



PRICE PAIGE & COMPANY
Certified Public Accountants

PROPOSAL FOR PROFESSIONAL AUDIT SERVICES

FOR



**FOR THE YEARS ENDING
JUNE 30, 2023 THROUGH 2027**

Submitted
May 19, 2023

By

Fausto Hinojosa, CPA, CFE
Managing Partner
Price Paige & Company
Certified Public Accountants

570 N. Magnolia Ave., Ste. 100
Clovis, California 93611
Phone: 559-299-9540
Fax: 559-299-2344
Email: fausto@ppcpas.com
Website: www.ppc.cpa
License No: 66479
Federal ID No: 87-3267876

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May 19, 2023

Mr. Les Beshears, Finance Director
Fresno Council of Governments
2035 Tulare Street, Suite 201
Fresno, California 93721

Dear Mr. Beshears and Auditor Selection Committee:

Thank you for considering Price Paige & Company for your audit services. It is our pleasure to present to you our proposal to provide professional audit services to the Fresno Council of Governments (FCOG) for the years ending June 30, 2023 through 2027. When presented with viable alternatives, it is not always easy for entities such as FCOG to identify the accounting firm that can best meet their overall auditing needs. Over the past 40 years, we have developed significant expertise in governmental accounting. Our knowledge of the governmental environment and operations has allowed us to develop more robust analytical procedures that enhance the quality of our audits.

Our audit professionals are highly qualified and have extensive experience and expertise in governmental auditing and accounting. The firm has been a member of the AICPA Government Audit Quality Center for several years, and all our accountants take a minimum of 80 hours of continuing professional education every two years specifically related to the auditing and accounting services we provide. This commitment to learning yields a direct benefit to the clients we work with. Additionally, our firm has a well-earned reputation for ensuring audit engagements are performed in accordance with professional standards and, just as importantly, on time. We are committed to communicating effectively to ensure that we address your questions comprehensively. As demonstrated by our resumes and considerable involvement by the firm's audit principal, we feel that our firm has the resources, knowledge and expertise to meet and service the needs of FCOG. We can assure you that we fully understand the scope of work to be performed, and we wish to emphasize our continued commitment to meeting and exceeding all your expectations. We are committed to providing these services in accordance with FCOG's required timelines. Additional information about our firm's audit department and the services we offer can be found on our website, www.ppc.cpa.

We trust that this proposal to provide professional audit services will adequately summarize our approach to client service and identify those attributes that set Price Paige & Company apart from others. We appreciate the opportunity to submit this proposal to serve you and would be pleased to furnish any additional information regarding our firm or answer any other specific questions or concerns you may have. I am an audit principal for our firm, and I am authorized to make representations regarding this proposal. I may be reached at (559) 299-9540 or via email at fausto@ppcpas.com.

Sincerely,

Fausto Hinojosa, CPA, CFE
Audit Principal
Price Paige & Company
Certified Public Accountants

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

FIRM HISTORY AND QUALIFICATIONS

Established in 1976 and located in Clovis, California, Price Paige & Company consists of five owners (principals) each of whom is a Certified Public Accountant. The principals of the firm have more than 90 years of combined experience in public accounting. Our firm is comprised of over 50 professional, paraprofessional and administrative staff. More than 50% of Price Paige & Company's practice is in auditing and attestation services, primarily in the governmental and not-for-profit sectors. In addition, we provide services to many businesses in accounting, tax and management consultation in all areas.

Price Paige & Company is recognized in the community and by our peers as experts in the areas of governmental and not-for-profit auditing, attestation and accounting. Our proven commitment to excellence allows us to work with clients in the timeliest and most cost-effective manner possible. Our auditors are not seasonal; that is, they are not "tax accountants" who perform audits in the "off-season." They focus exclusively on providing audit services, and they receive over 80 hours of continuing education every two years, specifically related to improving their audit skills. The experience of our team allows us to conduct very efficient and effective audits.

We currently provide auditing, attestation and accounting services to more than 60 governmental agencies and 75 not-for-profit organizations annually, many of which are federal single audits. The breadth and scope of single audits we have conducted is significant, and we have experience auditing organizations with an excess of \$100 million dollars of federal funding.

We will assign a team of personnel from our firm to your account to provide the range of services you have requested. This team is kept abreast of any significant developments that arise through our normal association with you. The most important aspect of this approach is to provide continuity to the engagement. We understand that the audit process requires two-way communication, and we accept our responsibility to listen to our client's concerns and deliver timely and effective solutions.

Proactive Rather than Reactive Approach to Client Service

A primary objective of our client service is to make positive contributions to our client's profitable operations, organizational efficiency and productivity. We work hard at anticipating problems and ensuring there are no surprises. We are creative and will always present alternatives for our client's evaluation rather than relying on the "textbook solution." We will schedule frequent meetings and utilize our management recommendation letters as tools for communication with you.

