1. **ROLL CALL.** Committee Members: Summer Daugherty, Michael Winkler, Sheri Woo. Staff: Matthew Marshall, Executive Director, or designee.

2. **ORAL COMMUNICATIONS.** This item is provided for the public to address the Finance Subcommittee or submit written communications on matters not on the agenda. At the conclusion of all public statements, the Finance Subcommittee may respond. Any request that requires Finance Subcommittee action will be set by the Subcommittee to a future agenda or referred to staff.

3. **APPROVAL OF MINUTES** – None.

4. **NEW BUSINESS.**
   
   A. Appoint an RCEA Finance Subcommittee Chair to serve a one-year term ending on the first regular Board meeting of each year and adopt Finance Subcommittee operating guidelines.
   
   B. Review and approve staff auditor selection.
   
   C. Review and provide feedback on Fiscal Year 2019-2020 budget.

5. **OLD BUSINESS** – None.

6. **COMMITTEE AND STAFF COMMUNICATIONS.**

7. **FUTURE AGENDA ITEMS.**

8. **FUTURE MEETING DATES.**

9. **ADJOURNMENT.**
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BACKGROUND

The RCEA Board of Directors created the standing Finance Subcommittee at its January 28, 2019, meeting “to meet as needed to work with staff and advise the Board of Directors on matters relating to audit, finance and budget.” Subcommittee members serve one-year terms ending on the first regular Board meeting of each year. Discussion prior to the subcommittee’s creation focused on the directors’ expressed desire to increase organizational transparency and Board member understanding of the agency’s finances.

Staff recommends the Subcommittee members appoint a chair to call meetings as needed and to review and approve the attached recommended subcommittee procedures.

STAFF RECOMMENDATION

Appoint an RCEA Finance Subcommittee Chair to serve a one-year term ending on the first regular Board meeting of 2020 and adopt the recommended Finance Subcommittee operating guidelines.

ATTACHMENT:

1. Proposed Finance Subcommittee operating guidelines.
RCEA Finance Subcommittee Recommended Operating Guidelines

The RCEA Board of Directors Operating Guidelines allows for the Board to form ad hoc committees, working groups or task forces to address specific topics or projects as specified by the Board and which may be comprised of Board members, community members, or a combination of both, to be appointed as determined by the Board. On January 28, 2019, the RCEA Board created a standing subcommittee comprised of Board members that is subject to the Ralph M. Brown Act.

In order to clarify subcommittee and staff duties and procedures, staff proposes the adoption of the following operating guidelines:

- **Creation** – The Finance Subcommittee was created by motion of the RCEA Board of Directors.
- **Powers and Duties** – The Finance Subcommittee will work with staff in an advisory capacity, and provide recommendations and advice to the Board of Directors, on matters relating to audit, finance and budget.
- **Membership** – The Finance Subcommittee will be appointed by the Board and shall be comprised of up to four (4) Board directors. Members will serve at the pleasure of the Board and may be removed by the Board by a majority vote at a regularly scheduled Board meeting. Vacancies occurring during the middle of a term shall be filled by Board appointment for the unexpired portion of the term.
- **Term** - Members will serve for a one-year term ending on the first regular Board meeting of each year.
- **Quorum** – For the purposes of conducting subcommittee business, a majority of seated Finance Subcommittee members shall constitute a quorum.
- **Organization** – The Subcommittee shall annually, at the first meeting of the year, elect a chair.
- **Meeting notices** – The Finance Committee is subject to the Ralph M. Brown Act. Meeting notices shall satisfy the minimum requirements of this Act.
- **Meeting schedule** – Finance Subcommittee meetings shall be held as needed by call of the Chair. The Subcommittee may request a joint meeting with other agency committees or task forces.
- **Minutes** – Staff shall take minutes at each meeting and make such minutes available within a reasonable time following each meeting. Minutes shall be subject to approval by the Subcommittee.
- **Staff liaison** – The RCEA Executive Director or his/her designee shall serve as a liaison between the Subcommittee and staff.
- **Agenda development** – Subcommittee meeting agendas will be developed by the Executive Director or his/her designee and shall include those items requested by the Board, the Subcommittee, as well as those items the Executive Director or his/her designee determines appropriate.
SUMMARY

During the March regular business meeting of the Redwood Coast Energy Authority Board of Directors, staff was authorized to issue a request for proposals for professional financial audit services and complete a review of submitted proposals. Following review and approval by the RCEA Board Finance Subcommittee and RCEA Legal Counsel, RCEA’s Executive Director will contract with the selected respondent and execute all associated documents.

On April 3, 2019, staff released a request for proposals with a deadline of 5 p.m. on April 24, 2019. Staff received three proposals and all were deemed responsive in that they are from firms that are independent, insured and licensed to practice in California, have no conflict of interest with any other work to be performed for RCEA, and that provided references and results of any state or federal reviews that were indicative of a record of quality audit work.

Staff further evaluated the three proposals on the following criteria:

- Responsiveness of the proposal to the RFP in its entirety
- Prior experience in providing auditing services to government agencies comparable to RCEA
- Qualifications of the firm and assigned staff, as well as the quality of management support
- Audit approach: whether the proposed workplan is acceptable and presents a thorough understanding of the scope of work; the adequacy of the proposed staffing and techniques; and commitment to the timeline

- Cost and fees.

The three proposals all indicated experience providing auditing services to government agencies, however only two indicated experience providing auditing services to community choice aggregators/utilities which comprises the majority of RCEA’s business activities. Staff felt the audit approach presented in all proposals would meet our needs. Cost estimates ranged from $30,950 to $41,000 for a single audit.

Staff has selected the proposal from Pisenti & Brinker, LLP, as the recommended choice. Their proposal suggests auditing fiscal years ending on June 30, 2018 and June 30, 2019 concurrently which would help RCEA be on-track to close its books in a timely manner this year. Their cost for both a single audit ($30,950) and multi-year discounted pricing ($26,967) is the lowest received. Pisenti & Brinker, LLP provides audit services to other community choice aggregators and their engagement
and management staff have extensive experience with government and community choice aggregator audits.

**FINANCIAL IMPACT**

The contract value will not exceed $80,900 (with an average of $27,000 for each fiscal year audit).

**RECOMMENDED ACTION**

Authorize the Executive Director to execute a contract with Pisenti & Brinker, LLP, to provide professional audit services after final review and approval of any revisions by RCEA General Counsel.

**ATTACHMENTS**

1. Proposal to Provide Financial Statement Audit Services to Redwood Coast Energy Authority from Pisenti & Brinker LLP

2. Redwood Coast Energy Authority Professional Auditing Services proposal from James Marta & Company LLP

3. Proposal to Provide Professional Auditing Services for Redwood Coast Energy Authority from JJACPA, Inc.
Proposal to Provide Financial Statement Audit Services to

REDWOOD COAST Energy Authority

April 24, 2019

Brett Bradford, CPA, Partner
Kellin Gilbert, CPA, Senior Manager
(707) 542-3343
bbradford@pbllp.com
kgilbert@pbllp.com
3562 Round Barn Circle, Suite 300
Santa Rosa, 95403
April 24, 2019

Finance Subcommittee
Redwood Coast Energy Authority
633 3rd Street
Eureka, CA 95501

Dear Finance Subcommittee:

Thank you for inviting Pisenti & Brinker LLP to submit a proposal to serve the audit requirements of Redwood Coast Energy Authority (“RCEA”). We are pleased to answer your request with this proposal to provide professional services to RCEA. We feel that the following factors make Pisenti & Brinker LLP highly qualified to provide the requested services:

- We are confident that our previous experience providing audit services to Community Choice Aggregators (CCAs) will benefit RCEA by providing value-added and efficient audit services. Our approach will focus on industry accounting and operational best practices. (see references)

- Our long-running and successful experience providing services to many local government agencies, including our previous experience RCEA.

- With respect to RCEA’s possible future needs, our Firm has deep experience with compliance audits of federal awards in accordance with the Uniform Guidance (the Single Audit) and audits of state and local agency requirements in accordance with various laws and regulations.

We propose to perform the work as outlined in your Request for Proposal within the identified time frame. Our services will consist of auditing and expressing an opinion on the fairness of presentation of the financial statements of RCEA for the periods ended June 30th, 2018 through June 30th, 2020. Our audits will be performed in accordance with Generally Accepted Government Auditing Standards set forth by the Government Accountability Office (GAO). Accordingly, we are independent from RCEA in as defined by Government Auditing Standards. We will provide written notice to RCEA of any professional relationships entered into that could threaten independence.

Our fees for the proposed services to RCEA are as stated in this proposal. As a partner in our Accounting and Assurance Practice for the Firm, I am authorized to make representations for Pisenti & Brinker LLP. If you have any comments or questions concerning our proposal, please feel free to call me at (707) 577-1582. This proposal is a firm and irrevocable offer for a ninety day period. We look forward to having the opportunity to be of service to RCEA.

Very truly yours,

Brett Bradford, CPA
Partner
We propose to perform audits of the basic financial statements of Redwood Coast Energy Authority ("RCEA") as set forth below for the periods ended June 30, 2018 through June 30, 2020. We will perform our audits in accordance with Generally Accepted Government Auditing Standards set forth by the Government Accountability Office (GAO).

Reports to be prepared include:

- Report on the fair presentation of the financial statements of RCEA.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters as set forth by Government Auditing Standards;
- Management letter of comments;
- Report on significant deficiencies or material weaknesses in internal control, if any are identified;
- Other communications to those charged with governance as required by professional standards.

It is our current firm policy that we retain all working papers and reports for a minimum of seven years at our own expense. We will make working papers available, upon request, to RCEA and governmental agencies with oversight over RCEA.

During the audit, we will observe the adequacy of the system of internal control relevant to the financial statements of RCEA. At the conclusion of the audit, we will make a presentation to the board or other representatives of RCEA and present our audit report, findings, and make other communications as required by professional standards.

Additionally, during our audit we will provide routine progress reports to RCEA's management on the status of the engagement.

Our Management Letter of Comments will address the following:

- Areas where RCEA's internal controls can be enhanced;
- Areas where operational processes can be streamlined and made more efficient;
- Compliance with other laws and regulations applicable to RCEA.

Should any irregularities or illegal acts come to our attention during the course of our audit, we will make an immediate written report to Management and the Governing Board, unless the identified issues are clearly inconsequential.
EXPERIENCE WITH LOCAL GOVERNMENT AGENCIES

Pisenti & Brinker has been providing audit services to government agencies since 1965. Our firm employs approximately 80 people. Our experience includes basic financial statement audits for government entities and audits performed in accordance with Government Auditing Standards and Single Audits performed in accordance with the Uniform Guidance.

Our government audit team includes ten professionals from our Firm. Professionals from our Santa Rosa offices will serve as RCEA’s auditors. All staff assigned to the audit will be full-time staff with prior audit experience. We estimate that the total client service team will be comprised of six team members.

Pisenti & Brinker has a continuing program of staff development and training for our auditing staff. This program includes on-the-job training, courses provided by the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, other professional organizations, and the RSM US Alliance to continually increase our knowledge of governmental accounting and auditing practices and procedures. Additionally, our Firm hosts annual conferences on governmental auditing and accounting which it makes available to our clients and the community.

The service team that will be assigned to serve RCEA has received comprehensive training in government accounting and auditing and has extensive experience in serving our government agency clients and CCAs. In addition, Pisenti & Brinker is a member of the American Institute of Certified Public Accountants Government Audit Quality Center. Membership requires us to adhere to more stringent continuing professional education, internal inspection, and firm policy requirements.
STATEMENT OF INDEPENDENCE

We are independent with respect to RCEA, as defined by generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. We know of no relationships that exist, or have existed in the previous five years, between our partners and staff and your employees or directors that would impair our independence. We will continue to monitor our independence should we be selected as RCEA’s service provider and will provide notice to RCEA of any relationships entered into that could threaten independence.

LICENSE TO PRACTICE IN CALIFORNIA

Pisenti & Brinker LLP and all assigned key professional staff are licensed to practice public accounting in California and provide audit services to governmental agencies.

DISCIPLINARY ACTION AND LITIGATION

During the past three years no state or federal desk reviews have resulted in any negative actions or comments with regard to engagements performed by our Firm. No field reviews of engagements we have performed have been conducted during that period, nor have any disciplinary actions been taken against our Firm by any regulatory or professional bodies, or state or federal reviewers. There is no current or pending litigation against the Firm. We have not been debarred or disqualified as a vendor from any federal, state, or local entities.

CONTRACT PROVISIONS

We accept the contract provisions as identified by you in the proposal for services.
PROPOSED ENGAGEMENT TIMELINE

We propose to perform the services according to the following timeline for the audits of the year ended June 30, 2018 and the year ending June 30, 2019. We believe that substantial efficiencies can be gained, and redundancies can be eliminated, by performing the 2018 and 2019 audits in conjunction. We are happy to discuss the proposed timing with RCEA and fine-tune it to meet RCEA’s needs.

June 2019:
- Execute contract and provide arrangement letter to RCEA
- Provide RCEA staff with a preliminary list of documents for the audit
- Communicate with Audit/Finance Committee and RCEA’s management to discuss planning, expectations, and address any concerns or questions

Late July 2019:
- Discuss questions that arise regarding documents requested and audit procedures
- Perform on site walk-through procedures at RCEA and Maher’s offices in order to obtain an understanding of the significant accounting processes and procedures
- Provide RCEA with final list of documents needed for the audit
- Begin performing audit fieldwork - testing of significant year end balances and transaction cycles
- Fieldwork to be performed primarily remotely, facilitated by exchange of electronic documents

Early August 2019:
- Complete 2018 fieldwork
- Perform 2019 fieldwork as the trial balance is finalized and documents are available

October 2019:
- Complete 2019 fieldwork
- Begin drafting 2018 & 2019 financial statements

Prior to November 1, 2019
- Provide a draft of the 2018 & 2019 financial statements, management letter and letter to those charged with governance. Discuss with RCEA staff and provide opportunity to respond

Prior to November 15, 2019
- Finalize audit work papers and complete file review
- Provide final 2018 & 2019 audit report
- Present to the board or finance committee
- Provide final management letter and letter to those charged with governance

Please note that this timeline is contingent upon our timely receipt of all documents, schedules, and other information necessary to complete the audits. To adhere to this timeline we will require the final 2019 trial balance and all requested documents to be provided to us by September 1, 2019.
PARTNER AND STAFF QUALIFICATIONS AND EXPERIENCE

We propose to include the following professionals on our engagement team:

- Brett Bradford, CPA – Lead Partner, fifteen years governmental financial statement audit experience and audits performed in accordance with the *Uniform Guidance* (Single Audits). Experience includes lead partner on three CCAs.

- Mathew Brewer, CPA – Audit Senior Manager, six years of audit experience. Experience includes audits of three other CCAs.

- Kellin Gilbert, CPA – Audit Senior Manager, engagement in-charge. Ten years of governmental agency audit experience; Holder of AICPA Advanced Single Audit Certificate.

- Beth Samit, CPA – Engagement Quality Control Reviewer, seventeen years of audit experience including reviewing experience of other CCAs.

- Andrea Lifto – Audit Senior Associate, four years of audit experience in governmental audits.

Please see *Exhibit I – Engagement Team Resumes* for additional information on the proposed engagement team. All staff to be assigned on the job have completed continuing professional education in excess of levels required by Government Auditing Standards.

With six partners, Pisenti & Brinker has the bench-strength to comply with California Government Code section 12410.6 regarding partner rotation. Additionally, we understand that continuity of engagement staffing is one of the most important factors in ensuring the success of our engagements and long-term client satisfaction. We agree to maintain engagement staffing continuity to the extent it is within our ability to do so. Replacement staff will have substantially the same or better qualifications or experience.
SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Below is an example of some of the organizations we currently serve and contacts for references. The following engagements were performed by professionals in our Santa Rosa and Petaluma offices. Brett Bradford served as engagement partner on all of the engagements.

