



Board of Directors

Russ Baggerly, Director
Angelo Spandrio, Director
Brian Brennan, Director

Pete Kaiser, Director

CASITAS MUNICIPAL WATER DISTRICT Meeting to be held at the

The meeting will be held via teleconference. To attend the meeting please call (888) 788-0099 or (877) 853-5247 and enter Meeting ID 348 035 043#

SPECIAL MEETING AGENDA May 01, 2020 @ 10:00 AM

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. CALL TO ORDER
2. ROLL CALL
3. PUBLIC COMMENTS - Presentations on District related items that are not on the agenda -three minute limit.
4. ACTION ITEMS
 - 4.a. Discussion of and possible action on the Fiscal Year 2020-2021 City of Ventura Groundwater Adjudication Billing Surcharge.

[Board Memo on FY 2020-21 GW Adjudication Pass Through Charge 050120.pdf](#)
[Casitas Adjudication Charge Results 050120.pdf](#)

- 4.b. Review of proposals and possible award of District auditor services.
[Board Memo on FY 2020 Auditor 050120.pdf](#)
[Casitas Municipal Water District - Proposal \(1\).pdf](#)
[Casitas Municipal Water District Proposal 2020 .pdf](#)
[Casitas Municipal Water District.pdf](#)
- 4.c. Review of revisions and approve extension of the Casitas MWD Emergency Declaration to May 15, 2020.
[Board Memo on District Emergency Declaration Extension 050120.pdf](#)
[Final Casitas MWD Emergency Declaration and Orders - COVID-19 Outbreak 050120.pdf](#)
- 4.d. Authorize the General Manager to execute the Letter of Agreement and Service Agreement with the US Bureau of Reclamation (USBR) for Evaluation of Hollow Jet Valve at Casitas Dam in the amount of \$110,000.00.
[BoardMemo USBR Agreement.pdf](#)
[Letter of Agreement_Casitas Outlet Works Valve_April 28, 2020.pdf](#)
[CGB-200 SA Casitas Concept Report 20200427 .pdf](#)
- 4.e. Approval of the purchase of alternative replacement fish screens for the Robles Fish Passage Facility in the amount of \$464,000.00 (plus tax and shipping) from Elgin Separation Solutions/Norris Screen & Mfg.
[Board Memo regarding purchase of Alternative Fish Screens at Robles 050120.pdf](#)
- 5. GENERAL MANAGER COMMENTS AND UPDATE REGARDING COVID-19.
- 6. BOARD OF DIRECTOR COMMENTS PER GOVERNMENT CODE SECTION 54954.2(a).
- 7. CLOSED SESSION
 - 7.a. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code §54956.9(a) Santa Barbara Channelkeeper v. State Water Resources Control Board, City of San Buenaventura, et al.; and City of San Buenaventura v Duncan Abbott, et al., Cross Complaint; Superior Court of the State of California, County of Los Angeles, Case No. 19STCP01176.
- 8. ADJOURNMENT

MEMORANDUM

TO: Board of Directors
From: Michael L. Flood, General Manager
RE: **Discussion and possible action on the Fiscal Year 2020-2021 City of Ventura Groundwater Adjudication Billing Surcharge**
Date: April 29, 2020

RECOMMENDATION:

The Board of Directors provide direction to staff.

BACKGROUND:

On April 9, 2020 during a Special Finance Committee Meeting, the Committee asked the District's water rate consultant to provide an analysis of a pass-through fee for the expected FY 2021 costs of the City of Ventura's groundwater adjudication.

Committee as well as public input was provided during the meeting as to the nature of the inclusion of the pass-through fee into customer water rates.

Staff subsequently provided the rate consultant with a cost estimate of the FY 2021 costs of the adjudication (attached).

On April 23, 2020 during a Special Finance Committee Meeting, the District's water rate consultant returned with a presentation on the matter for consideration by the Committee (attached).

DISCUSSION:

The Finance Committee's concern with the cost of the City of Ventura's groundwater adjudication litigation is a result of roughly \$330,000.00 in attorney costs since Casitas was served by the City in September of 2018.

Typical budgeted general counsel costs are approximately \$150,000.00 per year thus this litigation cost is expected to call on the District's reserve funds.

The FY 2021 for both attorneys and experts has been estimated by staff to be approximately \$600,000.00 (estimate is attached).

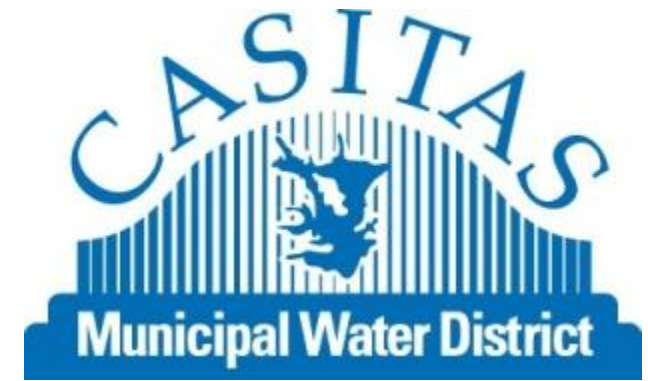
Through Committee and public comments during the meeting, the District's water rate consultant was requested to provide analysis and a presentation on four methods for recovering this cost through the District's water rates.

The District's water rate consultant subsequently provided a presentation that covered those methodologies as well as a breakdown of cost impacts on various customer classes at the April 23, 2020 Special Finance Committee Meeting.

While the Finance Committee favored one particular methodology over the others, the Committee desired that the full Board review three of the methodologies through a presentation and that a discussion amongst the Board members occur as to next steps.

The proposed water rate increase will require Casitas to conform with California's Proposition 218 requirements in order for the increase to legally take effect.

City of Ventura Groundwater Adjudication Cost Estimate					
FY 2021					
	Historical Average/Month (12 Months: Apr 19 - Mar 20)	High Month	Low Month	High-Low Average	Yearly Estimate
Attorneys	\$ 27,552.53	\$ 54,724.83	\$ 12,846.50	\$ 33,785.67	\$ 405,427.98
Experts	N/A	N/A	N/A	N/A	\$ 200,000.00
				Total	\$ 605,427.98



Proposed Adjudication Charge

Special Board Meeting - May 1, 2020

City of Ventura Adjudication History

In 2014, the Santa Barbara Channelkeepers sued the City of Ventura involving the city's pumping of water near Foster Park by Casitas Springs. The lawsuit seeks to ensure that enough water remains in the lower Ventura River for riparian and aquatic species, including the federally designated endangered Southern California steelhead.

The City of Ventura then sought to bring in other users of the river, including the Casitas Municipal Water District which was served in September of 2018.

The Casitas has been engaged in legal proceedings and mediation efforts since it was served by the City of Ventura in September of 2018 that have incurred attorney costs in excess of \$300 thousand.

Despite Casitas' call for dismissal of the case by the City of Ventura, the City appears to intend the pursuit of its complaint against Casitas. In order to properly defend its ability to serve its customer as it has in the past, Casitas will need to engage a legal team as well as groundwater experts. While the future costs are yet unknown, the District estimates that costs in the 2021 fiscal year could be as high as \$600 thousand per year to engage not only attorneys but also technical experts.

Financial Requirements

The cost of this lawsuit was not contemplated by the District's last financial plan and rate study, which was completed in 2016. While the District is currently engaged in developing a new financial plan, the new rates are not expected to be adopted in the near term.

The following recommends a charge which would fund the District's costs for attorneys and experts.

The charge assumes a cost of \$600 thousand per year, however the Board would reserve the right to lower the charge if the actual costs were lower.

NOMENCLATURE

- 1) Adjudication Pass-through Charge
- 2) City of Ventura Adjudication Impact Fee
- 3) Other?

Charge Structure Options

- 1) **Meter Size** - Allocate all costs to individual customers based on their respective meter size.
- 2) **Customer Class by Meter Size** – First allocate costs to each *customer class* based on recent historical water usage, then allocate costs within each customer class based on their respective meter size.
- 3) **Water Usage** - Allocate costs to individual customers based on their respective water usage.

Pros and Cons

	Meter Size	Customer Class by Meter Size	Water Usage
Advantages	<ul style="list-style-type: none"> - Stable - Consistent with how legal costs are currently recovered 	<ul style="list-style-type: none"> - Stable - Relatively equitable - Costs largely allocated based on long-term water usage behavior 	<ul style="list-style-type: none"> - Arguably more equitable - Simplest, easy to explain
Disadvantages	<ul style="list-style-type: none"> - Arguably less equitable (less connection to actual water usage) 	<ul style="list-style-type: none"> - Harder to explain - Harder to enter into billing system 	<ul style="list-style-type: none"> - Revenue volatility (unstable) - Measures immediate water use (vs long-term behavior)

Option 1: Meter Size

Meter Size	Charge
5/8"-3/4"	\$51.26 per year
1"	\$85.44 per year
1-1/2"	\$170.88 per year
2"	\$273.41 per year
2-1/2"	\$455.68 per year
3"	\$598.07 per year
4"	\$1,076.53 per year
6"	\$2,221.42 per year
12"	\$13,123.46 per year
18"	\$24,396.30 per year

78% of residential accounts



Costs borne by customer class

Customer Class	% of costs	Allocated Costs
Ag-Domestic	11.7%	\$70,146
Ag	5.0%	\$30,228
Commercial	8.2%	\$49,298
Interdepartmental	1.9%	\$11,466
Industrial	1.1%	\$6,340
Other	2.8%	\$16,507
Residential	58.0%	\$348,079
Resale	11.3%	\$67,936
		\$600,000

Option 2: Customer Class by Meter Size

78% of residential accounts

Customer Class	Charge	
Ag-Domestic	\$113.71	per equiv. meter
Ag	\$181.24	per equiv. meter
Commercial	\$45.76	per equiv. meter
Interdepartmental	\$35.09	per equiv. meter
Industrial	\$9.30	per equiv. meter
Other	\$34.62	per equiv. meter
Residential	\$18.15	per equiv. meter
Resale	\$113.28	per equiv. meter

SAMPLE SCHEDULE OF COMPLETE CHARGES (per year)

Meter Size	Ag	Residential	Resale
5/8"-3/4"	\$181.24	\$18.15	\$113.28
1"	\$302.07	\$30.25	\$188.80
1-1/2"	\$604.14	\$60.51	\$377.60
2"	\$966.63	\$96.81	\$604.16
3"	\$2,114.50	\$211.77	\$1,321.61
4"	\$3,806.10	\$381.19	\$2,378.89
6"	\$7,853.86	(na)	\$4,908.82
12"	(na)	(na)	\$28,999.83
18"	(na)	(na)	\$53,910.22

Costs borne by customer class

Customer Class	% of costs	Allocated Costs
Ag-Domestic	25.9%	\$155,597
Ag	17.8%	\$106,873
Commercial	7.3%	\$44,009
Interdepartmental	1.3%	\$7,849
Industrial	0.2%	\$1,150
Other	1.9%	\$11,149
Residential	20.5%	\$123,250
Resale	25.0%	\$150,123
		\$600,000

Option 3: Volumetric (Per HCF)

The average residential account uses approximately 33 HCF per month therefore the monthly charge would be about \$2.00

\$0.06 per hundred cubic feet (HCF)

This would affect *all* usage rates (Tiers 1, 2, & 3).

For perspective, the current Tier 1 rates are \$1.36 per HCF, therefore this would represent a 5% increase on Tier 1 rates.

Estimated costs borne by customer class

Customer Class	% of costs	Allocated Costs
Ag-Domestic	25.9%	\$155,597
Ag	17.8%	\$106,873
Commercial	7.3%	\$44,009
Interdepartmental	1.3%	\$7,849
Industrial	0.2%	\$1,150
Other	1.9%	\$11,149
Residential	20.5%	\$123,250
Resale	25.0%	\$150,123
		\$600,000

Next Steps

Assuming July 1, 2020 Implementation

Today - Direct staff to mail Proposition 218 notification

Next Week (by May 8th) – Mail Proposition 218 letters (45-day hearing notice requirement)

June 24 - Hold Public Hearing

July 1 – Implement new charge

MEMORANDUM

TO: Board of Directors
From: Michael L. Flood, General Manager
RE: **Review of proposals and possible award of District auditor services.**
Date: April 29, 2020

RECOMMENDATION:

The Board of Directors award District auditing services to White Nelson Diehl Evans LLP of Irvine, Ca. in the amount of \$27,710.00.

BACKGROUND:

At the February 21, 2020 Finance Committee Meeting, District Counsel Mathews presented information to the Committee in regard to the Government Code Section on the consecutive use of financial auditing firms.

At this same meeting, CFO Collin indicated that a request for proposals (RFP) will be issued for the FY 2020 audit.

Three responses to the auditor RFP were received in March 2020.

The Finance Committee reviewed the audit proposals at a Special Finance Committee Meeting on April 23, 2020.

DISCUSSION:

Three audit firm proposals were received by staff and reviewed by the Finance Committee:

1. Davis Farr LLP of Irvine, Ca. in the amount of \$24,000.00.
2. Fechter & Company of Sacramento, Ca in the amount of \$32,000.00
3. White Nelson Diehl Evans LLP (WNDE) of Irvine, Ca. in the amount of \$27,710.00

Upon review of the proposals and discussion with the Finance Committee, staff recommends award of the FY 2020 audit to White Nelson Diehl Evans LLP (WNDE) of Irvine, Ca.

Staff believes the WNDE has the commensurate experience with Southern California water agencies as well as depth of staff to carry out the FY 2020 with the highest level of success.

All three RFPs are attached.

