



**FINANCE/INVESTMENT COMMITTEE MEETING**

**MARCH 11, 2024 – 10:00 AM**

**CAMARILLO HEALTH CARE DISTRICT  
3615 E LAS POSAS ROAD, OAK ROOM  
CAMARILLO, CA 93010**



## AGENDA

### Finance and Investment Committee Meeting

March 11, 10:00 a.m.

Camarillo Health Care District  
3615 E Las Posas Road, Camarillo, CA 93010  
Oak Room

#### Board Members

Christopher Loh, MD, Director  
Paula Feinberg, Clerk of the Board

#### Staff

Kara Ralston, Chief Executive Officer  
Brandie Thomas, Clerk to the Board

#### Participants

Rick Wood, *CSDA Financial Services*  
Shalene Hayman, *Hayman Consulting*  
Cindy Fanning, CPA, *Fanning & Karrh*

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1. **Call to Order** – The Meeting of the Finance and Investment Committee was called to order by \_\_\_\_\_, at \_\_\_\_\_.
  2. **Public Comment** – Ca. Government Code Section 54954.3 – The Board reserves this time to hear from the public.
  3. Review “Draft” of Financial Audit Report for 2022-2023 Fiscal Year, presented by Cindy Fanning, CPA, Fanning & Karrh.
  4. Review Financial Audit Services Request for Proposals
  5. Date for next quarterly Finance Committee Meeting is April 25, 2024, at 10:00 a.m.
  6. Having no further business, this meeting is adjourned at \_\_\_\_\_

**ADA compliance statement:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk to the Board of Directors, Brandie Thomas, at (805) 482-9382. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.







**SECTION 3**

**DRAFT FINANCIAL AUDIT REPORT  
ENDING JUNE 30, 2023**



# FINANCIAL STATEMENT DRAFT (2-28-2024)

## CAMARILLO HEALTH CARE DISTRICT

Financial Statements for the Years  
Ended June 30, 2023 and 2022 and  
Independent Auditor's Report

**Fanning & Karrh**

**Certified Public Accountants**

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**A Professional Corporation**

# FINANCIAL STATEMENT DRAFT (2-28-2024)

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# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
Governing Board of Directors and Management  
June 30, 2023

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Name	Position
<b>Governing Board of Directors:</b>	
Thomas Doria, MD	President
Neal Dixon, MD	Vice President
Paula Feinberg	Clerk of the Board
Christopher Loh, MD	Director
Richard Loft, MD - Resigned 4/26/2022	Director
Vacant	Director
<b>Management:</b>	
Kara Ralston	Chief Executive Officer
Sonia Amezcua	Chief Administrative Officer

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## FINANCIAL SECTION

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Camarillo Health Care District:

### **Opinion**

We have audited the accompanying financial statements of Camarillo Health Care District as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Camarillo Health Care District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camarillo Health Care District as of June 30, 2023 and 2022 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Camarillo Health Care District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Camarillo Health Care District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accept auditing standards and *Government Auditing Standards*, we:

# FINANCIAL STATEMENT DRAFT (2-28-2024)

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Camarillo Health Care District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Camarillo Health Care District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, the Schedules of Proportionate Share of the Net Pension Liability and of Contributions for the Cost Sharing Defined Benefit Pension Plan on page 28, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2024, on our consideration of the Camarillo Health Care District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness or Camarillo Health Care District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Camarillo Health Care District's internal control over financial reporting and compliance.

Ventura, California  
\_\_\_\_\_, 2024



**CAMARILLO HEALTH CARE DISTRICT**  
**Management's Discussion and Analysis**  
For period ending June 30, 2023

This discussion and analysis of the Camarillo Health Care District's ("District") financial performance during the stated period provides an overview of the District's operational activities that had an impact on the financial performance of the District.

This report consists of a series of financial statements with accompanying notes. The Statements of Net Position reflects the financial position of the District at June 30, 2023 and 2022. The Statements of Revenues, Expenses and Changes in Net Position provide the results from operations through the fiscal years ended June 30, 2023 and 2022, and reflect how the operating results for the fiscal years affected the Statements of Net Position. The Statements of Cash Flows provide information related to the sources and uses of cash for the District for the fiscal years ended June 30, 2023 and 2022. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The District uses a single enterprise fund for accounting and reporting the results of all operations. The statements referenced above include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of current year's revenues and expenses are taken into account regardless of when cash is received or paid.

This audit reflects the fourth fiscal budget affected by COVID-19 pandemic-related restrictions on programming, specifically, the Adult Day Center and its opportunity for revenue generation. The fiscal year in review, ending June 30, 2023, reflects some economic successes in revenue in spite of those lingering pandemic restrictions which are highly unlikely to reoccur in future budgets and audits. California Governor's retraction of the State of Emergency Order became effective February 28, 2023.

The notes that follow the financial statements provide additional information essential to a full understanding of the data provided in the financial statements.

# FINANCIAL STATEMENT DRAFT (2023-2024)

## CAMARILLO HEALTH CARE DISTRICT Management's Discussion and Analysis For period ending June 30, 2023

The District is operated and reported as a single enterprise fund; there are no subsidiary fund statements presented as part of this report. The following is a summary of the net position of the District and the change in the net positions from the prior fiscal year.

	2023	2022
<b>Assets</b>		
• Current Assets	\$6,917,790	\$6,767,538
• Restricted Assets	7,254	7,624
• Non-current Assets	1,145,994	1,539,329
<i>Total Assets</i>	<u>8,071,038</u>	<u>8,314,491</u>
<b>Deferred Outflows of Resources</b>	<u>2,337,257</u>	<u>597,290</u>
<i>Total Assets and Deferred</i>	<u>\$10,408,295</u>	<u>\$8,911,781</u>
<b>Liabilities</b>		
• Current Liabilities	\$270,249	\$231,412
• Long-term Liabilities	2,171,170	884,490
<i>Total Liabilities</i>	<u>2,441,419</u>	<u>1,115,902</u>
<b>Deferred Inflow of Resources</b>	934,174	1,952,993
<i>Net Position</i>	<u>7,032,702</u>	<u>5,842,886</u>
<b>Total Liabilities, Deferred and Net Position</b>	<u><u>\$10,408,295</u></u>	<u><u>\$8,911,781</u></u>

The net position of the of the Camarillo Health Care District increased 20.4% (\$1,189,866) as follows:

**Total Assets** decreased by \$243,453 from the prior year due to the net effect of the GASB 75 adjustment for OPEB offset by an increase in prepaids, property tax and grant receivables.

An increase in **Current Liabilities** of \$38,837 in prior year is primarily due to year-end accounts payable balance and the release of deferred revenue in the current year.

The increase of \$1,286,680 in **Long-Term Liabilities** is due to the year-end adjustment from the actuarial report regarding GASB 68 (pension liability).

The increase in deferred outflows of resources (\$1,739,937) and the decrease in deferred inflows of resources (\$1,018,819) are due to pension and other postemployment actuarially determined activities.

# FINANCIAL STATEMENT DRAFTS (2023-2024)

## CAMARILLO HEALTH CARE DISTRICT Management's Discussion and Analysis For period ending June 30, 2023

	2023	2022
<b>Operating Revenues</b>		
• Program Revenues	\$218,258	\$215,645
• Operating Grants	514,924	607,232
• Bequest Distribution - Care-A-Van	152,015	148,781
• Other Operating Revenue	12,781	13,062
<i>Total Operating Revenues</i>	\$897,978	\$984,720
<b>Non-Operating Revenues (Expenses)</b>		
• Property Taxes	3,372,749	3,104,554
•		
• Investment Income (Expense)	188,038	(35,794)
• Other Non-Operating Revenue	16,380	119,544
• Gain (Loss) on Sale of Assets	-	(1,005)
• Interest Expense	-	(895)
<i>Total Non-Operating Revenues</i>	\$3,588,809	\$3,186,404
<b>Program Expenses</b>		
• Salaries, wages and benefits	1,669,129	1,328,471
• Professional fees	226,939	146,085
• Depreciation	108,554	93,431
• Other	528,7549	474,637
• <i>Total Program Expenses</i>	2,533,376	2,042,624
•		
• <b>Administration Expenses</b>	763,595	630,144
<b>Change in Net Position</b>	\$1,189,816	\$1,498,356

District activities increased net position by \$1,189,816. Major changes in revenues and expenses are as follows:

- **Total Operating Revenues** reflect a decrease of \$86,742, primarily due to receipt in 2022 of one-time-only COVID-19 pandemic funding with an offset of new grants received in 2023 (VCAAA OARR; CDA Cal Grows) and increases in VCAAA in SNP grant and PIC Falls contract.
- **Total Non-Operating Revenues** increased by \$402,405 due primarily to an increase in property tax revenue year over year and increased interest rates on investments.
- **Total Program Expenses** increased by \$490,752 due primarily to successful re-staffing of vacant program positions, grant-related contractors, increase in community outreach and printing costs, and other factors caused by inflation.



# FINANCIAL STATEMENT DRAFT (2/28/2024)

- **Administration Expenses** increased by \$133,451, due primarily to generalized costs of operational expenses, such as, vendor services; repairs and maintenance; staffing adjustments, IT services, telephone and utilities, and similar.

**CAMARILLO HEALTH CARE DISTRICT**  
 Management's Discussion and Analysis  
 For period ending June 30, 2023

**Actual Results Compared to Budget**

Performance to budget is monitored by the Board of Directors throughout the year. Following is a summary of actual results in comparison to budget.

