

EXHIBIT A

Fechter & Company
Certified Public Accountants



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

Company Representative: Craig R. Fechter, CPA
MST

CA CPA License Number: 91003
Federal ID Number: 20-8710580
CFechter@FechterCPA.com
www.fechtercpa.com

El Dorado LAFCO

January 17, 2020

Proposal for Fiscal Auditing Services

For the Fiscal Years Ending June 30,
2020, 2021, and 2022 with two (2)
one-year options to extend through
June 30, 2024

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.



January 17, 2020

José C. Henríquez
Executive Officer

El Dorado Local Agency
Formation Commission
550 Main Street, Suite E
Placerville, CA 95667

(530) 295-2707

Dear Mr. Henríquez:

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit services to the El Dorado Local Agency Formation Commission (the 'LAFCO'). 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 LAFCO.

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.

A summary of the audit scope is as follows;

The audit will be performed in accordance with generally accepted principles as set forth by the Governmental Accounting Standards Board (GASB) and issued by the Comptroller General of the United States. This includes addressing GASB 34 (basic financial statements), GASB 68 (pension) and GASB 75 (other post-employment benefits) requirements. We will also assist with the implementation of all future GASB statements that may apply to the LAFCO. The audit will include a written report consisting of the audited financial statements, notes to the financial statements, and required supplementary information. The audit will also include a management letter addressing the firm's evaluation of the adequacy of the internal control system. The management letter shall identify whether any material weaknesses have been identified and outline any related recommendations. If required, we will also perform a single audit under the provisions of the OMB Circular A-133. Our firm shall also be available to present the report to the Commission at a public meeting if requested by the Executive Officer.

We commit to completing your audit within the time frame required, which is specified in the Audit Timeline on page 19.

Our cost for the first year is \$7,000, plus \$500 in expenses.



January 17, 2020

José C. Henríquez
Executive Officer

El Dorado Local Agency
Formation Commission
550 Main Street, Suite E
Placerville, CA 95667

(530) 295-2707

We do not anticipate any audit problems. However, if problems do arise, we will discuss them with your management and work with your team to resolve the problems as effectively and efficiently as possible.

Our firm is independent of the El Dorado LAFCO as defined by generally accepted auditing standards and the US General Accounting Office's Government Auditing Standards.

Fechter & Company is an Equal Opportunity Employer.

This proposal is an irrevocable offer valid for 60 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to the LAFCO. I am located 3445 American River Drive, Suite A, Sacramento, CA 95864, and you can contact me by telephone at (916) 333-5360.

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

Very Truly Yours,

Craig R. Fechter, CPA, President

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

Federal Employment Number: 20-8710580



LETTER OF TRANSMITTAL	i-ii
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PROPOSER’S QUALIFICATIONS	1-9
Partner, Supervisory, and Staff Team Resumes and Relevant Experience	
Firm Internal Quality Control Procedures	
Technology and Security	

REFERENCES	10-12
Similar Engagements with Other Government Entities	
Extended List of Similar Auditing Services to Public Agencies	

LICENSING, INDEPENDENCE, AND INSURANCE	13
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APPROACH, SCOPE AND TIMING OF AUDIT	14-19
Summary of Proposed Phases	
Detailed Approach to the Audit	
Anticipated Potential Audit Problems	
Audit Timeline	

MAXIMUM FEE AND HOURLY RATES	20
-------------------------------------	-----------

ATTACHMENTS	21-22
A: Peer Review	
B: Certificate of Liability Coverage	



Proposer's Qualifications

Partner, Supervisory, and Staff Qualifications and Experience

Craig Fechter, CPA

Classification: President

Years of Experience: 18

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.



Craig Fechter, CPA

Classification: President

Years of Experience: 18

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

California Society of Health System Pharmacists
Associated Building Materials of America (business association)
Lakeside Fire Protection District
Borrego Springs Fire Protection District
Bonita-Sunnyside Fire Protection District
Carpinteria-Summerland Fire Protection District
South Lake County Fire Protection District
Stanislaus Consolidated Fire Protection

CONTINUING PROFESSIONAL EDUCATION

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

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

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

FINANCIAL STATEMENT AUDITS: Participated as Lead Auditor

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



Scott German, CPA

Classification: Independent Reviewer
Years of Experience: 34
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.



Scott German, CPA

Classification: Independent Reviewer
Years of Experience: 34
BS California State University,
Sacramento



FINANCIAL STATEMENT AUDITS:

Fechter & Company

E. Claire Raley Center for the Performing Arts	Marys Gone Crackers
EMSTA College	Creative Solutions 4 Autism.
Sylvan Cemetery District	North Coast County Water District
Fair Oaks Cemetery District	Sunrise Recreation & Park District
Syngen	Olivehurst Public Utility District

FINANCIAL STATEMENT AUDITS:

With former firms

California Dental Association	Teichert Construction
California Manufacturers Association	American Red Cross, Sacramento
United Way Sacramento	The Dentists Company, Insurance Services

INDUSTRY EXPERIENCE

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



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 18 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 the governmental accounting and auditing.