CASITAS MUNICIPAL WATER DISTRICT

PROFESSIONAL AUDITING SERVICES PROPOSAL

WHITE NELSON DIEHL EVANS LLP
2875 MICHELLE DRIVE | SUITE 300 | IRVINE | CA | 92606

TITLE PAGE

Date

March 31, 2020

RFP Subject

Professional Auditing Services for the Casitas Municipal Water District for the Five Years
Ending June 30, 2024

Name of Proposer

White Nelson Diehl Evans LLP
Certified Public Accountants and Consultants

Proposer Address

2875 Michelle Drive, Suite 300
Irvine, CA 92606-5165
Telephone: (714) 978-1300
Fax: (714) 978-7893

Federal Identification Number

33-0686301

California CPA License Number

PAR 6123

Contact Persons

Kassie Radermacher, CPA, CFE
Engagement Partner
kradermacher@wndecpa.com

Nitin P. Patel, CPA
Technical Review Partner
npatel@wndecpa.com

Website

www.wndecpa.com

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March 31, 2020

Ms. Denise Collin
Chief Financial Officer
Casitas Municipal Water District
1055 Ventura Ave
Oak View, CA 93022

Dear Ms. Collin:

White Nelson Diehl Evans LLP (WNDE) is pleased to present our proposal to serve as independent auditors for Casitas Municipal Water District (the District). We have prepared this information in accordance with the guidelines set forth in your request for proposal.

Who We Are

WNDE is a California certified public accounting (CPA) and consulting firm with offices in Irvine and Carlsbad. Our firm has specialized in providing services to the governmental industry for over 90 years, and we have no intention of discontinuing these services.

Why We Are the Best Qualified Firm

We consider ourselves to be the best qualified firm to perform auditing and accounting services for Casitas Municipal Water District. Please consider these qualifications:

A significant part of our practice is devoted to providing professional services to the governmental industry, and, over the past year, the firm provided services to approximately 100 governmental organizations. On an annual basis, our firm issues over 150 reports on audits of local governmental agencies, including special districts, cities, the successor agency to redevelopment agencies, and joint power authorities.

Our firm has devoted a substantial amount of time and resources in order to provide governmental agencies with quality audits. Our knowledge of the industry is best demonstrated by the fact that our clients who apply for the "Certificate of Achievement in Financial Reporting," issued by the Government Finance Officers Association (GFOA), consistently receive that award. A list of these clients is presented on page 6 of this proposal.

We are a full-service CPA firm. Our firm provides our clients with a variety of services, including investment policy compliance reviews and agreed-upon procedures reviews and consulting on a wide array of governmental issues.

Every year, WNDE presents a complimentary Governmental Accounting Update seminar for our clients at no additional cost.

Scope of Work Performed by WNDE

The scope of our services would be as follows:

- A financial audit of the basic financial statements of the District in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the State Controller's Minimum Audit Requirements for California Special Districts, and preparation of the Comprehensive Annual Financial Report (CAFR)
- Independent auditors' 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* (management letter)
- A report communicating information related to the audit to those in charge of governance at the conclusion of the audits
- Preparation of the District's State Controller's Report

We make a commitment to deliver all necessary reports based on the timetable presented herein on page 16. Also, a more detailed discussion of our understanding of the work to be performed is set forth on pages 18 through 25.

Our goal is to provide the District with the highest quality of service, including a CAFR, which meets all required reporting standards. We are confident that our service and experience will be of benefit to the District and will provide added value over and above the performance of the audit itself. Throughout the year, you should feel comfortable calling us for advice regarding accounting and auditing matters, as we are never too busy to meet the needs of our clients.

We thank Casitas Municipal Water District for the opportunity to present our proposal. Please feel free to contact me or Mr. Nitin P. Patel at (714) 978-1300 if you have any questions. This proposal constitutes a firm and irrevocable offer for 90 days from the date of this letter. We are authorized to represent our firm and bind the firm to contract.

Very truly yours,



Kassie Radermacher, CPA, CFE
Engagement Partner

LICENSING AND INDEPENDENCE

Our firm and all of our certified personnel are properly licensed to practice public accounting in California. In addition, we meet the independence requirements of *Government Auditing Standards*, as published by the US General Accountability Office (GAO).

We have no conflict of interest with the District and will provide written notice to the District of any professional relationships contemplated with the District during our term as auditors, which might affect the firm's independence.

SIZE AND LOCATION OF THE FIRM

WNDE is a local California accounting firm with offices in Irvine and Carlsbad.

Our firm has approximately 150 employees, which includes 23 partners with separate assurance and tax departments. The District would be served by the assurance department from our Irvine office, which has approximately 50 professional staff members, including 11 partners and 13 managers and supervisors. The Irvine office assurance department staff with governmental experience consists of 5 partners, 6 managers, 3 supervisors, and 32 seniors and associates.

WNDE has extensive experience in providing auditing, accounting, and consulting services in the governmental sector. Over 20,000 hours per year are devoted to this area of our practice for over 100 governmental units, including special districts, cities, successor agencies, nonprofit corporations, and joint power authorities.

RANGE OF ACTIVITIES

WNDE is a full-service CPA firm. We offer a broad range of services, which include the following:

- Certified Audits
- Financial Services
- Agreed-Upon Procedure Reviews
- Compilations and Reviews
- Consulting Services
- Litigation Support Services
- Bookkeeping Services
- Income Tax Preparation and Representation
- Tax Planning and Consulting

Our specific services available to governmental agencies are more fully set forth in this proposal.

Additionally, we are in a professional alliance with BDO USA, LLP (BDO), a national accounting firm, and a network of accounting firms thereby allowing us the ability to provide quality attestation services. The BDO alliance provides us access to BDO's personnel and technical resources, which allows WNDE to deliver the range of services and capabilities of a large national firm, including the use of specialists to support the needs of our clients.



AICPA GOVERNMENTAL AUDIT QUALITY CENTER

WNDE is a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center (the Center). The Center is a firm-based voluntary membership center whose primary purpose is to promote the importance of quality governmental audits to purchasers of governmental audit services. The Center provides members with an online forum tool for sharing best practices, as well as discussions on audit, accounting, and regulatory issues. As a member of the Center, the firm receives updates on changes in auditing and accounting standards that affect governmental audits. The quality control partner is required to attend an annual webcast to discuss auditing and reporting issues affecting governmental audits. Our firm uses the resources of the Center to maintain the quality of our governmental audits.

PARTICIPATION IN QUALITY REVIEW PROGRAMS

In July 2018, our firm underwent a quality review by an independent CPA firm under the provisions of the AICPA Quality Review Program. This review is required every three years and covers our audits of governmental agencies. A final report dated August 15, 2018, with a pass rating on our systems and procedures, was received. A copy of the independent CPA firm's report is included on page 5. Accordingly, we are confident that our current auditing standards and techniques meet all existing requirements. We had no significant deficiencies noted in any federal or state desk reviews, and no disciplinary action has been taken against the firm over the past five years.

PARTICIPATION IN PROFESSIONAL ORGANIZATIONS

Our partners and staff are actively involved in professional organizations in the governmental accounting field. Noted below is a summary of our participation in various national and California governmental organizations.

GFOA, GASB, AND FASB

Our firm is an associate member of the Government Finance Officers Association of the United States and Canada (GFOA). We also have web-based access to the latest pronouncements issued by the GASB and the Financial Accounting Standards Board (FASB), including interpretations, technical pronouncements, and newsletters. We regularly analyze these pronouncements and advise our governmental clients of changes in accounting rules.

CSCPA

Several partners and principals of the firm have been members of the Governmental Accounting and Auditing (GAA) Committee of the Orange County Chapter of the California Society of Certified Public Accountants (CSCPA). Mr. Nitin P. Patel has served as chairman of this committee. Firm personnel have been involved over the years in preparing position papers issued for professional organizations on governmental accounting matters. Currently, Mr. Patel and Mr. Robert J. Callanan are members of the State Governmental Accounting and Auditing Committee. Mr. Callanan is also a member of the California Committee on Municipal Accounting.

CSMFO

Our Irvine office partners are associate members of the California Society of Municipal Finance Officers (CSMFO). Our personnel regularly attend local CSMFO chapter meetings throughout Southern California and the annual statewide conference. We often provide public speakers for these meetings.

HH Heidenreich & Heidenreich, CPAs, PLLC

10201 S. 51st Street, Suite #170
Phoenix, AZ 85044
(480)704-6301 fax 785-4619

Report on the Firm's System of Quality Control

August 15, 2018

To the Owners of
White Nelson Diehl Evans LLP
and the Peer Review Committee of the CA Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of White Nelson Diehl Evans LLP (the firm) in effect for the year ended March 31, 2018. 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*, a compliance audit under the Single Audit Act and audits of employee benefit plans.

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 White Nelson Diehl Evans LLP in effect for the year ended March 31, 2018, 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*. White Nelson Diehl Evans LLP has received a peer review rating of *pass*.

Heidenreich & Heidenreich CPAs PLLC

Heidenreich & Heidenreich, CPAs, PLLC

GFOA AWARD PROGRAM

The partner and manager will be involved in all phases of report preparation and review. Reporting checklists will be used to assure compliance with all reporting requirements. In addition, another member of the firm, not associated with the audit, and with extensive governmental auditing and accounting experience, will review each financial statement audited and related reports. Based on the high quality of our review process, we have been able to assist various clients in obtaining the GFOA “Certificate of Achievement for Excellence in Financial Reporting.”

Recent special districts that have received the award are as follows:

Chino Basin Desalter Authority
Coachella Valley Water District
Inland Empire Utilities Agency
Las Virgenes Municipal Water District
Olivenhain Municipal Water District
Orange County Water District
Otay Water District
Rancho California Water District
Santa Ana Watershed Project Authority
Vista Irrigation District
Western Municipal Water District
Yorba Linda Water District

Recent cities that have received the award are as follows:

Alhambra	Hawaiian Gardens	Palos Verdes Estates
Bellflower	Hesperia	Pico Rivera
Beverly Hills	Highland	Rancho Santa Margarita
Burbank	Irvine	San Buenaventura
Camarillo	Laguna Beach	San Gabriel
Campbell	Laguna Hills	San Juan Capistrano
Chino	Laguna Woods	Santa Ana
Colton	La Habra	Santa Barbara
Costa Mesa	Lake Forest	Stanton
Del Mar	Lancaster	Torrance
Fillmore	Newport Beach	Tustin
Fountain Valley	Norco	West Hollywood
Gilroy	Norwalk	Westminster
Goleta	Orange	

SPECIAL DISTRICT ENGAGEMENTS

We have listed below the special districts which were under contract with us during the past fiscal year.

Client Name	From	To
Calleguas Municipal Water District	2015	2019
Coachella Valley Water District	2019	Present
Grossmont Healthcare District	2011	Present
Heber Public Utilities District	2014	Present
La Habra Heights County Water District	2002	2019
Laguna Beach County Water District	2002	Present
Mesa Water District	2016	Present
Midway City Sanitary District	2012	Present
Monterey Peninsula Regional Park District	2015	2019
Orange County Mosquito and Vector Control District	2013	Present
Orange County Water District	2017	Present
Padre Dam Municipal Water District	2009	Present
Placentia Library District	2015	Present
Pomona-Walnut-Rowland Joint Water Line Commission	2002	Present
Rainbow Municipal Water District	2017	Present
Rancho Santa Fe Community Service District	2011	Present
Rincon del Diablo Municipal Water District	2015	Present
Rowland Water District	2007	Present
Serrano Water District	2017	2019
South Coast Water District	2017	Present
South County Regional Wastewater Authority	2013	2019
Sunset Beach Sanitary District	1986	Present
Surfside Colony Stormwater Protection District	2010	Present
Surfside Colony Community Services District	2010	Present
Valley Wide Recreation and Park District	1986	Present
Ventura Port District	2011	Present
Vista Irrigation District	2016	Present
Western Municipal Water District	2016	Present
Western Riverside County Regional Water Authority	2016	Present
Whispering Palms Community Service District	2011	Present
Yorba Linda Water District	2008	Present

AUDIT TEAM

The audit team assembled consists of individuals who have extensive experience auditing governmental agencies and who are familiar with municipal accounting. In addition, each team member's skill and experience, developed while working in other industries our firm serves, can be applied to the individual requirements of the District.

The personnel assigned to the engagement team are as follows:

The engagement partner will be Ms. Kassie Radermacher, CPA, CFE. Ms. Radermacher has 15 years of experience with audits of local governments and will be the primary contact for the District and related audits. She will be involved with all phases of the audit including (a) the planning phase of the audit to assess risks related to the audit, (b) the final review of all the work papers and financial reports, and (c) attendance at any meetings with District's management and Board of Directors at the conclusion of the audit. Ms. Radermacher will be responsible for assuring that all work for the District is performed in a complete and timely manner.

Mr. Nitin P. Patel, CPA, will be the technical review partner and will perform a quality review of all reports issued in connection with the audit. Mr. Patel has 34 years of experience with audits of local governments. He will also consult on the accounting treatment of any unusual transactions or audit issues.

Ms. Tiffany Fung, CPA, will serve as the senior audit manager. Ms. Fung has 9 years of experience with audits of local governments. She will (a) perform the initial review of the work papers, including a review of the work completed related to internal controls, (b) supervise the completion of the financial reports and management letter, and (c) assist in the audit of any complex or unusual audit areas.

Resumes for the above partners and personnel are included at pages 11- 13.

COMMITMENT RELATED TO PERSONNEL

We make a commitment to retain the same personnel for the District from year to year, except where such personnel leave the firm or where the change is approved by the District. If a staff member is replaced, we make a commitment to replace that person with staff of at least equal experience.

NONDISCRIMINATION POLICY

Our firm has a policy to provide equal employment opportunities to all qualified persons without regard to race, color, age, sex, religion, national origin, or disability.