Smart Technologies

We use sophisticated data analysis software (IDEA) that allows us to perform specific fraud-detection tests on large amounts of data; in some cases, testing 100% of the transaction population. Some of the specific tests we perform include the following: duplicate payment tests, matching of employee and vendor addresses to identify potential conflicts and review of purchase orders to identify potential bid splitting. We believe our creative use of this value-added software tool allows us to perform more effective audits and gives our clients increased confidence in their financial reporting. For example, we have successfully implemented this data analysis software and testing at Fresno Unified School District, which is the third largest school district in the state, with a budget in excess of \$800 million dollars.

All our audit engagements are performed utilizing a paperless and digital approach. Our auditing software allows us to increase our efficiency and provide a streamlined workflow. Documents and files can easily be retrieved and forwarded to our clients without the need for photocopying.

External Peer Review

The successful peer reviews our firm has received and our Engagement Quality Control Review program serve as evidence of our commitment to meeting the standards of care and performance applicable to our auditing, attestation and accounting practice, which demonstrate the extra measures we take to ensure continued successful compliance with our client's expectations about our quality and competence.

For your consideration, a copy of the firm's Peer Review Report is included in this proposal as listed on the table of contents. The firm received a "pass" report, and the review included specific not-for-profit, governmental and Uniform Guidance engagements.

We Conduct Peer Reviews

In addition to receiving successful peer reviews, **Price Paige & Company also conducts peer reviews** of other accounting firms. Essentially, we "audit" other auditors to ensure auditing and accounting standards are met. Being a peer reviewer requires us to understand the technical accounting rules, especially in the governmental and not-for-profit environments. We leverage our experience as technical peer reviewers in our audit engagements so that we can perform effective and efficient audits for all our clients.

Mandatory Qualifications

Licensure and Certification — The associates of Price Paige & Company are licensed Certified Public Accountants, certified by the California State Board of Accountancy (License #PART 8241). All team members assigned to the engagement comply with the 80-hour continuing education requirements promulgated by *Government Auditing Standards* issued by the U.S. Government Accountability Office.

Independence — Our firm is independent with respect to FCOG as defined by applicable standards generally in the United States as well as *Government Auditing Standards* issued by the U.S. Government Accountability Office.

No Conflict of Interest — Our firm's established policy is that we do not submit proposals for auditing, attestation or accounting services if there is a known conflict of interest with the potential client. There are no current or potential conflicts of interest with anyone (employees, management, officers or directors) within FCOG.

No Disciplinary Actions — Price Paige & Company has **never had any disciplinary actions** taken nor are any pending with the Federal or State regulatory bodies or professional organizations. In addition, we are pleased to affirm that we have never had an unresolved dispute related to accounting or auditing matters that resulted in disengagements. We work closely with our clients to develop solutions that are consistent with the accounting rules and auditing standards issued by the U.S. Government Accountability Office.

Additional Confirmations of Understanding

File Retention — We will retain working papers for seven (7) years following the completion of the audit.

Equal Opportunity Employer — Price Paige & Company is an equal opportunity employer. All employees are treated on their merits, without regard to race, age, sex, marital status or other factors not applicable to their position. Employees are valued according to how well they perform their duties, their demonstrated abilities and their enthusiasm toward maintaining the firm's standards of service.

Liability Coverage — Price Paige & Company maintains comprehensive General Liability Coverage and Errors and Omissions Insurance with a limit of at least \$3,000,000. All required certificates of insurance will be provided to FCOG's management, should our firm be the successful bidder.

VALUE-ADDED SERVICES AND SUPPORT

The role of accountants has evolved over time in response to the client's needs. Our firm has made it a practice to be proactive with clients by providing value-added services, all of which are included as part of our audit engagement. Below are some of the value-added benefits that we provide to our clients at **no additional charge**.

Consultation on Accounting Matters

We provide our clients with guidance on technical accounting matters. We encourage our clients to communicate with us regarding any technical accounting matter, as it allows us to be proactive in the audit process. If the technical accounting questions are outside the scope of the audit or require significant research, we will communicate with management the appropriate cost for their approval before proceeding with any additional services.

Client Training

We believe it is important to give our clients access to a full range of information to help them stay aware of current accounting developments and financial reporting issues. As part of our client service program, we will periodically hold client training seminars and summary courses aimed at providing our clients with an understanding of relevant accountancy issues. Training sessions we have offered included the following topics: understanding and mitigating the risk of fraud, reading and understanding governmental and non-profit financial statements and understanding the impact of unrelated business taxable income activities.

At the request of our clients, we expect to offer more client training sessions on some of the following topics in the future:

- current and pending government accounting pronouncements,
- differences in grant accounting vs. GAAP accounting,
- understanding the risk of fraud in an organization.

As part of the value-added service included in our client engagements, we invite our clients and their board members to attend the training sessions, which we anticipate offering remotely through webinar or digital conferences.

Approach to Communication and Expectations of Our Clients

In order to meet and exceed your expectations, we are diligent about maintaining open communication throughout the entire engagement. In our experience, this results in a more effective engagement. Our approach depends on the timely response and assistance of FCOG. This cooperation will further ensure our work is completed in an efficient and cost-effective manner.

Additional Services Provided

In addition to financial statement audits, we also offer the following services: Internal Control Review, Forensic Accounting, Fraud Investigation, Agreed-Upon Procedures, Financial Statement Review and Financial Statement Compilations.