**Silicon Valley Clean Energy**  
*Don Eckert, Director of Administration & Finance*  
*333 W. El Camino Real, Suite 290*  
*Sunnyvale, CA 94087*  
*(408) 721-5301*


**Sonoma Clean Power Authority**  
*Geof Syphers, CEO*  
*50 Old Courthouse Square, Suite 605*  
*Santa Rosa, CA 95404*  
*(707) 978-3463*

Basic financial statement audits performed for the periods ended June 30, 2013 through June 30, 2018 and engaged through 2019. Approximately 200 hours per audit.

**Sonoma County Water Agency and Sanitation Districts**  
*Jennifer Murray, Accounting Supervisor*  
*585 Fiscal Drive Room 100*  
*Santa Rosa, CA 95403*  
*(707) 565-3679*

Basic financial statement audits performed in accordance with Government Auditing Standards for the years ended June 30, 2012 through June 30, 2018 and engaged through 2021. Approximately 900 hours per audit. Audits in accordance with the *Uniform Guidance* (the Single Audit) also performed, as needed.

**Monterey Bay Community Power Authority**  
*Tiffany Law, Director of Finance and Administrative Services*  
*70 Garden Court, Suite 300*  
*Monterey, CA 93940*  
*(831) 641-7222*

Basic financial statement audits performed in accordance with for the years ended September 30, 2018 through September 30, 2019 and under contract through 2023. Approximately 250 hours per year in total.
**Communication is Key**

We believe that the most important element of an efficient and high quality audit is continuous communication with our client throughout the audit process. We endeavor to share our audit strategy with our clients so that they have an understanding of our methodology and ultimate objectives. We attempt to bring up concerns regarding potential accounting or reporting issues in advance. We make every effort to provide your staff with an understanding of their part in the process with the aim of minimizing disruptions to their work schedules. Development of the specific audit plan will be accomplished through:

- Meeting with RCEA’s management to obtain an understanding of their concerns and challenges;
- Obtaining an understanding of RCEA’s accounting processes and information systems;
- Evaluating economic and other external factors affecting RCEA’s operations and finances;
- Identifying major areas of emphasis and audit risk;
- Meeting with RCEA’s staff to discuss our planned audit approach and schedules to be prepared, and gaining an understanding of accounting and administrative controls via interviews and walk-throughs.

Our tailored audit approach will have a strong emphasis on early planning, focusing on RCEA and how it functions. This enables us to identify key components and customize our procedures to your unique operational aspects. With early planning we are able to respond to your needs and requests in a timely fashion.

During the audit, the engagement team members understand they have a responsibility to generate feedback that may be used in the Management Letter of Comments. Our findings will be discussed with key personnel as significant matters come to our attention. At the end of field work, the Management Letter of Comments will be drafted and reviewed again with Management for accuracy of the factual circumstances and Management is provided the opportunity to respond within the letter itself to our comments and observations.

We believe that our responsiveness to your concerns and needs is an essential part of an auditor-client relationship.

**Identification of Anticipated Potential Audit Problems**

Based on our review of RCEA’s Request for Proposal, our understanding of your accounting team and its procedures, and previous CCA experience, we do not anticipate any significant audit problems at this time. The planning and risk assessment phase of the audit will enable us to identify issues or questions early in the audit process, should any exist. Should any problems be identified, we will promptly communicate them to management of RCEA and seek an efficient and mutually agreed upon resolution.
To improve efficiency and reduce redundancy we propose to complete the 2018 and 2019 audits concurrently. Our proposed engagement fee under this combined approach is as follows:

<table>
<thead>
<tr>
<th>Years ending June 30,</th>
<th>2018 &amp; 2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statement audit</td>
<td>$48,000</td>
<td>$31,000</td>
</tr>
<tr>
<td>Management letter and board meeting attendance</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
</tr>
<tr>
<td>Special Districts Report</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
</tr>
<tr>
<td>Estimated travel costs</td>
<td>(950)</td>
<td>(950)</td>
</tr>
<tr>
<td><strong>Total all inclusive fees</strong></td>
<td>$48,950</td>
<td>$31,950</td>
</tr>
</tbody>
</table>

If a single year approach is preferred our proposed fee is as follows:

<table>
<thead>
<tr>
<th>Years ending June 30,</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statement audit</td>
<td>$30,000</td>
<td>$30,500</td>
<td>$31,000</td>
</tr>
<tr>
<td>Management letter and board meeting attendance</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
</tr>
<tr>
<td>Special Districts Report</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
<td>(\text{included})</td>
</tr>
<tr>
<td>Estimated travel costs</td>
<td>(950)</td>
<td>(950)</td>
<td>(950)</td>
</tr>
<tr>
<td><strong>Total all inclusive fees</strong></td>
<td>$30,950</td>
<td>$31,450</td>
<td>$31,950</td>
</tr>
</tbody>
</table>

Travel costs will be billed at cost however they will not exceed $950 per audit. We believe in the importance of year-round communications with our clients and therefore we do not charge for time involved with answering technical questions that may arise during the year.

In developing the above fee quote we have incorporated a 20% discount from our standard hourly rates that we typically provide to governmental agencies. Should additional work be requested, such work will be performed at our then effective discounted rate.
**PROPOSED FEE STRUCTURE**

*Additional services and applicable billing rates*

Our billing rates for any additional services will be billed at the following rates:

<table>
<thead>
<tr>
<th>Professional Personnel</th>
<th>Normal rate</th>
<th>Government Rate (20% discount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>$390</td>
<td>$310</td>
</tr>
<tr>
<td>Manager</td>
<td>$275</td>
<td>$220</td>
</tr>
<tr>
<td>Supervisor</td>
<td>$180</td>
<td>$145</td>
</tr>
<tr>
<td>Associate</td>
<td>$130 - 150</td>
<td>$105 - 120</td>
</tr>
</tbody>
</table>

*Situations that may trigger additional fees*

We always endeavor to maintain our original proposed fee quotes. Historically we have achieved this on approximately 90% of our audit engagements. However, there are occasionally circumstances where the scope of work has changed from what was originally anticipated and agreed upon. Such situations would include significant accounting assistance that is requested of us, significant changes in information from what was originally provided during the audit, and significant delays in our receipt of required audit documentation that would cause scheduling conflicts or otherwise unduly delay the audit.

*Fees beyond the years quoted*

Barring any significant change in the scope of RCEA operations, our engagement fees will increase approximately 1%-2% per year beyond the years quoted. This projected increase is based primarily on changes in labor costs, as well as overhead.
About Pisenti & Brinker LLP

With over 53 years of experience, Pisenti & Brinker LLP is one of Sonoma County's largest and oldest local certified public accounting firms. Our Firm includes six partners and approximately 80 staff throughout our four offices located in Santa Rosa, Petaluma, St. Helena and Napa. Our Firm attempts to operate in an environmentally friendly manner, and is a certified Green Business under the Bay Area Green Business Program.

The North Bay Business Journal ranked us as one of the top certified public accounting firms in the North Bay. We attribute this to establishing ourselves as a "comprehensive service provider". We have achieved this status through the development and maintenance of our core competency of attestation and consultation, as well as leveraging the extended services and areas of expertise through our affiliation with RSM.

Pisenti & Brinker believes in the continued pursuit of quality - not only for the Firm but for the community in which it is located. Pisenti & Brinker has brought to the local governmental and not-for-profit communities informational conferences such as the annual Board Member Boot Camp and the Luncheon Speaker Series. Many local governmental and not-for-profit organizations have benefited from Pisenti & Brinker's basic belief in giving back to the community.

Why Pisenti & Brinker

Pisenti & Brinker provides the experience and depth of a large firm with the personal service of a small firm. This is done at rates significantly less than that of our national competitors.

Our Firm, and our affiliate, RSM, have been performing audits of governmental agencies for many years and continue to maintain a commitment to the industry and the necessary education requirements. We are excited about the excellent services that we can offer your organizations and are confident that Pisenti & Brinker will exceed your needs.
**Brett P. Bradford, CPA**  
**Partner**

Bachelor of Arts  
Business Economics  
(Accounting),  
University of California,  
Santa Barbara

Licensed CPA in California  
#97202

American Institute of Certified  
Public Accountants

**Brett** joined Pisenti & Brinker LLP in 2005 and is a Partner in our firm's Assurance Services Department. Brett has over 16 years of experience in accounting and auditing. Prior to joining Pisenti & Brinker, Brett worked with a public accounting firm which specialized exclusively in audits of government and not-for-profit entities.

Brett has extensive experience with governmental and not-for-profit entities. Brett enhances our financial audit and accounting function by conducting evaluations of internal controls and assisting clients in developing applicable documentation. He examines organizational structures, business practices, service delivery, customer satisfaction, financial systems, office systems, contracting and risk management. He has also conducted cost/benefit studies and financial analysis for small businesses and provided assistance to both private and public sector clients.

Brett's audit experience with government agencies includes:

- Sonoma Clean Power  
- Peninsula Clean Energy  
- Silicon Valley Clean Energy  
- Sonoma County Energy Independence Program  
- Sonoma County Airport  
- Sonoma County Refuse  
- Sonoma County Water Agency  
- Sonoma County Sanitation Districts  
- Sonoma State Enterprise, Inc.  
- Sonoma State Student Union Corporation  
- North Coast Railroad Authority

Brett’s recent relevant CPE includes:

- P&B Gov. and Yellow Book Accounting & Auditing Forum (May 2016 & 2017, 2018) – 32 hours  
- RSM Compliance Audit Update (August 2016 & 2017) – 8 hours  
- Approximately 50 additional hours of general audit CPE.
**Exhibit I – Engagement Team Resumes**

**Matthew J. Brewer, CPA**  
Audit Manager

- Bachelor of Science, Business Administration (Accounting)  
  Sonoma State University  
- Licensed CPA in California #125318  
- American Institute of Certified Public Accountants

Matt joined Pisenti & Brinker LLP in 2012 and is a Senior Manager in the firm's Assurance Services Department.

Matt graduated from Sonoma State University with a BS in Business Administration with a concentration in Accounting. Matt manages various audits for governmental and not-for-profit agencies. He also performs audit, review, and compilation engagements for commercial entities.

Some of Matt’s relevant experience includes:

- Sonoma Clean Power Authority  
- Peninsula Clean Energy  
- Silicon Valley Clean Energy  
- Sonoma County Transportation Authority  
- Sonoma County Water Agency & Sanitation Districts  
- North Coast Railroad Authority  
- Graton Community Services District

Business, Professional and Community Affiliations:

- Treasurer, Independent Order of Odd Fellows, Sebastopol lodge  
- Board Member, Social Advocates for Youth, Sonoma County
Kellin H. Gilbert, CPA
Audit Senior Manager

Bachelor of Arts
(Accounting and Finance)
Chico State University
Licensed CPA in California
#127056
American Institute of Certified Public Accountants

Kellin joined our Firm in 2009 and has been in public accounting for over ten years. During that time he has focused on government agency and not-for-profit audits, Single Audits of federal funds and other governmental compliance audits. Kellin has the distinction of holding the AICPA’s Advanced Single Audit Certification. Kellin’s experience with governmental agencies and Single Audits includes:

- Sonoma County Transportation Authority
- Sonoma County Water Agency & Sanitation Districts
- Sonoma County Treasury
- Sonoma State Enterprises, Inc.
- Associated Students of Sonoma State University
- Redwood Coast Energy Authority
- North Coast Railroad Authority
- Graton Community Services District
- Sonoma Valley Community Health Center

Business, Professional and Community Affiliations:

- American Institute of Certified Public Accountants (AICPA)
- California Society of Certified Public Accountants (CalCPA)
- United Way of the Wine Country, Finance Committee member
- Santa Rosa Metro Chamber of Commerce, Board of Directors
- Santa Rosa Metro Chamber of Commerce, Finance Committee Chair
Beth joined Pisenti & Brinker in 2019 and is a Senior Manager in our Firm’s Assurance Services Department. She has over 16 years of experience in accounting and auditing and consulting engagements and specializes in manufacturing, vineyard and service industries.

Beth manages staff on audit engagements, providing leadership, quality control, and training. Some engagements that Beth is currently involved with include:

- Monterey Bay Community Power
- Silicon Valley Clean Energy Authority

Bachelor of Science, Business Administration
Sonoma State University
(Accounting)

Licensed CPA in California
#105214
ANDREA LIFTO
Audit Senior Associate

Bachelor of Science, Business Administration (Accounting and Finance) Sonoma State University

Andrea is an experienced audit associate with Pisenti & Brinker. Andrea’s experience prior to working in the Accounting industry was in banking, where she gained experience in lending and excelled in providing a positive overall customer experience. Since joining our Firm she has performed assurance work for a variety of entities, including government and employee benefit plans.

Andrea participates in the Firm’s recruiting efforts with Sonoma State, acting as ambassador to students who are considering a career in accounting.

Andrea supervises staff on audit engagements, providing leadership, quality control, and training. Some engagements that Andrea is currently involved with include:

- Sonoma County Transportation Authority
- Sonoma County Water Agency & Sanitation Districts
- Sonoma Clean Power Authority
- Peninsula Clean Energy
- Silicon Valley Clean Energy
- Sonoma County Family YMCA
Report on the Firm’s System of Quality Control

December 13, 2018

To the Partners of
Pisenti & Brinker LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Pisenti & Brinker LLP (the firm) in effect for the year ended June 30, 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), an audit of an employee benefit plan, and an examination of a service organization (SOC 1 engagement).

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 Pisenti & Brinker LLP in effect for the year ended June 30, 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. Pisenti & Brinker LLP has received a peer review rating of pass.

Weaver and Tidwell, LLP
WEAVER AND TIDWELL, LLP.
Redwood Coast Energy Authority

Professional Auditing Services

Due 5:00 PM, April 24, 2019

Redwood Coast Energy Authority
Attn: Finance Subcommittee
633 3rd Street
Eureka, CA 95501

James Marta & Company LLP
Contact: Jesse Deol, CPA
Email: JDeol@JPMCPA.com
701 Howe Avenue, Suite E3
Sacramento, CA 95825
(916) 993-9494
Fax (916) 993-9489
www.JPMCPA.com
# TABLE OF CONTENTS

1. COVER/TRANSMITTAL PAGE ................................................................. 3
2. FIRM QUALIFICATIONS AND EXPERIENCE .................................................. 5
3. PROJECT TEAM QUALIFICATIONS AND EXPERIENCE .................................... 9
4. AUDIT APPROACH ....................................................................................... 10
5. COSTS AND FEES ...................................................................................... 19
APPENDIX A: RESUMES ............................................................................... 20
APPENDIX B: Peer REVIEW ........................................................................... 26
1. COVER/TRANSMITTAL PAGE

April 24, 2019

Redwood Coast Energy Authority
Attn: Finance Subcommittee (LBiondini@RedwoodEnergy.org)
633 3rd Street
Eureka, CA 95501

RE: Professional Auditing Services

We are pleased to respond to the Redwood Coast Energy Authority (Authority or RCEA) RFP for Professional Auditing Services for the fiscal years ending June 30, 2018, 2019 and 2020.

We understand that RCEA must complete its FY 2017/18 financial audit. We will dedicate our experienced team members to expedite the schedule while complying with applicable audit standards.

We are a Certified Public Accounting Firm that has specialized in auditing Community Choice Aggregators, Special Districts, Joint Powers Authorities and Local Government Agencies since 1988. We are licensed, qualified, trained and experienced in conducting financial audits of Community Choice Aggregators with complex fund structures, federal grants, bonds, and GASB requirements. Here’s what separates James Marta & Company from other auditors:

• **We Value Your Time:** We’ve honed our approach to meet audit deadlines on time, every time. We also use your time effectively, minimizing disruptions to your operations and our time in your space.

• **Partner Engagement:** You’ll gain partner-level insight at every step and all year round.