EDUCATION PROGRAMS

WNDE has a formal continuing education program. All firm auditors are required to obtain 80 hours of continuing education every two years in the accounting and auditing area as required by *Government Auditing Standards*, and at least 24 hours of government-related continuing education courses. Our staff is continually expanding their knowledge of the governmental industry through our in-house training programs, programs offered by the AICPA, Government Finance Officers Association, the California Society of Certified Public Accountants, and other professional organizations and through on-the-job training.

Noted below is a description of certain in-house education courses taken by our partners and staff to meet the governmental continuing education requirements. All personnel involved with governmental auditing are required to attend these courses.

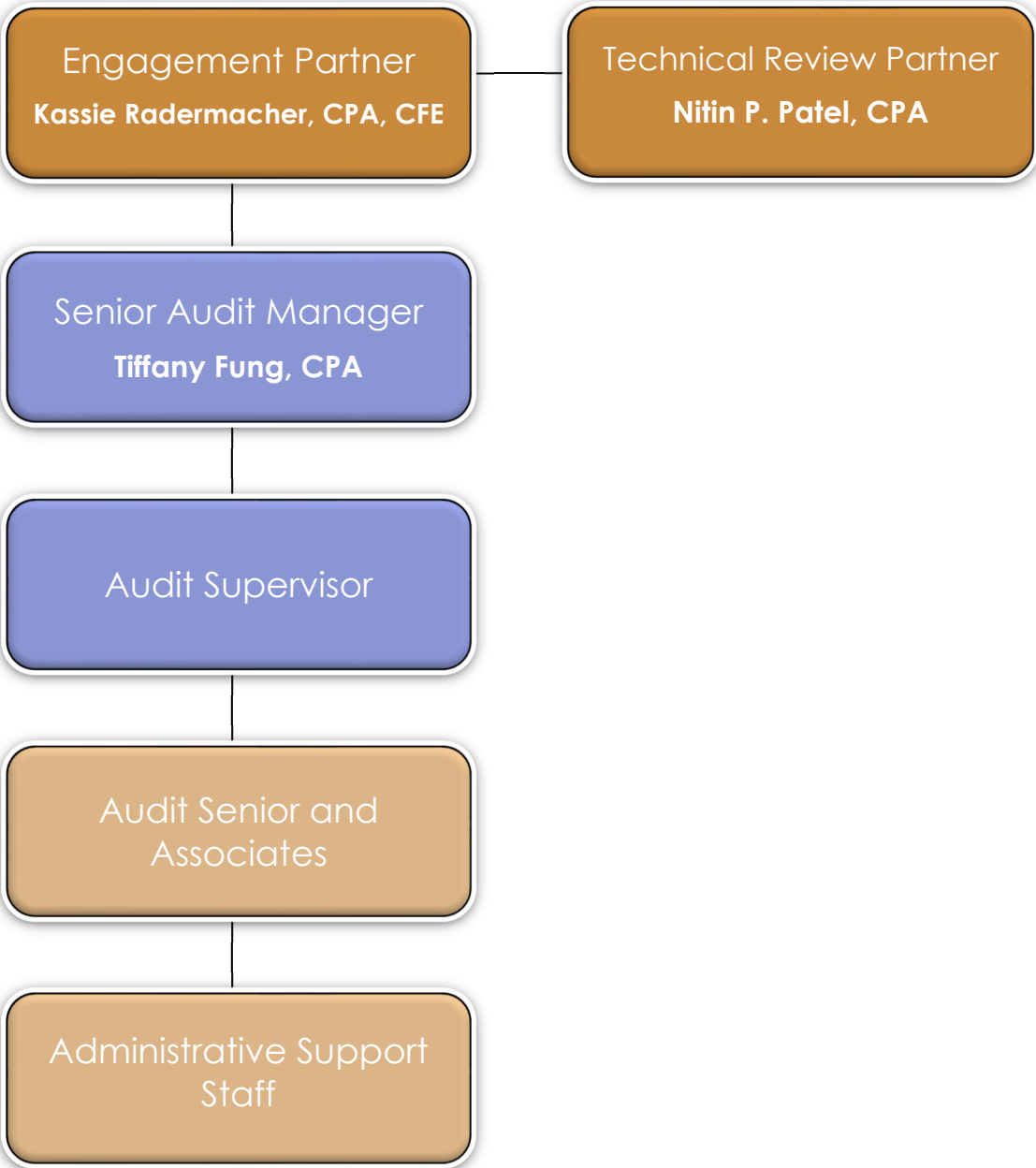
- Understanding the Risk Assessment Standards
- Understanding and Auditing Deposits and Investments of California Governmental Units
- Reviews of Internal Controls in Accordance with Statements on Auditing Standards
- Assessing Audit Risk and Materiality in Conducting an Audit
- Consideration of Fraud in a Financial Statement Audit
- Computer Auditing in the Governmental Environment
- Laws and Regulations in the Government Sector
- Pension and Other Postemployment Benefit Standards

GASB PRONOUNCEMENT IMPLEMENTATION ASSISTANCE

Annually, the Governmental Accounting Standards Board (GASB) issues new and updated guidance to assist local and state governments in applying generally accepted accounting principles (GAAP) to specific facts and circumstances that they encounter. Listed below are relevant GASB pronouncements that our auditors can provide assistance with throughout the year.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 87, *Leases*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*
- GASB Statement No. 91, *Conduit Debt Obligations*

WNDE AUDIT TEAM ORGANIZATION CHART



KASSIE RADERMACHER, CPA, CFE
Engagement Partner



Licensing:

Certified Fraud Examiner since 2019
Certified Public Accountant in California since 2010
Certified Public Accountant in Virginia since 2006

Range of Experience:

Ms. Radermacher has been with the firm since June 2009 and holds five years of prior audit experience.

She has performed all phases of local governmental audits, including special districts, cities, successor agencies/redevelopment agencies, single audit of federal grants, compliance audits, and agreed-upon procedures engagements.

Ms. Radermacher served on the following local government audits in 2019:

Special Districts:

- Coachella Valley Water District
- Mesa Water District
- Orange County Mosquito & Vector Control District
- Orange County Water District
- Serrano Water District
- South Coast Water District
- Western Municipal Water District
- Western Riverside County Regional Wastewater Authority

Cities:

- La Cañada Flintridge
- Laguna Beach
- San Juan Capistrano
- Victorville
- Laguna Hills
- Norwalk
- Santa Ana
- West Hollywood

Professional Organizations:

California Society of Certified Public Accountants
California Society of Municipal Finance Officers
Association of Certified Fraud Examiners

Education:

West Virginia University
Masters of Professional Accountancy, 2005
Bachelor of Science, 2003

Continuing Professional Education:

Total hours were 189 in the last three years, of which 169 hours were for meeting the requirements of the *Government Auditing Standards*.

NITIN P. PATEL, CPA
Technical Review Partner



Licensing:

Certified Public Accountant in California since 1988

Range of Experience:

Mr. Patel has been with the firm since 1986 with emphasis in governmental accounting and financial reporting and is responsible for firm's in-house governmental accounting and auditing training programs.

Experience includes supervision of over one hundred audits of governmental agencies including special districts, cities, successor agencies/redevelopment agencies, nonprofit corporations, and joint powers authorities.

Other experience includes providing consulting services for governmental agencies including special internal control reviews, cost allocation plans, cable television rate reviews, reviews of City Treasurer operations, and transient occupancy tax reviews of city hotels/motels.

GFOA Report Reviewer for Award Program - Certificate of Achievement for Excellence in Financial Reporting.

Mr. Patel was the engagement partner on the following local government audits in 2019:

Special Districts:

- Calleguas Municipal Water District
- Coachella Valley Water District
- Laguna Beach County Water District
- La Habra Heights County Water District
- Mesa Water District
- Orange County Water District
- Serrano Water District
- South Coast Water District
- Western Municipal Water District

Cities:

- Colton
- Covina
- El Segundo
- Gilroy
- La Habra
- Laguna Hills
- Norwalk
- Orange
- San Gabriel
- San Juan Capistrano
- Santa Ana
- Santa Barbara
- Tustin
- Victorville
- West Hollywood
- Westminster

Professional Organizations:

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

California Society of Municipal Finance Officers - Associate Member

Governmental Accounting and Auditing Committee of Orange County - Committee Chairman (2001-2002)

California Governmental Accounting and Auditing Committee Member

Education:

University of California at Irvine, Bachelor of Arts in Economics

California State University at Long Beach Masters of Accounting Program

Continuing Professional Education:

Total hours were 198 in the last three years, of which 154 hours were for meeting the requirements of the *Government Auditing Standards*.

TIFFANY FUNG, CPA
Senior Audit Manager



Licensing:

Certified Public Accountant in California since July 2013

Range of Experience:

Ms. Fung has been with the firm since March 2011. Ms. Fung has performed all phases of local governmental audits including special districts, cities, successor agencies/ redevelopment agencies, single audit of federal grants, and agreed-upon procedures engagements. As a senior audit manager, she is involved with planning the audit, performing fieldwork for all aspects of the audit, supervising staff accountants, and preparation of financial statements.

Ms. Fung worked on the following local government audits in 2019:

Special Districts:

- Coachella Valley Water District
- Laguna Beach County Water District
- Orange County Water District
- South Coast Water District
- Western Municipal Water District
- Western Riverside County Regional Wastewater Authority

Cities:

- El Segundo
- Lake Forest
- La Habra
- Norwalk
- San Gabriel
- Santa Ana
- Tustin
- West Hollywood
- Westminster

In recent years, Ms. Fung has also been involved with the following governmental clients:

Special Districts:

- Chino Basin Desalter Authority
- Costa Mesa Sanitary District
- El Toro Water District
- Inland Empire Utilities Agency
- Mesa Water District
- Rancho California Water District
- Santa Ana Watershed Project Authority
- Walnut Valley Water District

Cities:

- Avalon
- Colton
- Costa Mesa
- Downey
- Newport Beach
- Palm Desert
- San Juan Capistrano
- West Covina

Education:

University of California, Irvine
Bachelor of Economics with a minor in Accounting, 2010

Continuing Professional Education:

Total hours were 154 in the last three years, of which 136 hours were for meeting the requirements of the *Government Auditing Standards*.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

Your request for proposal called for a list of engagements that are similar to the engagement to be performed for Casitas Municipal Water District. These are set forth below:

SPECIAL DISTRICT	DATES OF SERVICE	ENGAGEMENT PARTNER	TOTAL HOURS	SCOPE OF WORK
Western Municipal Water District *	2016 – Present	Kassie Radermacher	470	Financial Statement Audit; Medical Plan Audit; Community Facilities Districts Audits
Coachella Valley Water District *	2019 – Present	Nitin P. Patel	440	Financial Statement Audit; Single Audit; State Controller’s Report
Mesa Water District*	2016 – Present	Kassie Radermacher	220	Financial Statement Audit
Yorba Linda Water District*	2008 – Present	Daphnie Munoz	206	Financial Statement Audit; Public Financing Authority Audit
Calleguas Municipal Water District	2015 – 2019	Nitin P. Patel	151	Financial Statement Audit, State Controllers Report

* Certified audits were performed on the financial statements to comply with GASB Statement No. 34 and the GFOA Award Program of these special districts for the past year.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES (Cont.)

Client references for these five engagements are included below:

Western Municipal Water District

Ms. Veronica Yun Zheng
Accounting Manager
(909) 854-3679
vzheng@wmwd.com

Coachella Valley Water District

Ms. Karrie Swaine
Controller
(760) 398-2661
kswaine@cvwd.org

Mesa Water District

Mr. Marwan Khalifa
Chief Financial Officer
(949) 207-5456
marwank@mesawater.org

Yorba Linda Water District

Ms. Delia Lugo
Finance Manager
(714) 701-3042
dlugo@ylwd.com

Calleguas Municipal Water District

Mr. Dan Smith
Manager of Finance & Human
Resources
(805) 579-7132
dsmith@calleguas.com

REPORTS TO BE ISSUED AND DUE DATES

Listed below is a timetable for reports to be issued as stated in the scope of work for the District.

Reports for Casitas Municipal Water District	Draft Report Due Date	Final Report Due Date
Comprehensive Annual Financial Report	October 21	December 15
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> (Management Letter)	October 21	December 15
Communication to Those in Charge of Governance (Audit Committee Letter)	October 21	December 15
State Controller's Report		As required by SCO

AUDIT TIMING

Assuming that the District’s books are closed and ready for examination and that all necessary schedules and documents are available for our use by the first week of September each year, the suggested time schedule for the various phases of the audit would be approximately as follows:

	Completed By
Entrance conference with key District staff; discussion of any prior audit concerns and the performance of interim work	June 30
Entrance conference with Finance Committee	June 30
Interim audit fieldwork and management review	June 30
Final audit fieldwork and management review	September 30
Exit conference to summarize the results of the fieldwork and to review significant findings	September 30
Draft financial statements	October 21
Finance Committee meeting	November 20
Final financial statements (date can be amended depending on date of Board meeting)	December 15
Presentation of audit results	Board Meeting in December

COMMITMENT TO DELIVER REPORTS ON A TIMELY BASIS

If all books and records, schedules, and documents are made available to us by the first week of October, we make a commitment to have audit team members available and to provide all reports by the due dates specified above.

AUDIT APPROACH

Our audit approach is tailored to meet the technical requirements while maintaining professional skepticism without forgetting that we provide a service. The following aspects of our audit approach will add additional value to the audit services and minimize the amount of time spent by the District's staff in dealing with the audit.