TEAM QUALIFICATIONS AND EXPERIENCE

We have an outstanding team of professionals who have established themselves as qualified competent individuals. We can assure you that each of our professionals is experienced in governmental accounting, GASB accounting pronouncements and Single Audit requirements. Following is a brief overview of their experience. Detailed experience for each of these professionals can be found in Team Resumes as listed on the table of contents.

Years of Auditing / Accounting Experience

Audit Principal/Partner Fausto Hinojosa, CPA, CFE	33
Quality Control Partner Joshua Giosa, CPA	16
Audit Manager Osvaldo Gutierrez, CPA	15
Audit Supervisors Kristin Torres, CPA Anthony Gonzales, CPA	8 8
Auditor Senior Jasmine Logee, CPA	8

Availability of Personnel and Time Requirements

Our level of staffing is more than sufficient to ensure that you receive a timely, efficient service. Should any of the above members of our team become unavailable, we will provide another equally qualified individual from our firm.

Continuity of Professional Staff and Succession Planning

Continuity of staff on engagements is as important to us as it is to our clients. Continuity promotes a thorough understanding of your needs and goals and helps us help you. A smooth transition from your existing firm to our firm will be accomplished as follows:

Communication — We stress communication early on with your staff to determine expectations, time frame for delivery of information and our extent and availability of assistance. We provide a written list of detailed information needed during our engagement, including critical due dates.

Experience — Members of our engagement team are very experienced in the operational, administrative and accounting and compliance issues related to governmental entities.

Quality — The firm maintains a rigorous quality control review process that includes not only a detailed review by a quality control manager and engagement partner but also an Engagement Quality Control Review (EQCR) as defined by AICPA standards.

Audit Approach — Our audit approach emphasizes effective up-front planning to identify issues for timely resolution.

TEAM RESUMES



FAUSTO HINOJOSA

Certified Public Accountant
Certified Fraud Examiner
California License # 66479

Present Position

Audit Principal/Partner

Education and Experience

Fausto is Partner and Audit Principal in charge of audit and forensic consulting engagements for Price Paige & Company. For over thirty years his practice has focused on audit and accounting, fraud investigation, forensic consulting, and litigation support services. Fausto serves as the Managing Partner for the Firm and is responsible for providing strategic leadership. He has worked professionally in the accounting field since graduating from California State University, Fresno, in 1990. He became a Certified Public Accountant in 1994 and a shareholder with Price Paige & Company in 1997. A Certified Fraud Examiner, Fausto has investigated numerous allegations of fraud and has been designated a fraud expert in various legal proceedings.

After more than 30 years in the profession, Fausto has developed significant expertise specifically in the areas of audit risk assessment, governmental and not-for-profit auditing, fraud detection and prevention, federal/state grant compliance and internal controls.

Fausto is the former Chair of the local Government Accounting and Auditing Committee for the California Society of CPAs and currently serves on the state committee. In addition, Fausto is a reviewer for the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. As the former Chair for the State Board of Accountancy Qualifications Committee, Fausto conducted audit workpaper reviews of CPA candidates in order to make licensure recommendations to the Committee.

Fausto is a former Adjunct Professor at Fresno Pacific University, where he taught an upper-division auditing course. He is a frequent lecturer to the California Society of CPAs and other professional organizations, business and civic groups on governmental and not-for-profit accounting and auditing, preventative fraud measures and the unique audit requirements for federal award programs under the Single Audit Act.

Professional Organizations and Community Involvement

- California Board of Accountancy Peer Review Oversight Committee — Vice Chair
- State Board of Accountancy Qualifications Committee — Past Chair
- Fresno Chapter of California Society of CPAs — Past President
- Association of Certified Fraud Examiners — Member
- American Institute of Certified Public Accountants — Member
- Government Accounting and Auditing Committee of the Fresno Chapter — Past Chair
- State Government Accounting and Auditing Committee of the California Society of CPAs — Member
- Government Finance Officers Association — ACFR Reviewer



JOSHUA GIOSA

Certified Public Accountant
California License # 119801

Present Position

Quality Control Partner

Education and Experience

Joshua began his accounting career at Price Paige & Company in January 2007 after graduating from California State University, Fresno. In June 2005, he received a Bachelor of Science in Business Administration with an option in Accountancy and became a Certified Public Accountant in 2013.

Joshua is a partner for many of the firm's municipal audits and all its consultation clients. Although his governmental auditing background dates to 2007, since 2011 he has worked almost exclusively with governmental agencies, including the planning, performing, and reviewing of financial statement audits, which often also includes the compilation of their financial statements. He has performed and overseen substantial grant compliance work on both federal and state programs, has conducted several single audits, and has prepared numerous State Controller reports.

Beginning in 2017, Joshua shifted his focus from auditing to consulting governmental agencies, including counties, municipalities, and special districts. During this time, he has worked very closely with finance department personnel to support their primary objective of providing timely and accurate information to the decision-makers of a given entity. Responsibilities have included assisting clients with closing their financial records and preparing audit schedules in preparation for their annual audits, preparing monthly bank reconciliations and any other reconciliations requested by management for internal purposes, providing guidance for implementing new accounting pronouncements, and providing guidance for improving internal controls. Additionally, he has assisted municipalities in implementing new accounting software and developing a new chart of accounts and fund structures. Joshua has extensive knowledge of the Government Accounting Standards Board pronouncements and has assisted his clients in the most complex of transactions. His background also includes significant experience auditing not-for-profit entities and 401(k) pension plans. Joshua has expertise in the use of IDEA data analysis software and has used this software to conduct fraud detection procedures as a part of the many municipal audits he manages.