• **Experienced in Power:** We understand complex funding, debt accounting and reporting requirements facing Community Choice Aggregators, Municipal Utility Districts, and Joint Powers Authorities.

• **No Surprises:** You stay up to speed with frequent personal updates and a project portal that shows real-time status of every item under review.

• **We Help You Apply Your Audit to Improve:** Your audit is an effective tool to help you better understand operational risks and improve controls. We help you apply your audit for continual improvement.

• **Ongoing Support:** We’re here as your year-round resource for independent perspectives and partner-level advice on closings, financial statements, and compliance matters.

**FIRM INFORMATION**

Name: James Marta & Company LLP

Footprint: James Marta & Company is a regional firm that serves clients in California, Oregon, Washington, Alaska, Utah, and Vermont.

Address: 701 Howe Avenue, Suite E3, Sacramento, CA 95825

Telephone: 916-993-9494

Staff: Three Partners; One Supervisor; 10 Staff
AUTHORIZATION TO REPRESENT
As partners, James Marta, CPA, CGMA, ARPM; David Becker, CPA, and Jesse Deol, CPA are authorized to represent James Marta & Company LLP, answer questions and sign binding contracts on behalf of the firm.

LICENSED KEY STAFF
The project will be overseen by Jesse Deol, CPA, Engagement Partner and reviewed by James Marta, CPA, CGMA, ARPM, Technical Review Partner. Both Partners are licensed to practice in California.

INDEPENDENCE
James Marta & Company LLP is independent of Redwood Coast Energy Authority as defined by Generally Accepted Government Auditing Standards.

James Marta & Company LLP’s quality control program aligns with the AICPA’s Quality Control Standards, ethical mandates and code of professional conduct. We have firm policies related to leadership, independence, objectivity, conflict of interest, client relationships, engagement supervision and review, documentation, and more.

PROFESSIONAL RELATIONSHIPS WITH RCEA
We have no professional relationships with RCEA within the past five years. We know of no professional relationships between James Marta & Company LLP, the firm’s partners, or employees and the Redwood Coast Energy Authority that would pose a conflict of interest.

Should a professional relationship arise between James Marta & Company and RCEA, its member agencies, or board members that is outside of this potential Audit Contract we will provide RCEA written notice during the period of the agreement.

COMMITMENT TO TIMELY DELIVERY
We have a long record of on time delivery. If we are selected for this engagement, we will commit the resources necessary for the successful and timely completion of the work. We further understand that RCEA 2017/2018 audit must still be completed. We will commit an experienced team to work with you to expedite your 2017/2018 audit schedule and resulting reports.

This proposal is valid for 60 days after the proposal due date.

Please contact me or James Marta (JMarta@JPMCPA.com) if we can provide additional information.

Sincerely,

Jesse Deol, CPA, Partner
James Marta & Company LLP
JDeol@JPMCPA.com
(916) 993-9494
2. FIRM QUALIFICATIONS AND EXPERIENCE

James Marta & Company LLP is a Certified Public Accounting firm that helps municipal utility districts and Community Choice Aggregators (CCAs) like Redwood Coast Energy Authority stabilize their financial core, manage risk, ensure compliance, improve operations, report transparently, and meet stakeholder’s interests. The firm has been licensed to practice in the State of California since 1988. The firm is known for delivering premium service and a high level of Partner engagement. We are recognized as a leader in Audit, Tax, Accounting and Consulting services.

We work with CCAs, Special Districts, Joint Powers Authorities, Government Insurance Pools, School Districts, Government Agencies, Nonprofit organizations, small businesses and individuals in California, Oregon, Washington, Alaska, Utah and Vermont. We conduct more than 100 audits each year.

We are uniquely qualified to help you conduct your audit. Here’s why.

**Our Partners Are Your Partners:** At James Marta & Company, the term Partner is more than a title. We’re here to help you work through your toughest challenges. Have a question? Our Partners routinely pick up the phone. Need help beyond your audit? We provide insight on strategy, performance, Board training and more — year-round.

**Experience in Power:** We specialize in serving Community Choice Aggregators and Municipal Utility Districts, Joint Powers Authorities, and Special Districts. These entities are often engaged with complex funding, long-term debt, Proposition 39 bonds, power purchase agreements, insurance contracts, pensions, GASB and other reporting standards. Above all they must maintain public trust through transparent and accurate accounting and reporting.

**Ongoing Support:** As your year-round resource, we provide independent perspectives and practical advice on closings, financial statements, and compliance standards. We not only meet statutory requirements, we also provide practical recommendations tailored to your needs. We don’t just identify issues; we answer your audit and accounting-related questions throughout the year. These services include:

- Evaluation and consulting for closing entries;
- Guidance in the preparation of Annual Financial Statements;
- Assistance in the implementation of new accounting standards;
- Assistance with new federal or state compliance standards; and
- Year-round availability for consultation on accounting and audit topics.

**We Communicate Throughout the Project:** We start by developing a great working relationship. Then, we communicate at every step through conversations and progress reports. We also provide a portal that shows real-time progress on every request. At the end of the project there should be no surprises.

“I really like having Jim Marta & Company as the local firm who is part of the overall audit team. They are a sharp group of professionals who really understand the energy industry. When we call them, they respond quickly and always provide valuable feedback. It’s a great relationship that I look forward to continuing into the future.”

Sandra Moorman, Director, Accounting & Controller, Sacramento Municipal Utility District (SMUD)
We Value Your Time: We’ve honed our approach to minimize disruptions and meet your deadlines. We start with a plan, define risks, set expectations, and publish due dates. Then we apply field-proven methods and state-of-the-art tools to ensure an effective effort.

LICENSED TO PRACTICE IN CALIFORNIA

James Marta & Company LLP is licensed as a Certified Public Accountant in the State of California. We have maintained our certification since 1988. We will assign a California-Licensed CPA as the auditor in charge.

FIRM QUALIFICATIONS

Following is a summary of our qualifications:

- Experience with debt financing, refinancing, and arbitrage calculations.
- Specialized training in audits of Municipal Utility Districts, Special Districts, and JPAs.
- Extensive experience and training in conducting single audits of federally funded programs in accordance with Uniform Guidance (formerly OMB Circular A-133).
- Experience preparing Comprehensive Annual Financial Reports according to GFOA standards.
- Experience preparing, reviewing and submitting the Financial Transactions Report required by the State Controller’s Office.
- Member and presenter for California Special Districts Association at conferences and webinars.
- Experience in calculating Net Pension and Other Post Employment Benefits (OPEB) liability in accordance with GASB standards.
- All staff in the firm are trained, experienced and qualified to audit municipal districts.
- Frequent presenter and trainer on subjects including the Board’s Role in Finance and Fiscal Accountability. Compliance, Internal Controls, Fraud Prevention and Detection, Accounting, Auditing and Board Governance Responsibility and Accountability.
- Year-round resource to answer questions and assist in applying your audit for continual improvement.
REPRESENTATIVE CLIENTS

Energy Sector

- Valley Clean Energy (Community Choice Aggregator)
- Sacramento Municipal Utilities District (SMUD)
- Central Valley Financing Authority
- Northern California Gas Authority No. 1
- Sacramento Cogeneration Authority
- Sacramento Municipal Utility District Financing Authority
- Sacramento Power Authority

Special Districts and Joint Powers Authorities

- California Enterprise Development Authority
- California Mental Health Services Authority District
- Keyes Community Services District
- Lathrop-Manteca Fire Protection District
- Livermore Area Recreation & Park District
- Local & Regional Government Services Authority
- McKinney Water District
- Mid-Peninsula Water District
- NorthStar Community Services District
- Purissima Hills Water District
- Sacramento LAFCO
- Sacramento Metropolitan Air Quality Management District
- Sacramento Transportation Authority
- Southgate Recreation & Park District
- Truckee Donner Recreation and Park District
- Truckee Fire Protection District
- Truckee Tahoe Airport District
- Truckee-Donner Recreation and Park District

“I have been working with James Marta for the last five years. They are easy to work with, very professional, plan work ahead of time and communicate effectively.”

Gena Carlisle, Principal Financial Accountant, Sacramento Municipal Utility District (SMUD), JPA Section (Central Valley Financing Authority; Northern California Gas Authority No. 1; Sacramento Cogeneration Authority; Sacramento Municipal Utility District Financing Authority; Sacramento Power Authority),
REFERENCES
We work hard to earn the trust of our clients and strive to develop a partnership to work as a team. Please call our references to learn how we make for our clients.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contact</th>
<th>Scope/Dates</th>
<th>Engagement Partner</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valley Clean Energy</td>
<td>Lisa Limcaco Director of Finance</td>
<td>Financial Audit 2018 – present</td>
<td>David Becker – Engagement Partner</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>530-446-2752</td>
<td></td>
<td>Jesse Deol – Supervising Manager</td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Lisa.Limcaco@valleycleanenergy.org">Lisa.Limcaco@valleycleanenergy.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sacramento Municipal Utility District</td>
<td>Gena Carlisle 916-732-5490</td>
<td>Financial Audits for each JPA including separate opinions and</td>
<td>James Marta – Engagement Partner</td>
<td>500</td>
</tr>
<tr>
<td>and affiliated Joint Powers Authorities</td>
<td></td>
<td>financials. SMUD Debt calculations 2011 – present</td>
<td>Jesse Deol – Supervising Manager</td>
<td></td>
</tr>
<tr>
<td>• Central Valley Financing Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Northern California Gas Authority No. 1</td>
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<tr>
<td>• Sacramento Cogeneration Authority</td>
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<td>• Sacramento Municipal Utility District Financing Authority</td>
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<tr>
<td>• Sacramento Power Authority</td>
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<tr>
<td>• SMUD</td>
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</tr>
<tr>
<td>NorthStar Community Services District</td>
<td>Mike Staudenmayer 530-550-6128</td>
<td>Audit 2011 – present</td>
<td>David Becker Engagement Partner</td>
<td>320</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:mikes@northstarscd.com">mikes@northstarscd.com</a></td>
<td></td>
<td>James Marta – Technical Review</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner</td>
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</table>

PEER REVIEW
The firm’s quality control program is verified through AICPA’s independent peer review program. This review verifies that we uphold the professional standards of quality in our policies, procedures and practices.

Our most recent peer review resulted in a rating of Pass – the highest rating available. A copy of our 2018 peer review report is included in Appendix B.

STATE BOARD OF ACCOUNTANCY CORRESPONDENCE
James Marta & Company has had no audits rejected by either the federal or state controller’s offices within the last three years. James Marta & Company has no disciplinary action taken or pending against the firm in the last three years.
3. PROJECT TEAM QUALIFICATIONS AND EXPERIENCE

We are proposing the following team members to perform the audit:

<table>
<thead>
<tr>
<th>Name</th>
<th>Certifications</th>
<th>Role</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jesse Deol</td>
<td>CPA</td>
<td>Engagement Partner</td>
<td>11 Years</td>
</tr>
<tr>
<td>James Marta</td>
<td>CPA, ARPM, CGMA</td>
<td>Technical Review Partner</td>
<td>30+ Years</td>
</tr>
<tr>
<td>Michael Manduca</td>
<td></td>
<td>Supervisor</td>
<td>11 Years</td>
</tr>
<tr>
<td>Drew Sakauye</td>
<td>CPA</td>
<td>Senior</td>
<td>6 Years</td>
</tr>
<tr>
<td>Jeff Gamir</td>
<td></td>
<td>Staff</td>
<td>3 Years</td>
</tr>
</tbody>
</table>

We assign two Partners to every engagement – an Engagement Partner and a Technical-Review Partner. These roles are intentionally divided to serve the client’s needs while maintaining professional standards.

- **Engagement Partner**: Jesse Deol, CPA, will provide project oversight throughout the engagement; present the final audit report; and answer questions throughout the year.
- **Technical-Review Partner**: James Marta, CPA, ARPM, CGMA will validate the team’s work, providing the independent perspective required for thorough quality control.

Together, these leaders bring more than 40 years of direct experience in conducting financial audits of Joint Powers Authorities. You’ll benefit from their practical knowledge, lessons learned and proficiency. As a mid-sized firm, our Partners work closely on every engagement, maintaining clear communication about project status, issues and concerns, and opportunities for improvement.

All Partners are licensed by the State of California to practice as Certified Public Accountants.

TRAINED AND EXPERIENCED TEAM

Delivering a high-quality audit requires an effective team with appropriate technical skills and industry experience. We invest in our professional staff by providing them with the best training and tools to achieve excellence in every engagement and ensure compliance with professional standards.

Each of our staff is experienced in auditing Joint Powers Authorities and governmental agencies and undergoes a rigorous professional development program designed to ensure that each member of the audit team can carry out his or her responsibilities according the exacting standards set by our profession. We also have specific expertise in accounting and reporting for bonds and other long-term obligations.

RESUMES

Resumes for each member of your audit team are provided in Appendix A.
4. AUDIT APPROACH

PROJECT UNDERSTANDING
We understand that the Authority is seeking the services of a Certified Public Accountant to conduct an Independent Financial Audit and related services in accordance with Generally Accepted Accounting Principles (GAAP). These services include:

- Perform an independent annual financial audit of the Authority. The audit includes risk identification, testing procedures and internal controls, interim and final reports, project communications, and the auditor’s opinion (see Scope);
- Test internal controls over financial reporting and compliance with laws, regulations, contracts or grant agreements in accordance with GAGAS. Report results of testing to the RCEA Board and Management identifying deficiencies, weaknesses and providing recommendations for improvement.
- Prepare and forward the Financial Transactions Report (pursuant to Government Code Section 53891) to the State Controller’s Office;
- Conduct all appropriate communications including entrance conference, project status updates, interim management letter, exit conference, and presentation to the Authority’s Board of Directors. Note: some conferences will be conducted remotely when appropriate and mutually agreeable; and
- Provide year-round consultation regarding the audit report and related financial accounting.

If selected, we will conduct the audit and express an opinion on the fair presentation of the financial statements in accordance with applicable standards and laws including:

- The AICPA Audit Guide, Audits of State and Local Government Units, generally accepted auditing standards;
- The California State Controller’s Minimum Audit Requirements and Reporting Guidelines for California Special Districts; and
- The United States General Accounting Office (GAO) Government Auditing Standards, Office of Management and Budget (OMB), Audits of States, Local Governments and Nonprofit Organizations.
**SCOPE AND SCHEDULE**

The following table provides a visual reference for the tasks that will occur in each segment of the audit.

<table>
<thead>
<tr>
<th>AUDIT PLANNING</th>
<th>INTERIM FIELD WORK</th>
<th>YEAR-END FIELD WORK AND COMPLETION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conduct Entrance Conference and introduce team.</td>
<td>• Test operating effectiveness of controls.</td>
<td>• Review financial statements and enter into system.</td>
</tr>
<tr>
<td>• Review prior year’s audit work papers</td>
<td>• Test transactions from significant transaction cycles and systems.</td>
<td>• Perform substantive testing and analytical procedures.</td>
</tr>
<tr>
<td>• Obtain an understanding of the entity, its environment, and internal/external factors.</td>
<td>• Perform Internal control and compliance testing for federal programs</td>
<td>• Evaluate audit evidence.</td>
</tr>
<tr>
<td>• Review/evaluate the design and implementation of internal controls, policies and procedures.</td>
<td>• Conduct Interim Exit Conference.</td>
<td>• Evaluate opportunities to improve operations.</td>
</tr>
<tr>
<td>• Review transaction cycles.</td>
<td><strong>DRAFT AND FINAL DELIVERABLES:</strong></td>
<td>• Prepare reports and presentations.</td>
</tr>
<tr>
<td>• Assess the risks of material misstatement.</td>
<td>• Interim Management Letter and Audit Status</td>
<td>• Conduct Exit Conference.</td>
</tr>
<tr>
<td>• Determine audit plan and extent of substantive procedures. Establish materiality; perform preliminary analytical procedures; plan audit procedures.</td>
<td><strong>DRAFT AND FINAL DELIVERABLES:</strong></td>
<td>• If requested: Present report to board/audit committee.</td>
</tr>
<tr>
<td><strong>DRAFT AND FINAL DELIVERABLES:</strong></td>
<td>• Audit Plan and Schedule</td>
<td>• Independent Auditor’s Report and Financial Statements</td>
</tr>
<tr>
<td>• List of requested items</td>
<td>• List of requested items</td>
<td>• Report on Internal Control and Compliance and Other Matters</td>
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<tr>
<td></td>
<td></td>
<td>• Communication with Governance Letter</td>
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<td>• Financial Transactions Report to the State Controller’s Office</td>
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<tr>
<td></td>
<td></td>
<td>• Report on Authority Compliance with Bond Covenants (if necessary)</td>
</tr>
</tbody>
</table>
WORK PLAN
Once appointed the auditor of your organization, we will promptly agree on the dates of the interim and year-end fieldwork and the corresponding deliverables and answer questions concerning your industry, your organization’s business activities, operations and accounting, and the preparation of the financial statements.