- We will assign experienced staff auditors, including the in-charge field auditor having at least three years of experience. You will not spend time training our auditors.
- Whenever possible, we will use same format for audit supporting schedules used in prior years for the current-year audit. This will reduce time spent by the District staff in dealing with the audit when a different audit firm is chosen.
- Throughout the year, we are available as a resource to our clients in researching technical questions, dealing with new pronouncements, reviewing complex financial entries, and helping with any other issues as they arise.
- The work papers will be reviewed by the manager or partner as fieldwork is being completed to minimize additional questions after the fieldwork is completed.

Our firm uses a governmental audit program that will be modified to the District's operations to accommodate specific client circumstances. Our audit programs are organized by the financial statement approach and general procedures. The requirements by the standards for assessing risk are utilized to modify the audit programs to focus on the higher risk areas of the financial statements.

1. AUDIT PLANNING PROCEDURES

- Hold a preaudit conference with the District to establish process of communication between the audit team and District staff
- Discuss any new accounting pronouncements being implemented in the current year
- Establish scope of work and timing of fieldwork

2. INTERIM FIELDWORK

- Gather information about the District and its environment, including internal control
- Evaluate the design of internal controls that are relevant to the audit and determine whether the control, either individually or in combination is capable of affecting, preventing, or detecting and correcting material misstatements
- Determine that the controls have been implemented (i.e., the controls exist and the District is using them)

2. INTERIM FIELDWORK (cont.)

- Specific areas to review include:
 - Accounts payable/cash disbursements
 - Accounts receivable/cash receipts
 - Payroll disbursements
 - Investment compliance
 - Property and equipment
- Review of minutes of District meetings
- Review of important contracts and debt agreements
- Perform interim exit conference with the District to review results of interim fieldwork, including any findings

3. FINAL AUDIT WORK

During the final audit work, we will assess “risk” of material misstatement based on an understanding of the District’s audit environment, including its internal control, to identify account balances. Our audit programs will be specifically tailored to address any significant risks identified.

The Prepared by Client list will be provided at least one month in advance of fieldwork. Our work may include the following:

- Confirm cash and investment balances and testing of bank reconciliations
- Confirm significant receivable balances or review subsequent cash receipts to verify receivable balance
- Search for unrecorded liabilities
- Test interfund balances and transfers
- Test capital asset additions and depreciation expense
- Confirm long-term debt balances and review the accounting treatment of debt issued or refunded
- Test support for other significant assets or liabilities
- Perform analytical procedures on the balance sheet and revenue and expenditure accounts to evaluate and explain unusual fluctuations from prior-year balances or current-year budgeted amounts
- Review attorney letters for significant legal matters affecting the District’s financial position
- Conduct an exit conference to review any significant adjustments or findings

The audit work papers will be reviewed by our management team as the work is being performed in the field so that at the conclusion of the fieldwork we are able to report any adjustments or findings.

AUDITS TO BE IN ACCORDANCE WITH GAAS AND OTHER REQUIREMENTS

We will audit the financial statements of the District as stated in the scope of work. The financial statements of all entities where the District exercises oversight will be combined with the District's financial statements in accordance with GASB requirements. Our audit will be in accordance with auditing standards generally accepted in the United States of America (GAAS), as set forth by the AICPA, and will include such auditing procedures as we consider necessary under the circumstances. We will apply certain limited procedures, which consist principally of inquiries of management regarding methods of measurement and presentation of required supplementary information. However, we do not audit such information and do not express an opinion on it. Any supplemental financial statements will be subjected to auditing procedures as we consider necessary in relation to the financial statements taken as a whole. The scope of our audit will not include any statistical information, and we will not express an opinion concerning it.

Our audits will conform to the guidelines set forth in the AICPA's Industry Audit Guide, *Audits of State and Local Governmental Units*. Also, each examination will comply with the standards for financial and compliance audits contained in the *Government Auditing Standards*, issued by the US General Accounting Office, the provisions of the Single Audit Act, and the provisions of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance).

APPROACH TO INTERNAL CONTROL

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

As required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

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

SINGLE AUDIT APPROACH

The single audit will be performed in accordance with all the requirements of the Single Audit Act, the Uniform Guidance, and *Government Auditing Standards* issued by the GAO (the Yellow Book) for cities that expend greater than \$750,000 in federal awards.

- We will identify the major and nonmajor federal programs of the District through the risk-based approach required by the Uniform Guidance. This approach includes consideration of current and prior audit experience, oversight by federal agencies and pass-through entities, and the inherent risk of the federal program.
- Our audit will include tests of transactions related to major federal award programs for compliance with applicable compliance requirements and certain provisions of laws, regulations, contracts, and grant agreements.
- We will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material non-compliance with applicable compliance requirements. If weaknesses in the internal controls are noted, we will modify our audit program as needed.

- Our procedures will consist of the applicable procedures described in the Uniform Guidance for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the Uniform Guidance.
- We will review all federal and industry-specific publications and guidance and inform the District of any recent changes.
- We will assist the District in completing and filing the Data Collection Form.

DETERMINING LAWS AND REGULATIONS SUBJECT TO AUDIT

Under provisions of AICPA auditing standards, management of the District is responsible for identifying to its outside auditors any laws and regulations that could have a significant effect on the audit. This would include federal laws (such as federal grant regulations), state laws (such as permitted investments under the California Government Code), and local laws (such as restrictions on special revenues levied by the District). After our selection as auditors, we will consult with District officials regarding these matters to determine what laws and regulations need to be evaluated in connection with our audit. If the District is not able to identify specific laws and regulations that affect it, we have references (California Government Code and Health and Safety Code) to the more common laws, rules, and regulations in our standard audit programs for the usual activities of a California city or successor agency to the redevelopment agency that will assist us in identifying laws and regulations to review in the audit.

COMPUTER AUDITING CAPABILITIES

WNDE uses technology to make the audit process more effective. We utilize a paperless audit software, ProSystem *fx* Engagement, which allows us to manage our audit documentation electronically. Some of the benefits of a paperless audit are as follows:

- We can receive the District's schedules in either hard copy or electronic format.
- We can import and integrate trial balance data from virtually any accounting system. We avoid the time and expense of keying in account numbers, descriptions, and account balances; we simply take your electronic trial balance and import it directly into our audit software.
- We create our own lead sheets, which can include prior-year balances. This helps us to easily identify significant fluctuations between fiscal years.
- The CAFR is prepared using Word and Excel documents that are linked to our trial balance software. The CAFR is updated automatically for any last minute journal entries, if any.

WNDE has partnered with MindBridge Ai to incorporate the powerful tool of artificial intelligence into the audit process. For some clients who are able to provide the financial data in the format required, MindBridge Ai uses a suite of techniques, including business rules, statistical methods, machine learning, and cross-correlation, that analyzes the financial data to provide a risk-based scoring on one hundred percent of transactions. This new method for identifying risks enhances the audit process in a manner not previously available.

Also, our approach includes using Interactive Data Extraction and Analysis (IDEA), which is a data analysis software that can be used to analyze large amounts of information. It allows the firm to extract data from the District's accounting records to tailor specific audit tests based on risk assessments. Some audit procedures that IDEA can be utilized for are as follows:

- Mechanical accuracy of worksheets or general ledgers
- Exception and gap/completeness testing for missing check numbers
- Cross checking different databases for common information such as employee names
- Duplicate testing of invoice numbers
- Completeness of general ledger balances

In addition, the firm has document management software that allows our clients to access our web portal. We utilize the web portal to transfer data files that are confidential or too large to be sent by email.

MANAGEMENT LETTERS

In connection with each audit, a complete review of internal controls will be made of all significant accounting procedures. Our firm uses an internal control questionnaire, computer systems questionnaire, and narration to gain an understanding of the internal control process as part of our audit. We will identify weaknesses, and after discussion with the appropriate District staff, we will submit a management letter that will identify weaknesses observed during these reviews and throughout the audit. The management letter will also assess the effect of the management letter comments on the financial reporting process and recommend steps toward eliminating the weaknesses.

ANALYTICAL PROCEDURES

Analytical procedures are used in the planning and final stages of the audit. In the planning phase, we use analytical procedures to identify unusual financial transactions and compare relationships to expected results. We compare current-year information to the prior years for balance sheet items, revenues, and expenditures. In addition, revenues and expenditures are compared to budgets to identify unexpected results. In the final stages of the audit, the financial statements are reviewed to identify expected relationships, such as comparing debt paid to expenditures recorded on governmental funds, transfers between funds, depreciation expense, etc. For all significant relationships identified, explanations are obtained as to why the situation occurred and additional audit procedures are applied to resolve any concerns.

METHOD OF SAMPLING

Our approach is to utilize random sampling based on our testing of the internal control systems related to cash receipts, cash disbursements, payroll, and utility billings. Based on a statistical conclusion used by the firm, our sample sizes can range from 25 to 60 transactions for each system. A random sample selection allows each item in the population an equal chance of being selected. In addition, for disbursements, we may select a stratified sample of all transactions over a specified dollar amount for review.

IRREGULARITIES AND ILLEGAL ACTS

We will make an immediate written report of all irregularities, illegal acts, or indications of illegal acts of which we become aware to the following parties: General Manager, District Attorney, District Legal Counsel, and Chief Financial Officer.

RETENTION OF AND ACCESS TO AUDIT WORK PAPERS

In accordance with provisions of the Uniform Guidance, GAO requirements, and the California Board of Accountancy, our audit work papers will be maintained for at least seven years after the date of the report. These work papers will be made available as necessary to your cognizant audit agency (or its designee), to GAO representatives, or to any other federal or state agency needing access to the work papers. Also, our firm will respond to any reasonable inquiries of successor auditors, and we will allow any successor auditors to review our work papers.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We do not anticipate any significant potential audit problems. If any potential audit problems are identified, we will immediately discuss them with the District's management. Our approach is to coordinate the resolution of any problems with the District's management. Considering our experience with auditing governmental entities and resources, we expect minimal disruption to the District's management in resolving any identified audit problems.

OTHER PROFESSIONAL SERVICES

We will be available for any other professional assistance you require to research and answer accounting and reporting problems raised by the District, regardless of the time of year. We will provide other attestation engagements in the form of agreed-upon procedures as required by the District for a separate fee. We also will keep the District informed of new developments affecting municipal finance and reporting, changes in grant rules, and regulations, etc.

WORK REQUIRED BY SPECIAL DISTRICT STAFF

Our fixed annual fees contemplate that conditions satisfactory to the normal progress and completion of the examination will be encountered and that the District’s accounting personnel will furnish the agreed-upon assistance in connection with the audit. However, if unusual circumstances are encountered that make it necessary for us to do additional work, we shall report such conditions to the responsible officials and provide the District with an estimate of the additional accounting fees involved.

Noted below is a listing of work required by District staff to assist in the audit.

- Preparation of trial balances for all funds after posting of all year-end journal entries
- Preparation of schedules supporting all major balance sheet accounts and selected revenue and expenditure accounts
- Typing of all confirmation requests
- Assistance with the preparation of the financial statements and notes to the financial statements
- Preparation of management’s discussion and analysis, transmittal letter, and all statistical tables for the financial statements

INSURANCE

Should our firm be selected for this engagement, we will carry all required insurance for the entire term of the engagement. We will provide the District with a fully compliant Insurance Certificate to the District’s Risk Management Department before the execution of the audit contract.

The firm has the following insurance coverage:

Insurance Type	Each Occurrence Limit	Aggregate Limit	Deductible
Umbrella Policy	\$4,000,000	\$4,000,000	\$10,000
General Liability	1,000,000	2,000,000	-
Auto Liability - Hired and Nonowned	1,000,000	1,000,000	-
Workers’ Compensation	1,000,000	1,000,000	-
Professional Liability	5,000,000	10,000,000	100,000

We will request that the District accepts the above deductible amounts for the insurance coverage.

SCOPE OF WORK

SEGMENTATION OF THE AUDIT HOURS BY PARTNER AND STAFF LEVEL

Scope of Work	Partners	Audit Manager	Supervisory Staff	Associates	Support Staff	Total
Financial Audit and Preparation of CAFR	16	30	80	80	8	214
State Controller's Report	-	2	6	-	-	8
Total Hours	16	32	86	80	8	222

SEGMENTATION OF THE AUDIT HOURS BY PHASES OF THE AUDIT

Scope of Work	Partners	Audit Manager	Supervisory Staff	Associates	Support Staff	Total
Planning	2	4	4	-	-	10
Interim Fieldwork	2	6	24	24	-	56
Final Fieldwork and Review	12	22	58	56	8	156
Total Hours	16	32	86	80	8	222

AUDIT FEES

SCHEDULE OF MAXIMUM FEES

<u>Reports to Be Issued</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Financial Audit and Preparation of CAFR	\$26,630	\$ 26,630	\$ 27,430	\$ 28,250	\$ 29,100
State Controller's Report	1,080	1,080	1,110	1,140	1,170
Total	\$27,710	\$ 27,710	\$ 28,540	\$ 29,390	\$ 30,270

HOURLY RATES FOR SPECIAL SERVICES

If the District wishes us to perform consulting or other significant services outside the scope of the services described herein, a separate written request from the District will be required. Our hourly rates for these services during each year under the basic contract will be as follows:

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Engagement Partner	\$ 225	\$ 225	\$ 232	\$ 239	\$ 246
Technical Review Partner	225	225	232	239	246
Audit Manager	165	165	170	175	180
Supervisory Staff	125	125	129	133	137
Associates	95	95	98	101	104
Administrative Support Staff	60	60	62	64	66



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

Casitas Municipal Water District March 31, 2020

Proposal for Fiscal Auditing Services

For the Years Ending
June 30, 2020 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.