Community and Affiliations

Joshua is a member of the American Institute of Certified Public Accountants, the California Society of CPAs and the Government Finance Officers Association. He is currently serving on the Board of Directors as the Treasurer for North Fresno Rotary Endowment and president of Bullard Youth Softball League. He was formerly on the Board of Directors as the Treasurer for Big Brothers Big Sisters of Central California and Fresno's Rotary Storyland/Playland. Joshua is also an honorary member of the North Fresno Rotary Club.

Continuing Education

Joshua is in compliance with the continuing education requirements of the AICPA and Government Auditing Standards. Josh recently developed a training program for PPC staff and conducted training in courses such as *Accounting and Auditing of GASB 54*, *Auditing Enterprise Revenue and Receivables*, and *Risk Assessment for Government Agencies*. Recently attended courses include: *Governmental Auditing and Accounting Update*, *Advanced Financial Report*, and *Advanced Governmental Accounting*.



OSVALDO GUTIERREZ

Certified Public Accountant
California License # 122553

Present Position

Audit Manager

Education and Experience

Osvaldo began his accounting career after graduating with an accounting degree from California State University, Fresno, in 2008 and became a Certified Public Accountant in 2014.

Prior to joining Price Paige & Company as an audit manager, Osvaldo worked with a large local public accounting firm at varying levels of responsibility up to and including audit manager and also spent two years in the private industry.

Osvaldo's extensive governmental accounting experience includes many years working directly with some of the largest municipalities in the Central Valley, including various counties, cities, special districts and transportation authorities. Osvaldo's specific experience includes managing multiple team members in the conducting of the financial statements and federal single audits. Osvaldo has extensive knowledge of new and existing GASB pronouncements and prides himself on teaching and training clients as a part of the normal audit process. Osvaldo has performed audits and reviews for clients in a variety of industries, ensuring that all aspects of the engagement are completed from the planning process through the drafting, review and issuance of the financial statements.

Community and Affiliations

Osvaldo is a member of the American Institute of Certified Public Accountants, the Government Finance Officers Association (GFOA) and the California Society of Certified Public Accountants, where he served as the Fresno chapter President (2020/2021).

Continuing Education

Osvaldo is in compliance with the continuing education requirements of the AICPA and Government Auditing Standards and continues to take relevant courses to stay up to date on all relevant matters. He also serves as an instructor for in-house continuing education seminars.



KRISTIN TORRES

Certified Public Accountant
California License # 142761

Present Position

Audit Supervisor

Education and Experience

Kristin began her accounting career after receiving a Bachelor of Science in Business Administration with an option in Accountancy and graduating from California State University, Fresno. Kristin received her Certified Public Accountant license in February of 2020.

Kristin was hired in December 2014 and has provided invaluable assistance on numerous governmental, and not-for-profit audits (county and municipal), which includes single audit compliance and preparation of financial statements that comply with required GASB standards. Since joining our audit team, she has been the in-charge auditor for Fresno State Programs for Children (an Auxiliary Organization of CSU Fresno), County of Mono and the City of Mendota, along with other various audit projects for transportation agencies and other governmental audits.

Her background as in-charge auditor includes assessing and evaluating the risks of material misstatements unique to an entity's activity and environment, developing audit procedures, providing guidance to the audit team to effectively and efficiently complete audits, and effectively communicating the audit results with management and those charged with governance in accordance with Generally Accepted Auditing Standards, OMB Uniform Guidance 2 CFR 200 Subpart F, and GAAP.

Community and Affiliations

Kristin is a member of the American Institute of Certified Public Accountants, California Society of CPAs, Treasurer of the Fresno Chapter of the California Society of CPAs and serves on the State-Wide California Society of CPAs Committee for Young and Emerging Professionals.

Continuing Education

Kristin is maintaining her continuing professional education requirements to meet current standards of the General Accounting Office of the United States of America. Continuing professional education courses and seminars recently attended include: *Yellow Book & Single Audit Deficiencies*, *Accounting for Government Assets and Liabilities*, *SEFAs & CLSEFA*, *Internal Control and Fraud in Government and Nonprofits*, *GASB 87 Leases*, and *GASB 54 Requirements and Reporting*.



ANTHONY GONZALES

Certified Public Accountant
California License # 1400083

Present Position

Audit Supervisor

Education and Experience

Anthony began his public accounting career as an intern with Price Paige & Company in January 2015 after graduating from California State University, Fresno, with a Bachelor of Science in Business Administration (Accountancy option). While working toward his degree, Anthony interned for a statewide not-for-profit organization, where he gained valuable experience working in the organization's accounting & finance department. Anthony worked as a Staff Auditor for two years before promoting to Senior Auditor. He subsequently earned his Certified Public Accountant license in May of 2019 and now serves as a Supervisor within the audit department where he is the in-charge auditor for numerous governmental entities in California, including cities, counties, and special-purpose governments. He earned his Certified Public Accountant license in May of 2019 and currently serves as the in-charge auditor for numerous governmental entities (county, municipal and special districts) as well as not-for-profit and for-profit entities alike.