To accomplish the audit of FY 2017/2018 we will work with RCEA’s Finance Subcommittee and the Director of Business Planning and Finance to define a mutually agreeable schedule to accelerate the project.

The following are the key phases of our standard audit process:

<table>
<thead>
<tr>
<th>SPECIFIC PROCEDURES</th>
<th>STAFF</th>
<th>SCHEDULE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHASE I – AUDIT PLANNING</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Introduction of Staff</strong></td>
<td></td>
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<tr>
<td>• Meet with representatives to discuss:</td>
<td>Partner</td>
<td>June</td>
</tr>
<tr>
<td>• Approach to the audit</td>
<td>Manager</td>
<td></td>
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<tr>
<td>• Client assistance checklist</td>
<td></td>
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<tr>
<td>• Timelines</td>
<td></td>
<td></td>
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<tr>
<td><strong>Risk Assessment Procedures</strong></td>
<td></td>
<td></td>
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<tr>
<td>• Obtain an understanding of the external and internal factors affecting the organization</td>
<td>Partner</td>
<td>June</td>
</tr>
<tr>
<td>• Review and evaluate the design of internal controls including Authority policy and procedure manuals.</td>
<td>Manager</td>
<td></td>
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<tr>
<td>• Review of the significant transaction cycles</td>
<td>Senior</td>
<td></td>
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<tr>
<td>• Assess the risk of material misstatements</td>
<td></td>
<td></td>
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<tr>
<td><strong>Audit Planning</strong></td>
<td></td>
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<tr>
<td>• Develop the individual plan for the audit (based on the internal control review, risks identified, our understanding of the client and the industry)</td>
<td>Partner</td>
<td>June</td>
</tr>
<tr>
<td>• Establish materiality</td>
<td>Manager</td>
<td></td>
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<tr>
<td>• Perform preliminary analytical procedures</td>
<td>Senior</td>
<td></td>
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<tr>
<td>• Plan audit procedures in response to assessed risks</td>
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<tr>
<td><strong>PHASE II – INTERIM FIELD WORK</strong></td>
<td></td>
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<tr>
<td><strong>Internal Controls Testing</strong></td>
<td></td>
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<tr>
<td>• Test of controls.</td>
<td>Senior</td>
<td>July</td>
</tr>
<tr>
<td>• Tests performed on transactions from significant transaction cycles and systems.</td>
<td>Staff</td>
<td></td>
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<tr>
<td>• Tests performed on major federal programs for controls and compliance.</td>
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<tr>
<td><strong>Interim Exit Conference</strong></td>
<td></td>
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<tr>
<td>• Meeting with business manager to discuss results of interim work</td>
<td>Partner</td>
<td>July</td>
</tr>
<tr>
<td><strong>Interim Management Letter (if necessary)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Preliminary management comments are drafted into a letter and issued to management.</td>
<td>Partner</td>
<td>August</td>
</tr>
</tbody>
</table>
SPECIFIC PROCEDURES | STAFF | SCHEDULE
--- | --- | ---
**PHASE III – YEAR-END FIELDWORK AND AUDIT COMPLETION**
- Obtain financial statements and enter them into financial statement program | Senior Staff | September
- Complete any general federal compliance, compliance in major programs, and regulatory compliance. | Senior Staff |

**Substantive Testing and Analytical Procedures**
- Perform analytical procedures as necessary | Partner | September
- Verify account balances for the relevant financial statement assertions | Manager |
- Perform substantive testing | Senior Staff |
- Evaluation of evidence obtained |

**Operations**
- Evaluate opportunities for improvements | Partner | September

**Draft Audit Report**
- Prepare audit report based on audit work and evidence obtained | Manager | October
- Prepare all related disclosures | Senior |

**Exit Conference**
- Meet with management/audit committee to discuss results of audit | Partner | October
- Review draft audit report | Manager |

**Final Audit Reports**
- Independent Auditor’s Report and Financial Statements | Partner | October
- Report on Internal Control and Compliance and Other Matters | Partner |
- Communication with Governance Letter |
- Financial Transactions Report to the State Controller’s Office |

**Governing Board Meeting**
- Presentation of report to the board | Partner | November

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**PRELIMINARY SCHEDULE**
We have proposed a preliminary schedule that can be accomplished without putting undue burden on your team. Once selected, we will refine this preliminary schedule in collaboration with you.

<table>
<thead>
<tr>
<th>Phase I – Audit Planning</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II – Interim Field Work</td>
<td></td>
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</tr>
<tr>
<td>Phase III – Year-End Fieldwork and Audit Completion</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
PLANNED HOURS

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<tr>
<th>Classification</th>
<th>Audit Planning</th>
<th>Interim Field Work</th>
<th>Year End Field Work and Completion</th>
<th>Total Hours</th>
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<tbody>
<tr>
<td>Partner</td>
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<td>8</td>
<td>16</td>
<td>36</td>
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<tr>
<td>Supervisor</td>
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<tr>
<td>Senior</td>
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<td>36</td>
<td>52</td>
<td>100</td>
</tr>
<tr>
<td>Staff</td>
<td>12</td>
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<td>52</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>276</strong></td>
</tr>
</tbody>
</table>

PROJECT APPROACH

Our audit methodology puts a strong emphasis on planning. This helps us understand your organization, the environment, financial operations, internal controls, and risks. This foundation, together with our industry expertise, helps us focus testing on the areas of highest potential risk. Advance planning results in an effective, cost-efficient and timely audit which will ultimately benefit you. Our approach involves:

- **Risk Assessment.** We identify and assess the risk of material misstatements through interviews with management, analytical procedures, observations, and inspection. Based on our assessment, we will plan and perform procedures that are responsive to risks identified. This will cover the following areas:
  - Financial reporting framework;
  - Business and industry;
  - Accounting policies and practices;
  - Financial performance; and
  - Internal controls.

- **Process of Review.** We review all work performed, management letters, and reports to ensure that all appropriate professional and technical standards are maintained. With this process, we also assess new standards and their potential impact on the audit process and its resulting report.

- **Use of Advanced Audit Tools.** We use state-of-the-art software designed to conduct paperless audits and expedite routine activities. These computer-assisted auditing techniques help us analyze large amounts of data and more efficiently select risky items.

- **Open Communication.** Throughout the audit, we explain our procedures. We keep you apprised of our work status from the preliminary audit work through the delivery of the report and other required audit communications. An audit status report highlights the following:
  - Summary of the audit report;
  - Financial position and results of operations; and
  - Current issues and significant trends.

When you receive your draft report, there shouldn’t be any surprises.
WE MAKE THE AUDIT AS EASY AS POSSIBLE
To minimize disruption to your business operations and eliminate duplicate effort, we make every effort to use schedules and analyses you have prepared for internal purposes. Because we’re experienced working with Community Choice Aggregators, JPAs and Special Districts, we have prepared customized forms and procedural checklists to streamline the process. You will receive an advance list of items and tasks, such as:

- Completion of transaction testing schedules (supplied by the auditor);
- Questionnaires (provided in electronic form);
- Account schedules and analyses;
- Bank statement reconciliations and confirmation letters; and
- Other information to support notes to the financial statements.

Completing these schedules before starting fieldwork helps produce a smooth engagement and minimize interruptions. This helps keeping your audit costs low and ensures timely completion.

SYSTEMATIC QUALITY CONTROL
James Marta & Company’s quality control policies and procedures align with the elements of quality control established by the AICPA’s professional standards for Certified Public Accountants. All employees of the firm are trained in our quality control policies and procedures and are responsible for understanding, implementing, and adhering to them. Our Quality Control program aligns with the AICPA’s six elements of quality control. These are:

- Leadership (e.g. ethical tone; independence; quality supersedes commercial considerations; documented procedures).
- Ethical requirements (e.g. objectivity and independence; integrity; confidentiality).
- Acceptance and continuance of client relationships and specific engagements (e.g. conflicts of interest).
- Human resources (e.g. adequate personnel; equal opportunity employment; training and CPE; performance evaluation).
- Engagement performance (e.g. planning and supervision; documentation and records retention; separate partners for engagement and technical review).
- Monitoring (Every engagement is reviewed by the in-charge, supervisor, and partner to ensure completeness and accuracy. Annual internal inspection and review of the QC program; updates to reflect new standards; professional development; and independent peer review).

Our procedures are verified through an independent peer review. This AICPA program verifies that we are upholding the professional standards of quality in all respects. Our most recent peer review resulted in a rating of Pass – the highest rating available. Our most recent peer review letter is provided in Appendix B.
SAMPLE SIZE AND STATISTICAL SAMPLING
When determining the appropriate sample sizes and selection procedures for compliance, we consider the nature of the compliance area, controls implemented by the Authority in overseeing compliance, risk of non-compliance, the impact of non-compliance, population size and frequency of transactions.

We start by determining which compliance areas apply to the Authority, its funding sources and programs. Then we develop an understanding of policies, procedures and controls in place to ensure and monitor compliance. After evaluating the characteristics of your control environment, we apply a risk-based approach to design appropriate audit tests and procedures.

In compliance testing, materiality of transactions is generally not a factor, so the entire population is subject to testing. When selecting samples, we consider the risk characteristics and value of transactions, then select our samples. After considering all the relevant factors and risks, we typically select from 10 to 50 transactions per program.

Items may be chosen for testing through random sampling, systematic selection, haphazard selection, or block sampling. The specific selection method will be determined by the auditor after assessing risk.

APPROACH TO TESTING INTERNAL CONTROLS
The first purpose of internal controls testing is to obtain control reliance and potentially reduce the amount of substantive testing required to obtain assurance for an area. Second, a test of controls validates, on a sample basis, if processes are being implemented properly by the people responsible for executing it. Control tests determine if the entity is actually applying the game plan for control processes that they adopted. Once we validate the operating effectiveness of the control, we can reduce the amount of substantive testing.

We apply the following steps to assess internal controls as part of our financial audit process.

1. Obtain an understanding of the entity and the nature of the business.
2. Determine the departments and environment where transactions occur (e.g. number of employees, location, resources available, complexity of the transactions).
3. Identify key transaction cycles that are significant to the audit and/or high risk.
4. Identify key controls and determine if they are designed properly.
5. Identify risks and assertions related to the transaction cycle.
6. Walk through transactions from start to finish (including documentation, workflow, forms (paper or electronic), associated information systems, system automation, alerts (out of range), reports, escalation, authority levels, and approvals for the given transaction).
7. Identify the total population subject to the specific internal control.
8. Identify attributes of the testing that would address identified assertions.
9. Test samples for proper implementation with designed control.

If control reliance has been achieved, substantive sample sizes may be reduced for the transaction cycle tested.
LEVEL AND NATURE OF SUPPORT
Authority Management (Director of Business Planning and Finance) will ensure that all audit requests are provided in a timely manner. This will be discussed during the entrance conference.

- Participate in determining Authority staff availability to support field work on the agreed dates.
- Management must be available for audit inquiries, entrance and exit conferences.
- Management to ensure staff provide requested documentation as agreed.

SOFTWARE THAT HELPS US PERFORM EFFICIENTLY AND EFFECTIVELY
We leverage two, state-of-the-art systems to help us ensure effective communication, document management, records retention, and workflow.

SURALINK’S INTUITIVE INTERFACE SIMPLIFIES PROJECT TRACKING
During the audit, you have access to Suralink – software that enables secure document transfer, processing, and a status tracking. You’ll have unlimited storage and accessibility to the prior year’s documentation for reference. To increase accountability, notifications are sent to both parties. Requests can be assigned to an individual or a department along with questions and comments. As shown in the example, Suralink’s real-time portal provides visual status for all requests. Users can drill down for details. Suralink provides:

- Clear visual status of the review in aggregate as well as individual documents;
- Secure and easy document transfer;
- Auditors access and review documents within the system and track status as they go;
- Access restriction to support confidentiality;
- Store documents as a reference for future audits and to meet records retention requirements;
- Transparency of status and requests throughout the process; and
- Accountability for assignments.

PROSYSTEM FX FACILITATES PAPERLESS WORKFLOW
ProSystem fx Engagement is a digital file management system that provides versatile workflow management of workpapers, trial balances, and other documents. This paperless system helps us:

- Streamline every step securely from setup to sign off;
- Automate dissemination of data to ensure accuracy;
- Monitor and control engagements from start to finish;
- Automate trial balance reporting;
- Ensure file integrity with secure document management and storage;
- Manage document and workpapers with digital binders; and
- Expedite projects by allowing multiple staff to collaborate from any location with versatile access.
BENEFITS OF OUR PROCESS
Ultimately, an audit should not just check that reported numbers agree to backup documentation. Rather, we aim to help you use the audit to better understand your organization’s operations and improve controls. We bring our considerable experience into your process to broaden the support of your business and operations. We help you:

- **Analyze your operations** including relationships between funding, expenditures, and service levels. This provides the information you need to:
  - Ensure that you are receiving the funding which you are entitled to receive;
  - Focus on programs from a management perspective (i.e. programs that encroach on general fund);
  - Diagnose areas that need elevated focus for improved management controls;
  - Identify training needs for personnel;
  - Anticipate growing costs and their potential effect on future budgets; and
- **Recognize opportunities to improve procedures and training.**
- **Visualize your position.** Our graphical summary helps us clearly communicate your position and historical trends of your organization.
- **Be better prepared to face common pressures.** We give management practical advice on what role a board should play in overseeing their Authority.

We have helped our clients develop accounting systems that ensure accountability and full utilization of their resources.
5. COSTS AND FEES

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<th>Classification</th>
<th>Total Hours</th>
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<tr>
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<td>276</td>
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<td>$41,000</td>
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</table>

Multi-Year Discount  (6,000)

**Total Fees**
- For the Year Ended June 30, 2018  $35,000
- For the Year Ended June 30, 2019  $35,900
- For the Year Ended June 30, 2020  $36,800

NOTES, EXCLUSIONS AND ADDITIONS

Note: Payment by Credit Card is subject to a 5% processing fee.

We will submit monthly progress billings during the audit process.

The fees quoted are based upon several assumptions about the adequacy of the accounting records, the degree of assistance to be provided by your personnel, and current auditing and accounting standards.

Our fees do not include services such as closing year-end accounts or account reconciliations. If extraordinary matters come to our attention (i.e. significant changes in your operations, material weakness in your internal controls, etc.) that require an extension of our services, we will consult with you concerning additional work to be done by you and/or an adjustment to our fees.

In the event that the GASB, FASB, AICPA, GAO, or the State issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you. Before proceeding, we will prepare an estimate (if necessary) for performing the additional work.
APPENDIX A: RESUMES
JESSE DEOL, CPA
ENGAGEMENT PARTNER

Jesse is a firm Partner with more than 11 years of experience in auditing, consulting and accounting for LEAs, joint powers authorities, special districts, employee benefit plans, local government agencies and nonprofits.