	Actual	Budget
<b>Total Operating Revenue</b>	\$897,978	\$798,069
Less Operating Expenses:		
• Salaries and Benefits	2,087,907	2,536,169
• Depreciation	127,570	122,158
• Other Operating Expenses	1,081,493	1,088,512
<i>Net Operating Loss</i>	(\$2,398,992)	(\$2,948,770)
 Non-Operating Revenues and Expenses:		
• Property Taxes	3,372,748	3,175,793
• Investment Income	188,038	10,500
• Other Non-Operating Revenue	28,022	18,300
• Other Non-Operating Expenses	-	-
<i>Net Non-Operating Revenue</i>	\$3,588,808	\$3,204,593
 <b>Change in Net Position</b>	\$1,189,816	\$255,823

**The Good Work of the District**

The Camarillo Health Care District budget supports the following programs and services: Adult Day Center, Care-a-Van Transportation Services, Senior Nutrition, Fall Prevention, Health Promotion & Disease Prevention, Care Management, Caregiver Center, Dementia Specialty Services, Senior Support Line, Elder Legal Services, Advocacy, Strengthening, and Education, and similar.

**Requests for information:**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report should be addressed to the CEO, Camarillo Health Care District, 3639 East Las Posas Road, Suite 117, Camarillo, CA 93010.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF NET POSITION  
 June 30, 2023 and 2022

ASSETS	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	\$ 6,518,213	\$ 6,603,755
Restricted cash and cash equivalents	2	7,254	7,624
Receivables:			
Accounts		593	2,391
Property taxes		116,408	78,791
Grants and other reimbursements		147,751	72,969
Interest		2,854	7,625
Prepaid expenses and other current assets		<u>131,971</u>	<u>2,007</u>
Total current assets		<u>6,925,044</u>	<u>6,775,162</u>
<b>NON-CURRENT ASSETS</b>			
Capital assets, net of accumulated depreciation	3	1,133,843	1,115,712
Net other postemployment benefit asset	7	<u>12,151</u>	<u>423,617</u>
Total non-current assets		<u>1,145,994</u>	<u>1,539,329</u>
<b>TOTAL ASSETS</b>		<u>8,071,038</u>	<u>8,314,491</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to other postemployment benefits	7	487,135	159,793
Deferred outflows of resources related to pensions	6	<u>1,850,122</u>	<u>437,497</u>
Total deferred outflows of resources		<u>2,337,257</u>	<u>597,290</u>

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF NET POSITION - concluded  
 June 30, 2023 and 2022

LIABILITIES	<u>NOTES</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable		112,273	36,936
Accrued expenses		147,084	159,859
Deferred revenue		<u>10,892</u>	<u>34,617</u>
Total current liabilities		<u>270,249</u>	<u>231,412</u>
<b>LONG-TERM LIABILITIES -</b>			
Net pension liability	6	<u>2,171,170</u>	<u>884,490</u>
<b>TOTAL LIABILITIES</b>		<u>2,441,419</u>	<u>1,115,902</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to other postemployment benefits	7	773,152	1,074,172
Deferred inflows of resources related to pensions	6	<u>161,022</u>	<u>878,821</u>
Total deferred inflows of resources		<u>934,174</u>	<u>1,952,993</u>
<b>NET POSITION</b>			
Net investment in capital assets		1,133,843	1,115,712
Unrestricted net position		<u>5,898,859</u>	<u>4,727,174</u>
<b>TOTAL NET POSITION</b>		<u>\$ 7,032,702</u>	<u>\$ 5,842,886</u>

The notes to the financial statements are an integral part of this statement.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
 For the Years Ended June 30, 2023 and 2022

	NOTES	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>			
Program fees		\$ 218,258	\$ 215,645
Operating grants and contracts	10	514,924	607,232
Distribution from Ventura County Community Foundation	9	152,015	148,781
Other operating revenues		<u>12,781</u>	<u>13,062</u>
<b>TOTAL OPERATING REVENUES</b>		<u>897,978</u>	<u>984,720</u>
<b>OPERATING EXPENSES</b>			
<b>Program Expenses:</b>			
Salaries, wages and benefits		1,669,129	1,328,471
Professional fees		226,939	146,085
Postage and printing		130,243	94,415
Supplies and activities		82,675	65,628
Dues and subscriptions		13,502	7,745
Continuing education - staff		9,698	7,300
Depreciation		108,554	93,431
Insurance		87,264	85,852
Advertising and promotion		26,767	16,881
Utilities and telephone		118,019	100,638
Repairs and maintenance		41,683	49,687
Other		<u>18,903</u>	<u>46,491</u>
Total program expenses		<u>2,533,376</u>	<u>2,042,624</u>
<b>Administration Expenses:</b>			
Salaries, wages and benefits		418,778	386,888
Professional fees		138,651	78,164
Postage and printing		3,321	350
Supplies and activities		19,001	14,232
Dues and subscriptions		34,071	22,766
Continuing education - staff		11,916	4,879
Depreciation		19,016	27,308
Insurance		10,504	10,858
Advertising and promotion		1,238	699
Board expenses		34,506	30,236
Utilities and telephone		26,695	20,369
Repairs and maintenance		30,237	5,130
Other		<u>15,661</u>	<u>28,265</u>
Total administration expenses		<u>763,595</u>	<u>630,144</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>3,296,971</u>	<u>2,672,768</u>
<b>OPERATING LOSS</b>		<u>(2,398,993)</u>	<u>(1,688,048)</u>

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION - concluded  
For the Years Ended June 30, 2023 and 2022

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	NOTES	<u>2023</u>	<u>2022</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>			
Property taxes		3,372,749	3,104,554
Donations		11,642	1,510
Investment income (expense)		188,038	(35,794)
Other non-operating revenue		16,380	118,034
Gain (loss) on disposal of capital assets		-	(1,005)
Interest expense		<u>-</u>	<u>(895)</u>
<b>TOTAL NON-OPERATING REVENUES AND EXPENSES</b>		<u>3,588,809</u>	<u>3,186,404</u>
<b>CHANGE IN NET POSITION</b>		1,189,816	1,498,356
<b>NET POSITION - Beginning of year</b>		<u>5,842,886</u>	<u>4,344,530</u>
<b>NET POSITION - End of year</b>		<u>\$ 7,032,702</u>	<u>\$ 5,842,886</u>

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The notes to the financial statements are an integral part of this statement.

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# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 219,687	\$ 215,497
Operating grant revenue received	416,787	630,953
Distribution from Ventura County Community Foundation	152,015	148,781
Other operating receipts	12,781	13,062
Cash payments to employees for services, including benefits	(3,161,322)	(2,023,888)
Cash payments for operating expenses	<u>(1,136,122)</u>	<u>(837,632)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u>(3,496,174)</u></b>	<b><u>(1,853,227)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	145,602	11,981
Increase (decrease) in fair value of investments	47,207	(52,081)
Other non-operating income	<u>28,022</u>	<u>119,544</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>220,831</u></b>	<b><u>79,444</u></b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Purchase of capital assets	(145,701)	(80,861)
Interest payments on long-term debt	-	(3,580)
Repayment of long-term debt	<u>-</u>	<u>(95,464)</u>
<b>NET CASH USED FOR CAPITAL ACTIVITIES</b>	<b><u>(145,701)</u></b>	<b><u>(179,905)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes collected	<u>3,335,132</u>	<u>3,113,092</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>3,335,132</u></b>	<b><u>3,113,092</u></b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(85,912)</b>	<b>1,159,404</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>6,611,379</u></b>	<b><u>5,451,975</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 6,525,467</u></b>	<b><u>\$ 6,611,379</u></b>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF THE FOLLOWING:</b>		
Unrestricted cash and cash equivalents	\$ 6,518,213	\$ 6,603,755
Restricted cash and cash equivalents	<u>7,254</u>	<u>7,624</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 6,525,467</u></b>	<b><u>\$ 6,611,379</u></b>

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 STATEMENTS OF CASH FLOWS - concluded  
 For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (2,398,993)	\$ (1,688,048)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	127,570	120,739
Changes in assets, deferred outflows, liabilities, and deferred outflows:		
Accounts receivable	1,798	(1,287)
Grants and other reimbursements	(74,782)	13,869
Prepaid expenses	(129,964)	(38)
Deferred outflows of resources	(1,739,967)	(37,836)
Accounts payable	75,337	(925)
Accrued expenses	(12,775)	5,218
Deferred revenue	(23,725)	10,992
Net other postemployment benefit asset/liability	411,466	(893,513)
Net pension liability	1,286,680	(888,789)
Deferred inflows of resources	<u>(1,018,819)</u>	<u>1,506,391</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u>\$ (3,496,174)</u></b>	<b><u>\$ (1,853,227)</u></b>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

None	<u>\$ -</u>	<u>\$ -</u>
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The notes to the financial statements are an integral part of this statement.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## CAMARILLO HEALTH CARE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** – Camarillo Health Care District (District) is a political subdivision of the State of California, classified as a public not-for-profit local government special district. The District encompasses the greater Camarillo area which includes Somis, the Las Posas Valley and a portion of the Santa Rosa Valley. The District's overall goal is to provide quality health and wellness related services to meet the needs of all District residents. The District has five publicly elected representatives serving in four-year alternating terms.

**Reporting Entity** – The District's reporting entity includes all significant operations and revenue sources which the District Board of Directors exercises oversight responsibility. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. There are no component units included within the reporting unit.

**Basis of Accounting** – The Camarillo Health Care District is accounted for as a proprietary fund in accordance with generally accepted accounting principles as applied to governmental units. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the expenses, including depreciation, of providing goods or services to the general public are recovered through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, and other purposes. Because the District is accounted for as a proprietary fund, the District uses the economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Net position is segregated into investment in capital assets and unrestricted.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing goods and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are program fees charged to clients for services and grants received from other governmental agencies and private enterprises for operating purposes. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Principles of Presentation** – The accompanying financial statements are presented utilizing the accrual method of accounting.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include:

- Depreciation expense
- Compensated absences
- Allowance for uncollectible receivables
- Investments
- Accrual of net pension liability
- Accrual of other postemployment benefits

# FINANCIAL STATEMENT DRAFT (2-28-2024)

Cash and Cash Equivalents – For the purpose of the Statement of Cash Flows, the District considers all highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The District considers funds in the Local Agency Investment Fund and the Ventura County Treasury Fund to be cash equivalents.

Investments – Investments are carried at fair value.