During his career, Anthony has obtained specialized knowledge through both classroom and on-the-job training, including single audit compliance in accordance with OMB Uniform Guidance 2 CFR Subpart 2, State Controller's reports, preparing financial statements that comply with Yellow Book and required GASB standards, and data extraction and analysis techniques.

Community and Affiliations

Anthony is a member of the American Institute of Certified Public Accountants, Government Finance Officers Association and the California Society of CPAs. In addition, Anthony serves his profession by volunteering his expertise in accounting and auditing on the Qualifications Committee for the California Board of Accountancy (CBA).

Continuing Education

Anthony complies with the continuing education requirements of the AICPA and *Government Auditing Standards*. Recently attended courses include: *Professional Conduct & Ethics: Dealing with Ethical Crises*, *Financial Statement Analysis Techniques*, *GAO Standards – Yellow Book – CLYELB*, *SEFAs-CLSEFA: Schedule of Expenditures of Federal Awards and the Requirements Under the Uniform Guidance*, and *Yellow Book and Single Audit Deficiencies-CLSNGA*, *Auditor Considerations: The Coronavirus State and Local Fiscal Recovery Funds Program*, *Internal Control and Fraud in Governments and Nonprofits*. In addition, Anthony has taught courses to fellow CPAs and accounting professionals on various topics such as governmental accounting, 2018 Yellow Book, and the Uniform Guidance.



JASMINE LOGEE

Certified Public Accountant
California License # 136473

Present Position

Audit Senior

Education and Experience

Jasmine began her accounting career after receiving a Bachelor of Science in Business Administration with an emphasis in Accounting and graduating from California State University, Fresno in December 2013. Jasmine practiced in private accounting prior to joining Price Paige & Company in February of 2017. She became a Certified Public Accountant in August 2018.

Jasmine has been a staff auditor for numerous governmental and not-for-profit audits, which include single audit compliance, State Controller's reports, and preparing financial statements that comply with Yellow Book and required GASB standards. In addition, Jasmine has been the in-charge auditor for various governmental and not-for-profit audit projects. She also has experience preparing and auditing calculations of pension-related and other post-employment benefit liabilities, deferred outflows, and deferred inflows in accordance with GASB 68 and GASB 75. Her background includes governmental and not-for-profit entities which are performed in accordance with GAAP and the Single Audits in accordance with OMB Uniform Guidance 2 CFR 200 Subpart F.

Community and Affiliations

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

Continuing Education

Jasmine is maintaining continuing professional education requirements to meet current standards of the General Accounting Office of the United States of America. Continuing professional education courses and seminars recently attended include: *Overview of Governmental Accounting (AICPA)*, *Single Audit Fundamentals (AICPA)*, *SAS 134 – Auditor Reporting and Amendments Overview*, *GASB 87 – Leases, Governmental Assets and Liabilities*, and *Fraud Detection*.

RELEVANT PRIOR EXPERIENCE

After evaluating our relevant experience, we are certain you will agree that Price Paige & Company is highly qualified to serve you. We have been successfully performing audit and attestation engagements since 1976. We have since continued to build on our reputation as a well-respected firm in and around the San Joaquin Valley and throughout California, with the qualifications and experience necessary to provide unequalled performance. Following is a list of several of our clients for whom we have provided similar services and our primary contact for each:

Reference Name: County of Mono
Contact: Janet Dutcher, Director of Finance
Address: P.O. Box 556, Bridgeport, CA 93517
Phone: (760) 932-5494
Email: jdutcher@mono.ca.gov
Service Provided: Financial Statement Audit (Single Audit/Uniform Guidance)
Dates: June 30, 2018 through Present

Reference Name: County of Inyo
Contact: Amy Shepherd, Auditor/Controller
Address: P.O. Box Drawer R, Independence, CA 93526
Phone: (760) 878-0253
Email: ashepherd@inyocounty.us
Service Provided: Financial Statement Audit (Single Audit/Uniform Guidance)
Dates: June 30, 2020 through Present

Reference Name: San Joaquin Valley Air Pollution Control District
Contact: Ryan Buchanan, Controller
Address: 1990 E. Gettysburg Ave., Fresno, CA 93726
Phone: (559) 230-6021
Email: ryan.buchanan@valleyair.org
Service Provided: Financial Statement Audit (Single Audit/Uniform Guidance)
Dates: June 30, 2020 through Present

Reference Name: City of Lemoore
Contact: Michelle Speer, Finance Director
Address: 711 W. Cinnamon Ave., Lemoore, CA 93245
Phone: (559) 924-6707
Email: mspeer@lemoore.com
Service Provided: Consulting
Dates: June 30, 2015 through Present

Reference Name: City of Los Banos
Contact: Brent Kuhn, Interim Finance Director
Address: 520 J Street, Los Banos, CA 93635
Phone: (209) 827-7000
Email: brent.kuhn@losbanos.org
Service Provided: ACFR Audit (Single Audit/Uniform Guidance)
Dates: June 30, 2014 through Present

SCOPE OF SERVICES

As our experience indicates, we clearly understand the scope of services to be provided. You can be assured that we will design a service-specific approach to ensure compliance with all applicable standards and ensure that FCOG receives high-quality, efficient and effective service.