TEACHING & INDUSTRY LEADERSHIP
Single Audit training per the Uniform Guidance (internal and external); State Compliance for LEAs (internal and external); Associated Student Body for various school districts; Updates to State Compliance requirements for local education agencies, year-end closing process, and impact of new GASB implementation for various COEs and School Districts.

PROFESSIONAL AFFILIATIONS
American Institute of Certified Public Accountants (AICPA)
California Society of Certified Public Accountants (CSCPA)

SELECT CLIENTS

Special Districts
- Mid-Peninsula Water District
- NorthStar Community Services District
- Truckee Donner Recreation and Park District
- Southgate Recreation and Park District
- Sacramento Metropolitan Air Quality Management District
- Sacramento LAFCO
- Solano LAFCO

Local Education Agencies (LEAs)
- Acalanes Union High School District
- Benicia Unified School District
- Butte County Office of Education
- Brentwood Unified School District
- Colusa Unified School District
- Colusa County Office of Education
- Elk Grove Unified School District
- Eureka City Unified School District
- Fairfield Suisun Unified School District
- Fresno Unified School District
- Gilroy Unified School District
- Humboldt County Office of Education
- John Muir Charter School
- Kirkwood Elementary School District
- Maxwell Unified School District
- Nevada County Superintendent of Schools
- Northern Humboldt UHSD
- Pierce Joint Unified School District
- Placer County Office of Education
- Placer Union High School District
- Roseville Joint Union High School District
- Rocklin Academy Family of Schools
- Sacramento County Office of Education
- Sierra Community College District
- Vacaville Unified School District
- Washington Unified School District
- Winters Joint Unified School District
- Woodland Joint Unified School District

Nonprofit Organizations
- Women’s Health Specialists
- Yolo Hospice
- Charis Youth Center
- California Special Districts Association
- California Hotel and Lodging Association
- California Transit Association
- Paradise Oaks Youth Services
- State Association of County Retirement Systems

Joint Powers Agencies
- Bay Areas Schools Insurance Cooperative
- Calif. Housing Worker’s Compensation
- California Transit Systems JPA
- Central Valley Financing Authority
- Northern California Gas Authority
- North Coast Schools Insurance Group
- North Coast Schools Medical Insurance
- Sacramento Cogeneration Authority
- Sacramento Municipal Utility District Financing Authority
- Sacramento Power Authority
- West San Gabriel Workers’ Compensation
- West San Gabriel Liability/Property JPA

ROLE & RESPONSIBILITIES
- Audit risk assessment, audit design, planning, controlling, reviewing and evaluating fieldwork.
- GAAP Conformance
- Communication with executive team and Board.
- Manages audit team, tasks, progress, and schedule.
- Available for questions.

EDUCATION
- California State University, Sacramento B.S. Accounting

CERTIFICATIONS
- CPA
- Intermediate Single Audit
- Cybersecurity Fundamentals for Finance and Accounting Professionals

SPECIALIZATION
- Joint powers authorities, special districts, LEA, employee benefit plans, local government and nonprofits.
- Single Audits using the Uniform Guidance (formerly OMB Circular A-133).

CPE
JAMES P. MARTA, CPA, CGMA, ARPM
TECHNICAL REVIEW PARTNER
James has 30 years of experience in audits, consulting and accounting for Joint Powers Authorities, special districts, government agencies & non-profits. Prior to opening James Marta & Company, he spent one year with Moss Adams and 10 years with Gilbert Accountancy Corp. where he was a partner.

TEACHING & INDUSTRY LEADERSHIP
James is a regular speaker at the CAJPA annual and Spring Technical Conference and risk financing, accounting, management and technical topics. He has worked with the GASB on standards related to risk pools and addresses industry technical issues. In addition, he is/was:

- Member of Governor’s team to improve the efficiency of the California Department of Motor Vehicles and the State Assembly
- Board Member Fiscal Oversight, Risk Financing – CSDA / CAJPA
- Accreditation Manager for CAJPA
- Single Audit Act – California State Auditors
- Self-Insurance Issues – CAJPA/CSDA
- Fraud Prevention and Detection - CASBO
- Management and Finance – Insurance Education Association
- Author of the IEA Pool Manager Course
- Taught the IEA ARM Risk Management and Risk Financing courses.

PROFESSIONAL AFFILIATIONS
American Institute of Certified Public Accountants (AICPA)
California Society of Certified Public Accountants (CSCPA)
California Association of Joint Power Authorities (CAJPA)
California Special Districts Association (CSDA)

SELECT CLIENTS
California Pollution Control Financing Authority (Audits 2012-2015)
JPA’s and Risk Cooperatives
Accounting/Finance/Consulting
Northern California Cities Self-Insurance Fund
San Mateo County Schools Insurance Group
Schools Excess Liability Fund
Schools Insurance Authority
Washington Schools Risk Management Pool
Independent Cities Risk Management Authority
Beverage Distributors of California
Credit Union Self Insurance Group
Credit Union Health Benefits of America
Plastics Manufactures Self Insurance Program
Preferred Auto Dealers Self Insurance Program
Western Independent Banks Self Insurance Program
State of Colorado Risk Management Dept.
California Self Insurance Guarantee Assoc.
North Dakota Workforce Safety & Insurance Alpha Fund
Washington State Risk Manager

ROLE & RESPONSIBILITIES
- Audit delivery and services.
- Communication with executive management regarding planning, fieldwork, and reporting.
- Technical resource for questions and additional services.

EDUCATION
- Portland State University, B.S., Accounting & B.S. Finance-Law
- Insurance Institute of America, Associate in Risk Pool Management

CERTIFICATIONS
- CPA, CGMA, ARPM

SPECIALIZATION
- Audits and specialized compliance reviews for government, non-profit, special districts and Joint Powers Authorities
- Implementation of accounting and internal control recommendations
- Federal and state compliance
- Risk pool financial management
- Troubled pool recovery plans
- Member agreement revisions
- Board training
- Special calculations

Audit
City County Insurance Services Trust
Alaska Municipal Pool JIA
California Joint Powers Insurance Authority
North Bay Schools Insurance Authority
Statewide Educational Wrap Up Program
CSAC - Excess Insurance Authority
Central Valley Schools JPA
North Valley Schools Insurance Group
Santa Cruz –San Benito SIG
California Joint Powers Insurance Authority
SIGNAL I
SIGNAL II
Bay Area Schools Insurance Cooperative
Golden State Risk Management Authority
Bay Area Housing Auth. Risk Management Gr.
Schools Self Insurance of Contra Costa County
Santa Cruz County Schools Health Insurance Gr.
South Bay Area Schools Insurance Authority
West San Gabriel Workers’ Compensation JPA
West San Gabriel Liability/Property JPA
California Join Powers Insurance Authority
Contra Costa County School, Insurance Authority
MICHAEL MANDUCA
SUPERVISOR
Michael has over 11 years of experience in auditing, consulting, and accounting for Joint Powers Authorities, special districts, local government agencies and nonprofits. His primary focus has been on audits – including single audits, full-cycle accounting for nonprofit insurance cooperatives, and attestation work for government agencies.

TEACHING & INDUSTRY LEADERSHIP
Audit risk assessment (internal)
Federal compliance testing (internal)

SELECT CLIENTS

Special Districts
Auburn Area Recreation and Park District
California Enterprise Development Authority
California Mental Health Services Authority
Mid-Peninsula Water District
Northstar Community Services District
Sacramento Municipal Utility District
Sacramento Transportation Authority
Southgate Recreation and Park District
Truckee Tahoe Airport District

Joint Powers Agencies
Alaska Municipal League Joint Insurance Assoc.
Bay Area Housing Authority Risk Mgmt Agency
California Assoc for Park and Recreation Indemnity
California Joint Powers Insurance Authority
California Sanitation Risk Management Authority
Central Valley Schools Risk Management Authority
Contra Costa County Schools Insurance Group
CSAC Excess Insurance Authority
East Bay Schools Insurance Group
Local and Regional Gov’t Services Authorities
Municipal Pooling Authority
North Bay Schools Insurance Authority
Public Entity Risk Management Authority

Nonprofit Organizations
California Special Districts Association
CHARIS Youth Center
Credit Union Self-Insured Group of California
Crossroads Treatment Centers, Inc.
Elk Grove Benefits Employee Retirement Trust
Health Officers Association of California
Lighthouse Youth Centers, Inc.
Marts’ Achievement Place
Mental Health America of California
NonProfits’ United Workers’ Compensation Group
Preferred Automobile Dealers Self-Insurance Program
Shelter, Inc.
Sierra Sacramento Valley Medical Society
Western Independent Bankers Association Self Insurance Program
Women’s Health Specialists
Woodland Youth Services

Local Education Agencies
Acalanes Union High School District
Benicia Unified School District
Brentwood Unified School District
Colusa County Office of Education
Esparto Unified School District
Maria Montessori Charter Academy
Sacramento County Office of Education
Vacaville Unified School District
Washington Unified School District

ROLE & RESPONSIBILITIES
• Supports the engagement manager during audit risk assessment, design of the audit, and planning.
• Performs audit fieldwork, testing of internal controls and compliance.
• Prepares financial statements according to GAAP.
• Executes audit activities and tasks, monitors progress, and ensures schedule compliance.
• Supervises staff accountants.
• Available for issues, questions and additional services.

EDUCATION
• California State University, Sacramento, B.S. Business Administration, Concentration in Accounting

SPECIALIZATION
• Audits and single audits
• Full-cycle accounting for nonprofit insurance cooperatives
• Attestation work for government agencies.

CPE
DREW SAKAUYE, CPA
SENIOR
Drew applies six years of experience to deliver auditing, consulting and accounting services to community colleges, school districts, special districts, municipalities, transporation authorities, nonprofits, publicly-traded companies, manufacturing, distribution and employee benefit plans.

He has served clients with multi-state locations, international operations, multiple subsidiaries and complex financial statements with revenues ranging from $20 M to $600 M.

Prior to joining James Marta & Company, Drew spent five years with Crowe, LLP where he led and managed auditing teams.

TEACHING & INDUSTRY LEADERSHIP
Drew provides internal training and instruction on subjects including alternative audit approaches and risk assessment, Federal compliance for student financial aid, state compliance for Community College districts.

PROFESSIONAL AFFILIATIONS
• American Institute of Certified Public Accountants (AICPA)
• California Society of Certified Public Accountants (CSCPA)

SELECT CLIENTS
Community Colleges
Contra Costa Community College District
Hartnell Community College District
San Joaquin Delta Community College
San Mateo Community College District
Sierra Joint Community College District
State Center Community College District
Yosemite Community College District

K-12 Local Education Agencies
Antioch Unified
Auburn Union School District
Central Unified
Chicago Park School District
Colfax Elementary School District
Davis Joint Unified
Dry Creek Joint Elementary
Elverta Elementary School District
Eureka Union School District
Fairfield-Suisun Unified
Folsom Cordova Unified
Loomis Union
Marysville Joint Unified School District
Menlo Park City School District
Placer Union HS District
Riverbank Unified
Sacramento City Unified
Salida Union School District
San Juan Unified School District
Sutter Union High School District
Union Hill Elementary School District
Vacaville Unified
Visalia Unified
Washington Unified
Woodland Joint Unified

Nonprofit Organizations
California Dental Association Foundation
California Waterfowl Association
College of Marin Foundation
Feather River Com. College Foundation
Hartnell Com. College District Foundation
James Irvine Foundation
Sacramento Region Com. Foundation
San Joaquin Delta Community College Foundation
The McConnell Foundation

Joint Powers Authorities
Yolo County Public Agency

Transportation
Alameda Contra Costa Transit Authority
Reno-Tahoe Airport Authority
Sacramento Regional Transit District
Sacramento Transportation Authority

Municipalities
City of West Sacramento
San Bernardino Associated Government
JEFF GAMIR
STAFF ACCOUNTANT

Jeff’s primary focus is on performing audits. He has over two years of experience in auditing for local education agencies, joint powers authorities, special districts, and non-profit organizations.

Jeff compiles data; prepares and reviews financial statements; performs test of details and analytical reviews; audits all areas of section work; files government requirements; and performs Single Audits using the Uniform Guidance (formerly OMB Circular A-133).

He works closely with supervisors, seniors and managers to ensure the firm policies, procedures, and documentation meet professional standards.

Prior to joining James Marta & Company, he finished his undergraduate studies and took the CPA exam in the Philippines.

SELECT CLIENTS

**Special Districts**
- Sacramento Metropolitan Air Quality Management District
- Sacramento LAFCO
- Sacramento Municipal Utility District
- Truckee-Donner Recreation and Park District
- Livermore Area Recreation and Park District
- Keyes Community Services District

**Joint Powers Agencies**
- Schools Self Insurance of Contra Costa County
- Contra Costa and Solano Counties Special Districts Risk Management Authority
- California Housing Workers’ Compensation Authority
- Schools Insurance Group, Northern Alliance II
- Municipal Pooling Authority
- North Valley Schools Insurance Group
- Central Region School Insurance Group
- Credit Union Schools Insurance Group
- Golden State Risk Management Authority
- West San Gabriel Workers’ Compensation JPA
- West San Gabriel Liability and Property JPA

**Nonprofit Organizations**
- Crossroads Treatment Centers, Inc.
- Yolo Hospice, Inc.
- Paradise Oaks Youth Services
- Better Life Children’s Services

**Local Education Agencies**
- Ackerman Elementary School District
- Brentwood Unified School District
- Colusa Unified School District
- Dixon Unified School District
- Gilroy Unified School District
- Kirkwood Elementary School District
- Maria Montessori Charter Academy
- Maxwell Unified School District
- Pierce Joint Unified School District
- Rocklin Academy
- Sacramento County Office of Education
- Thermalito Union Elementary School District
- Vacaville Unified School District
- Winters Joint Unified School District

ROLE & RESPONSIBILITIES

- Prepares financial statements in conformance with GAAP and GFOA requirements and codes.
- Performs audit procedures including controls testing, cutoff testing, and audits of accounts.
- Conducts Audit administrative functions including drafting, preparing and reviewing reports.
- Available throughout the year for issues, questions, and additional services.

EDUCATION

- University of the East (Philippines), B.S. Accountancy

CERTIFICATIONS

- CPA (Philippines)

SPECIALIZATION

- Joint powers authorities, special districts, LEA, employee benefit plans, local government and non-profits.

CPE

97 CPE hours in 2018 and 2017 (80 in government accounting and audit (Single Audits and Federal Compliance)).
APPENDIX B: PEER REVIEW
The peer review letter is provided in the following pages.
Report on the Firm’s System of Quality Control

September 27, 2018

To James Marta & Company, LLP and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of James Marta & Company, LLP (the firm) in effect for the year ended May 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, including a compliance audit under the Single Audit Act.

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 James Marta & Company, LLP in effect for the year ended May 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. James Marta & Company, LLP has received a peer review rating of pass.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.
PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES FOR REDWOOD COAST ENERGY AUTHORITY FOR YEARS ENDING JUNE 30, 2018 - JUNE 30, 2020

JJACPA, Inc
A Professional Services Corporation
1102 South Main Street, #1
Fort Bragg, CA 95437
(707) 964-6325

April 24, 2019

Contact: Joe Arch, President/CEO
Email: joe@jjacpa.com
Cell: (650) 868-8504
# TABLE OF CONTENTS

| A. Executive Summary | ................................................................. | - |
| B. Professional Experience | ................................................................. | 1 |
| C. Team Qualifications | ................................................................. | 3 |
| D. Audit Approach | ................................................................. | 9 |
| E. Fees | ................................................................. | 13 |
| F. Client References | ................................................................. | 14 |
| Appendix A: Peer Review Report | ................................................................. | - |
April 24, 2019

Lori Biondini, Director of Business Planning & Finance  
RCEA  
633 3rd Street,  
Eureka, CA 95501  

Dear Ms. Biondini,

We are pleased to submit our proposal to conduct professional auditing services for the Redwood Coast Energy Authority (RCEA) for fiscal years ending June 30, 2018 through June 30, 2020. This proposal provides for an audit of the financial statements of RCEA including all applicable internal controls including those used in the administration of federal financial assistance programs, and the preparation of the financial statements and related disclosures. Additional reports will include any supporting schedules and a management letter report which will include our understanding of both the internal controls in place and assessment of control risk including a separate letter to management and to RCEA Board regarding all significant deficiencies or material weaknesses identified.