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	East Stanislaus Resource Conservation District
Rio Linda/Elverta Water District	Amador Air District
East Stanislaus RCD	North Coast County Water District
Thermalito Water and Sewer District	Markleeville Public Utility District
Sewage Commission Oroville Region	Olivehurst Public Utility District
Banta-Carbona Irrigation District	Nevada LAFCO

FINANCIAL STATEMENT AUDITS:

With former firm

Amador County	Napa Sanitation District
Butte County	Nevada County
El Dorado County	City of Porterville, CA
Inyo County	Citrus Heights Water District
Lake County	Sierra County
Marin County	Siskiyou County
Mono County	Sutter County
Monterey County	City of Reno, Nevada



Joanne Berry, CPA

Classification: Audit Manager

Years of Experience: 16

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



Proposer's Qualifications, cont.

Firm Qualifications and Experience
Fechter & Company, Certified Public Accountants is a professional corporation based in Sacramento, California. We are a local firm who completes our work at our Sacramento office. Since April 2005 we have built a practice providing audit, tax, and business consulting to government agencies, non-profit organizations, and small business with annual budgets of less than \$25 million.



EXPERIENCED AUDITORS

From our staff of 4 CPA's and 5 seasoned staff, 3-4 full time staff 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 received 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.



Proposer's Qualifications, cont.

Firm Qualifications and Experience

TECHNOLOGY AND SECURITY

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

OTHER AFFIRMATIONS

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

ENGAGEMENT PARTNER AND STAFF FOR THIS ASSIGNMENT

Mr. Craig Fechter will lead the audit while Ms. Sandy Sup and Ms. Joanne Berry will assist with the fieldwork. Mr. Scott German will serve as the independent reviewer for this engagement. Complete resumes are attached in the pages following.

We have recognized the LAFCO'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



References



LAKESIDE FIRE PROTECTION DISTRICT

Contact information:

Madeline Smith,
Administrative
Services Manager

12216 Lakeside Ave.
Lakeside, CA. 92040

619-90-2350 x310

Services provided: Audit of the financial statements, single audit, management letter, and report on internal control structure.

Total Hours: 150/year

Years Audited: 2010 - 2018



Nevada LAFCO Nevada County

Contact information:

SR Jones,
Executive Officer

950 Maidu Avenue
Nevada City, CA 95959

530-265-7180

Services provided: Audit of the financial statements, management letter and report on internal control structure.

Total Hours: 60/year

Years Audited: 2015 - 2019



CARPINTERIA FIRE PROTECTION DISTRICT

Contact information:

Grace Donnelly,
Executive Assistant

1140 Eugenia
Place, Suite A
Carpinteria, CA
93013

805-566-2453

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

Total Hours: 100/year

Years Audited: 2011 - 2018



ALPINE FIRE PROTECTION DISTRICT

Contact information:

Alicea Caccavo,
Finance Director

1364 Tavern Road,
Alpine, CA 91901

619-445-2635

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

Total Hours: 100/year

Years Audited: 2011 - 2018



Extended List of Similar Auditing Services to Public Agencies

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.

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 County Fire Protection District
- North Tahoe Fire Protection District
- Pioneer 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

SPECIAL DISTRICTS – RECREATION AND PARK

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



Extended List of Similar Auditing Services to Public Agencies

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.

MUNICIPAL UTILITY AGENCIES

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

OTHER SPECIAL DISTRICTS AND AGENCIES

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



Licensing, Independence, and Insurance

LICENSING

- 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 licenced 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 which has been submitted to the state society of CPAs for approval.

INDEPENDENCE

- Our firm is independent of the El Dorado Local Area Formation Commission 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 LAFCO or its personnel.

INSURANCE

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



Approach, Scope and Timing of

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

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

ESTIMATED STAFF HOURS BY PHASE	Phase	Phase	Phase	Total
	I	II	III	
	Hours	Hours	Hours	Hours
Partners	1	2	2	5
Managers	10	10	15	35
Professional Staff	10	10	15	35
Clerical/Support Staff	1	2	2	5
Total	25	30	25	80



Approach, Scope and Timing of Audit, con

Phase I

INITIAL PLANNING AND PREPARATION

As the first step in our planning and preparation phase, we will meet with the staff of your company to establish a working relationship. We expect this meeting will involve the LAFCO's manager and its controller.

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 LAFCO might have about the services we are to perform. A sample PBC is included as an attachment to this proposal.