Standards/Publications to be Followed

The financial and compliance audits will be performed in accordance with the following auditing standards:

- ♦ Generally Accepted Auditing Standards (AICPA)
- ♦ *Government Auditing Standards* (U.S. Comptroller General)
- ♦ Provisions of the Single Audit Act Amendments of 1996 (Single Audit)
- ♦ OMB Uniform Guidance Title 2 U.S. Code of Federal Regulations Part 200
- ♦ Transportation Development Act Statutes and Regulations
- ♦ All other applicable federal, state and local laws and regulations

Services to be Performed

The following services will be provided to FCOG for the years ending June 30, 2023 through 2027.

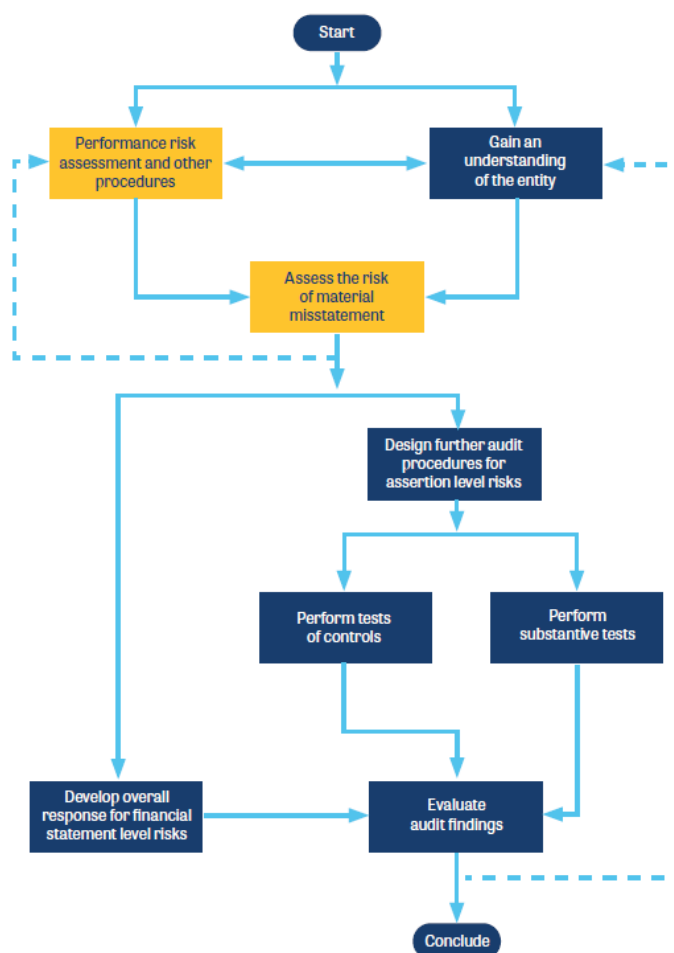
1. We will audit the books and records of FCOG in accordance with generally accepted auditing standards. The audit will include all funds as listed in your RFP.
2. We will issue reports of compliance on FCOG's administration of the Transportation Development Act Trust Fund (TDA Fund) in accordance with Article 5.5 Section 6662 of the California Department of Transportation's Transportation Development Act Statutes and the California Code of Regulations and the Basic Audit Program and Reporting Guidelines for California Special Districts prescribed by the State Controller.
3. Our audit of the Fresno County Regional Transportation Mitigation Fee Agency (FCRTMFA) will include examination of the financial statements and records pertaining to the collection and expenditure of administrative fund levied by the FCRTMFA in accordance with generally accepted governmental auditing standards.
4. Our audit of the TDA Fund and Non-Transit Operations will include examination of the financial statements and records pertaining to the expenditure of allocations made by FCOG to member agencies as required by Sections 6664 and 6666 of the Transportation Development Act Statutes and California Code of Regulations.
5. We will issue Single Audit Reports (FCOG and the Fresno County Rural Transit Agency) on compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Uniform Guidance 2 CFR Part 200, Public Transportation Modernization, Improvement & Service Enhancement Program (PTMISEA), the Low Carbon Transit Operations Program (LCTOP), the State of Good Repair (SB1), and Sections 6664 and 6667 of the Transportation Development Act. We will also provide an "in-relation-to" opinion on the Schedule of Expenditures of Federal Awards.
6. We will audit the pass-through Measure C Transportation Funds in accordance with generally accepted governmental auditing standards and the adopted Fresno County Transportation policy.
7. We may provide management letters that would include findings observations, opinions, comments and/or recommendations with regard to systems of internal control, accounting systems compliance with laws, rules and regulations, or any other matters that may come to our attention during the course of the examination.
8. We will prepare letters to the audit committee which will include the following information: (1) auditor's responsibility under generally accepted auditing standards; (2) significant accounting policies; (3) management judgments and accounting estimates; (4) significant audit adjustments; (5) disagreements with management; (6) management consultation with other accountants; (7) difficulties encountered in performing the audit.