The District's Investment Policy authorizes investments in obligations of the U. S. Treasury, California - approved local government investment pools, collateralized demand and time deposits, certificates of deposit and money market accounts.

Capital Assets – Capital assets that are acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$3,000. Depreciation is calculated using the straight-line method of depreciation over the estimated useful lives of the assets ranging from two to thirty-nine years.

Compensated Absences – The District accrues the estimated obligation for vacation pay as earned. Sick leave is not included in the accrual as the District does not pay for unused sick leave upon employee termination.

Deferred Outflows of Resources and Deferred Inflows of Resources – Deferred outflows of resources is a consumption of net position by the District that is applicable to a future period and deferred inflows of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statements of Net Position, but are not recognized in the financial statements as revenue and expenses until the period(s) to which they relate. Deferred outflows of resources and deferred inflows of resources are related to pensions and other postemployment benefits.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) cost-sharing multiple-employer defined benefit plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Camarillo Health Care District Retiree Benefits Plan (Plan) and the additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the financial statements. Net position is classified in the following categories:

- Net investment in capital assets – This category includes capital assets, net of accumulated depreciation and reduced by any outstanding debt related to the acquisition, construction or improvement of those assets.
- Restricted – This category consists of net position with legal limitations imposed on their use by external restrictions by other governments, creditors, grantors, contributors, laws or regulations, or through constitutional provision, or enabling legislation. As of June 30, 2023 and 2022, the District did not have restricted net position.
- Unrestricted net position – This category consists of all other net position that does not meet the definition of restricted or invested in capital assets.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

The District's reserve policy provides for the designation of unrestricted net position to fund replacement and major repairs for District physical assets; fund replacement and upgrades of IT performance systems, hardware and software; fund designated projects/programs, or other special uses, requiring additional monetary support; fund capital improvements; and maintain standard operational sustainability in periods of economic uncertainty.

**Budgets** – The District annually adopts a budget prior to and for the upcoming fiscal year, which includes anticipated expenditures and their means of financing.

**Property Taxes** – Tax revenues are received by the District pursuant to its status as an Independent Special District as part of a subdivision of the State of California.

**Reclassifications** – Certain reclassifications have been made to the prior year financial statements in order to conform to the presentation of the current year financial statements for comparative purposes. There is no material effect on the financial statements.

## 2. DEPOSITS AND INVESTMENTS

The District's carrying value of deposits was \$2,606,470 and \$2,611,388 at June 30, 2023 and 2022, respectively. The corresponding bank balances were \$2,650,422 and \$2,642,905, respectively. Of the bank balances, \$503,695 was covered by Federal deposit insurance. The California Government Code requires all financial institutions to secure a local government agency's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the District. All cash held by financial institutions is, therefore, entirely insured or collateralized.

At June 30, the District had the following investments (all of which are considered cash equivalents):

	<u>2023</u>	<u>2022</u>
State of California Local Agency Investment Fund	\$ 316,412	\$ 3,993,194
California Class Prime Investment Fund	3,595,449	-
Ventura County Treasury Investment Fund	6,002	5,642
 Total	 \$ 3,917,863	 \$ 3,998,836

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is managed by the Local Agency Investment Advisory Board, which consists of 5 members, in accordance with State Statute. The State Treasurer's Office audits the fund annually. The fair value of the District's investment in this pool is reported at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The share value of the District's investment in LAIF is \$321,286 and \$4,045,275 at June 30, 2023 and 2022, respectively.

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS) Prime Investment Fund. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. The management of California CLASS is under the direction of a Board of Trustees comprised of eligible participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian. An independent audit of the investment fund is performed annually. California Class is rated by S&P Global Ratings, the current rating is 'AAAm'. California Class operates like a money market mutual fund with each share valued at \$1.00.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

The County of Ventura Treasurer maintains a cash investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the District based on the average daily balances on deposit with the County Treasurer. Investment earnings are accrued at year-end. The County Treasurer invests District funds in accordance with the County's investment policy as approved by the Treasury Oversight Committee and the County Board of Supervisors. The policy emphasizes safety, liquidity, and yield and follows the "prudent investor rule". The County Treasurer is authorized by Government Code Section to invest in U.S. Government Treasury and Agency Securities, certain commercial paper, bankers' acceptances, corporate bonds and notes, repurchase agreements and the State of California Local Agency Investment Fund. The fair value of the District's investment in the pool approximates cost.

To address credit risk, the District invests its funds in accordance with state statutes and the District's investment policy. The criteria for selecting investments are, in order of priority, (1) safety – consideration of the potential loss of principal or interest, (2) liquidity – the ability to have funds available at any moment in time with a minimal potential loss and (3) yield – the optimum rate of return while preserving capital.

Restricted assets of \$7,254 and \$7,624 as of June 30, 2023 and 2022, respectively, are amounts received that are designated for program scholarship awards.

### 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets being depreciated:				
Buildings and building improvements	\$ 3,153,672	\$ 34,429	\$ -	\$ 3,188,101
IS equipment	102,123	-	-	102,123
Equipment and furnishings	257,831	17,316	(13,534)	261,613
Transportation vehicles	<u>214,215</u>	<u>93,956</u>	<u>-</u>	<u>308,171</u>
Total capital assets	3,727,841	145,701	(13,534)	3,860,008
Less accumulated depreciation	<u>(2,612,129)</u>	<u>(127,570)</u>	<u>13,534</u>	<u>(2,726,165)</u>
Total capital assets, net	<u>\$ 1,115,712</u>	<u>\$ 18,131</u>	<u>\$ -</u>	<u>\$ 1,133,843</u>

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets being depreciated:				
Buildings and building improvements	\$ 3,099,106	\$ 61,800	\$ (7,234)	\$ 3,153,672
IS equipment	102,123	-	-	102,123
Equipment and furnishings	238,770	19,061	-	257,831
Transportation vehicles	<u>214,215</u>	<u>-</u>	<u>-</u>	<u>214,215</u>
Total capital assets	3,654,214	80,861	(7,234)	3,727,841
Less accumulated depreciation	<u>(2,497,619)</u>	<u>(120,739)</u>	<u>6,229</u>	<u>(2,612,129)</u>
Total capital assets, net	<u>\$ 1,156,595</u>	<u>\$ (39,878)</u>	<u>\$ (1,005)</u>	<u>\$ 1,115,712</u>



# FINANCIAL STATEMENT DRAFT (2-28-2024)

## 4. LINE OF CREDIT

The District has a line of credit with a bank secured by inventory, chattel paper, account, equipment and general intangibles. The line of credit has a maximum borrowing amount of \$300,000, bears interest at .9% over the lender's base rate (Bank of the West prime rate), but not less than 4%. The line of credit does not have a maturity date. There were no borrowings on the line of credit during the years ended June 30, 2023 and 2022. There was no interest expense associated with the line of credit during 2023 or 2022.

## 5. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance June 30, 2021	Retirement	Balance June 30, 2022	Current	Long-term
Installment Sale Agreement	\$ 95,464	\$ (95,464)	\$ -	\$ -	\$ -

The District entered into an installment sale agreement on September 1, 2014, with the Municipal Finance Corporation, to finance the renovation of the Adult Day Care Center. The District received \$600,000 under the agreement, which was repaid over a seven-year period, including interest at 3.75%. The District's net revenue, as defined by the installment agreement, was pledged for the payment of the installment payment. The installment sale agreement was assigned to Citizens Business Bank on September 26, 2014. The installment sale agreement was paid in full during the year ended June 30, 2022.

## 6. DEFINED BENEFIT PENSION PLAN

### A. General Information about the Pension Plan

Plan Descriptions, Benefits Provided and Employees Covered – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (Plan). The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The benefit provisions of the plan's employees are established by statute. CalPERS issues publicly available reports that include a full description regarding number of employees covered, benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	60	62
Required employee contribution rates	7.000%	6.750%
Required employer contributions rates	7.470%	9.120%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

Beginning for the year ended June 30, 2016, CalPERS collected employer contributions towards unfunded liability as a dollar amount instead of the prior method of a contribution rate. The pool's unfunded liability is allocated to each individual plan based on the plan's total liability rather than by plan individual payroll. The District's unfunded liability payment for the year ended June 30, 2023 was \$153,175.

For the year ended June 30, 2023, the contributions recognized by the plan from the employer were as follows:

Contributions – employer	\$129,252
Contributions – employee	\$109,697

During the year ended June 30, 2023, the District made an additional discretionary contribution to the plan of \$750,000.

## B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the District's reported net liability for its proportionate share of the net pension liability was \$2,171,170.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2022	0.04658%
Proportion - June 30, 2023	0.04640%
Change - Increase (Decrease)	-0.00018%

For the year ended June 30, 2023, the District recognized pension expense of \$188,683. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,032,427	\$ -
Net differences between projected and actual earnings on plan investments	397,701	-
Differences between expected and actual experiences	43,601	29,202
Changes in assumptions	222,481	-
Differences between actual contributions and proportionate share of contributions	-	131,820
Change in employer's proportion	<u>153,912</u>	<u>-</u>
Total	<u>\$ 1,850,122</u>	<u>\$ 161,022</u>

The \$1,032,427 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.