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

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

PRELIMINARY ANALYSIS

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

REPORT PREPARATION

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

CASH AND OTHER CONFIRMATIONS

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



Phase I

Approach, Scope and Timing of Audit, cont

INFORMATION GATHERING:

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

1. Testing statistical samples

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 LAFCO’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.



Approach, Scope and Timing of Audit, cont.

Phase I

INFORMATION GATHERING:

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

4. Examining the LAFCO'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 LAFCO 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 LAFCO, and audit them if necessary. We will also examine pertinent ordinances to determine whether the LAFCO 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. Testing for functionality of internal controls

We will conduct random tests on a year-to-year basis to determine the functionality of the LAFCO's internal controls. We will randomly select customers and trace each step of each payment into the system over the course of a year. We will audit any area of potential weakness with a specifically designed test.



Approach, Scope and Timing of Audit, cont.

Phase 2

FIELDWORK

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

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

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

POST-FIELDWORK ACTIVITIES

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

Phase 3

REPORT FINALIZATION AND FINAL ANALYSIS

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

REPORT DELIVERY AND BOARD OF DIRECTORS PRESENTATION

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

ANTICIPATED AUDIT PROBLEMS: We do not anticipate any audit problems. However, if problems do arise, we will discuss them with your management and work with your team to resolve the problems as effectively and efficiently as possible.



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 LAFCO’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	Entrance conference	October 2020
	Initial planning and audit planning: Prepared-by-Client list, Information from bankers, attorney’s Prior year’s statements	October 2020
	Preliminary analysis: Report preparation, Cash and other confirmations, Internal controls Information gathering: Statistical sampling and testing, Revenues and disbursements, Internal controls, Laws and regulations, Risk assessment, Functionality testing	October 2020
II	Fieldwork (3-4 days): Cash deposits, Internal control of disbursements, Payroll, Revenues, Inventory control, Billing and collections, Unrecorded liabilities	November 2020
	Post-fieldwork activities: Third-party confirmations	November 2020
III	Report finalization and final analysis	December 2020
	Final analysis	December 2020
	Report draft delivery	December 2020
	Final report delivery	December 2020



Maximum Fee and Hourly Rates

Description of Services – Audit of LAFCO, including GASB #34 implementation and ongoing audit procedures for GASB #34, GASB Preparation and Management letter.

PROPOSED FEE SCHEDULE

	Hours	Hourly Rate	Total FY 2020
Partner	5	\$225	\$1,125
Manager	35	150	\$5,250
Senior	35	100	\$3,500
Clerical/Support Staff	5	50	\$250
Sub-total	80		\$10,125
Less Professional discount			(\$3,125)
Discounted fee			\$7,000
Direct Expenses (travel, printing, etc.)			\$500
Total			\$7,500

We propose a fee increase of 3% for subsequent audits.

Total FY 2021	Total FY 2022
\$7,725	\$7,957

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

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

	Hourly Rate FY 2018
Partner	\$225
Manager	150
Professional Staff	100
Clerical/Support Staff	50



Attachment A: Peer Review

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

Contact information:

Grant Bennett Associates
David C. Wilson, CPA, CVA

1375 Exposition Boulevard
Suite 230
Sacramento, California
95815

916-922-5109

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

September 27, 2018

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Fechter & Company in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Fechter & Company has received a peer review rating of *pass*.

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



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Attachment B: Certificate of Liability Coverage



CERTIFICATE OF LIABILITY INSURANCE

FECHT-1 OP ID: RG

DATE (MM/DD/YYYY)
10/09/2018

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

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

PRODUCER Coastal Valley Insurance Serv. Lic. OB84546 2440 Gold River Rd. Ste. 290 Gold River, CA 95670 Anthony R. Telford	CONTACT NAME: Anthony R. Telford
	PHONE (A/C, No. Ext): 916-436-2600
	FAX (A/C, No): 916-436-2610
	E-MAIL ADDRESS:
	INSURER(S) AFFORDING COVERAGE
	INSURER A: Travelers Property Casualty
	INSURER B: Allied Insurance Company
	INSURER C: Indian Harbor Insurance Co.
	INSURER D:
	INSURER E:
	INSURER F:

INSURED **Fechter & Company**
Certified Public Accountants
Craig Fechter
3445 American River Dr #A
Sacramento, CA 95864

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	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	X COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			ACP7884583667	07/06/2018	07/06/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 1,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPIOP AGG \$ 2,000,000
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			ACP7884583667	07/06/2018	07/06/2019	COMBINED SINGLE LIMIT (Ea accident) \$ Included BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	UB3J0730801842G	07/10/2018	07/10/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Prof Liability			ACP9035110 01 2,000,000 AGG/1,000,000 O	05/24/2018	05/24/2019	

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

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