AUDIT APPROACH

We are confident that we will provide high-quality services based on our experience in working with municipalities and other governmental entities of similar size and scope to yours. Our high client satisfaction rate can be attributed to our effective communication and our efficient proprietary audit methodology.

Audit Procedures and Phases of the Engagement

Price Paige & Company provides value to our clients by creating a custom audit approach that is based on a client's specific needs, risks and opportunities. Our audit approach under generally accepted audit standards is depicted in the graphic below.



Our professional responsibility is to obtain sufficient audit evidence before an opinion is rendered on any financial statement. To achieve this, we will conduct our work in the following phases:

- ♦ Audit Planning and Risk Assessment
- ♦ Year-End Fieldwork
- ♦ Reporting
- ♦ Audit Focus
- ♦ Closing Conferences and Formal Presentation

Details about each of these phases are listed on the on the following pages.

Audit Planning and Risk Assessment

No other phase of the process affects the success of an engagement more than the time spent on planning the general scope and direction of the audit, including assessing the risks of financial statement misstatements. We will schedule audit planning and interim fieldwork to be done prior to final fieldwork with your personnel.

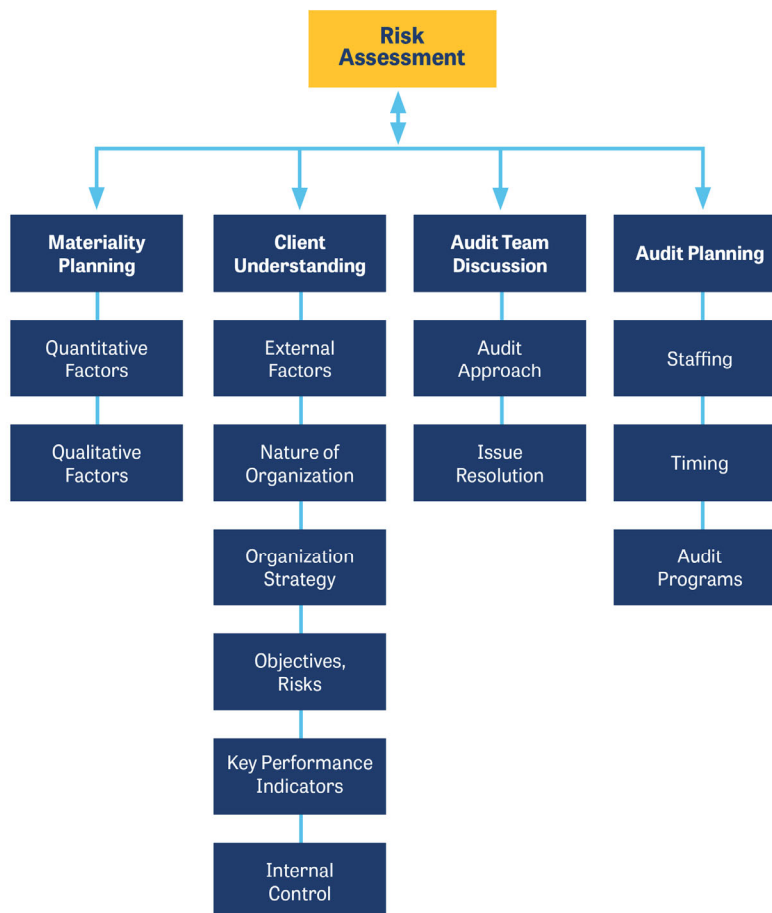
We will hold a planning session with the key members of our engagement team and your personnel.

During our planning session with management, we will also address *Statement on Auditing Standards (SAS) No. 99, "Consideration of Fraud in a Financial Statement Audit."* This auditing standard requires that we conduct certain meetings and interviews and perform and document certain procedures for identifying and responding to fraud risks.

As part of the audit planning and risk assessment phase of the audit, we will request a meeting with management to discuss our planned audit approach and any significant audit and accounting issues, as well as address any concerns.

As part of that process, we will conduct a pre-audit conference with appropriate management personnel to discuss the scope and timing of the audit.

The risk assessment audit standards require assessments based on an understanding of the internal controls over your financial reporting and our determination of the areas that present risks of material misstatement to your financial statements. We will then design our audit approach to include tests of the specific internal controls and substantive audit procedures that are tailored to the identified risks. Our risk assessment includes consideration of the factors depicted on the chart below.



Year-End Fieldwork

During the year-end phase of our audit, we will complete our audit work based on the audit programs designed specifically for FCOG. This will include the results of our risk assessment and interim testing results, and we will issue a report on the financial statements in a timely and efficient manner.

Reporting

This phase will include the following:

- ♦ reviewing the financial statements and reconciling them to underlying audited records,
- ♦ evaluating the financial statements for compliance with GAAP requirements,
- ♦ formulating an opinion as to the fair presentation of the financial statements and
- ♦ preparing management letter with recommendations and communication letter to management.