# FINANCIAL STATEMENT DRAFT (2-28-2024)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflows (Inflows) of Resources, Net
2024	\$ 173,185
2025	152,067
2026	88,173
2027	243,248
Total	<u>\$ 656,673</u>

Actuarial Methods and Assumptions - For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability determined in the June 30, 2021 actuarial accounting valuation. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increases	COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The discount rate is equal to the long-term expected rate of return of the plan assets and is net of investment expenses but not reduced for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11–60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

Asset Class	Strategic Allocation	Real Return (1) (2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
Inflation Assets	0.00%	0.77%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-2022 Asset Liability Management study

**Amortization of Deferred Outflows and Deferred Inflows of Resources** – Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflow and deferred inflows of resources related to pension and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining services lifetime (EARSL) of all members that are provided with pensions (active, inactive, and retired) as of the beginning of the measurement period

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments at the measurement date is to be amortized over the remaining four-year period. The net difference between projected and actual investment earnings on pension plan investments in the schedule of collective pension amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience, changes of assumptions and employer-specific amounts should be amortized over EARSL of members provided with pensions through the plan.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) higher than the current year:

# FINANCIAL STATEMENT DRAFT (2-28-2024)

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability	\$ 3,384,340	\$ 2,171,170	\$ 1,173,031

**Pension Plan Fiduciary Net Position** – The plan’s fiduciary net position disclosed in the District’s GASB 68 accounting valuation report may differ from the plan assets reported in the District’s funding actuarial valuation report due to several reasons. For the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the District’s funding actuarial valuation. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2023, the District reported a payable of \$2,772 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**7. OTHER POST EMPLOYMENT BENEFITS**

**A. General Information about the OPEB Plan**

**Plan Description** – The District’s defined benefit OPEB plan (Plan) provides lifetime post-employment medical insurance to eligible retirees and their spouses through the California Public Employees Retirement System (CalPERS). The Plan is a single-employer defined benefit OPEB plan administered by the CalPERS Board of Administration. The Plan does not issue a publicly available financial report.

**Benefits Provided** – Employees may retire and receive District-paid contributions towards healthcare upon attainment of age 50 and completion of 5 years of service. Annually, the District establishes a maximum monthly premium that the District will contribute to the cost of current-year health insurance premiums. For calendar year 2021 and 2022, the maximum monthly contribution by the District was \$790 per retiree.

**Employees covered by benefit terms** – As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	9
Active employees	17
Total	35

**Contributions** - The contribution requirements of the Plan are established by the District’s Board of Directors. The District has an OPEB trust account with California Employer’s Retiree Benefit Program (CERBT). The District did not make a contribution to the trust for the reporting period ended June 30, 2023.

**B. Net OPEB Liability (Asset)**

The District’s net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

Actuarial assumptions – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.75%
Inflation	2.50%
Salary Increase	3.00%
Investment Rate of Return	6.75%, net of OPEB plan investment expenses
Healthcare Cost Trend Rate	5.20% for 2021 through 2034; 5.00% for 2035 through 2049; 4.50% for 2050 through 2064; and 4.00% for 2065 and later years

Mortality rates were based on the most recent experience study for CalPERS members.

The actuarial assumptions used in the June 20, 2021 valuation were based on a review of plan experience during the period June 30, 2019 to June 30, 2021.

Discount Rate – GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

For OPEB plans that do not have irrevocable trust accounts, GASB 75 required a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

The long-term rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumed allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Global ex-U.S. Equity	59%	5.9%
U.S. Fixed	25%	0.9%
Real Estate	8%	3.3%
TIPS	5%	0.4%
Commodities	3%	0.4%

# FINANCIAL STATEMENT DRAFT (2-28-2024)

Investment Policy – The policy regarding the allocation of the plan's invested assets is established by CERBT Strategy 1. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The asset allocation ranges for this objective are listed below:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Target Range</u>	<u>Benchmark</u>
Global Equity	59%	± 5%	MSCI All County World Index IMI (net)
Fixed Income	25%	± 5%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Projected Securities	5%	± 3%	Bloomberg Barclays US TIPS Index, Series L
Real Estate Investment Trusts	8%	± 5%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3%	± 3%	S&P GSCI Total Return Index
Cash	0%	± 2%	91 Day Treasury Bill

Rate of Return – For the year ended on the measurement date, the annual-money-weighted rate of return on investments, net of investment expense, was (13.39) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

### Changes in the Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 6/30/2022	\$ 1,716,100	\$ 2,139,717	\$ (423,617)
Changes for the year:			
Service cost	82,980	-	82,980
Interest	118,871	-	118,871
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	77,326	(77,326)
Net investment income	-	(286,399)	286,399
Benefit payments	(77,326)	(77,326)	-
Administrative expenses	-	(542)	542
Net changes	124,525	(286,941)	411,466
Balances at 6/30/2023	\$ 1,840,625	\$ 1,852,776	\$ (12,151)

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	\$ 202,834	\$ (12,151)	\$ (193,081)

# FINANCIAL STATEMENT DRAFT (2-28-2024)

**Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates** – The following presents the net OPEB liability (asset) of the District, as well as what the District’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (4.20% current, 3.00% ultimate, 3.00% Medicare)	Cost Trend Rate (5.20% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% ultimate, 5.00% Medicare)
Net OPEB liability	\$ (220,392)	\$ (12,151)	\$ 239,757

**OPEB Plan Experience**

Reporting period	July 1, 2022 to June 30, 2023
Measurement period	July 1, 2021 to June 30, 2022

**OPEB plan fiduciary net position** – CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of (\$128,068). For the reporting year ended June 30, 2022, the District recognized deferred outflows of resources and deferred inflows of resources related OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 74,538	\$ -
Difference between expected and actual experience	-	528,602
Change in assumptions or other inputs	62,288	36,379
Differences between projected and actual return on investments	350,311	208,171
Total	\$ 487,137	\$ 773,152

The \$74,538 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflows (Inflows) of Resources, Net
2024	\$ (194,358)
2025	(88,086)
2026	(89,744)
2027	11,635
Total	\$ (360,553)



# FINANCIAL STATEMENT DRAFT (2-28-2024)

## 8. RISK MANAGEMENT

The District is exposed to potential losses from claims arising from its business operations including, torts, theft, errors and omissions, injuries to employees, and natural disasters. The District maintains insurance coverage through independent carriers for property and equipment and employee dishonesty. There have been no significant reductions in insured coverage.

The District participates in the workers' compensation program organized by the Beta Risk Management Authority (BETA). BETA is a Joint Powers Authority (JPA) organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage, whereby the risk of loss is mitigated by the public entity pool. The Fund currently has \$1,000,000 of workers' compensation coverage. The JPA is not a component unit of the District for financial purposes, as explained below.

BETA provides workers' compensation insurance for the District. Periodic deposits paid by each participant for the workers' compensation joint protection are computed based on independent actuarial computations taking into account factors such as the participants' number of employees, types of employees, annual budget, all relevant loss experience and rates established through the California Inspection Ratings Bureau. The Fund may assess the participants in order to eliminate any deficiency in the fund balance of the Fund.

Under the terms of the JPA, withdrawing or terminated member districts owe their pro-rata share of the fund deficiency. A withdrawing or terminated member district's pro-rata share contributions are based on its total contributions during its membership in the Fund as a percentage of the total contributions by all member districts during the same period.

The District also participates in the Beta Healthcare Group Joint Powers Agreement (BETA). BETA is a Joint Powers Authority (JPA) which is comprised of local health care districts, counties, other governmental entities and qualified nonprofits which operate hospitals, clinics and other health-related facilities and is organized pursuant to the California Government Code. The purpose of the JPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage, whereby the risk of loss is mitigated by the public entity pool. BETA currently has \$5,000,000 of auto liability, \$5,000,000 per occurrence and \$15,000,000 aggregate of comprehensive liability and \$3,000,000 of directors, officers and trustee liability coverage.

BETA provides automobile, comprehensive liability and directors' and officers' liability insurance for the District. Periodic deposits paid by each participant for the insurance joint protection are computed based on individual coverage contracts.

## 9. DISTRIBUTION FROM VENTURA COUNTY COMMUNITY FOUNDATION

In 2006, the District was named as a beneficiary recipient of a permanent endowment now managed by the Ventura County Community Foundation (VCCF). The District has a current beneficial interest of 100%. However, VCCF has variance power which allows it to modify the donor's stipulations under certain rare circumstances and as it monitors the changing needs of the community.

Each year, VCCF distributes a portion of the earnings based on its distribution policies, which are subject to change based on VCCF's investment management performance. The amounts received in 2023 and 2022, were \$152,015 and \$148,781 respectively. The distribution amounts are to be used only for the Care-a-Van service in Camarillo. At June 30, 2023 and 2022, the market value of the fund held by VCCF on behalf of the District was \$2,946,112 and \$2,919,987, respectively.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## 10. OPERATING GRANTS AND CONTRACTS

The District is the recipient of grants and contracts from government agencies and the private sector. The grants received for the year ended June 30, 2023 are:

<u>Funding Source</u>	<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Caregiver Support	\$39,779
Ventura County Area Agency on Aging (VCAAA)	Senior Lunch Program	Senior Meals	113,346
Ventura County Area Agency on Aging (VCAAA)	Senior Lunch Program	Senior Nutrition Vehicle Purchase	42,541
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Senior Support Line	48,986
Ventura County Area Agency on Aging (VCAAA)	Wellness & Caregiver Center	Elder Legal Services & Education	123,762
City of Camarillo	Senior Nutrition Program	Senior Meals	50,000
City of Camarillo	Transportation Program	3 Month – Free Ride	28,500
PICF	Care Management	Fall Prevention	25,519
Arthur N. Rupe Foundation	Wellness & Caregiver Center	Caregiver Support for Veterans	10,293
California Depart of Aging, CalGrows	Caregiver Training	Dementia Training	16,636
Ventura County Area Agency on Aging (VCAAA)	Caregiver Education	Dementia Training	6,200
The Scan Foundation	Wellness & Caregiver Center	Community of Constituents	<u>9,362</u>
Total Grant and Contract Funds			<u>\$514,924</u>

## 11. SUBSEQUENT EVENTS

The District has evaluated subsequent events through \_\_\_\_\_, 2024, the date which the financial statements were available to be issued.