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<ul style="list-style-type: none"> Proposed Fee Schedule Standard Billing Rates 	
<hr/>	
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<hr/>	
ATTACHMENTS	25
<ul style="list-style-type: none"> A: Certificate of Liability Coverage 	

March 31, 2020

Denise Collin
Chief Financial Officer

Casitas Municipal Water
District
1055 Ventura Avenue
Oak View, CA 93022

(805) 649-2251, ext. 103

dcollin@casitaswater.com

Dear Ms. Collin:

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit services to Casitas Municipal Water District (the District). 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 the audit within the time frame requested by the district and have included a timeline on page 22.

This proposal is an irrevocable offer valid for 60 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to the District. I am located at 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



Experience References



THERMALITO WATER & SEWER DISTRICT

Oroville, CA

Contact information:

Jayne Boucher,
General Manager

530-533-0740

jboucher@twsd.info

Scope of audit work:

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



NORTH COAST COUNTY WATER DISTRICT

Pacifica, CA

Contact information:

Connie Hsu,
Accountant

650-355-3462

chsu@nccwd.com

Scope of audit work:

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



EAST CONTRA COSTA IRRIGATION DISTRICT

Brentwood, CA

Contact information:

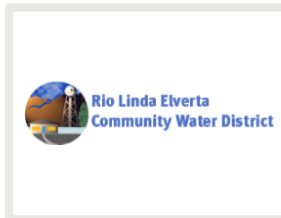
Denise Shaffer,
Finance Manager

925-634-3544

patcorey@cwo.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.



OLIVEHURST PUBLIC UTILITY DISTRICT

Olivehurst, CA

Contact information:

Karen Helvey, Finance
Manager

530-746-4657

khelvey@opud.org

Scope of audit work:

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

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. Approximately 50% of our audit clients are government entities.

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
- Goleta Sanitary 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

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. 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 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 District

SPECIAL DISTRICTS – RECREATION AND PARK

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

Experience, Cont.

Engagement Team 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

Olivehurst Public Utility District
Goleta Sanitary District
North Coast County Water District
Bayshore Sanitary District
Granada Community Services 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 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.

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

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 licensed in California.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- We have no prior substandard audit work or unsatisfactory performance pending with the State board of Accountancy or other related professional organizations.
- We received an unmodified opinion in our 2017 peer review which has been submitted to the state society of CPAs for approval.

INDEPENDENCE

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

INSURANCE

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

CONTINUING EDUCATION

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

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 will be assigned to perform all audit procedures. From initial planning through fieldwork to financial statement preparation, our depth of experience will be evident.



PERSONAL SERVICE

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



STEADFAST TURNAROUND

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



EFFICIENT PROCESSES

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

Firm Qualifications and Experience, continued

TECHNOLOGY AND SECURITY

- **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.
- We also offer a free class to our clients that covers internal controls at local agencies. The class is offered in the months of May and June and is 3 hours long.

OTHER AFFIRMATIONS

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

ENGAGEMENT PARTNER AND STAFF FOR THIS ASSIGNMENT

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

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

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

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

Quality Control

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

Contact information:

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

916-922-5109

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

September 27, 2018

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

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

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

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

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

Opinion

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

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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

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

Scope of Work

OUR UNDERSTANDING OF SERVICES TO BE PROVIDED:

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 Authority.

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 Budget/Audit Committee of the Board.

A CAFR will be prepared as requested.

Our reports are prepared using Microsoft Word and Excel integrated with our accounting software. Each report goes through a rigorous review process prior to issuance, which includes both a technical review by Scott German, CPA and proofreading by two staff members. In addition, Karen Radogna, a senior auditor with our firm, previously worked for over 20 years at a national accounting firm where she was responsible for the typing, formatting, and proofreading of the CAFRs prepared for the firm's governmental clients. She will oversee the formatting of the CAFR to ensure that all GFOA formatting requirements are met. The final report will be color printed on high-quality paper and spiral bound. In addition, electronic PDF copies will be available via our secure portal for 7 years after issuance.

Audit Team Structure

- Craig Fechter, CPA – Partner
- Sandy Sup, CPA – Audit Manager
- Joanne Berry, CPA - Audit Manager
- Scott German, CPA – Independent Reviewer

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.

Work Plan and Time Frame

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

The District requests that the auditor express an opinion on the District presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America.

We propose that the engagement be divided into the following segments:

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

ESTIMATED STAFF HOURS BY PHASE	Phase I Hours	Phase II Hours	Phase III Hours	Total Hours
Partners	8	10	7	25
Managers	30	55	25	110
Professional Staff	55	62	41	158
Clerical/Support Staff	9	13	10	32
Total	102	140	83	325

Work Plan and Time Frame, Cont.

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 District's finance committee and key personnel.

We will deliver a Prepared-by-Client list (PBC), which details the items we will need to perform the audit. We will resolve any ambiguities or questions we or the District might have about the services we are to perform. A sample PBC is included as an attachment to this proposal.

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

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

PRELIMINARY ANALYSIS

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

REPORT PREPARATION

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

CASH AND OTHER CONFIRMATIONS

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

Work Plan and Time Frame, Cont.

Phase I

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 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.

Work Plan and Time Frame, Cont.

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. Testing for functionality of internal controls

We will conduct random tests on a year-to-year basis to determine the functionality of the District'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.

Work Plan and Time Frame, Cont

Phase 2

FIELDWORK

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

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

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

POST-FIELDWORK ACTIVITIES

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

Phase 3

**REPORT FINALIZATION AND
FINAL ANALYSIS**

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

**REPORT DELIVERY AND
BOARD OF DIRECTORS
PRESENTATION**

We will deliver our report in person to the 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.

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	Phase Budget
I	Entrance conference: Introductory meeting with the District's Finance Committee and key personnel.	Tentatively June 30, 2020	Staff Hours: 102
	Initial planning and audit planning: Prepared-by-Client list, Information from bankers, attorney's Prior year's statements	July 2020	Budget: \$9,000
	Preliminary analysis: Report preparation, Cash and other confirmations, Internal controls Information gathering: Statistical sampling and testing, Revenues and disbursements, Internal controls, Laws and regulations, Risk assessment, Functionality testing	July 2020	
II	Fieldwork (3-4 days): Cash deposits, Internal control of disbursements, Payroll, Revenues, Inventory control, Billing and collections, Unrecorded liabilities, Progress Conference	Completed by October 31, 2020	Staff Hours: 140
	Post-fieldwork activities: Third-party confirmations	November 2020	Budget: \$14,000
III	Report finalization and final analysis	November 2020	Staff Hours: 83
	Final analysis	November 2020	
	Audit report and management letter draft delivery Final report delivery, Exit Conference	November 15, 2020 (management review), November 20, 2020 (finance committee review) December 2020 at District's appointed Board Meeting	Budget: \$7,000

70

Lump Sum Fee



PROPOSED FEE SCHEDULE

	Total Hours	Hourly Rate	Total FY 2020					
			Phase I		Phase II		Phase III	
			Hours	Rate	Hours	Rate	Hours	Rate
Partner	25	\$225	8	\$1,800	10	\$2,250	7	\$1,575
Manager	110	150	30	\$4,500	55	\$8,250	25	\$3,750
Professional Staff	167	75	55	\$4,125	62	\$4,650	41	\$3,075
Clerical/Support Staff	23	50	9	\$450	13	\$650	10	\$500
Sub-total	325		10,875		15,800		8,900	
Less professional discount			(1,875)		(1,800)		(1,900)	
Discounted fee			9,000		14,000		7,000	
Combined phase totals			30,000					
Direct expenses (travel, printing, etc.)			2,000					
Lump sum fee			\$32,000					

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

The above fee quote is a fixed price to be charged for all services rendered in connection with the audit. Our best understanding is that the following must be performed – performing auditing standards under GAAP standards, preparing the financial statements, and annual tax returns as requested.

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

	Hourly Rate FY 2020
Partner	\$225
Manager	150
Professional Staff	75
Clerical/Support Staff	50

Conflicts

IDENTIFICATION OF POTENTIAL PROBLEMS

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

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

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

STEPS TO ADDRESS ANTICIPATED ISSUES

In order to address these frequent issues, the below are

steps that we attempt to take with each client:

- Proactively inform you of major GASB standard changes that will take place in a future year – a prime example of a GASB standard that will impact nearly every governmental agency is that of GASB 87 which require capitalization of leases and should be effective for the fiscal year ended June 30, 2021.
- We attempt to tackle confirmations as early as we can in the audit process. Confirmations are an integral part of every audit and must be 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.

Attachment A: Certificate of Liability Coverage

ACORD FECHT-1 OP ID: RG
CERTIFICATE OF LIABILITY INSURANCE 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 NAIC # INSURER A: Travelers Property Casualty 25674 INSURER B: Allied Insurance Company 42579 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	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER: _____			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) \$ _____ \$ _____
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> 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"/> Y <input checked="" type="checkbox"/> N 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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Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Prepared By:

Davis Farr LLP
2301 Dupont Drive, Suite 200
Irvine, CA 92612

March 31, 2020

Contact Person:

Jonathan Foster, CPA | Partner
Office: 949.474.2020 | Direct: 949.783.1744
Email: jfoster@davisfarr.com

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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APPENDIX

Peer Review Documentation

March 31, 2020

Casitas Municipal Water District
Denise Collin
1055 Ventura Ave
Oak View, CA 93022

Dear Ms. Collin,

We are pleased to provide our proposal to perform audit services to Casitas Municipal Water District (the "District") for the fiscal years ending June 30, 2020 through 2024.

Our service philosophy is one of open and constant communication, a proactive approach and responsive, value-added services. We will listen to your ideas and concerns and will bring creative solutions to you in both financial and other operational areas. We are aware that while the District has solicited numerous proposals, Davis Farr LLP would be your best selection for the following reasons which are set forth in greater detail in our proposal:

- We take a proactive leadership role in local government accounting and auditing issues. We serve on the Government Accounting and Audit Committee of the Cal CPA Society, the CSMFO Professional Standards Committee and are frequent speakers on technical topics at conferences and training events throughout California.
- Our Partners have been providing audit services to governmental special districts for over 30 years. Davis Farr currently provides audit services to many water districts and agencies such as Placer County Water Agency, Irvine Ranch Water District and Cucamonga Valley Water District to name a few.
- We utilize data mining software to evaluate anomalies in your accounting data. This helps focus our auditors' attention on potential errors in the accounting records and transactions that could be more susceptible to fraud.

We appreciate the opportunity to share our credentials and look forward to developing our professional relationship. Our proposal remains a firm and irrevocable offer for 90 days. I certify that I am authorized to make representations for the firm. I look forward to you contacting me so that I may answer further any questions which you may have. You may contact me at (949) 783-1744.

Very truly yours,



Jonathan Foster, CPA
Partner

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Section A – About Davis Farr LLP

Background Information – Davis Farr LLP is a full-service regional accounting firm that specializes in providing attest and advisory services to federal, state, and local governments as well as non-profit entities out of our Orange County and San Diego offices. This engagement would be serviced by our Orange County office located in Irvine. Our personnel have served governmental and non-profit entities for over 30 years. A breakdown of our government audit personnel by classification is as follows:

Classification	Employees
<i>Partners</i>	7
<i>Managers</i>	8
<i>Supervisors</i>	4
<i>Seniors</i>	17
<i>Staff</i>	13
<i>Administrative</i>	3
Total Personnel	52

License to Practice in California – Davis Farr LLP and all key personnel are licensed with the California State Board of Accountancy to practice as independent certified public accountants.

Independence – Davis Farr LLP is independent with respect to Casitas Municipal Water District as defined by U.S. General Accounting Office’s *Government Auditing Standards* and Generally Accepted Auditing Standards.

Insurance – Davis Farr LLP has sufficient insurance coverage to meet or exceed the Agency’s requirements and will provide insurance certificates to the Agency prior to entering a contract.

Quality Control – Davis Farr LLP and its Partners are members of the American Institute of Certified Public Accountants (AICPA) and is a member of the AICPA’s Government Audit Quality Center. Our firm is a voluntary participant in the AICPA Peer Review Program. Included in the appendix is our most recent Peer Review report where our firm received a *Pass*. A *Pass* demonstrates the highest level of quality control in a Peer Review. The Peer Review included a review of government engagements. Davis Farr LLP has not had any federal or state desk reviews or field reviews during the past three years apart from a review performed by the Department of Transportation (DOT). The report concluded that our audit work complied with the requirements of the single audit act, the uniform guidance, and DOT’s major programs and included a recommendation related to documentation. There has been no disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

Training – Every professional of the firm must enroll in continuing professional education courses. Each person is required to take at least 80 hours of training over a two-year period including 24 hours a year specific to government accounting and audit topics. Courses cover a wide spectrum of professional and technical subjects, and include Fraud Auditing, Professional Ethics and Governmental Accounting and Auditing topics to help the practitioner maintain his/her professional expertise.

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Professional Affiliations

Government Audit Quality Center – Davis Farr LLP is a member of the Government Audit Quality Center (GAQC). The GAQC promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

National Registry of CPE Sponsors – Davis Farr LLP is registered to provide continuing professional education through the National Association of State Board of Accountancy (NASBA). NASBA recognizes CPE program sponsors who provide continuing professional education programs in accordance with nationally recognized standards.

Cal CPA – Many of the CPAs employed by Davis Farr LLP are members of Cal CPA and regularly participate in chapter meetings, education, and events. Cal CPA recognized one of Davis Farr LLP’s Partners with their **Women to Watch** award in the Experienced Leader category. Davis Farr LLP partners are also members of the **Governmental Accounting and Auditing Committee** of the CalCPA.

American Institute of CPAs – Davis Farr LLP and the firm’s Partners are members of the American Institute of CPAs (AICPA). The AICPA develops standards for audits, provides educational guidance materials to its members, and monitors and enforces compliance with the profession’s technical and ethical standards.

