRAVIS HOLE, CPA – PARTNER (MANAGER)**

- California Licensed CPA with 10 years of audit experience with governmental and non-profit entities.
- A Bachelor of Arts degree in Business Administration with a concentration in Accounting from Westmont College.
- Has assisted governmental clients with year-end closings, key position interviews, preparation of award winning CAFRs, preparation of federal single audits, and preparation of State Controller's Reports.
- Manager for 2 cities, 9 special districts, and 16 non-profits, including the following:
  - City of Carpinteria*
  - City of Greenfield*
  - Transportation Agency for Monterey County*
  - Pleasant Valley Recreation and Park District*
  - Good Samaritan Shelter*
  - Assistance League of Santa Barbara*
  - Santa Maria Valley Chamber of Commerce*
- Has attended recent courses in the following:
  - 2020, 2019, and 2018 School District Conferences*
  - 2020, 2019, and 2018 Governmental Accounting Conferences*
  - Government Financial Reporting*
  - Single Audits of Governmental Entities*
  - Governmental Auditing Standards*
- Knowledgeable about all areas of tax law including non-profit and payroll tax issues.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## APPENDIX A - RESUMES

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### ALEXANDER HOM, CPA – PARTNER (SUPERVISOR)

- California licensed CPA with 11 years of audit experience with governmental, non-profit, and commercial entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Audit manager for 2 cities, 11 school districts, 17 special districts, and 7 non-profit organization, including the following audits:

*City of Grover Beach*  
*City of Arroyo Grande*  
*Santa Barbara County Association of Governments*  
*Mosquito and Vector Management District*  
*Goleta Cemetery District*

- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2020, 2019, and 2018 Governmental Accounting Conferences*  
*2020, 2019, and 2018 School District Conferences*  
*Audits of States and Local Governments*  
*Single Audits of Governmental Entities*  
*Internal Control and Fraud in Governmental and Nonprofit Entities*  
*California Ethics: Making Ethical Decisions in the Practice of Public Accounting*

- Member of the following:

American Institute of Certified Public Accountants  
California Society of Certified Public Accountants

- Has assisted governmental clients with year-end closings preparation of award winning CAFRs, and preparation of State Controller's Reports.

# LOS OSOS COMMUNITY SERVICES DISTRICT

## APPENDIX A - RESUMES

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### LUIS NAJERA – SENIOR AUDITOR

- 4 years of audit experience with governmental, non-profit, and commercial entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Has audited 20 school districts, 26 special districts, and 9 cities, including the following audits:

*Montecito Water District*  
*Santa Cruz Regional Transportation Commission*  
*Vandenberg Community Services District*  
*Mosquito and Vector Management District of Santa Barbara County*  
*Goleta Cemetery District*  
*Goleta Sanitary District*

- Senior for various governmental audits managed by Travis Hole.
- Has met or exceeded all continuing education requirements, including recent courses in the following:

*2020, 2019, and 2018 Governmental Accounting Conferences*  
*2020, 2019, and 2018 School District Conferences*

### DAVID ORTIZ – INFORMATION TECHNOLOGY DIRECTOR

- 19 years of audit and computer experience with governmental entities.
- A Bachelor of Science degree in Business Administration with a concentration in Public Accounting from California Polytechnic State University, San Luis Obispo.
- Extensive knowledge of:

Network design and implementation  
Network maintenance and troubleshooting  
Network security  
Microsoft, Mac, and Linux operating systems  
Database systems  
Various accounting programs

# LOS OSOS COMMUNITY SERVICES DISTRICT

## APPENDIX B - REFERENCES

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### **CITY OF ARROYO GRANDE**

Contact: Nicole Valentine, (805) 473-5432

Email: [nvalentine@arroyogrande.org](mailto:nvalentine@arroyogrande.org)

300 E. Branch St., Arroyo Grande, CA 93420

Audit Manager: Alexander Hom

Scope of Work: Audit of financial statements, Single Audit, TDA Audit, Preparation of state controller's report  
Approximately 210 hours

### **CITY OF SANTA MARIA**

Contact: Heather Zacker, (805) 925-0951

Email: [hzacker@cityofsantamaria.org](mailto:hzacker@cityofsantamaria.org)