# FINANCIAL STATEMENT DRAFT (2-28-2024)

## REQUIRED SUPPLEMENTARY INFORMATION

# FINANCIAL STATEMENT DRAFT (2-28-2024)

CAMARILLO HEALTH CARE DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 California Public Employees' Retirement System  
 Last 10 years \*

## Schedule of Proportionate Share of the Net Pension Liability

Year Ended *	Proportion of the Net Pension Liability	Proportionate Share (Amount) of Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.01542%	\$ 959,515	\$ 1,457,087	65.85%	87.79%
6/30/16	0.02995%	\$ 821,635	\$ 1,372,378	59.87%	83.66%
6/30/17	0.03465%	\$ 1,203,554	\$ 1,288,882	93.38%	80.46%
6/30/18	0.03676%	\$ 1,449,033	\$ 1,267,253	114.34%	78.80%
6/30/19	0.03777%	\$ 1,423,420	\$ 1,352,844	105.22%	80.16%
6/30/20	0.03987%	\$ 1,596,760	\$ 1,386,653	115.15%	78.60%
6/30/21	0.04204%	\$ 1,773,279	\$ 1,470,935	120.55%	77.71%
6/30/22	0.04658%	\$ 884,490	\$ 1,276,331	69.30%	89.53%
6/30/23	0.04640%	\$ 2,171,170	\$ 1,304,622	166.42%	75.60%

\* The data provided in the schedule is based as of the measurement date of CalPERS net pension liability, which is as of the beginning of the District's fiscal year.

## Schedule of Contributions

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	\$ 122,887	\$ 122,887	\$ -	\$ 1,457,087	8.43%
6/30/15	\$ 122,375	\$ 122,375	\$ -	\$ 1,372,978	8.91%
6/30/16	\$ 82,913	\$ 82,913	\$ -	\$ 1,288,882	6.43%
6/30/17	\$ 92,770	\$ 92,770	\$ -	\$ 1,267,253	7.32%
6/30/18	\$ 96,725	\$ 96,725	\$ -	\$ 1,352,844	7.15%
6/30/19	\$ 105,158	\$ 105,158	\$ -	\$ 1,386,653	7.58%
6/30/20	\$ 114,565	\$ 114,565	\$ -	\$ 1,470,935	7.79%
6/30/21	\$ 108,266	\$ 108,266	\$ -	\$ 1,276,331	8.48%
6/30/22	\$ 108,453	\$ 108,453	\$ -	\$ 1,304,622	8.31%
6/30/23	\$ 129,252	\$ 129,252	\$ -	\$ 1,604,055	8.06%

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

**CAMARILLO HEALTH CARE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Last Ten Years\***

	Measurement Date 6/30/22	Measurement Date 6/30/21	Measurement Date 6/30/20	Measurement Date 6/30/19	Measurement Date 6/30/18	Measurement Date 6/30/17
<b>Total OPEB Liability</b>						
Service cost	\$ 82,980	\$ 83,460	\$ 108,302	\$ 105,148	\$ 112,245	\$ 242,042
Interest	118,871	148,797	137,381	117,886	117,178	161,216
Changes of benefit terms	-	-	-	-	(218,274)	-
Differences between expected and actual experience	-	(703,743)	-	-	(430,717)	-
Changes of assumptions	-	95,956	-	-	-	-
Actuarial adjustment	-	-	-	(183,831)	-	-
Benefit payments	(77,328)	(57,670)	(45,957)	(39,203)	(31,131)	(30,629)
Net change in total OPEB liability	124,525	(433,200)	199,726	-	(450,699)	372,629
Total OPEB liability - beginning	1,716,100	2,149,300	1,949,574	1,949,574	2,400,273	2,027,644
Total OPEB liability - ending	\$ 1,840,625	\$ 1,716,100	\$ 2,149,300	\$ 1,949,574	\$ 1,949,574	\$ 2,400,273
<b>Plan Fiduciary Net Position</b>						
Contribution - employer	\$ 77,326	\$ 57,670	\$ 45,957	\$ 39,203	\$ 531,131	\$ -
Net investment income	(286,398)	460,948	58,003	95,050	39,820	66,832
Benefit payments	(77,326)	(57,670)	(45,957)	(39,203)	(31,131)	(30,629)
Administrative expense	(542)	(635)	(1,396)	(1,303)	(870)	-
Net change in plan fiduciary net position	(286,941)	460,313	56,607	93,747	538,950	36,203
Plan fiduciary net position - beginning	2,139,717	1,679,404	1,622,797	1,529,050	990,100	990,100
Plan fiduciary net position - ending	\$ 1,852,776	\$ 2,139,717	\$ 1,679,404	\$ 1,622,797	\$ 1,529,050	\$ 1,026,303
<b>Net OPEB liability (asset)- ending</b>	\$ (12,151)	\$ (423,617)	\$ 469,896	\$ 326,777	\$ 420,524	\$ 1,373,970
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	124.68%	78.14%	83.24%	78.43%	42.76%
Covered employee payroll	\$ 1,604,055	\$ 1,304,622	\$ 1,276,331	\$ 1,470,935	\$ 1,386,653	\$ 1,352,844
Net OPEB liability (asset) as a percentage of covered employee payroll	-0.76%	-32.47%	36.82%	22.22%	30.33%	101.56%

**Notes to Schedule:**  
Changes in assumptions: none  
Benefit changes - none

\* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal year 2017-2018 was the first year of implementation.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## OTHER REPORT

# FINANCIAL STATEMENT DRAFT (2-28-2024)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Camarillo Health Care District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Camarillo Health Care District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Camarillo Health Care District's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2024.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Camarillo Health Care District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Camarillo Health Care District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Camarillo Health Care District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Camarillo Health Care District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

# FINANCIAL STATEMENT DRAFT (2-28-2024)

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ventura, California  
\_\_\_\_\_, 2024



## **SECTION 4**

### **REVIEW FINANCIAL AUDIT SERVICES REQUEST FOR PROPOSALS**







Camarillo

# HEALTH CARE DISTRICT

## PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

PREPARED FOR  
**Camarillo Health  
Care District**

PREPARED BY  
**Brown Armstrong Accountancy Corporation**  
Neeraj Datta, CPA, CGMA/ Partner  
4200 Truxtun Avenue, Suite 300  
Bakersfield, California 93309  
T: (661) 324-4971 | F: (661) 324-4997 | E: ndatta@ba.cpa

**FEBRUARY 16, 2024**



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***Transmittal Letter***

February 16, 2024

Kara Ralston  
Camarillo Health Care District  
3639 E. Los Posas Road, #117  
Camarillo, California 93010

Dear Ms. Ralston:

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial statement audits of the Camarillo Health Care District (the District) for the fiscal years ending June 30, 2024, 2025, and 2026. This proposal will demonstrate to you that our firm is uniquely qualified to serve as your auditors.

The efficiencies we've gained through the auditing entities similar to that of the District has allowed us to deliver not only a high-quality audit, but an understanding of the challenges your unique agency faces. The relationship to be built between our firm and the District ensures you have a true partner to discuss complex issues with, while maintaining independence both in fact and in appearance. We feel even more confident and capable to uphold the level of service the District expects from its auditor.

Known as one of the largest regional accounting firms in Central California, Brown Armstrong's mission is "to provide exceptional client service with the utmost professionalism and integrity that contribute to the life-long success of our clients and our people." Our sixty-three (63) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience in governmental audits. We have audited numerous agencies similar to yours for four decades. We are experts in governmental accounting and auditing.

The key differentiator between our firm and other firms is the additional value we deliver to our clients. This value comes from the personal attention we provide, as well as our ongoing communication and quick response to any accounting matter. We take great pride in being our clients' main source and consultants for applying all GAAP and GASB pronouncements. We are open to consultations throughout the year, and not just during the audit period. We provide comprehensive training and CPE opportunities for ourselves, and our clients to gain an understanding and get a jump-start on upcoming audit requirements. We have the expertise and knowledge to help you make informed decisions with respect to any accounting matter.

1

**BAKERSFIELD**  
4200 Truxtun Avenue, Suite 300  
Bakersfield, CA 93309  
661-324-4971

**FRESNO**  
10 River Park Place East, Suite 208  
Fresno, CA 93720  
559-476-3592

**STOCKTON**  
2423 West March Lane, Suite 202  
Stockton, CA 95207  
209-451-4833



I certify that the requirements of the project as described in the RFP have been reviewed and I have conducted all necessary due diligence to confirm material facts upon which this proposal is based.

I will be the engagement partner and primary liaison responsible for all services provided to the District. I am entitled to represent the firm, empowered to submit this bid, and authorized to negotiate and sign a contract with the District. I can be contacted at 4200 Truxtun Ave, Suite 300, Bakersfield, CA 93309, Tel (661) 324-4971, Fax (661) 324-4997, or by email at [ndatta@ba.cpa](mailto:ndatta@ba.cpa).

I, the undersigned, certify that I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify that I am authorized to contract with the District on behalf of the above named firm. Please contact me if I can clarify or expand on any item contained in this proposal. I am available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for ninety (90) days.

Sincerely,

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

  
By: Neeraj Datta, CPA, CGMA  
Engagement Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

Brown Armstrong Accountancy Corporation  
4200 Truxtun Avenue, Suite 300  
Bakersfield, CA 93309

Title of persons signing on behalf of the corporation: Partner

# Qualifications and Experience

## Company Overview

Established in 1974, Brown Armstrong Accountancy Corporation (Brown Armstrong), is a regional full-service accounting and consulting firm with clientele throughout the state of California. We service clients from San Diego County to Humboldt County. With almost 50 years of experience servicing the public sector, Brown Armstrong has become the premier public accounting firm in the California central valley. Now, with 63 highly skilled employees, Brown Armstrong continues its growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals throughout California. In addition to audit and tax services, we offer GASB implementation task forces, State Controller’s report preparation, management advisory and information services, estate planning, estate and trust administration, and payroll and bookkeeping services. Our broad array of services allows us to better serve our clients.

We have crafted expertise in auditing governmental entities since the birth of the company and our professionals have dedicated to gaining knowledge in the public sector industry that have allowed them to become highly skilled with specialized knowledge of the operating and regulatory environments. Our governmental audit staff is made up of forty (40) professionals. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations. We have a strong reputation that we have built over the years that will provide you with the confidence that we can deliver the expertise, service and timeliness that you expect. We have three (3) offices located throughout the state of California. Our main office is located in Bakersfield, California. We have additional offices in Fresno and Stockton, California to better serve our client’s needs. For this engagement, the staff will be employed on a full-time basis from the Bakersfield office.