CSMFO – The Partners of Davis Farr LLP are members of the California Society of Municipal Finance Officers (CSMFO), the statewide organization serving all California municipal finance professionals. Firm personnel regularly attend CSMFO Chapter Meetings and Conferences. The Partners of Davis Farr LLP are frequent presenters on accounting and auditing technical topics at Chapter Meetings and Conferences.

GFOA – The Government Finance Officers Association (GFOA) enhances and promotes the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. The Partners of Davis Farr LLP are members of the Certificate of Achievement Program’s Special Review Committee. The Committee reviews Comprehensive Annual Financial Reports submitted to GFOA for the CAFR Award Program.

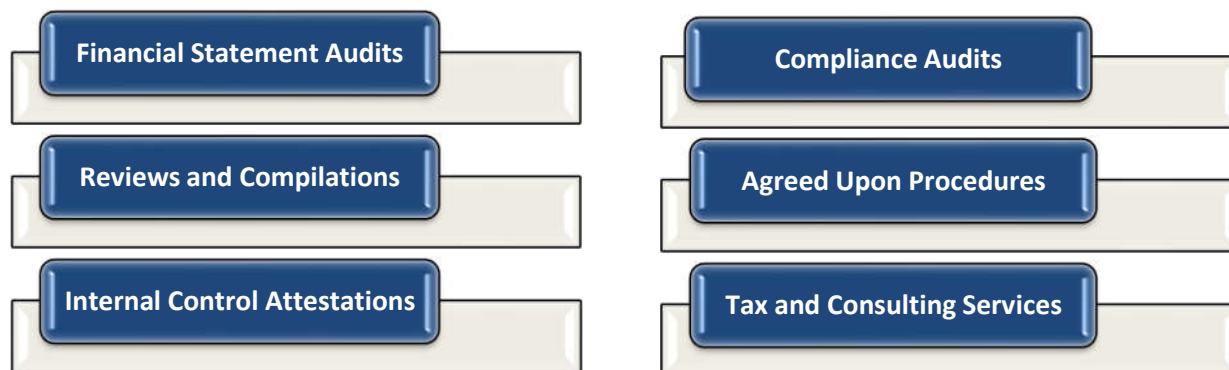


Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Section B – Our Prior Experience Auditing Government Agencies

Davis Farr LLP is a leader in the local government sector throughout the Southern California Area. Currently, we service approximately 60 local, state, and federal government entities. Davis Farr LLP services routinely provided to our clients include, but are not limited to:



Our government expertise includes Cities, Special Districts, and other Governmental entities. Some of the government agencies that the professionals of Davis Farr LLP have served recently are the following:

City of Avalon	Cucamonga Valley Water District
City of Carlsbad	Eastern Municipal Water District
City of Commerce	Hass Avocado Board
City of Coronado	Irvine Ranch Water District
City of Costa Mesa	Leucadia Wastewater District
City of Dana Point	Metropolitan Water District of Southern CA
City of Delano	Municipal Water District of Orange County
City of Encinitas	Orange County LAFCO
City of Fontana	Oxnard Housing Authority
City of Fountain Valley	Placer County Water Agency
City of Garden Grove	Salton Sea Authority
City of Huntington Beach	San Diego County Water Authority
City of Laguna Niguel	San Diego Association of Governments
City of Mission Viejo	San Diego LAFCO
City of Poway	San Dieguito Riverpark Authority
City of Rancho Santa Margarita	Sweetwater Authority
City of Santee	Tahoe Regional Planning Agency
City of Victorville	Tahoe Transportation District
County of Woodland	Vallecitos Water District
County of Fresno Housing Authority	Walnut Valley Water District
County of San Diego	West Basin Municipal Water District

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Section C – Client References

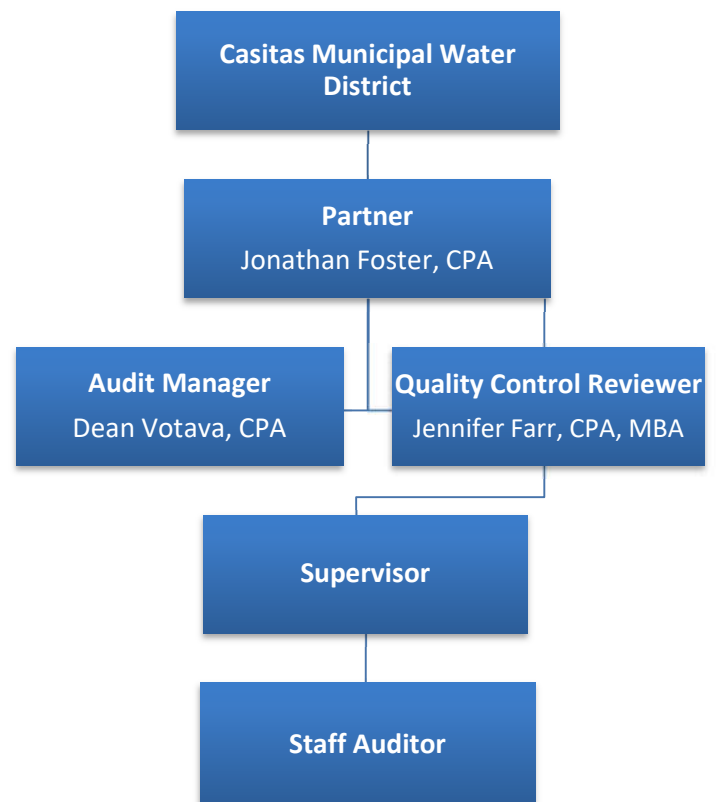
For your convenience, we have listed below references for audit work currently being performed by Davis Farr LLP personnel for several clients. For each of the references, we currently serve as independent auditors and have served these clients for a number of years.

	Client	Client Contact	Telephone/Email
1.	Placer County Water Agency 144 Ferguson Road Auburn, CA 95604	Carrie Parks <i>Deputy Director of Financial Services</i>	530.823.4840 cparks@pcwa.net
2.	Irvine Ranch Water District 15600 Sand Canyon Ave Irvine, CA 92618	Eileen Lin <i>Controller</i>	949.453.5345 lin@irwd.com
3.	Cucamonga Valley Water District 10440 Ashford Street Rancho Cucamonga, CA 91730	Jennifer Fillinger <i>Accounting Supervisor</i>	909.483.7453 jenniferf@cvwdwater.com

Section D – Partner, Supervisory and Staff Qualifications and Experience

The successful outcome of any audit requires personnel with the managerial and technical skills to perform the work required. The engagement team who will serve Casitas Municipal Water District have served together as a team of professionals on numerous financial audit examinations of local government entities. While not anticipated, any personnel substitutions will be of equally qualified personnel.

We believe that efficient administrative management and supervision of the audits is an extremely critical factor in achieving the desired results Casitas Municipal Water District. In that regard, our proposed organizational structure for providing independent auditing services is as illustrated to the right.



Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

**JONATHAN FOSTER, CPA
PARTNER**

California CPA Certificate No. 117853

Mr. Foster has excess of 12 years of audit experience with government agencies. The types of audits Mr. Foster is involved in includes financial audits of cities and special districts and Single Audits in accordance with the Uniform Guidance. Mr. Foster is also a CAFR and Budget reviewer for the CSMFO award and is a regular presenter at firm wide training and external training events as requested. He was a featured speaker at the 2019 CSMFO conference in Palm Springs where he presented on *Capital Assets: Bridging the GAAP between Engineering and Finance*.



PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

Member of Cal CPA Government Audit & Accounting Committee

California Society of Municipal Finance Officers (*CAFR and Budget Award Reviewer*)

EDUCATION

Bachelor of Accountancy, *University of San Diego*

CURRENT AUDITS OF WATER AGENCIES

- Chino Basin Water Planning Authority
- Cucamonga Valley Water District
- East Orange County Water District
- Irvine Ranch Water District
- Placer County Water Agency
- Rancho California Water District
- Santiago Aqueduct Commission
- Trabuco Canyon Water District
- West Basin Municipal Water District
- West Orange County Water Board

ADDITIONAL SERVICES

Irvine Ranch Water District – Proposition 218 Agreed Upon Procedures

Irvine Ranch Water District/Orange County Sanitation District – Fund Specific Audit

Metropolitan Water District of Southern California (Local Resource Program Audits)

Municipal Water District of Orange County (Consulting)

In addition to the water agencies served above, Mr. Foster audits various cities and special districts throughout California.

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

JENNIFER FARR, CPA, MBA
QUALITY CONTROL REVIEWER

California CPA Certificate No. 76292

Ms. Farr will serve as the Quality Control Reviewer on this audit. She will provide technical assistance to the audit team, ensure audit quality and review the final reports before they are released. Ms. Farr is a Certified Public Accountant with over 20 years of experience in local government auditing. Ms. Farr is a frequent speaker on matters pertaining to technical issues and new GASB pronouncements. Ms. Farr is also responsible for training in the area of local governmental accounting and auditing.



PROFESSIONAL AFFILIATIONS & AWARDS

- California Society of Certified Public Accountants
 - Government Accounting & Auditing Committee
- California Society of Municipal Finance Officers
- American Institute of Certified Public Accountants
- GFOA CAFR Reviewer
- Recipient of the Cal CPA Women to Watch award in the Experienced Leader category

EDUCATION

- Bachelor of Arts - Business Administration/Accounting (*California State University, Fullerton*)
- Bachelor of Arts - English (*California State University, Fullerton*)
- Master of Business Administration (*California State University, Fullerton*)

AUDITS OF SPECIAL DISTRICTS

- Coachella Valley Assoc of Govts
- Eastern Municipal Water District
- Irvine Ranch Water District
- Orange County Sanitation District
- Placer County Water District
- Mesa Water District
- South Montebello Irrigation District
- San Diego Association of Governments
- South Coast Water District
- Southern California Assoc of Governments
- Sweetwater Authority
- Walnut Valley Water District
- Cucamonga Valley Water District
- Inland Empire Utilities District
- Leucadia Wastewater District
- Orange County Water District
- Puente Basin Water Agency
- Moulton Niguel Water District
- Los Angeles Homeless Services Authority
- Salton Sea Authority
- So. Orange County Wastewater Authority
- San Diego County Water Authority
- Vista Irrigation District
- West Basin Municipal Water District

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

**DEAN VOTAVA, CPA
MANAGER**

California CPA Certificate No. 64413

Mr. Votava has 30 years of government audit experience. Mr. Votava has performed financial statement audits of cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; Single Audits in accordance with the Uniform Guidance, and compliance audits. As manager, Mr. Votava will be involved in approving the audit plan, reviewing key audit workpapers, reviewing all reports, and acting as a second technical resource to the District.



PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

California Society of Certified Public Accountants

EDUCATION

Bachelor of Business Administration – Accounting

University of North Dakota, Grand Forks

AUDITS OF CALIFORNIA GOVERNMENTS

Mr. Votava has managed numerous financial statement audits, redevelopment agency audits and OMB Circular A-133 Single Audits for several significant local government entities. Some of the audit engagements managed by Mr. Votava include the following:

- Orange County Water District
- Coachella Valley Water District
- West Basin Municipal Water District
- Fresno Housing Authority
- City of Los Angeles Housing Authority
- Walnut Valley Water Authority
- Coachella Valley Parks District
- City of Carlsbad
- City of Riverside
- Los Angeles Homeless Services Authority
- Irvine Ranch Water District
- San Diego Association of Governments
- Santa Margarita Water District
- Orange County Fire Authority
- Tahoe Transportation District
- Coachella Valley Parks District
- Tahoe Regional Planning Agency
- City of Upland
- City of Torrance
- City of Garden Grove

Section E – Audit Approach

Davis Farr plans and conducts our engagements in the most efficient manner possible, and our audit approach is unique with regard to the following:

- Our firm is sensitive to the priorities and work requirements of our clients. We work around the schedules of our clients when scheduling segments of the audit or requesting documentation in order to minimize disruption of District staff and to complete the audit in a timely manner.
- Whenever possible, we use accounting support already prepared by the District staff to avoid duplication or unnecessary requests for audit supporting schedules. Typically, we request support for balance sheet items, the year ending trial balance and cash and long-term debt confirmations.
- Our firm's expertise is in governmental auditing. Our auditors are GASB experts and skilled at addressing audit issues that are specific to local governments. You will not spend time training our personnel.
- When formulating internal control recommendations, we obtain a thorough understanding of the specific circumstances at your District to provide a tailored, practical recommendation.
- Throughout the year we are a resource to our clients in providing accounting advice, researching technical questions, dealing with tax problems, and helping with other problems as they arise.

Audit Software - We utilize CaseWare audit software for the electronic workpapers. We have the ability to accept audit documentation in either hard copy or electronic format. CaseWare allows us the ability to import trial balances that can be provided in either excel or a text document. Some of the benefits of using CaseWare trial balance software are as follows:

- We create our own lead sheets (i.e., analytical review comparison schedules). This limits the amount of time finance staff spends creating audit schedules. Our software automatically generates analytical review reports by account number for ease of analyzing significant fluctuations between fiscal years.
- We can link the financial statement schedules directly to the CaseWare trial balances. As a result, we can provide the District with financial statements almost immediately after receiving the trial balance from the District. Additionally, journal entries are easy to post to the financial statement schedules and the risk of data entry error is minimized.
- We can provide the District with reports showing the coding of the financial statement schedules for ease of review by District staff. These reports show each account coded to a specific financial statement line item as well as journal entries that are posted during the audit.

Data Mining Software

We have a dedicated team of personnel trained to use special data mining software, IDEA. Our software uses source data from your accounting system to search for anomalies, such as duplicate or voided checks,

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

cross-referencing vendor addresses with employee addresses, detecting accounting transactions recorded on the weekend, reviewing journal entry postings for unauthorized individuals. The IDEA software identifies specific transactions for the auditors to review for potential fraud or error.