Why our Firm?

JJACPA differentiates itself from other CPA firms by having a unique blend of talented individuals. Each individual in the firm is a specialist in their field. RCEA’s audit fieldwork, IT evaluation and report preparation will be performed by a CPA and CITP who has over 30 years of experience, some of which was with cities as a Finance Director and internal auditor of County departments and operations. He has also been a CAFR Reviewer for the GFOA for over 10 years, which has allowed his clients to receive awards for financial statement presentation. You will benefit with audit continuity and no phone calls from staff to management since the President will be on-site for a significant amount of the fieldwork.

The Engagement Manager assigned to the audit has eight years of increasing audit experience responsibility specific to governmental and not-for-profit organizations similar to RCEA. His experience with internal controls and non-profit operations will help evaluate and design audit procedures specific to RCEA. This hands-on approach goes beyond the standard “checklists” to ensure RCEA receives an effective and efficient audit with minimal disruption to operations. As Engagement Manager, he will be in the field for the entirety of the engagement to supervise staff and perform various audit functions.

JJACPA is a well-known, well-respected and trustworthy firm that prides itself in its professionalism and integrity. Our firm values its clients by providing personal attention to their unique issues and operations. Our firm logo is represented with a “greater than” sign indicating a higher quality, professional experience that does not just say it will address your needs but goes beyond the standard checklists and questionnaires of an audit and focuses on your needs by helping address concerns by applying sound judgment and practical, common sense solutions.

The firm currently audits the Mendocino Coast Recreation and Park City, City of Fort Bragg, City of Arcata, City of Atwater, City of Blue Lake, City of Ceres, City of Ferndale, City of Grass Valley, City of Lakeport, City of Clearlake, City of Rio Dell, and Town of Woodside. The firm’s not-for-profit clients include the
This letter serves as our Proposal for Annual Financial Audit for RCEA for the fiscal years ending June 30, 2018 through June 30, 2020. We understand the audit services to be performed and commit to performing the audit services within the time period specified. Our President/CEO, Joseph J. Arch, is authorized and entitled to represent the firm, JJACPA, Inc. and empowered to sign the proposal and to submit the bid and if selected, authorized to sign a contract with RCEA.

We would be pleased to provide these services for RCEA. Please do not hesitate to contact us with any questions.

Sincerely,

Joseph J. Arch, CPA
President/CEO
JJACPA, Inc.
B. PROFESSIONAL EXPERIENCE

JJACPA, Inc. is a medium sized accounting firm located in the San Francisco Bay Area and North Coast of California. Our offices are in Dublin and Fort Bragg. all services provided to RCEA will be conducted through the Fort Bragg office. JJACPA is a professional services corporation formed in 2003. As a growing firm, we have 7 full time individuals, and two contract part-time service professionals. We provide a wide range of accounting services but specialize in audits of governmental and non-profit organizations. Our President/CEO has over 30 years of accounting and auditing experience as Finance Director, Internal Auditor and external auditor. All staff assigned to RCEA's engagement have a minimum of three years of non-profit auditing experience.

Our President/CEO, Joseph J Arch, CPA, is one of the most respected auditors and consultants in California. All his experience has included servicing governmental and not-for-profit organizations for over 30 years. He also serves as a reviewer for the Government Finance Officers’ Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. We have the resources to properly staff the audit of RCEA’s financial statements to ensure effective and efficient service. Staff assigned to the engagement will assist in fieldwork and report preparation and are instructed, supervised, and managed by the President/CEO who is on-site for a significant amount of the fieldwork and will be the centralized, single point of contact for the entire agreement period.

RCEA will be an important client to us. You will not be subjected to a revolving door of trainees assigned to service your account. Quite to the contrary, RCEA will receive the highest quality of services by an experienced team of professionals, with minimal changes to the engagement team over the course of the engagement. In effect, with a professional services corporation, RCEA will receive the personal attention and expertise many non-profit audit firms simply cannot provide. You will not be subjected to the "layered approach" of auditing, where firms send inexperienced staff that disrupts client operations with individual questions that are later asked again by another “level” of staff. Because of our experience in auditing and consulting with non-profit organizations, the President/CEO asks more pointed questions (and typically fewer) and applies the answers to all areas of the audit. Staff is supervised on-site by the President or Engagement Manager and questions are gathered at one time and asked during interviews or meetings established ahead of time, thus minimizing the impact on client operations.

We are proud of the responsive service we provide to our clientele and we are confident that RCEA’s financial statements can be completed in accordance with your requirements. We encourage you to contact our client references to ascertain the timeliness with which we complete our audit procedures and issue our client’s financial statements. We work closely with our clients by "rolling up our sleeves" and becoming a proactive member of their team. As a client, you will benefit from our concern, dedication, timeliness, and consistency. We describe our practice as responsive, creative, practical, and energetic.

We are truly "service professionals" who are actively involved in the services provided to our clients. The number of hours that the President and Engagement Manager historically spends with our non-profit clients is far in excess of the hours spent by an average of firms nationwide. They will be on-site at RCEA assisting with audit fieldwork to ensure the efficient completion of the engagement. You will see them frequently as they establish a truly interactive relationship in which issues are discussed throughout the entire year.
B. PROFESSIONAL EXPERIENCE

Peer Review Program

Our firm is a member of the American Institute of Certified Public Accountants Private Companies Practice Section and the Governmental Audit Quality Control Center, for which membership requires us to adhere to rigorous quality control standards in our accounting and auditing practice and to submit to a review of our practice by our peers. We have been reviewed and have always received pass ratings (the most favorable report) on the quality of our practice in 2017 for engagements performed in 2016. In this review period, specific governmental and non-profit engagements were reviewed as required by Government Audit Standards (1994). A copy of our most recent peer review report is included in Appendix A.

There have been no federal or state desk reviews or field reviews of any audits performed by JJACPA, Inc. or its predecessors in the last fifteen (15) years. In addition, there have been no investigations or disciplinary action taken, nor are any pending, against the firm during the past fifteen (15) years with any regulatory bodies or professional organizations.

License to Practice in California

JJACPA, Inc. and all key assigned professional staff are licensed to practice as certified public accountants in the State of California.

Independence

JJACPA, Inc. and all related personnel are independent of RCEA, as defined by auditing standards generally accepted in the United States and the Comptroller General of the United States’ Government Auditing Standards. For the past five years, our firm has had no professional relationship with RCEA, which would constitute a conflict of interest as identified in fact or appearance from any personal or professional relationship relative to performing the proposed services. JJACPA, Inc. also acknowledges and will give RCEA written notice of any professional relationships entered into during this period of agreement.
C. TEAM QUALIFICATIONS

The audit team will consist of Joseph Arch, CPA President; Brett Jones, CPA, Engagement Manager; Fortune Andzouana, M. Acc, Staff Accountant; Jun Lee, Staff Accountant and Jay Clark, CPA, Technical Reviewer.

The following is intended to provide you with a partial list of some of the relevant experience of JJACPA personnel in servicing various governmental agencies. This list includes a combination of clients currently serviced by JJACPA and clients serviced by them during prior employment.

President - Joseph J. Arch, CPA, CITP, CGFM, CGMA – Single Point of Contact

Joe graduated from the California State University - Hayward in 1983 with a Bachelor of Science degree in Accounting. He has also earned a Master’s in Business Administration in Computer Information Technology from the College of Notre Dame in 1992, and a Master’s in Public Administration from California State University Hayward in 1997. Joe has been a CPA since 1990 and has extensive experience in both government finance and information technology. Joe served as Assistant Finance Director for the City of San Leandro from 1995 through 1997 and as the Financial Product Manager as a member of Eden Systems from 1997 through 2000. In 2003, Joe received the designation of Certified Information Technology Professional from the AICPA. His combination of public accounting, non-profit accounting, city government, and information technology experience provides Joe with unmatched qualifications in servicing the audit and computer needs of his clientele.

Joe includes among his relevant experience servicing the auditing, accounting, and computer needs of the following current clients:

- Califa Group
- Winters Healthcare Foundation
- Meeting Professionals International
- Mendocino Coast Recreation and Park City
- Mendocino Coast Botanical Gardens
  City of Lakeport
  Mendocino Coast Tourism Commission
- City of South San Francisco
  Town of Woodside
  Humboldt County City Attorney’s Office
- City of Fort Bragg
- City of Ceres
- City of Lakeport
- City of Dublin
- City of Atwater
- Mendocino Coast Hospitality Center
- Tuolumne County Hospital
- City of Arcata
- Pacific Library Partnership
- Cal State East Bay Education Foundation

Joe is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, as well as, a frequent session leader in various governmental accounting subjects and is a member of the GFOA CAFR Review Committee and the Association of Government Accountants.

Joe will perform all audit fieldwork as well as prepare any schedules or suggestions for the financial statements, reports, and necessary disclosures for your review and approval. He will also document, analyze, and test RCEA’s EDP structure and perform procedures to determine the relative level of risk involved in RCEA’s use of electronic data processing and related technologies. He will also present recommended strategies and methods to increase security levels.
C. TEAM QUALIFICATIONS, CONTINUED

Technical Reviewer – Jay S. Clark, CPA

Jay is a graduate of Fresno State University and has over 20 years of experience auditing and reviewing governmental financial statements. He is a GFOA CAFR Review Committee member and has been involved in helping many cities receive the Award for Excellence in Financial Reporting from the GFOA. As a contract employee, he will review all of RCEA’s reports from a technical standpoint and provide additional workpaper review support throughout the course of the audit as part of the firm’s quality control process performed in our offices. Jay has been a member of JJACPA since incorporation in 2003. His relevant experience with current and previous clients with other firms includes:

- City of Rocklin
- Califa Group
- Metropolitan Transportation Commission
- City of Oakland
- City of Santa Cruz

San Mateo County Library JPA
- Oakland Museum
- Oakland Zoo
- Cal State East Bay Auxiliaries
- Tuolumne County Hospital
- City of Vacaville

Engagement Manager – Brett A. Jones, CPA

Brett graduated cum laude in June 2009 from California State University, East Bay Hayward with a Bachelor of Science Degree in Business Administration with an Accounting option. Brett has extensively performed auditing procedures from engagement planning to preparation of Comprehensive Annual Financial Reports for his client assignments. As a member of JJACPA for the past eight years, Brett has contributed to every aspect of his governmental assignments with enthusiasm and a fresh perspective. He also leads the Firm’s quality control program and has extensive Single Audit experience.

Brett will perform audit field work and assist Joe in the preparation of RCEA’s schedules and financial statements. He will coordinate and conduct tests of RCEA’s controls over financial reporting and validation of account balances along with the assistance of staff accountants. He will be in the field for the entirety of the audit and serve as the first level of review of audit work performed by staff. He will also conduct the Single Audit for RCEA, if necessary. Brett currently provides services to the following clients:

- Peninsula Library System
- Califa Group
- Northnet Library System
- City of Ceres
- City of Lakeport
- City of Rocklin
- North Coast County Water City
- Mendocino Coast Botanical Gardens
- City of Grass Valley

- Pacific Library Partnership
- City of Fort Bragg
- San Mateo County Harbor City
- Fair Oaks Water City
- Cosatside County Water City
- City of Waterford
- Town of Woodside
- City of Atwater
- City of Sonoma

Brett is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Accountant- Fortune Andzouana

Fortune graduated from the State Commercial University of Donetsk (Ukraine) in 1995 with a master’s degree in accounting. He also earned his second master’s degree from Golden Gate University (GGU), San Francisco in 2014 with an emphasis in Accounting. Fortune was a Staff Accountant at KongBasileConsulting, LLP in San Francisco.
C. TEAM QUALIFICATIONS, CONTINUED

Fortune contributes his team attitude effectively to every aspect of his governmental assignments. He is currently pursuing his CPA license and will sit for the CPA exams within the next few months. Fortune currently provides services to the following clients:

- City of Arcata
- City of Waterford
- City of Lakeport
- City of Sonoma
- Califa Group
- Peninsula Library System
- City of Fort Bragg
- Mendocino Coast Recreation and Park City
- City of Rio Dell

- City of Grass Valley
- City of Ceres
- Town of Woodside
- City of Atwater
- TRAFFIX
- Coastside County Water City
- Cordova Recreation and Park City
- City
- City of Atwater

Accountant- Jun Lee

Jun graduated in May 2016 from University of California, Berkeley with a Bachelor of Arts Degree in Political Economy with an emphasis in Accounting. Jun brings financial acumen, knowledge of business operations, both domestically and abroad, and an ability to learn quickly and apply his knowledge to all of his assignments. He is currently pursuing his CPA license and will sit for the CPA exams within the next few months. Jun currently provides services to the following clients:

- City of Atwater
- Mendocino Coast Botanical Gardens
- Meeting Professionals International Northern California Chapter
- City of Sonoma
- Sanville Institute
- City of Grass Valley
- City of Ferndale
- City of Rio Dell

- City of Arcata
- City of Fort Bragg
- Moraga Orinda Fire Protection City
- San Mateo County Library JPA
- Bay Area Capital Funding, Inc.
- City of Ceres
- Pacific Library Partnership
- City of Atwater
### Relevant Continuing Education Courses by Personnel

<table>
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<th>Personnel</th>
<th>Courses Completed</th>
<th>Date</th>
<th>Hours</th>
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<tr>
<td>Joe Arch, President</td>
<td>Pension Funding: Risky Business Lessons Learned from GASB 68 Implementation and Planning for Next Year</td>
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<td>Federal Award Management - Aligning Grant Accounting Best Practices with Increased Federal OMB Uniform Guidance Restrictions</td>
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<td>GASB Update - Behind Blue Covers The OPEB Standards - An Accounting, Actuarial and Auditing Perspective</td>
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<td>Why Should We Do the Internal Control Guidelines Issued by the State Controller's Office?</td>
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<td>Computer Assisted Audit Techniques 2016 Government Audit Quality Center Annual Update</td>
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<td>Government Accounting and Audit Conference Staying Current with Nonprofit Accounting and Auditing Presenting Financial Data to Nonfinancial Audiences</td>
<td>5/16</td>
<td>8</td>
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<td>Audit Standards Update: Clarifying Risk Assessment Audits of State and Local Governments: What You Need to Know Power Query- Clean and Transform Your Client's Data</td>
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<td>How to Fight Back Against Hackers New NFP Financial Reporting Standard: Top 5 Things Your Board Should Know!</td>
<td>1/17</td>
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<td>Procurement Under the Uniform Guidance: The Time is Now! GASB No. 74 &amp; 75: Best Practices in OPEB Accounting &amp; Auditing Uniform Guidance Year 3: A Deeper Dive Into Challenging Audit Areas</td>
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<td>The Challenges of Loans and Loan Guarantees in a Single Audit 12 Ways to Provide Better Service to Clients</td>
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<td>2018 GAQC Annual Update Webcast Centralized Partnership IRS Audit Rules Protecting Your IT Network During a Disaster TCJA: C Corp or Pass-Through? Fruit Basket Upset or Not?</td>
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<td>Tax Practice Quarterly: Annual Tax Ethics Update Smart Sampling in a Single Audit</td>
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Total Hours: 78.25
### C. Team Qualifications, Continued

<table>
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<th>Personnel</th>
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<tr>
<td>Brett Jones,</td>
<td>Compilation and Review Engagements: Prepare for Big Changes under SSARS 21</td>
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<td>Engagement</td>
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<td>Manager</td>
<td>JACPA Auditing Standards Update</td>
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<td>Government Accounting and Auditing Conference Webcast</td>
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<td>Ethics for Accountants</td>
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<td>Regulatory Review for California CPA's</td>
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<td>Applying the Uniform Guidance for Federal Awards in Your Single Audits</td>
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<td>California Fraud Case Studies</td>
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<td>Audit Standards Update: Clarified Risk Assessment Standards</td>
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<td>Financial Statement, Tax and Government Fraud</td>
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<td>Internal Controls and Risk Assessment: Key Factors in a Successful Audit</td>
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<td>Audit Standards Update: Clarifying Risk Assessment</td>
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<td>2017 GAQC Annual Update Webcast</td>
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<td>Applying the Uniform Guidance for Federal Awards in Your Single Audit</td>
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<td>Not-for-Profit Organizations: Accounting and Auditing Principles and</td>
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<td>Individual Tax Planning Topics Webcast</td>
<td>9/17</td>
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<tr>
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<td>Internal Control and COSO Essentials for Financial Managers, Accountants and</td>
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<td>Governmental Accounting and Auditing Conference</td>
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<td>2018 State and Local Government Audit Planning Considerations</td>
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<td>Government OPEB Accounting and Financial Reporting Webcast</td>
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<td>Yellow Book Update Webinar</td>
<td>8/18</td>
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<tr>
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<td>What Every CPA Should Know About Fraud Webcast</td>
<td>8/18</td>
<td>4</td>
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<tr>
<td></td>
<td>3 Hour Yellow Book Update Webinar</td>
<td>8/18</td>
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**Total Hours:** 141.5
c. **TEAM QUALIFICATIONS, CONTINUED**

**Continuity of Staff**

RCEA will be an important client to JJACPA and we will make every attempt to ensure the continuity of our entire staff for the duration of the contract. RCEA will receive the highest quality of services by an experienced team of professionals, with minimal changes to the engagement team over the course of the relationship. If changes should occur, RCEA will be notified immediately and asked to accept any replacement team members. At all times, the President will remain on your audit for as long as RCEA continues to be a client of the firm.