The firm now employs 63 people as follows:

<i>Our Staff</i>		<i>Governmental Audit Staff</i>	
Partners	9	Partners	7
Managers	11	Managers	7
Seniors	7	Seniors	6
Staff	21	Staff	18
Support Staff	<u>15</u>	Support Staff	<u>2</u>
	<b><u>63</u></b>		<b><u>40</u></b>

## Firm Qualifications and Relevant Experience

Brown Armstrong prides itself in being an industry leader and adviser to not only our clients, but working with other organizations and practitioners as new accounting standards are issued and State legislation is brought into law.

The audit will be done in accordance with generally accepted auditing standards as published by the American Institute of Certified Public Accountants and by the Comptroller General of the United States. Having performed numerous audits of special districts, we are very familiar with all GAAP and GASB pronouncements most relevant to special districts as well as the requirements of the State Controller’s Audit Requirements for California Special Districts. Our financial statement review process is very rigorous going through various levels.

## License to Practice

Our firm, the engagement partner, and all assigned key professional staff are properly licensed to practice public accounting in the State of California and are in good standing with all licensing agencies.



# Engagement Team

The District requires auditors who can quickly identify and understand the pertinent issues and promptly provide assistance whenever and wherever needed. This cannot be accomplished without a comprehensive knowledge of operations. Brown Armstrong has assembled a key group of professionals that possess a firm grasp of the subject matter, as well as the experience, confidence, and friendliness you deserve. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

Resumes for the engagement team can be found at Exhibit I.

## CAMARILLO HEALTH CARE DISTRICT TEAM



**Neeraj Datta, CPA, CGMA**

**Engagement Partner**

- **13+ years** governmental auditing experience
- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the District, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery



**Lindsey Zimmerman, CPA**

**Technical Review Partner**

- **10+ years** governmental auditing experience
- Assists in performing the audit risk assessment and design audit procedures
- Assists in audit documentation review in significant areas
- Ensures conformance with GAAP and GFOA requirements
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports



**Sarabeth Prior-Dalmas, CPA**

**Engagement Manager**

- **8+ years** governmental auditing experience
- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the District regarding audit planning, fieldwork, and reporting

### Supervision and Review

To be effective, the reviews must be conducted as the engagement progresses and as each important step is completed. Our procedure is for the audit manager and partner to review the work at the conclusion of each significant task through the engagement as an integral quality control procedure. The financial statements and report thereon are then reviewed by an audit partner not directly involved in the engagement for concurrence of opinion prior to release of the report to the District.

### Continuity of Personnel

We want to provide the most stable staffing available during our partnership. Excessive personnel turnover can complicate engagements and decrease the efficiency of the audit due to "catch-up" time needed. Our mission to provide stable staffing during the engagement is fundamental to our approach. To ensure the District's maximum benefit from their working relationship with Brown Armstrong, we will continue to maintain the highest level of staff continuity throughout the course of the engagement. The engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. We understand that the District retains the right to approve or reject replacements and engagement partners, managers, or other supervisory staff may be changed only with the express prior written permission of the District. If the District wishes to rotate staff members to enhance independence, we are willing to discuss those terms in the engagement.



# Audit Approach

Following is our detailed audit work plan to be followed to perform the services included in your request for proposal.

## Assistance Needed from the District

Brown Armstrong will provide an audit information request, "provided by client" list, upon award so that the District's staff can provide the necessary schedules and documents in accordance with our audit schedule timeline.

## Planning

We will begin the planning of the engagement upon notification of award of the contract. During this phase of the audit, we will:

- Confer with management to coordinate our efforts with the District's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- Prepare a preliminary assessment of the District's internal control structure for key accounting areas;
- Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues/expenses susceptible to such testing based on our expectations);
- Submit questionnaires and requests for information to management;
- Advise management on implementation of current year and upcoming GASB pronouncements;
- Obtain an understanding of general ledger and related reports available for audit; and
- Obtain basic information from management relating to risk assessment, including fraud risks.

## Internal Control Evaluation and Audit Risk Assessment

During this phase we will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- Performing walk-throughs and tests of compliance with policies and procedures.
- Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- Interviewing key management personnel to verify or resolve complicated issues.
- Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

## Test of Controls and Compliance

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

Area	Sample Size
Disbursements and accounts payable;	40-60
Payroll and related liabilities; and	40-60
Capital assets additions and deletions	

Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

At this point we make adjustments to our auditing plan to compensate for the significant strengths and weaknesses thus identified and substantiated.



# TECHNICAL PROPOSAL

*Camarillo Health Care District*

## **Compliance Tests**

Concurrent with the substantive testing, we perform the compliance tests which have been designated to meet the objectives stated by the U.S. Comptroller General of the Office of Management and Budget and the State Controller's Office.

Included in this auditing phase are all procedures relating to Federal assisted programs, if the District were to need a single audit. These procedures would include:

- Setting of auditing scope with cognizant agency and obtaining approval of reporting formats (previously noted under the "planning" discussion).
- Review and testing of internal control, practices and policies designed to provide reasonable assurance that the District's controls relating to the management of federal financial assistance programs are functioning and are in compliance with applicable laws and regulations.
- For major federal assistance programs: reviewing cash receipts to ascertain agreement with grant terms; reviewing program funding for matching requirements; testing a representative sample of disbursements for compliance; tracing financial data to submitted reports.
- Summarizing financial data for final reports.

Throughout our field work, we will discuss any proposed adjustments or findings and recommendations with District management, as necessary. Manager and Partner review will occur throughout the engagement. We will also conduct an exit meeting with Management to discuss any potential findings and potential audit adjustments as well as any other audit issues.

## **Information Technology (IT) within the Financial Statement Audit**

Brown Armstrong recognizes the increased risks surrounding IT in both the financial systems and in the business processes. To respond to these recognized risks, Brown Armstrong has developed in house IT programs that address risks within IT. These programs were developed using our risk-based audit approach, and as noted above, recognizing the pervasiveness of IT within business processes and financial transaction cycles. Our approach begins with initially ranking each client in three tiers. Tier 1 being the tier with the most sophistication (high) and Tier 3, low sophistication. High and medium sophistication requires the assistance of a subject matter expert to evaluate and test the IT and related controls. Once we have identified the relevant information systems we will test the IT General Controls surrounding the system to determine that the system can be relied upon. We will then test relevant application controls and integrate that control assessment with our manual control testing and risk assessment process. We also may utilize various Computer Assisted Audit Tools to improve both the efficiency and effectiveness of our substantive procedures.

In addition to the procedures noted above, we will provide recommendations to management on how to improve or streamline internal controls as they relate to your deployed Information Technology.

## **Final Field Work**

In this portion of the examination, we obtain sufficient competent evidential matter through inspection, observation, inquiries and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit. The extent and timing thereof is determined by the results of our study and evaluation of internal control.

We expect to begin the final stages of the work on an agreed upon date in September and to be completed by the end of September.

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenses and reviewing estimates for accruals.

## **Completion of the Audit**

At the completion of all of the above procedures, we will draft the financial statements and provide drafts to District staff, for their review. We will also draft all other reports and management letters. We will then issue drafts of all required reports, and discuss these drafts with appropriate District personnel. Final products will be deleted by October 31<sup>st</sup>.

# TECHNICAL PROPOSAL

Camarillo Health Care District

## Schedule

Timing	Phase	Staff	Hours
May/June	<b>Planning and Administration</b> <ul style="list-style-type: none"> <li>• Obtain understanding of the District and its environment</li> <li>• Develop audit programs</li> <li>• Establish critical dates list and provide to management</li> <li>• Provide information request to the District</li> <li>• Obtain confirmations from the District and request responses</li> <li>• Coordinate and assist District staff in the preparation of all appropriate confirmation requests including:                             <ul style="list-style-type: none"> <li>○ Bank accounts</li> <li>○ Investment accounts</li> <li>○ OPEB</li> <li>○ Revenue</li> <li>○ Bond and other debts</li> <li>○ Attorney letters</li> <li>○ Insurance</li> <li>○ Others, as required</li> </ul> </li> </ul>	Partner Manager Staff Clerical	4 6 12 4  <u>26</u>
	<b>Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Interim Field Work</b> <ul style="list-style-type: none"> <li>• Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and reviews of supporting documentation:                             <ul style="list-style-type: none"> <li>○ Budgeting</li> <li>○ Revenue, accounts receivable and cash collections</li> <li>○ Capital assets</li> <li>○ Journal entry and Financial Reporting</li> <li>○ Payroll</li> <li>○ OPEB</li> <li>○ Other significant internal control systems as necessary</li> <li>○ Investments</li> <li>○ Purchasing, expenses, accounts payable and cash disbursements</li> <li>○ Inventory</li> <li>○ Debt issuance</li> <li>○ Credit cards</li> <li>○ Information technology</li> </ul> </li> <li>• Perform testing of the internal control system and evaluate the effectiveness of the District's systems. Select random samples of transactions in key operating systems. (Sample size designed to meet assessed / required level of risk.) Review supporting documentation of selected transactions, evaluate transactions, evaluate adequacy of support and approvals and conclude on degree of adherence to accuracy and compliance with the District's policies.</li> <li>• Prepare to the District's Management a memo concerning management letter points and identify issues, if any.</li> <li>• Review minutes of District Board meetings.</li> <li>• Obtain a trial balance for interim analytical procedures.</li> </ul>	Partner Manager Staff Clerical	6 8 40 1  <u>51</u>
August/September			