Internal Control Evaluation

Our approach to evaluating internal controls involves observation and inquiry. We spend time with the personnel responsible for the accounting cycles to gain an understanding of the processes. We also carefully evaluate your policies and procedures. After our initial evaluation, we identify key controls in your processes and design test to evaluate the effectiveness of those processes. In the initial year of the audit, we will focus on the following accounting cycles:

- Billing and cash receipting
- Capital assets
- Purchase and disbursements
- Payroll
- Investment and cash controls
- Information systems

In future years, we will review the accounting cycles noted above but also look at other processes such as credit card transactions, petty cash, inventory controls, offsite cash receipting, employee reimbursements, contract compliance, and other areas. Our goal is to modify our audit approach every year to further evaluate your internal controls.

Audit Stage	Procedures Performed
<i>Planning and inquiry</i>	<p>During the planning phase of the audit, we plan to perform the following procedures:</p> <ul style="list-style-type: none"> • Meet with finance personnel to obtain an understanding of significant transactions during the year. • Communicate with the Board of Directors regarding fraud, compliance with laws, and any concerns they have regarding the finances of the District. • Perform internal control evaluations as noted on the previous page. • Determine materiality levels that will be used in selecting audit transactions. • Perform a risk assessment to develop the audit plan for the year. • Review minutes of Board of Directors meetings. • Review important new contracts, bond documents, and agreements. • Evaluate compliance with investments. • Test purchase orders and contract management. • Test a sample of cash disbursements to determine adherence to policies and internal controls. • Perform a review of the District’s information systems and controls.

Casitas Municipal Water District

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	<ul style="list-style-type: none"> • Perform compliance testing of federal grants, as necessary. • Review the prior audited financial statements and provide feedback to District staff regarding best practices for financial reporting. • Provide a GASB Update and templates for implementing new accounting standards as necessary.
<p>Year-End Testing</p>	<p>After the books are closed and ready for audit, we will perform our year-end procedures which include the following:</p> <ul style="list-style-type: none"> • We will confirm 100% of all cash and investment balances and test market values provided by your investment custodians. • We will test for proper cutoffs of accounts receivable and grants receivable. • We will confirm and test material notes and loans receivable. • We will test additions and deletions to capital assets. We will review depreciation expense for reasonableness. • We will test current liabilities and perform a search for unrecorded liabilities. • We will review unearned revenue balances for proper cutoffs. • We will test the balances of accrued payroll and employee related liabilities. • We will confirm long-term debt with independent parties. • In years of new debt issuances, we will review the journal entry to record the debt to ensure the accuracy of the accounting. • We will test actuarial valuations and calculations related to OPEB obligations and disclosures under GASB 75. • We will test actuarial valuations and calculations related to pension obligations and disclosures under GASB 68. • We will test reasonableness of claims and judgments payable. • We will test restrictions and classifications of net position. • We will analyze grant revenues and expenses to ensure proper matching within the fiscal year. • We will test the reasonableness of interest income, realized, and unrealized gains/losses on investments. • We will analytically and substantively test revenues and expenses reported in the financial statements. • We will incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc. <p>The aforementioned tests are only a few of the tests performed during the examination and by no means is it meant to be all inclusive. During the final stage of the audit we will meet with Finance staff to review our audit findings and any adjusting journal entries.</p>

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Completion of the Audit and Preparation of Financial Statements	<p>The nature and extent of the work required is dependent on our assessment of the likelihood of misstatements in the financial statements together with our conclusions from the planning and testing stages of the audit. All of the audit information is then used to reach a conclusion on whether the financial statements taken as a whole conform with generally accepted accounting principles.</p> <ul style="list-style-type: none"> • We will review significant events after year end • We will review attorney letters for significant legal matters • We will prepare and review the Comprehensive Annual Financial Report (CAFR) • We will ensure accurate and complete disclosures in the notes to the financial statements. • We will meet with the Board of Directors to present the results of the audit.
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Section F – Implementation of New GASB Pronouncements

The District will be required to implement the following accounting standards during the upcoming fiscal years. Part of our service to you includes consulting on these new auditing standards. A sampling of significant new GASB pronouncements planned or proposed for local governments that may impact the Casitas Municipal Water District are listed below:

GASB	Description
<i>GASB 84: Fiduciary Activities</i>	This statement establishes criteria for identifying fiduciary activities of all state and local governments. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. We will work with the District to identify the activities required to be reported in these four fund types and provide transition guidance for the fiscal year ending June 30, 2020.
<i>GASB 87: Leases</i>	The objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The standard will be effective for the fiscal year ending June 30, 2021.
<i>GASB 90: Majority Equity Interests</i>	This statement is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The standard will be effective for the fiscal year ending June 30, 2020.
<i>GASB 91: Conduit Debt Obligations</i>	The primary objectives of this Statement are to eliminate diversity in practice associated with conduit debt obligations. The standard will be effective for the fiscal year ending June 30, 2021.

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Section G – Scope of Work

Our understanding of the objectives and scope of the work to be performed is as follows:

- We will perform an audit examination of the financial statements of the Casitas Municipal Water District for the fiscal years ending June 30, 2020 through 2024. Our examination will be conducted in accordance with generally accepted auditing standards, the AICPA Audit and Accounting Guide, Audits of State and Local Government Units, and the Government Auditing Standards issued by the Comptroller General of the United States. We will ensure that the report is prepared in conformity with the most recent edition of the GAAFR, the GAAFR Update, and subsequent GASB pronouncements.
- We will prepare and submit the District’s Financial Transaction Report to the State Controller.
- We will prepare a letter to the Board of Directors summarizing the audit results in accordance with the Codification of Auditing Standards Section 260.
- We will prepare a letter to the Board of Directors reporting matters dealing with internal control that meet the threshold of being a significant deficiency or material weakness, as defined by the Codification of Auditing Standards Section 265. We will immediately report any irregularities or illegal acts that come to our attention to management and/or those charged with governance.
- We will attend two Finance Committee meetings and present the results of the audit to the Board.
- Finally, we perceive the scope of our work as being advisors to the District regarding generally accepted accounting principles. Throughout the year, the management and other finance personnel of the District will have access to us to seek advice in the application of generally accepted accounting principles, advice regarding debt issuance, financial statement preparation and content, tax and any other matters relating to the District. Each year, we will go over upcoming accounting standards in a meeting with District staff.

Identification of Anticipated Potential Audit Problems

We do not believe there will be any anticipated potential audit problems.

Casitas Municipal Water District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Section H – Proposed Timing of the Audit for FY 19/20

The following proposed timing is subject to the District’s revision and approval:

Task	Fiscal Year Ending June 30, 2020
<i>Audit Planning Meeting</i>	Week of interim
<i>Interim Audit Procedures</i>	May 2020
<i>Final Audit Request List Provided</i>	Final day of interim
<i>Final Audit Fieldwork</i>	October as scheduled by the District
<i>Exit Meeting</i>	Final day of fieldwork
<i>Draft Audit Reports</i>	No later than November 15
<i>Finalization of Audit Reports</i>	Within 5 working days of receiving District’s approval to finalize

Section I – Cost Proposal

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Financial Statement Audit and Related Reports	\$ 22,500	\$ 22,500	\$ 22,500	\$ 23,175	\$ 23,870
State Controller Report	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,545</u>	<u>1,591</u>
Total	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 24,720</u>	<u>\$ 25,461</u>

No price increases until FY 2023 and 2024 (3% thereafter)

APPENDIX



Report on the Firm's System of Quality Control

Davis Farr LLP

Irvine, California;

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 Davis Farr LLP (the firm) in effect for the year ended May 31, 2019. 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 engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and examination of a service organization (SOC 1, Type 2 Report).

As 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.

CPAs ■ Advisors

4120 Concourse, Suite 100, Ontario, CA 91764
909.948.9990 / 800.644.0696 / FAX 909.948.9633
gyl@gylcpa.com
www.gylcpa.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2019, 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*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
September 23, 2019

MEMORANDUM

TO: Board of Directors
From: Michael L. Flood, General Manager
RE: **Review of revisions and approve extension of the Casitas MWD
Emergency Declaration to May 15, 2020.**
Date: April 29, 2020

RECOMMENDATION:

The Board of Directors adopt an extension to the Emergency Declaration and Order until May 15, 2020 @ 11:59PM with changes as noted.

BACKGROUND:

On March 19, 2020, the Governor of the State of California issued Executive Order # N-33-20 placing a 'stay-at-home' order for all people in California.

Executive Order # N-33-20 is to remain in place until further notice and is currently in force.

On March 21, 2020, during a Special Board Meeting, the Board of Directors adopted an Emergency Declaration and Order related to the 2020 COVID-19 Outbreak with the provision that it remain in place for thirty days or until the Board acted to either extend or terminate the declaration.

On March 29, 2020, the Center for Disease Control (CDC) extended its COVID-19 health guidelines through April 30, 2020.

On April 16, 2020, the CDC released its Guidelines for Opening Up American Again which includes a '14-day downward trajectory' baseline for multiple phases and public health precautions similar to the COVID-19 health guidelines.

On April 20, 2020, the County of Ventura extended its Stay-Well-At-Home order to May 15, 2020.

The Casitas MWD Emergency Declaration and Order is currently set to expire on May 1, 2020.

DISCUSSION:

In light of the State of California current ‘stay-at-home’ order being expected to remain in place for the foreseeable future combined with the CDC guidelines being extended through at least mid-May, it is recommended that the Board of Directors extend the Casitas MWD Emergency Declaration and Order until May 15, 2020 @ 11:59PM with changes as noted below.

Modifications to the Casitas MWD Emergency Declaration and Order:

1. Conservation penalties, delinquency fees and penalties are suspended for one additional month (May 2020).
2. All standing Board and Committee meetings will return to their normally scheduled day and time in May.
3. The order for staff discretion with Snowbird campers has been deleted.

AN EMERGENCY DECLARATION AND ORDER OF THE CASITAS MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS RELATED TO THE 2020 COVID-19 OUTBREAK

The Board of Directors of the Casitas Municipal Water District hereby declares that a District emergency condition exists in relation to the COVID-19 outbreak in light of the following facts:

- On March 4, 2020, the Governor of the State of California declared a state of emergency exists in the State of California related to the COVID-19 outbreak.
- On March 12, 2020, the County of Ventura Public Health Department declared a local health emergency exists in Ventura County related to the COVID-19 outbreak.
- On March 13, 2020, the President of the United States of America declared a state of emergency exists in the United States of America related to the COVID-19 outbreak.
- On March 19, 2020, the Governor of the State of California issued Executive Order # N-33-20 placing a ‘stay-at-home’ order for all people in California.
- During the continually-tightening provisions of Federal, State and local public health authorities, issues of COVID-19 exposure, transmission, testing, and possible quarantine of individuals has led to uncertainty for the ongoing availability status of District staff members, consultants, and vendors.
- The District’s core functions must be maintained for the health and safety of the community under any and all conditions including the COVID-19 outbreak.

- With the assumed ongoing coordination of District Staff with Ventura County Office of Emergency Services staff, the Casitas Municipal Water District Incident Command Center has been initialized as per the Casitas Municipal Water District Emergency Response Plan.
- District customers will be spending more time in their homes during the COVID-19 outbreak leading to additional water use possibly past their current Stage 3 allocations.
- District customers may need additional time to pay their water bills without the fear of late fees and penalties.
- District staff continues to discuss, analyze and execute operational adjustments that have led to the need to consider expanded staff discretion.
- Additional staff discretion needs also to be considered to meet the uncertainties of the ongoing COVID-19 outbreak.

Further, as a result of this emergency declaration, the Board of Directors orders:

1. All Conservation Penalties identified in the Casitas MWD Water Efficiency Allocation Plan are hereby suspended for the billing periods of February, March, April and May 2020.
2. All billing delinquency fees and penalties identified in the Casitas MWD Rates and Regulations are hereby waived for the billing periods of February, March, April, and May 2020.
3. All water service shutoffs for non-payment are hereby suspended until further notice.

4. The General Manager or his designee are authorized the use of District Emergency Reserve funds up to a sum total of \$250,000.00 to meet the District's needs during this Casitas-declared emergency.
5. The General Manager or his designee may adjust District staffing, in his sole discretion, to meet the needs of the District and to ensure the health, safety, and ongoing availability of all Casitas MWD employees. This includes, where the General Manager or his designee deems appropriate, use of paid administrative leave, work-from-home arrangements, and needed additional budgetary payroll discretion to meet the needs of the District and its employees during this Casitas-declared emergency.
6. All standing Board of Directors meetings will be held on the days and times as per the normal Casitas MWD schedule.
7. All standing Board of Directors Committee meetings will be held on the days and times as per the normal Casitas MWD schedule.
8. Board and Committee meetings shall be noticed and held pursuant to Government Code Section 54956 but shall be subject to Governor Newsom's Executive Orders N-25-20 and N-29-20.
9. The General Manager or his designee may exercise discretion as to the ongoing operation of the Lake Casitas Recreation Area up to, and including, its partial or full closure for the duration of Casitas-declared emergency.
10. The General Manager or his designee shall take into account the ongoing needs of the Lake Casitas Recreation Area Camp Hosts in relation to a full or partial closure.
11. The General Manager shall apply a 5% pay differential, as deemed necessary.

This emergency declaration shall remain in place until 11:59 PM on May 15, 2020 unless acted upon by the Board of Directors to either terminate or extend its duration.