110 E. Cook St., Santa Maria, CA 93454

Audit Manager: Adam Guise

Scope of Work: Audit of financial statements, Single Audit, TDA Audit, Preparation of state controller's report  
Approximately 280 hours

### **GOLETA SANITARY DISTRICT**

Contact: Rob Mangus, (805) 967-4519

Email: [rmangus@goletasanitary.org](mailto:rmangus@goletasanitary.org)

1 William Moffett Pl. Goleta, CA 93117

Audit Manager: Adam Guise

Scope of Work: Audit of financial statements, Preparation of state controller's report  
Approximately 150 hours

# LOS OSOS COMMUNITY SERVICE DISTRICT

## APPENDIX C - CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS

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### COMMUNITY SERVICES DISTRICTS

Cambria CSD  
Cuyama CSD  
Groveland CSD  
Isla Vista CSD  
Los Alamos CSD  
Los Osos CSD  
Oceano CSD  
San Miguel CSD  
Templeton CSD  
Vandenberg Village CSD

### SANITATION DISTRICTS

Cayucos Sanitary District  
County Sanitation Districts of LA County -  
All 25 Districts  
Encina Wastewater Authority  
Goleta Sanitary District  
Orange County Sanitation District-Internal audits  
South San Luis Obispo County Sanitation District

### UTILITY DISTRICT

Georgetown Divide Public Utility District

### FIRE PROTECTION DISTRICTS

Cayucos Fire Protection District  
Five Cities Fire Authority

### CEMETERY DISTRICTS

Atascadero Cemetery District  
Carpinteria Cemetery District  
Guadalupe Cemetery District  
Lompoc Cemetery District  
Los Alamos Cemetery District  
Oak Hill Cemetery District  
San Miguel Cemetery District  
Santa Margarita Cemetery District  
Santa Maria Cemetery District

### BUILDING AUTHORITY

County of San Diego Regional Building Authority

### TRANSPORTATION DEVELOPMENT ACTS

Arroyo Grande  
Atascadero  
Brawley  
Calexico  
El Centro  
Grover Beach  
Holtville  
Paso Robles  
San Luis Obispo Council of Governments  
Santa Barbara County Association of Governments  
Santa Cruz County Regional Transportation  
Commission  
South County Area Transit  
Transportation Authority of Marin County  
Transportation Agency for Monterey County

### RECREATION AND PARK DISTRICTS

Conejo Recreation and Park District  
Mountains Recreation and Conservation  
Authority  
Pleasant Valley Recreation and Park District  
Rancho Simi Park and Recreation District

### WATER/IRRIGATION DISTRICTS

Foothill Municipal Water District  
Main San Gabriel Basin Watermaster  
Montecito Water District  
North Marin Water District  
Valley County Water District  
Valley of the Moon Water District

### RESOURCE CONSERVATION DISTRICT

Cachuma  
Monterey County  
Upper Salinas - Las Tablas

### AMBULANCE SERVICES DISTRICTS

Cambria Community Healthcare District  
North Coast Emergency Medical Services

### TRANSIENT OCCUPANCY TAX AUDITS

Arroyo Grande  
Bellflower  
Bishop  
Calexico  
Carmel  
Greenfield  
Ojai  
Santa Maria  
Whittier

### OTHER PUBLIC SCHOOL ENTITIES

Academia Semillas Del Pueblo Charter School  
East Bay Regional Occupational Program  
Family Partnership Charter School  
Garr Academy of Mathematics and Entrepreneurial  
Studies  
Santa Barbara County Special Education Local  
Plan Area  
Pacoima Charter School  
Santa Ynez Valley Charter School  
Southern California Regional Occupational Center  
Stella Academy  
Synergy Charter School  
Tri-Valley Regional Occupational Program

# LOS OSOS COMMUNITY SERVICE DISTRICT

## APPENDIX C - CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS

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### CITIES

Adelanto  
Arcata  
Arroyo Grande  
Atascadero  
Bellflower  
Brawley  
Buellton  
Calabasas  
Calexico  
Camarillo-Internal control audits  
Carpinteria  
Clayton  
County of San Diego Redevelopment Agency  
Dinuba  
El Cerrito  
Eureka  
Fillmore  
Fort Bragg  
Goleta  
Greenfield  
Grover Beach  
Gustine  
Healdsburg  
Holtville  
Imperial  
Lathrop  
Lemon Grove  
Lompoc  
Lynwood  
Oakdale  
Ojai  
Pacifica  
Paradise  
Paso Robles  
Santa Maria  
Susanville  
Taft  
Tracy  
Watsonville  
Whittier  
Winters  
Yuba City

### PUBLIC FINANCING AUTHORITIES

The majority of our municipalities issue debt through an established public financing authority.