# TECHNICAL PROPOSAL

Camarillo Health Care District

Timing	Phase	Staff	Hours
September	<b>Final Field Work</b> <ul style="list-style-type: none"> <li>Audit the Basic Financial Statements of the District to obtain reasonable assurance that the statements are free from material errors misstatements.</li> <li>Follow-up on all outstanding confirmations.</li> <li>Verify and validate account balances by including invoices, vouchers, resolutions, minutes, and other documentation, as required.</li> <li>Perform analytical review of revenues and expenses. Determine reasons for material differences between budget and actual.</li> <li>Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.</li> <li>Perform review of subsequent events by discussions with Management and review of all minutes of the District's Board of Directors.</li> <li>Validate all analytical procedures, assumptions and perform additional testing as necessary. Discuss any proposed adjustments.</li> <li>Hold exit conference with District management.</li> </ul>	Partner Manager Staff Clerical	4 10 60 1 <u>75</u>
October	<b>Completion of the Audit and Financial Reporting</b> <ul style="list-style-type: none"> <li>Draft the District's Financial Statements</li> <li>Express an opinion on the fair presentation of the District's financial statements in conformity with generally-accepted government accounting principles.</li> <li>Perform limited procedures involving management's discussion and analysis and required supplementary information as determined by GASB.</li> <li>Provide the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the District's financial statements in accordance with <i>Government Auditing Standards</i>.</li> <li>Include appropriate reportable conditions and material weaknesses, and follow up on prior audit findings where required.</li> <li>Provide a separate management letter that includes recommendations for improvements in internal control, accounting procedures and other observations that the Auditors consider non-reportable conditions.</li> <li>Address the reports to the District's Board of Directors, giving the opportunity to review and comment prior to delivery.</li> <li>Provide an immediate written report of any irregularities and illegal acts, or indications thereof that the auditors become aware of in the course of the audit, as appropriate.</li> <li>Draft the report on the auditor's responsibilities, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, and other issues as per Statement on Auditing Standards (SAS) No. 114.</li> <li>Present draft reports to the District.</li> <li>Finalize all Audit Reports by October 31<sup>st</sup>.</li> <li>Present all final reports to the District's Board of Directors.</li> </ul>	Partner Manager Staff Clerical	10 6 18 14 <u>48</u>
	<b>Total Hours</b>		<b>200</b>



# TECHNICAL PROPOSAL

*Camarillo Health Care District*

## **Analytical Procedures**

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

## **Internal Control Structure**

This is the cornerstone of the engagement. Internal accounting control generally comprises the plan of organization and procedures and records that are concerned with the safeguarding of assets and reliability of financial records.

We will begin by preparing memoranda to fully describe all financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified.

## **Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work**

Our experience with various governmental entity audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs participated in by the District. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents.

## **Remote Audits and Information Technology (IT) Capabilities**

We offer our clients a completely remote audit. The remote audit consists of documents being transmitted through our secured portal, Citrix Sharefile, which facilitates the transfer of information. This portal is simple to use and safe. It also assists with the organization of the documents provided. The information can only be accessible by those that are determined to be authorized to upload and download information. Our meetings are conducted via Microsoft Teams or Zoom, which facilitates our communication with clients during our audit as well the option to present to the District.

## **Identification of Anticipated Issues**

We currently do not anticipate any audit problems. However, with our history of working with numerous local entities, often the greatest challenge and area that causes the most audit problems for local agencies is the handling and implementation of new GASB standards. We take a proactive approach when new GASB pronouncements are issued. First, our Audit Quality Committee meets to discuss each GASB, the effect, timeline, and assistance needed to provide to our clients. Second, each year, during planning, we identify any new standards that are required to be implemented for each client. We research to determine the potential effect and during our entrance meeting we discuss with our clients to address issues, establish a timeline, and provide assistance on implementation. This has always led to issues being resolved quickly and financial statements being issued on time.

We will use an approach that is based on risk and will be an in-depth review of those areas identified as higher risk. We will develop our procedures to address specific risks and knowledge of the unique characteristics of your operations.

## Fees

### Total Not-To-Exceed Maximum Price

The total not-to-exceed maximum price for the years ending 2024, 2025, and 2026 is \$28,900.

Summary of Annual Fees			
	Hours	Rates	Total
Partners	20	\$290	\$ 5,800
Manager	30	\$230	6,900
Staff	130	\$110	14,300
Clerical	20	\$80	1,600
Subtotal	<u>200</u>		28,600
Out-of-Pocket			300
<b>Not-to-Exceed Maximum Price</b>			<b>\$ 28,900</b>

### Rates for Additional Professional Services

We do not anticipate that additional services will be necessary to complete the audit. If it should become necessary for the District to request Brown Armstrong to render any additional services to either supplement the services requested in the Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between the District and the Firm. Any such additional work agreed to between the District and the Firm shall be performed at the same rates set forth in the fee proposal. Here is a summary of our rates used as follows:

### Manner of Payment

Brown Armstrong agrees to progress payments on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our cost bid proposal. Interim billings shall cover a period of not less than a calendar month. We understand that final payment will be made after completion of the audit and audit report has been issued.



## References

### Relevant Experience Auditing Other Special District

The following are references of similar engagements and can be used as references.

Client	Scope of Work	Dates	Partner(s)
<b>Buena Vista Water Storage District</b> Marybeth Brooks (661) 324-1101 <a href="mailto:mbrooks@bvh2o.com">mbrooks@bvh2o.com</a>	Financial Statement Audit	2014 to Current	Lindsey Zimmerman
<b>Cawelo Water District</b> LeeAnn Giles (661) 393-6072 <a href="mailto:lgiles@cawelowd.org">lgiles@cawelowd.org</a>	Financial Statement Audit	2018 to Current	Neeraj Datta
<b>Goleta Water District</b> Tammy Gerenser (805) 455-7252 <a href="mailto:tgerenser@goletawater.com">tgerenser@goletawater.com</a>	Annual Comprehensive Financial Report	2015 to Current	Neeraj Datta
<b>Heritage California Medical Group</b> Lindra Frandinata (818) 654-3460 <a href="mailto:LFrandinata@heritagemed.com">LFrandinata@heritagemed.com</a>	Financial Statement Audit	2012 to Current	Eric H. Xin
<b>Port Hueneme Water Agency</b> Lupe Acero (805) 986-6500 <a href="mailto:LAcero@ci.port-hueneme.ca.us">LAcero@ci.port-hueneme.ca.us</a>	Financial Statement Audit	2012 to Current	Neeraj Datta
<b>Riverside University Health System</b> David Santhilli (951) 486-5437 <a href="mailto:DSantilli@ruhealth.org">DSantilli@ruhealth.org</a>	Financial Statement Audit	2014 to Current	Lindsey Zimmerman

### Quality Control and Peer Review Report

Brown Armstrong's objective is to establish and maintain a system of quality control to provide us with reasonable assurance - that is, a high, but not absolute, level of assurance - that the firm and its personnel comply with professional standards and applicable regulatory and legal requirements, and that the firm issues reports that are appropriate in the circumstances. A system of quality control consists of policies designed to achieve these objectives and the procedures necessary to implement and monitor compliance with those policies.

All employees and members of the firm have immediate and constant access to the firm's "System of Quality Control" and are personally responsible for understanding, implementing, and adhering to these policies and procedures. Brown Armstrong understands the importance of obtaining feedback on the system of quality control from its personnel and any firm member is strongly encouraged to communicate their views or concerns on quality control matters to any audit partner or manager.

Please see additional data section for our Peer Review Report and Summary of Recent Governmental Audit Experience.

## **Desk Reviews and Disciplinary Action**

All of our reports are subjected to annual desk reviews by federal and state cognizant agencies. All of our reports for the past three years were accepted by these agencies. We have no disciplinary action taken or pending against the Firm during the past three years with state regulatory bodies or professional organizations.

## **Insurance**

Upon notification of award, Brown Armstrong will furnish proof of Workers' Compensation and Liability Insurance.



# EXHIBITS

Camarillo Health Care District

## Exhibit I Resumes



## Neeraj Datta

Engagement Partner, CPA, CGMA

### Background

Neeraj is the engagement partner of the project from our Bakersfield office. He has more than 13 years of governmental auditing experience and 20 years of auditing experience. He has been with the firm since August of 2012, after 8 years of auditing experience that includes Big Four accounting firms, KPMG San Francisco, KPMG New York, Ernst and Young New York, and Deloitte and Touché, Toronto. His primary business focus is governmental entities audit and accounting. His audit specialties include special districts, counties, cities, retirement systems, and investment funds.

Neeraj has always ensured that we provide the highest level of audit and consulting services to all our clients. He currently serves as the firm's Quality Control Partner and chair of the Retirement Committee. He is actively involved in several professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

### Roles and Responsibilities

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the District, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery

### Contact

- ✉ [ndatta@ba.cpa](mailto:ndatta@ba.cpa)
- ☎ 661-324-4971
- 📍 Bakersfield, California
- 🌐 [www.ba.cpa](http://www.ba.cpa)

### Education

Dehli University, India  
*Bachelor of Commerce Honors Degree  
with a Concentration in Accounting*

### Experience

#### Cities

City of Fresno  
City of Pasadena  
City of Tulare

#### Counties

County of Fresno  
County of Tulare

#### Special Districts

Cawelo Water District  
Carpinteria Valley Water District  
Goleta Water District  
Mojave Air and Space Port  
Pixley Public Utility District  
Port Hueneme Water Agency  
North of the River Municipal Water District

#### Nonprofits

California State University, Sonoma Campus  
Pasadena Community Access Corporation  
Rotary Club of Bakersfield  
Rotary Waterman Foundation  
National Test Pilot School

#### Retirements

Fresno County Employees' Retirement Association  
Imperial County Employees' Retirement System  
Marin County Employees' Retirement Association  
San Bernardino County Employees' Retirement Association  
San Diego County Employees' Retirement Association  
Tulare County Employees' Retirement Association  
Ventura County Employees' Retirement Association



# Lindsey Zimmerman

Engagement Partner, CPA

## Background

Lindsey will be the Technical Review Partner for the engagement. She is a partner who has more than 10 years of governmental auditing experience and 17 years of auditing experience. She has been with the firm since August of 2012, joining the firm after 6 years at KPMG Orange County and 4 years of additional accounting and auditing experience before working at KPMG. Her primary business focus is governmental entities audit and accounting. Her audit specialties include counties, cities, special districts, and retirement systems. She also enjoys presenting classes at SACA and CALAPRS.