**CASITAS MUNICIPAL WATER DISTRICT
MEMORANDUM**

TO: BOARD OF DIRECTORS

FROM: MICHAEL L. FLOOD, GENERAL MANAGER

SUBJECT: LETTER OF AGREEMENT AND SERVICE AGREEMENT WITH US
BUREAU OF RECLAMATION FOR EVALUATION OF HOLLOW JET VALVE
AT CASITAS DAM

DATE: 05/01/20

RECOMMENDATION:

The Board of Directors authorize the General Manager to execute the Letter of Agreement and Service Agreement with the US Bureau of Reclamation (USBR) for Evaluation of Hollow Jet Valve at Casitas Dam in an amount not to exceed \$110,000.00.

BACKGROUND AND DISCUSSION:

The Casitas Dam was constructed in 1957 by the US Department of the Interior Bureau of Reclamation (USBR) to create Lake Casitas as a water supply source for western Ventura County. The Dam includes a 48-inch hollow jet valve on the outlet piping to the spillway. This valve requires substantial staff effort to create a drip-tight seal, including installation of oakum and silicone in a confined space. District staff are interested in evaluating alternatives to refurbish or replace the hollow jet valve.

District staff approached USBR's Technical Services group to perform the evaluation and they provided the attached Letter of Agreement and Service Agreement. The scope of work includes assessment of three options: 1) replacement of the hollow jet valve with a fixed-cone type discharge valve, 2) the refurbishment of the valve, and 3) the addition of a guard valve. The report is expected to be complete by January 1, 2021, and will include cost estimate of the recommended option and a timeline to implement.

BUDGET IMPACT:

The budget for fiscal year 2019-20 includes \$150,000 for the project. The proposed budget for 2020-21 includes \$100,000 for the project.

Attachments: Letter of Agreement, Contract No. 20-WC-20-5649
FY 20 Service Agreement

Mr. Michael Flood
General Manager
Casitas Municipal Water District
1055 N. Ventura Avenue
Oak View, CA 93022

Subject: Letter of Agreement (LOA) – Casitas Municipal Water District (Applicant)- Casitas Dam Outlet Works Valve (Project) – Casitas Dam – Ventura Project

Dear Mr. Flood:

INTRODUCTION: Bureau of Reclamation (Reclamation) has received your request for the preparation of a Concept Report consisting of the evaluation of three options for the outlet works valve, which include the replacement of the hollow jet valve, the refurbishment of the valve, and the addition of a guard valve.

The Applicant has requested Reclamation to initiate Concept Report of the proposed Project. I have attached a copy of Reclamation's Service Agreement, which provides a breakdown of the estimated cost. This LOA identifies the roles, work and funding responsibilities for the Applicant's Project request.

In accordance with Reclamation Act of 1902 and Reclamation Project Act of 1939, the Applicant is responsible for advancing to Reclamation the estimated Administrative Costs and ultimately paying, in full, the actual Administrative Costs incurred by Reclamation to prepare, review and/or approve the Project.

Administrative Costs include, but are not limited to, review of the Project pursuant to the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, construction plan review, administrative and general overhead costs, including travel, meetings, consultations, research and other activities needed to ensure compliance with state and Federal law.

In accordance with the Anti-Deficiency Act (31 U.S.C. § 1341 et seq.), funds must be provided to Reclamation in advance of activities performed by Reclamation personnel.

Based upon the foregoing, the PARTIES HEREBY AGREE:

1. **THE APPLICANT'S OBLIGATION:** The Applicant shall be responsible for advancing to Reclamation the estimated costs and ultimately paying in full the actual costs incurred reviewing and/or processing the Applicant's subject activity. Upon request by the Applicant, Reclamation will provide an accounting of costs incurred. The estimated cost for these activities is not to exceed One Hundred Ten Thousand Dollars (\$110,000).
2. **DEPOSIT:** The Applicant will deposit with Reclamation the amount of \$110,000 which will be used to finance the costs incurred for the activity described above. A special account will be established for reimbursement of direct expenses incurred for this project activity. Please reference Agreement No. 20-WC-20-5649 when making this payment. In the event Reclamation foresees expenditures in excess of the account balance, Reclamation shall notify the Applicant of the need for additional deposits in excess of the foregoing amount and shall provide the Applicant with a detailed itemization of anticipated expenditures, and the Applicant shall pay the amount requested within 30 days of the request.
3. **REFUND:** Any unexpended funds advanced by the Applicant pursuant to this LOA remaining on deposit with Reclamation at the expiration or termination of this LOA will be refunded.
4. **TERM:** This LOA is effective May 18, 2020, and shall continue in effect until the date on which the final subject project is completed or the date on which this LOA is terminated by either party after providing the other party with a thirty day advance written notice. The Applicant shall be responsible for all expenses incurred by Reclamation or other agencies, as needed, prior to the expiration or termination of this LOA. Execution of this LOA does not guarantee the approval of the proposed action.

If the Applicant agrees with the above, please sign this LOA and return, with your deposit, to the Bureau of Reclamation, 1243 "N" Street, Fresno, California 93721; attention: Edward Salazar, SCC-436. If you have any questions regarding this matter, please contact me at 559-262-0362, 800-877-8339 for the hearing impaired, or my electronic mailing address at ESalazar@usbr.gov.

Sincerely,

Edward Salazar
Civil Engineer

CASITAS MUNICIPAL WATER DISTRICT

Authorizing Official Signature

Date

Authorizing Official Name (Print)

Authorizing Official Title (Print)

FY20 Service Agreement (SA)

Job Title: Casitas Dam River Outlet Works Control Valve	Date Submitted: April 28, 2020
Accounting String (Fund and WBS): FY**0000*0 - RX.00000000.0000000	WOID (if known):
Client Group / Program Office: South-Central California Area Office - Fresno	Service Provider: Division of Design and Construction - Electrical/Mechanical Branch, CGB-250
Client / Program Office Point of Contact: Edward Salazar, SCC-436, (559) 262-0360	Service Provider Point of Contact: Jeff Hoss, CGB-250, (916) 978-5310
Project Budget: \$110,000 Current Fiscal Year Budget: \$85,000 Expensed as of 2020/PP01: \$4,250	Project Phase: Planning - Concept

1. Objectives/Scope Statement (list features, deliverables, and objectives):

The Casitas Dam was constructed in 1957 by the US Department of the Interior Bureau of Reclamation (USBR) to create Lake Casitas as a water supply source for western Ventura County. The Dam includes a 48-inch hollow jet valve on the outlet piping to the spillway. This valve requires substantial staff effort to create a drip-tight seal, including installation of oakum and silicone in a confined space. District staff are interested in evaluating alternatives to update the outlet works.

2. Scope Definition:

Determine Release Requirements: Regulating type release valve may not be required for operation of Casitas Dam.

Develop Alternatives: Alternatives will be dependent on final determination of release requirements; regulating type release concepts, isolation type release concepts, combination release/isolation concepts.

Draft Concept Report: Prepare a Draft Concept Report using the following outline as a guide.

1. Executive Summary
2. Introduction
3. Purpose
4. Design Considerations
5. Concepts: Discussion on multiple concepts may be included; but only select concepts (assume 2), per discussions with stakeholders, will be finalized.
6. Cost Estimates: Only for select concepts (USBR Preliminary, AACE Class 5 – Concept Screening)
7. Comparison of Concepts
8. Risk Analysis (safety, cost, construction, reliability, performance, O&M, permitting, interagency transferred works, etc.)
9. Conclusion and Recommendation

Project timeline for final design and construction.

Concept sketches / figures (no detailed drawings) depicting pertinent areas of work.

Final Concept Report: Based on comments received from Client / Program Office, prepare a Final Casitas Dam Hollow-Jet Valve Concept Report.

3. Schedule:	Milestone Dates	Notes
Project Start Date	<i>February 1st, 2019</i>	Represents when CGB-200 first started working on this project
SA Executed:	(June 8 th , 2020)	
Design Data Request Transmittal:	June 12 th , 2020	
Design Data Received:	(July 3 rd , 2020)	
Draft Concept Report:	August 14 th , 2020	
Review Meeting:	September 18 th , 2020	
Final Concept Report:	November 20 th , 2020	
Complete:	January 1 st , 2021	

*Dates with an asterisk are outside of this service agreement
 () Dates in parenthesis are outside of the control of MP-250
 Italicized dates are dates that have already passed

Has resource availability been confirmed by Group Manager(s)?: YES

4. Financial Plan:		Estimated Staff Days				Estimated \$	
FY	Org Code / Group Name / Task List	SL4	SL3	SL2	SL1	SD \$	Non-Labor \$
Expensed in FY19						\$ 25,000	
Expensed as of 2020/PP01						\$ 4,250	\$ --
	CGB-200				4	\$ 3,200	\$ --
	CGB-210		8			\$ 11,200	\$ --
	CGB-240	5				\$ 7,625	\$ --
	CGB-250	2	17	25		\$ 58,100	\$ --
	Staff Day Totals:	7	25	25	4		
	TSC Cost:					\$ --	\$ --
Fiscal Year <u>2019</u> Totals:						\$ 25,000	\$ --
Fiscal Year <u>2020</u> Totals:						\$ 84,375	\$ --

Total SA Budget: \$ 110,000

Earned Value?: Yes No

5. Roles and Responsibilities (list of the key players, their titles, and roles):

Jesse Castro, Electrical/Mechanical Branch Chief
 Nadira Kabir, Safety of Dams Branch Chief
 Jeff Hoss, Mechanical Engineer, Project Lead
 Julie Bader, Electrical Engineer, Electrical Lead
 Becky Sievers, Civil Engineer, Civil/Structural Lead

SL4 – Branch Chiefs
 SL3 – Technical Leads/Project Dependent Project Lead
 SL2 - Design Engineer/Project Dependent Project Lead
 SL1 - Admin Staff

6. Quality Control:

Project lead (supported by other Branch Leads) will monitor budget and schedule.

Project lead (supported by other Branch Leads) will manage internal project team.

MP-200 peer review will be performed in accordance with the Reclamation Manual, Directives and Standards.

7. Change Management:

Thresholds?: Schedule 1 week Cost 80%

Any changes to the Service Agreement will be documented via: Revised SA Other (Explain)

Discussion(s) as to need for revised SA when thresholds are reached will be initiated with the Client / Program Office via email or phone call.

MP-200 Budget reports will be pulled every pay-period.

If MP-200 gets within 80% of the approved budget will start having discussions with the PM for change management. Also, if any change in scope that effects schedule or cost more than 5% will start having discussions with PM for change management.

8. Communication:

Meetings and conference calls (what, how often, who attends, etc.):

Biweekly internal project team meetings.

Monthly progress meetings via conference call. One progress meeting will be a review meeting of the Draft Concept Report.

Project Lead will have calls with Project Manager as needed, based on the status and stage of the design.

Status reports (what, how often, to whom, etc.):

Status reports will be in email form, provided at major milestones and as otherwise deemed necessary.

Monthly budget updates will be transmitted to the Client Point of Contact.

9. Risk Management:

Change in workload prioritization out of the control of MP-250 could lead to discussions about schedule changes.

Staffing resources could lead to discussions about schedule and/or budget.

Other SCCAO projects may be elevated in priority over this project based on area office request. The area office determines the prioritization of the projects within their office. MP-200 lead will work with the PM to re-baseline schedule if needed.

If another priority project for the Region takes resources the PM will be notified, and a coordination meeting will be held.

As concepts development progresses, discussions may be needed to determine how to handle specific issues that make a particular concept an outlier.

Work-to-date has been based on original design and existing reports and operating procedures available at the regional office. Depending on any new design data made available and stakeholder input, current scope of work may need to be modified.

10. Project Closeout:

Transmittal of Final Concept Report along with project timeline and sketches/figures.

Possible SA for continued design engineering support, based on outcome of this study.

11. Signatures (the following signatures indicate approval of this contract):

_____ / _____ Jeff Hoss Mechanical Engineer, CGB-250	(Date)	_____ / _____ Jesse Castro Electrical/Mechanical Engr. Branch Chief, CGB-250	(Date)
_____ / _____ Darryl Good Civil Engr. Branch Chief, CGB-210	(Date)	_____ / _____ Nadira Kabir Safety of Dams Branch Chief, CGB-240	(Date)
_____ / _____ Edward Salazar Project Manager, SCC-436	(Date)	_____ / _____ Dan Cavanaugh Operations Chief, SCC-430	(Date)
_____ / _____ Kimberly Fielding Budget, SCC-320	(Date)	_____ / _____	(Date)

MEMORANDUM

TO: Board of Directors
From: Michael L. Flood, General Manager
RE: **Approval of the purchase of alternative replacement fish screens for the Robles Fish Passage Facility in the amount of \$464,000.00 (plus tax and shipping) from Elgin Separation Solutions/Norris Screen & Mfg.**
Date: April 29, 2020

RECOMMENDATION:

Board of Directors rescind the former approval of this item from the April 24, 2020 Special Board Meeting and approve purchase of alternative replacement fish screens for the Robles Fish Passage Facility in the amount of \$464,000.00 (plus tax & shipping) from Elgin Separation Solutions/Norris Screen & Mfg.

BACKGROUND:

The Board of Directors approved purchase of thirty-eight alternative replacement fish screens in the amount of \$360,000.00.

Further staff research and subsequent structural calculation revealed a structural flaw in the proposed screen design.

DISCUSSION:

At a Special Meeting of the Board of Directors on April 24, 2020, the Board approved the purchase of thirty-eight replacement fish screens for the Robles Fish Passage Facility at an approximate cost of \$360,000.00.

Subsequent staff research and further structural calculation revealed that the original screen design parameters were changed just prior to original construction of the Robles Fish Passage.

In order to match the structural performance of the original screens, a higher-strength design must be used at a cost difference of approximately \$2,200.00 per screen.

In addition, all forty existing screens will need to be replaced as the two screens used for the prototyping are under strength.

The total cost for forty replacement fish screens is \$464,000.00 plus tax and shipping.