### COUNTIES

Los Angeles County (Master List)  
San Diego County (Master List)

### SCHOOL DISTRICTS

Acton-Agua Dulce Unified School District  
Ballard School District  
Bellflower Unified School District  
Beverly Hills Unified School District  
Blochman Union School District  
Bradley Elementary School District  
Buellton Union School District  
Carpinteria Unified School District  
Cayucos Elementary School District  
Coast Unified School District  
Cold Spring School District  
College Elementary School District  
Cuyama Joint Unified School District  
Eastside School District  
El Segundo Unified School District  
Garvey School District  
Goleta Union School District  
Graves School District  
Heber School District  
Hope Elementary School District  
Hughes-Elizabeth Lakes Union School District  
Keppel Union School District  
Lagunita School District  
Lakeside Joint School District  
Los Alamos Elementary School District  
Los Olivos Elementary School District  
Magnolia Union School District  
Manhattan Beach Unified School District  
Meadows Union School District  
Mission Elementary School District  
Monrovia Unified School District  
Montecito Union School District  
Mulberry School District  
Novato Unified School District  
Pacific Elementary School District  
San Ardo Elementary School District  
San Lucas Elementary School District  
San Miguel School District  
Santa Rita Union School District  
Shandon Unified School District  
Solvang Elementary School District  
Temple City Unified School District  
Templeton Unified School District  
Torrance Unified School District  
Vista del Mar Elementary School District  
Westmoreland Elementary School District  
Washington School District

# LOS OSOS COMMUNITY SERVICE DISTRICT

## APPENDIX C - CURRENT AND/OR RECENTLY COMPLETED GOVERNMENTAL AUDITS

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### OTHER DISTRICTS

Beach Cities Health District  
County of San Diego - Emergency Services Organization  
County of San Diego First 5 Commission  
County of San Diego In-Home Supportive Services  
Public Authority  
County of San Diego Health and Human Services Agency  
Child Development Program Grant  
County of San Diego MIOCR Grant  
County of San Diego RLETC Grant  
County of Los Angeles Delta Sigma Theta, Head Start  
Program, Inc.  
County of San Diego District Attorney's Office of  
Auto Insurance Fraud Grant, Urban Auto Fraud  
Grant and WC Insurance Fraud Grant  
Los Angeles County Flood Control District  
Marin/Sonoma Mosquito and Vector Control District  
Mosquito and Vector Management District  
San Diego Geographic Information Source  
Tracy Area Public Facilities Financing Agency  
West Contra Costa Integrated Waste Management Authority



# **Cost Proposal**

## ATTACHMENT A

### COST PROPOSAL FOR AUDIT OF LOS OSOS CSD

For the fiscal year ended June 30, 2021:

| Staff Member     | Hourly Rate | Estimated Hours | Staff Costs | Other Expenses | Total     |
|------------------|-------------|-----------------|-------------|----------------|-----------|
| Partner CPA      | \$ 140      | 15              | \$ 2,100    | N/A            | \$ 2,100  |
| Audit Manager    | 110         | 70              | 7,700       |                | 7,700     |
| Senior Staff CPA | 90          | 40              | 3,600       |                | 3,600     |
| Staff Accountant | 80          | 70              | 5,600       |                | 5,600     |
| Administrative   | 40          | 5               | 200         |                | 200       |
| Other            | N/A         |                 |             |                | N/A       |
| <b>TOTAL</b>     |             | 200             | \$ 19,200   | N/A            | \$ 19,200 |

For the fiscal year ended June 30, 2022: \$19,680  
 For the fiscal year ended June 30, 2023: \$20,170  
 For the fiscal year ended June 30, 2024: \$20,675 (optional)  
 For the fiscal year ended June 30, 2025: \$21,190 (optional)

The above listed total annual costs are an all-inclusive maximum price.