JJACPA warrants that we do not delegate or subcontract our responsibilities under agreement to anyone not working for JJACPA, Inc. RCEA reserves the right to request a replacement of any member of the firm’s auditing team prior to, and during the course of the audit if circumstances warrant it and similarly, RCEA will be notified and consulted in advance of any changes made by the auditing firm concerning the makeup of the auditing team.
D. AUDIT APPROACH

This section describes JIACPA's specific engagement approach and the techniques we employ in servicing organizations such as RCEA. We will tailor the approach outlined in this section to incorporate the unique tasks, methods, and procedures used to audit in accordance with generally accepted auditing standards and analyze the financial position of RCEA, the objective of which is to express an opinion on the financial statements.

As a result of our extensive experience, we have developed a highly effective and efficient approach toward analyzing transactions during an audit. We will make inquiries, observations, and analyses of RCEA's significant systems and internal controls that produce financial statements. We will then focus our efforts primarily on efficient and cost-effective audit techniques that are truly tailored to you and present the greatest risk of material misstatement.

Our engagement approach can ordinarily be summarized into three phases: orientation, planning, and fieldwork procedures. A description of each of these phases follows with a proposed timetable for the audit of RCEA's financial statements.

Our audit approach is designed to avoid disruption of the functioning of RCEA offices. We provide experienced personnel and plan to be on-site at all times to ensure the timely and effective completion of the audit of RCEA's financial statements and all other reports to be issued.

Orientation

To provide RCEA with the quality of professional services it deserves, it is imperative that we thoroughly understand your organization. Our previous experience with governmental organizations provides us with a sound foundation from which to plan our audit procedures. However, we must acquaint ourselves with specific aspects of RCEA's operations to ensure that our procedures are both comprehensive and efficient. Through an orientation/planning meeting scheduled with appropriate members of the accounting staff, this understanding of your operational processes would be obtained prior to the commencement of fieldwork. In other words, this is how we get the "lay of the land" on how RCEA does business and would like to have our audit team conduct the audit. This evaluation may later be incorporated in the interim fieldwork procedures using walkthroughs of key financial accounting systems. These walkthroughs are completed by the President or Engagement Manager with the assistance of staff. A list of areas will be provided in advance to RCEA contact to make appointments during the interim fieldwork.

We utilize CCH Prosystam fx Engagement to provide efficiencies to our audit procedures. Samples are selected using ActiveData, an integrated audit tool that allows us to take our client’s electronic information and analyze and test it. We are adept at utilizing computers in conjunction with our breadth of knowledge of governmental software enterprise wide systems which enables us to use it to our full advantage to add value to our auditing processes and procedures and provide our clients with identifiable and practical results and recommendations.

The planning phase of the engagement will lay the foundation for the direction of our audit and is the key to cost-effective completion. Our planning will focus on generating a more detailed understanding of RCEA's operations, identifying significant issues, and designing efficient audit procedures. Specifically, we will:
D. AUDIT APPROACH, CONTINUED

I. Obtain an understanding of the legal and fiscal environment by reviewing:
   a. Existing cash flow projections and operating and capital improvement budgets.
   b. Debt and lease agreements.
   c. Key statistics and trends.
   d. Economic environment, especially locally.
   e. Current operations (internally produced financial statements).
   f. Prior year audit reports.
   g. Additional documentation and reports available from RCEA.

II. Meet with RCEA Finance Department to discuss:
   a. Coordination of procedures and timing.
   b. Initial observations or areas of emphasis and risk evaluation.
   c. Reporting requirements.
   d. Implications of new accounting pronouncements, if any.
   e. Implementation or effects of State or Federal actions on RCEA operations.

III. Perform analytical reviews of financial data to identify other areas that might require significant attention due to the risk involved. Comparisons to budgeted amounts and interrelationships between accounts will be analyzed and discussed with the Finance Department.

IV. Based on our understanding of RCEA's operating environment, the analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our audit. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are important to management. This will generate a schedule request that includes schedules and confirmations for the current year under audit.

Fieldwork Procedures

The final phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two (2) distinct segments: interim audit procedures and final audit procedures.

a. Interim Audit Procedures:

Interim audit procedures lay RCEA for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the audit at year-end. Specifically, at interim, we will document RCEA's internal control systems. We will review RCEA's minutes, debt agreements, significant transactions, and send out confirmations as requested and discussed. We will also perform some detailed testing of internal controls. At the end of interim fieldwork, sample report formats, compliance items remaining to be tested, and any other open items will be discussed with the Finance Department in an exit conference meeting. This will also allow for discussions of any preliminary observations and findings.

b. Final Audit Procedures:

During our final fieldwork procedures, we will complete our test work of RCEA's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expense accounts through comparisons to budgets, ratios, and prior year amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.
D. AUDIT APPROACH, CONTINUED

Sampling Techniques Employed

We do not contemplate utilizing statistical sampling in our audit of RCEA's financial statements. Most samples will be selected based upon our judgment, utilizing our experience and knowledge of financial trends and patterns. Typically, sample sizes do not exceed 40 items, but we may increase or reduce the number of items based upon what we are testing. We analyze allocations of funds to the various recipients and the related reimbursements for Single Audit, test controls for payroll, accounts payable, cash receipts and other systems utilizing these sample sizes. If it is subsequently determined that statistical sampling can enhance the efficiency of our audit procedures, we will revise our preliminary plan to incorporate use of these techniques. We are very experienced in the use of various statistical sampling techniques (i.e., monetary unit sampling), and will utilize them when appropriate.

Draft Reports

Commencing during the interim phase and continuing throughout final audit procedures, we will be discussing the preparation of the financial statements, our auditor's report, management letters (detailing our observations and recommendations concerning internal accounting controls and other matters). Both the financial statements and the management letter will be reviewed in detail with you and your staff to address management comments, predecessor recommendations and any current year recommendations to facilitate a more efficient and smooth preparation process.

Since only reportable matters will be reported in the management letter, other observations and suggestions for operating improvements and best practices will be communicated to you in our exit conferences. In addition, any recipient compliance reports will be formatted and reviewed with RCEA Finance Department personnel as well as appointments made to schedule the fieldwork with the project and grant managers. At all times, RCEA personnel will be given status updates of our efforts and schedules to meet reporting deadlines.

Management Letters

Letters to the Finance Department and RCEA Board on internal controls and recommendations ("Management Letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide compliance with audit standards and regulations. Comments will be limited to only reportable conditions and findings. The Management Letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.
## Audit Schedule for Fiscal Year ending June 30, 2018

<table>
<thead>
<tr>
<th>Date</th>
<th>Work to be performed</th>
<th>Hours, est.</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>May-19</td>
<td>Prepare client acceptance</td>
<td>2</td>
<td>Joe Arch, President</td>
</tr>
<tr>
<td></td>
<td>Entrance conference with management to discuss audit plan</td>
<td>4</td>
<td>Audit Team</td>
</tr>
<tr>
<td>Jun-19</td>
<td>Year-end detailed audit plan and schedule request to be provided to RCEA</td>
<td>4</td>
<td>Joe Arch, President</td>
</tr>
<tr>
<td></td>
<td>Receipt of adjusted trial balance and supporting schedules from RCEA finance; begin audit work</td>
<td>120</td>
<td>Audit Team</td>
</tr>
<tr>
<td>Jul-19</td>
<td>Progress conference &amp; complete fieldwork</td>
<td>125</td>
<td>Audit Team</td>
</tr>
<tr>
<td>Oct-19</td>
<td>Exit conference with Finance to provide findings &amp; recommendations</td>
<td>4</td>
<td>Joe Arch, President</td>
</tr>
<tr>
<td>Nov-19</td>
<td>Delivery of drafts of required reports and Management Letter</td>
<td>3</td>
<td>Joe Arch, President</td>
</tr>
<tr>
<td></td>
<td>Presentation of financial statements, management letter and signed audit report to Management and Board of Directors</td>
<td>4</td>
<td>Joe Arch, President</td>
</tr>
</tbody>
</table>
E. FEES

We are committed to providing our clients with excellent service at a reasonable fee. As a personal services corporation, we do not have a national or local firm cost structure, which allows us to charge more economical rates for our services. We are large enough to properly staff our engagements and the Engagement Manager remains on-site providing personal attention to all of his client assignments. Many of our clients are served for periods exceeding five and ten years. This longevity assists in developing the satisfaction our clientele has with our services. The cost detail for the services as described in the RFP are found below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City Audit and Related Reports (CAFR)</td>
<td>$23,000</td>
<td>$23,000</td>
<td>$23,000</td>
</tr>
<tr>
<td>State Controller’s Report</td>
<td>2,500</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Single Audit Report (if needed)</td>
<td>7,500</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td>Memorandum on Internal Control/Management Letter</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Items</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Not to Exceed Cost</td>
<td>$33,000</td>
<td>$33,000</td>
<td>$33,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>Hours</th>
<th>Standard Hourly Rates</th>
<th>Quoted Hourly Rates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Reviewer</td>
<td>10</td>
<td>$250</td>
<td>$175</td>
<td>$1,750</td>
</tr>
<tr>
<td>President/Engagement Manager</td>
<td>100</td>
<td>200</td>
<td>150</td>
<td>15,000</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>139</td>
<td>150</td>
<td>100</td>
<td>13,900</td>
</tr>
<tr>
<td>Clerical</td>
<td>4</td>
<td>100</td>
<td>75</td>
<td>300</td>
</tr>
<tr>
<td>Other (IT Specialist)</td>
<td>4</td>
<td>250</td>
<td>175</td>
<td>700</td>
</tr>
<tr>
<td>Other (Tax)</td>
<td>9</td>
<td>150</td>
<td>150</td>
<td>1,350</td>
</tr>
<tr>
<td>Other Services</td>
<td></td>
<td>200</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Total All-Inclusive Maximum Price</td>
<td>266</td>
<td></td>
<td></td>
<td>$33,000</td>
</tr>
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</table>
F. CLIENT REFERENCES

We have provided the following five relevant client references for engagements similar to RCEA.

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Time</th>
<th>Scope</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Fort Bragg</td>
<td>2015 -</td>
<td>Financial Statement Audit for City &amp; Uniform Guidance Audit - CAFR Review</td>
<td>410</td>
</tr>
<tr>
<td>416 N. Franklin Street</td>
<td>present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fort Bragg, CA 95437</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact: Victor Damiani, Finance Director</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (707) 961-2825 x211</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:vdamiani@fortbragg.com">vdamiani@fortbragg.com</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Ceres</td>
<td>2013 -</td>
<td>Financial Statement Audit for City &amp; Uniform Guidance Audit (CAFR Ready)</td>
<td>364</td>
</tr>
<tr>
<td>2220 Magnolia Street</td>
<td>present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ceres, CA 95307</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact: Suzanne Dean, Finance Director</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (209) 538-5764</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:suzanne.dean@ci.ceres.ca.us">suzanne.dean@ci.ceres.ca.us</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town of Woodside</td>
<td>2012 -</td>
<td>Financial Statement Audits (CAFR Ready) &amp; Financial Accounting System Conversion</td>
<td>114</td>
</tr>
<tr>
<td>2955 Woodside Road</td>
<td>present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woodside, CA 94062</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact: Cindy Safe, Administrative Services Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (650) 851-6790</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:csafe@woodsidetown.org">csafe@woodsidetown.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Grass Valley</td>
<td>2013 -</td>
<td>Financial Statement Audit for City &amp; Uniform Guidance Audit (CAFR Ready)</td>
<td>306</td>
</tr>
<tr>
<td>125 East Main St.</td>
<td>present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grass Valley, CA 95945-6505</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact: Maryanne G. Hoffer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (530)274-4302</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:maryanneh@cityofgrassvalley.com">maryanneh@cityofgrassvalley.com</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Lakeport</td>
<td>2012 -</td>
<td>Financial Statement Audit for City, Uniform Guidance Audit &amp; CAFR Preparation</td>
<td>236</td>
</tr>
<tr>
<td>225 Park Street</td>
<td>present</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lakeport, CA 95453</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact: Nicholas Walker</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (707) 263-5615 ext. 301</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:nwalker@cityoflakeport.com">nwalker@cityoflakeport.com</a></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix A

Peer Review Report
System Review Report

To JJACPA, Inc.
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 JJACPA, Inc. (the firm) in effect for the year ended September 30, 2016. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of JJACPA, Inc. in effect for the year ended September 30, 2016, 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. JJACPA, Inc. received a peer review rating of pass.

Englewood, Colorado
January 10, 2017
June 07, 2017

Joseph Arch
JJACPA, Inc.
7080 Donlon Way Ste 204
Dublin, CA 94568 2789

Dear Joseph Arch:

It is my pleasure to notify you that on May 26, 2017, the California Peer Review Committee accepted the report on the most recent System peer review of your firm. The due date for your next review is March 31, 2020. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

Linda McCrone
Director, Peer Review Program
peerreview@calcpa.org 650-522-3095
California Society of CPAs

CC: Keith May

Firm Number: 900010155457    Review Number: 504148
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SUMMARY

Staff has begun drafting a budget for the new fiscal year beginning July 1, 2019, and will present it at this meeting. Proposed/potential changes of note:

Programs:

- The PG&E Energy Watch program is scaling back due to programmatic changes at PG&E. Our current contract only continues through the current calendar year.
- To replace discontinued services previously funded through our Energy Watch contract, the RCEA Board of Directors has authorized staff to pursue becoming a Program Administrator under the California Public Utilities Commission. The preliminary budget will include an estimate of funding that will be available to RCEA to administer local energy efficiency programs on behalf of our customers.
- Pending a recommendation from the RCEA Offshore Wind Board Subcommittee to the full Board at the May meeting and the Board’s final decision, the draft budget includes maintaining RCEA’s cost-sharing with the Redwood Offshore Wind Project consortium: staff has estimated anticipated costs for RCEA’s continuing participation for the coming year.
- The Airport Microgrid project is continuing to ramp up toward construction in 2020 and the budget will reflect the planned expenditures and associated grant and loan income scheduled for the coming year.