We will immediately submit to management a written report of all irregularities and illegal acts, or indications of illegal acts, of which we become aware.

Audit Focus

Based on our audit experience with similar governmental entities, the primary areas of the audit on which we will focus include:

- ♦ Cash and investments
- ♦ Capital assets
- ♦ Accounts payable and expenditures
- ♦ Accounts receivable and revenues
- ♦ Compliance with laws and regulations
- ♦ Commitments and contingencies
- ♦ Implementation of pronouncements of the Governmental Accounting Standards Board (GASB)

Closing Conferences and Formal Presentation

We believe regular communication with management will be a critical part of the success of our audit engagement. Therefore, we will provide regular updates to management regarding the progress of the audit during meetings with key personnel.

Additionally, the engagement partner will meet with management to review any potential adjusting journal entries, drafts of the management comment letter, communication with those charged with governance (SAS 114) letters and a draft of the financial statements.

We will complete our work in sufficient time to meet the applicable deadlines. If required, we will make a formal presentation of the audit results and reports to management and will remain available to respond to their questions.

SINGLE AUDIT APPROACH

Our Firm's approach to the Single Audit requirements, as specified in the Single Audit Act and OMB Uniform Guidance 2 CFR 200 Subpart F, are as follows:

Objectives

The objectives of the Single Audit are to determine the following:

- ♦ The financial statements of the reporting entity are presented in accordance with GAAP.
- ♦ The reporting entities internal control systems provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations.
- ♦ The reporting entity has complied with laws and regulations that have a material effect on the financial statements and on each major Federal assistance program.

Procedures

- ♦ Identify major and non-major programs and assess inherent and control risks.
- ♦ Perform substantive tests of compliance and tests of internal control over compliance for all major programs as required by the OMB Uniform Guidance 2 CFR 200 Subpart F.
- ♦ Sample sizes will adhere to the guidance found in the sampling chapter of the, "AICPA Audit Guide, *Government Auditing Standards* and Uniform Guidance Audits".

Reports

The following reports relating to Federal assistance programs will be issued:

- ♦ Report on supplementary Schedule of Expenditures of Federal Awards. The schedule presents total expenditures for each program.
- ♦ Report on internal controls used in administering Federal financial assistance programs.
- ♦ Report on compliance with laws and regulations, identifying all findings of noncompliance and questioned costs, and expressing an opinion and other assurances on compliance.
- ♦ Report on fraud, abuse, or illegal acts, or indications of such acts, if discovered.

Submission

- ♦ The Data Collection Form and audit package will be prepared and transmitted to the Federal Audit Clearinghouse by the required deadline.

COST PROPOSAL

Description of Services	Total \$	Total \$	Total \$	Total \$	Total \$
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
FCOG Audit (including Single Audit)	\$ 38,000	\$ 39,140	\$ 40,314	\$ 41,524	\$ 42,769
FCRTMFA	9,510	9,795	10,089	10,392	10,704
TDA	76,000	78,280	80,628	83,047	85,539
FCRTA (including Single Audit)	25,000	25,750	26,523	27,318	28,138
Measure C	80,300	82,709	85,190	87,746	90,378
Total All-Inclusive Maximum Fee	\$ 228,810	\$ 235,674	\$ 242,744	\$ 250,027	\$ 257,528

Staff Classification	Quoted	Estimated	Total
	Hourly Rate	Hours	
Partner	350	60	\$ 21,000
Manager	250	117	29,250
Supervisor	220	200	44,000
Senior	180	280	50,400
Audit Staff	110	680	74,800
Support Staff	90	104	9,360
			\$ 228,810

Our proposed fees are based upon our current understanding of the work to be performed as outlined under the Scope of Services, and we give you a “Total All-Inclusive Maximum Fee” for these services. These fees are made with the following assumptions: 1) The books will be properly closed and reconciled, 2) records will be complete and readily available at the start of the engagement and 3) representations made to us during this proposal process will remain effective throughout the engagement. Our fees are based on the assumption that the Single Audits will include no more than one major program, in accordance with the Uniform Guidance. If there is more than one major program, the fee is \$7,500 per additional program.

In the event disclosures in the audit engagement indicate extraordinary circumstances that warrant more intensive and detailed services, we will provide to management in writing and in advance the reasons for the additional services together with the firm’s estimate of costs, and a statement that no work will be performed without advance approval by PPC. Any and all additional work as agreed in advance by PPC will be compensated for at the same rate quoted in this cost proposal.

Furthermore, the fees for the TDA and Measure C audits were calculated under the assumption that each respective entity's accounting records are fully complete and ready to be audited. If they are not, we will then communicate directly to the respective funder for appropriate action to be taken.



Report on the Firm's System of Quality Control

Price, Paige & Company A C

Clovis, California;

and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Price, Paige & Company A C (the firm) in effect for the year ended April 30, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

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

CPAs ■ Advisors

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

CPAmerica
Member  Crowe Global

PEER REVIEW REPORT (Continued)

Peer Review Report
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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Price, Paige & Company A C in effect for the year ended April 30, 2021, 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*. Price, Paige & Company A C has received a peer review rating of *pass*.

GYL LLP

Ontario, California
November 19, 2021

GYL