Admin/Operations:

- The state of utilities and CCAs in California is dynamic; aligning RCEAs business operations with this changing environment while fully developing as a CCA has warranted ongoing investment in administrative and operational capacity, including membership dues, regulatory and legal fees, travel and meetings, education and training, and information technology equipment and support (a secure file transfer server and cyber-security insurance, for example). The proposed budget would continue to invest in the areas of employee training, updated facilities and IT equipment, and memberships/fees that help us access specialized support.
- Per RCEA policy, staff completed a salary survey this year which identified some disparities between RCEA compensation and comparable organizations. The proposed budget would allow for updates to RCEA’s salary schedule and retirement program based on the results of
the salary schedule to better align RCEA’s compensation with comparable organizations to better retain and recruit qualified employees.

RECOMMENDED ACTION

N/A – information only.

ATTACHMENTS

1. Fiscal year 2018-19 budget
## Redwood Coast Energy Authority
### FY18-19 Budget

#### Ordinary Income/Expense

**REVENUE EARNED**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue - government agencies</td>
<td>111,600</td>
</tr>
<tr>
<td>Total Revenue - program related sales</td>
<td>18,000</td>
</tr>
<tr>
<td>Total Revenue - nongovernment agencies</td>
<td>1,210,000</td>
</tr>
<tr>
<td>Electricity Sales Revenue</td>
<td></td>
</tr>
<tr>
<td>Electricity Sales - Retail Revenue</td>
<td>51,940,000</td>
</tr>
<tr>
<td>Electricity Sales - Uncollectable Accounts</td>
<td>(160,000)</td>
</tr>
<tr>
<td>Total Electricity Sales Revenue</td>
<td>51,780,000</td>
</tr>
<tr>
<td>Total REVENUE EARNED</td>
<td>53,119,600</td>
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</tbody>
</table>

**Gross Revenue**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>53,119,600</td>
</tr>
</tbody>
</table>

#### Expense

**TOTAL WHOLESALE POWER SUPPLY**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>39,880,000</td>
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</table>

**7 EXPENSES - PERSONNEL**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7101 · Screening/Testing Services</td>
<td>600</td>
</tr>
<tr>
<td>7102 · Safety</td>
<td>1,000</td>
</tr>
<tr>
<td>7103 · Staff Training and Development</td>
<td>21,000</td>
</tr>
<tr>
<td>PERSONNEL EXPENSES</td>
<td>2,253,700</td>
</tr>
</tbody>
</table>

**FACILITIES AND OPERATIONS**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>211,400</td>
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**COMMUNICATIONS AND OUTREACH**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>108,200</td>
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**TRAVEL AND MEETINGS**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>48,000</td>
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**PROFESSIONAL AND PROGRAM SERVICES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal inter-program funding</td>
<td>-</td>
</tr>
<tr>
<td>Contracts - Program Related Services</td>
<td>362,200</td>
</tr>
<tr>
<td>Wholesale Services - TEA</td>
<td>585,000</td>
</tr>
<tr>
<td>Procurement Credit - TEA</td>
<td>800,000</td>
</tr>
<tr>
<td>Data Management - Calpine</td>
<td>1,100,000</td>
</tr>
<tr>
<td>Regulatory</td>
<td>94,600</td>
</tr>
<tr>
<td>Accounting</td>
<td>55,000</td>
</tr>
<tr>
<td>Legal</td>
<td>150,000</td>
</tr>
<tr>
<td>PROFESSIONAL AND PROGRAM SERVICES</td>
<td>3,146,800</td>
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</table>

**PROGRAM EXPENSES**

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td>1,268,000</td>
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**INCENTIVES AND REBATES**

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<tr>
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<tr>
<td>460,000</td>
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**NON OPERATING COSTS**

<table>
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<tr>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>565,800</td>
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**Total Expense**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>47,941,900</td>
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</table>

**RESERVE REQUIREMENT CONTRIBUTIONS**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000,000</td>
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</table>

**Net Income**

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<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,177,700</td>
</tr>
</tbody>
</table>
UPDATE: Salary Survey of Benchmark Classifications at RCEA's Labor Market Agencies

Originally presented to RCEA Board 12/12/16, updated 3/20/19

Figures represent base pay only, while RCEA offers comparable insurance benefits to other local public agencies. It should be noted that some of these Labor Market Agencies participate in CalPERS which provides a significantly greater value than RCEA's basic 3% retirement plan matching contribution to deferred compensation plan.

<table>
<thead>
<tr>
<th>Title</th>
<th>Organization</th>
<th>Dec 2016 Midpoint of range or single point</th>
<th>Mar-19 Midpoint of range or single point</th>
<th>% Increase from previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant/Associate/Coordinator</td>
<td>HSU Schatz Energy Research Center</td>
<td>$36,628.80</td>
<td>$31,108.40</td>
<td>-15.1%</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>City of Eureka</td>
<td>$33,201.00</td>
<td>$34,907.50</td>
<td>5.1%</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>North Coast Air Quality Management District</td>
<td>$30,341.50</td>
<td>$31,867.38</td>
<td>4.0%</td>
</tr>
<tr>
<td>Clerk I</td>
<td>Trinity County PUD</td>
<td>$37,878.50</td>
<td>$42,993.50</td>
<td>13.5%</td>
</tr>
<tr>
<td>Customer Services Representative I/II</td>
<td>City of Ukiah Electric Utility</td>
<td>$38,158.44</td>
<td>$41,993.82</td>
<td>10.1%</td>
</tr>
<tr>
<td>Administrative Secretary</td>
<td>County of Humboldt</td>
<td>$37,719.42</td>
<td>$39,062.40</td>
<td>3.0%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td></td>
<td>$35,654.26</td>
<td>$36,938.52</td>
<td>3.6%</td>
</tr>
<tr>
<td>Current RCEA Midpoint (step 5)</td>
<td></td>
<td>$35,000.00</td>
<td>$37,450.00</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Specialist/Senior Specialist

<table>
<thead>
<tr>
<th>Title</th>
<th>Organization</th>
<th>Dec 2016 Midpoint of range or single point</th>
<th>Mar-19 Midpoint of range or single point</th>
<th>% Increase from previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Specialist (lower range)</td>
<td>Mendocino Energy Watch Program</td>
<td>$46,227.64</td>
<td>$46,227.64</td>
<td>0.0%</td>
</tr>
<tr>
<td>Project Specialist (upper range)</td>
<td>Mendocino Energy Watch Program</td>
<td>$58,531.20</td>
<td>$58,531.20</td>
<td>0.0%</td>
</tr>
<tr>
<td>Burn Permit Coordinator</td>
<td>North Coast Air Quality Management District</td>
<td>$51,008.00</td>
<td>$53,473.06</td>
<td>4.0%</td>
</tr>
<tr>
<td>Electric Utility Program Coordinator</td>
<td>City of Ukiah Electric Utility</td>
<td>$51,548.76</td>
<td>$54,950.84</td>
<td>6.6%</td>
</tr>
<tr>
<td>Utility Services Team Leader</td>
<td>City of Ukiah Electric Utility</td>
<td>$50,291.34</td>
<td>$53,610.54</td>
<td>6.6%</td>
</tr>
<tr>
<td>Operations/Customer Service Specialist</td>
<td>Humboldt Bay Municipal Water District</td>
<td>$55,723.00</td>
<td>$60,008.00</td>
<td>7.7%</td>
</tr>
<tr>
<td>Program &amp; Regulatory Analyst</td>
<td>Humboldt Bay Municipal Water District</td>
<td>$50,942.00</td>
<td>$57,092.72</td>
<td>10.1%</td>
</tr>
<tr>
<td>Research Engineer</td>
<td>HSU Schatz Energy Research Center</td>
<td>$51,823.00</td>
<td>$57,022.00</td>
<td>48.6%</td>
</tr>
<tr>
<td>Customer Care Specialist</td>
<td>Sonoma Clean Power</td>
<td>$52,500.00</td>
<td>$52,500.00</td>
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</tr>
<tr>
<td>AVERAGE</td>
<td></td>
<td>$56,379.57</td>
<td>$59,706.25</td>
<td>7.8%</td>
</tr>
<tr>
<td>Current RCEA Midpoint (Specialist step 8)</td>
<td></td>
<td>$55,000.00</td>
<td>$58,850.00</td>
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</tbody>
</table>

Technician/Senior Technician

<table>
<thead>
<tr>
<th>Title</th>
<th>Organization</th>
<th>Dec 2016 Midpoint of range or single point</th>
<th>Mar-19 Midpoint of range or single point</th>
<th>% Increase from previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability and Energy Efficiency Specialist I</td>
<td>Mendocino Energy Watch Program</td>
<td>$58,791.20</td>
<td>$58,791.20</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sustainability and Energy Efficiency Specialist II</td>
<td>Mendocino Energy Watch Program</td>
<td>$74,432.80</td>
<td>$74,432.80</td>
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</tr>
<tr>
<td>Inspector I-III</td>
<td>North Coast Air Quality Management District</td>
<td>$61,008.00</td>
<td>$63,473.06</td>
<td>4.0%</td>
</tr>
<tr>
<td>Air Pollution Specialist</td>
<td>North Coast Air Quality Management District</td>
<td>$61,008.00</td>
<td>$63,473.06</td>
<td>4.0%</td>
</tr>
<tr>
<td>Electrical Engineering Technician I-III</td>
<td>City of Ukiah Electric Utility</td>
<td>$71,433.72</td>
<td>$81,524.58</td>
<td>14.1%</td>
</tr>
<tr>
<td>Utility Worker</td>
<td>Trinity County PUD</td>
<td>$70,034.00</td>
<td>$87,349.50</td>
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</tr>
<tr>
<td>AVERAGE</td>
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<td>$56,117.99</td>
<td>$71,607.38</td>
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<tr>
<td>Current RCEA Midpoint (Tech step 8)</td>
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<td>$55,000.00</td>
<td>$65,650.00</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
Figures represent base pay only, while RCEA offers comparable insurance benefits to other local public agencies, it should be noted that some of these Labor Market Agencies participate in CalPERS which provides a significantly greater value than RCEA’s basic 3% retirement plan matching contribution to deferred compensation plan.

<table>
<thead>
<tr>
<th>Title</th>
<th>Organization</th>
<th>Dec 2016 Midpoint of range or single point</th>
<th>Mar-19 Midpoint of range or single point</th>
<th>% Increase from previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager/Senior Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin Controller</td>
<td>North Coast Air Quality Management District</td>
<td>$61,006.00</td>
<td>$63,473.06</td>
<td>4.0%</td>
</tr>
<tr>
<td>Administrative Assistant ³</td>
<td>Trinity County PUD</td>
<td>$76,106.00</td>
<td>$77,000.01</td>
<td>1.2%</td>
</tr>
<tr>
<td>Deputy (Assistant) Finance Director</td>
<td>City of Eureka</td>
<td>$79,314.00</td>
<td>$81,089.50</td>
<td>2.2%</td>
</tr>
<tr>
<td>Billing &amp; Customer Service Manager</td>
<td>City of Ukiah Electric Utility</td>
<td>$65,873.79</td>
<td>$68,301.00</td>
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</tr>
<tr>
<td>Public Works Operations Manager</td>
<td>City of Eureka</td>
<td>$68,514.00</td>
<td>$70,172.50</td>
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</tr>
<tr>
<td>Programatic</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Development and Sustainability Manager I</td>
<td>Mendocino Energy Watch Program</td>
<td>$79,154.40</td>
<td>$80,154.00</td>
<td>1.2%</td>
</tr>
<tr>
<td>Special Projects Manager</td>
<td>City of Eureka</td>
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<td>$81,089.50</td>
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</tr>
<tr>
<td>Project Manager</td>
<td>City of Eureka</td>
<td>$68,514.00</td>
<td>$70,172.50</td>
<td>2.4%</td>
</tr>
<tr>
<td>Deputy Public Works Director</td>
<td>City of Eureka</td>
<td>$83,280.00</td>
<td>$85,236.00</td>
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<tr>
<td>Permits and Privacy Management District</td>
<td>North Coast Air Quality Management District</td>
<td>$85,793.00</td>
<td>$84,058.57</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Compliance and Enforcement Manager</td>
<td>North Coast Air Quality Management District</td>
<td>$82,308.00</td>
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<tr>
<td>Senior Research Engineer</td>
<td>HSU Schatz Energy Research Center</td>
<td>$78,041.60</td>
<td>$93,656.00</td>
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<tr>
<td>Construction Projects Manager</td>
<td>County of Humboldt</td>
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</tr>
<tr>
<td>AVERAGE</td>
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<td>$75,856.46</td>
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<tr>
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<td>$75,856.46</td>
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<tr>
<td>Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Manager</td>
<td>Humboldt Bay Municipal Water District</td>
<td>$58,732.00</td>
<td>$59,122.00</td>
<td>0.6%</td>
</tr>
<tr>
<td>Finance Director</td>
<td>City of Eureka</td>
<td>$105,296.00</td>
<td>$108,830.00</td>
<td>3.3%</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Trinity County PUD</td>
<td>$82,890.00</td>
<td>$81,889.15</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Office Administrator</td>
<td>Trinity County PUD</td>
<td>$93,902.00</td>
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</tr>
<tr>
<td>Compliance Manager</td>
<td>Sonoma Clean Power</td>
<td>$120,000.00</td>
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<td>12.5%</td>
</tr>
<tr>
<td>Programatic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development and Sustainability Manager II</td>
<td>Mendocino Energy Watch Program</td>
<td>$100,193.60</td>
<td>$100,193.60</td>
<td>0.0%</td>
</tr>
<tr>
<td>Assistant Utility Director</td>
<td>City of Ukiah Electric Utility</td>
<td>$109,363.20</td>
<td>$141,694.56</td>
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<tr>
<td>Electrical Superintendent ⁴</td>
<td>City of Ukiah Electric Utility</td>
<td>$98,208.60</td>
<td>$128,813.28</td>
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<tr>
<td>Superintendent</td>
<td>Humboldt Bay Municipal Water District</td>
<td>$93,411.00</td>
<td>$100,560.00</td>
<td>7.7%</td>
</tr>
<tr>
<td>Electric Superintendent</td>
<td>Trinity County PUD</td>
<td>$185,914.00</td>
<td>$160,154.89</td>
<td>-13.3%</td>
</tr>
<tr>
<td>Director of Power Services</td>
<td>Sonoma Clean Power</td>
<td>$180,000.00</td>
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<tr>
<td>Director of Programs</td>
<td>Sonoma Clean Power</td>
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</tr>
<tr>
<td>AVERAGE</td>
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<tr>
<td>Current RCEA Midpoint (step 8)</td>
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</tr>
<tr>
<td>Executive Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Manager</td>
<td>Humboldt Bay Municipal Water District</td>
<td>$121,499.00</td>
<td>$134,328.00</td>
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</tr>
<tr>
<td>Air Pollution Control Officer</td>
<td>North Coast Unified Air Quality District</td>
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<td>$124,490.00</td>
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<tr>
<td>General Manager</td>
<td>Trinity County Public Utility District</td>
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<tr>
<td>Electric Utility Director</td>
<td>City of Ukiah Electric Utility</td>
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<td>Chief Executive Officer</td>
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<td>$139,686.00</td>
<td>$139,100.00</td>
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</tr>
</tbody>
</table>

Footnotes:

1. Salary shown for Dec 2016 is for Administrative Assistant
2. Position(s) formerly titled “Scheduler-Planner Specialist I & II”
3. Salary shown for Dec 2018 is for Assistant Office Administrator
4. Position formerly titled Electrical Supervisor