Lindsey has always ensured that we have the highest level of audit and consulting services for all of her clients. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

## Contact

- ✉ [lzimmerman@ba.cpa](mailto:lzimmerman@ba.cpa)
- ☎ 661-324-4971
- 📍 Bakersfield, California
- 🌐 [www.ba.cpa](http://www.ba.cpa)

## Education

Azuza Pacific University  
*Bachelors of Science Degree in Accounting*  
2006

## Experience

### Cities

Bakersfield  
Fresno  
Laguna Woods  
Morro Bay  
Tulare  
Visalia  
Paso Robles  
St. Helena

### Counties

Kern  
Merced  
Napa  
Riverside  
San Diego - TTC  
Investment Pool  
Sana Barbara  
Santa Cruz

San Joaquin  
San Luis Obispo  
Tulare

### Non-Profits

Buck Owens Crystal Palace  
Buck Owens Private Foundation  
Inspiring Pathways  
Rotary Club of Bakersfield  
Rotary Club of Wasco

### Retirements

Kern County Deferred Compensation Plans  
San Francisco Bay Area Rapid Transit - Deferred Compensation Plan  
San Francisco Bay Area Rapid Transit - Money Pension Plan  
San Joaquin County Employees' Retirement Association  
San Luis Obispo County Pension Trust  
Southwest Contractors, Inc. Profit Sharing Plan

### Special Districts

Buena Vista Water Storage District  
Kern Delta Water District  
Kern Fan Authority  
Kern County Housing Authority  
James Water Bank Authority  
Napa County Housing Authority  
Napa County Special Districts





# Sarabeth Prior - Dalmas

Engagement Manager, CPA

## Background

Sarabeth is the engagement manager of the project and located in our Bakersfield office. She has more than 8 years of governmental auditing experience at Brown Armstrong. Her primary business focus is governmental entities audit and accounting. Her audit specialties include special districts, transits, and nonprofits.

Sarabeth will be highly involved in the field work and a face-to-face presence for Brown Armstrong. She and the supervisor accountant will be easily accessible to the District at all times. Her ability to manage an audit has become invaluable for Brown Armstrong. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

## Roles and Responsibilities

- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the District regarding audit planning, fieldwork, and reporting

## Contact

✉ sprior-dalmas@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

## Education

California State University, Bakersfield  
*Bachelor of Science Degree in Business Administration, Concentration in Accounting*

## Experience

### Cities

Bakersfield  
Morro Bay

### Counties

Merced  
Riverside  
San Luis Obispo  
Santa Barbara  
Santa Cruz  
Tulare

### Transits

Kern Council of Governments  
Tulare County Association of Governments  
Stanislaus Council of Governments  
Riverside Transit Agency  
San Joaquin Council of Governments  
San Joaquin Regional Transit District  
Tulare County Regional Transit Agency

### Special Districts

Bear Mountain Recreation and Park District  
Buena Vista Water Storage District  
Cawelo Water District  
Goleta Water District  
Kern Delta Water District  
Lamont Public Utility District  
Mojave Air and Space Port  
Mojave Public Utility District  
North Kern Cemetery District  
Port Hueneme Water Agency

### Non-Profits

Bakersfield ARC, Inc.  
Bakersfield Homeless Center  
First Assembly of God Church  
National Test Pilot School

### Retirements

City of Fresno Employees' Retirement System  
Ventura County Employees' Retirement System

# EXHIBITS

Camarillo Health Care District

## Exhibit II

### External Quality Control Review Report



6025 SOUTH QUEBEC STREET, SUITE 260  
CENTENNIAL, COLORADO 80111  
303-792-3020 (o) | 303-792-5153 (f)  
WWW.WCRCPA.COM

#### REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 30, 2022

To the Shareholders of  
Brown Armstrong Accountancy Corporation  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 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](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and an audit of an employee benefit plan.

RANDY WATSON | JEREMY RYAN | TROY COON | KELLY WATSON | JOHNNIE DOWNING



# EXHIBITS

Camarillo Health Care District

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 Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 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*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

*Watson Coon Ryan, LLC*

Watson Coon Ryan, LLC

# EXHIBITS

## Camarillo Health Care District

### Exhibit III

#### Summary of Recent Governmental Audit Experience

CITIES	RETIREMENT PLANS	SPECIAL DISTRICTS
City of Bakersfield	Contra Costa County Employees' Retirement Association	Antelope Valley East Kern Water Agency
City of Fresno	City of Fresno Employees' Retirement Systems	Bear Mountain Recreation and Park District
City of Huron	Fresno County Employees' Retirement Association	Buena Vista Water Storage District
City of Laguna Woods	Imperial County Employees' Retirement System	California Valley Community Services District
City of Morro Bay	Kern County Employees' Retirement Association	Carpinteria Valley Water District
City of Paso Robles	Los Angeles Fire and Police Pension System	Cawelo Water District
City of St. Helena	Los Angeles City Employees' Retirement System	East Bay Regional Park District
City of Tulare	Los Angeles County Employees' Retirement Association	Eastern Kern Air Pollution Control District
City of Turlock	Marin County Employees' Retirement Association	Golden Valley Municipal Water District
	Merced County Employees' Retirement Association	Goleta Water District
FIRST 5s	Mendocino County Employees' Retirement Association	Indian Wells Valley Groundwater Authority
First 5 Kern	Sacramento County Employees' Retirement System	James Water Bank Authority
First 5 Merced	San Bernardino County Employees Retirement Association	Kern Tulare Water District
First 5 Monterey	San Diego City Employees' Retirement System	Kern Water Bank Authority
First 5 Napa	San Diego County Employees' Retirement Association	Lake Isabella Community Services District
First 5 San Mateo	San Francisco Bay Area Rapid Transit District Money	Lamont Public Utility District
First 5 Sonoma	Purchase Plan and Deferred Compensation Plan	Lebec County Water District
First 5 Ventura	San Joaquin County Employees' Retirement Association	Mojave Public Utility District
	San Joaquin Regional Transit District Retirement Plans	North Kern Cemetery District
COUNTIES	San Luis Obispo County Employees' Pension Trust	North Coast Unified Air Quality Management District
County of Fresno	San Mateo County Employees' Retirement Association	Riverside County Habitat Conservation Agency
County of Kern	Santa Barbara County Employees' Retirement System	Pixley Public Utility District
County of Merced	Sonoma County Employees' Retirement Association	Port Hueneme Water Agency
County of Riverside	Stanislaus County Employees Retirement Association	San Joaquin Area Flood Control Agency
County of San Joaquin	Tulare County Employees' Retirement Association	San Joaquin Valley Air Pollution Control District
County of Santa Barbara	Ventura County Employees' Retirement Association	San Luis Obispo County Integrated Waste Management Authority
County of Santa Cruz		Shafter Recreation and Park District
County of Stanislaus		Sonoma County Public Safety Consortium
County of Tulare		South San Joaquin Irrigation District
County of Napa		Visalia Public Cemetery District
	NONPROFITS	West Valley County Water District
	Bakersfield ARC	Westside Mosquito Abatement District
	California Association of County Treasurers and Tax Collectors	
	California Association of Public Authorities for IHSS	
	Civil Justice Association of California	
	Community Action Partnership of Kern	
	Community Action Partnership of San Luis Obispo	
	Community Action Partnership of Madera County	
	Kern County Bar Association	
	Kern County Library Foundation	
	Missionary Church Western Regional	
	Tranquil Waters Guidance Center	
	Valley Consortium for Medical Education	
	Women's Center - High Desert	
HEALTHCARE		
Kern Health Systems		
Kern Medical		
Liberty Health Advantage		
Heritage Provider Network		
Heritage California Medical Group		
Heritage New York Medical Group		
Southwest Health Care District		
Riverside County Health System - Medical Center		
TRANSIT DISTRICTS		
Anaheim Transportation Network	Marin County Transit District	Santa Barbara Metropolitan Transit District
Antelope Valley Transit Authority	Napa Valley Transportation Authority	Santa Cruz Metropolitan Transit District
Central Contra Costa Transit Authority	Peninsula Corridor Joint Powers Board	Solano County Transit
Eastern Contra Costa Transit Authority	Riverside County Transportation Commission	Stanislaus Council of Governments
Fresno County Transportation Authority	Riverside Transit Agency	Stanislaus Regional Transit Authority
Gold Coast Transit District	San Joaquin Council of Governments	Tulare County Association of Governments
Golden Empire Transit District	San Joaquin Regional Transit District	Tulare County Regional Transit Agency
Kern Council of Governments	San Luis Obispo Council of Governments	
Kings County Area Public Transit Agency	San Luis Obispo Regional Transit Agency	

**TECHNICAL PROPOSAL  
FOR  
PROFESSIONAL AUDITING SERVICES  
Camarillo Health Care District**

**For the Fiscal Years Ending  
June 30, 2024-2026  
(with option for three subsequent years)**



***Respectfully Submitted on February 15, 2024 by:***

Paul J. Kaymark, CPA  
Nigro & Nigro, PC  
pkaymark@nncpas.com  
Federal Tax ID: 30-0636241  
Nncpas.com

**Murrieta Office:** 25220 Hancock Ave. #400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064  
**Walnut Creek:** 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444



*Let's Work Together!*



*By applying our financial expertise,  
we partner with our clients to build  
valuable relationships that inspire success.*

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February 15, 2024

Ms. Kara Ralston, CEO  
Camarillo Health Care District  
3639 E. Las Posas Rd, #117  
Camarillo, CA 93010

Dear Ms. Ralston:

Thank you for the opportunity to submit this proposal to provide audit services for the Camarillo Health Care District (District). Our understanding of the work to be done is: the annual audit of the District's financial statements and preparation of the State Controller's Report for the fiscal years ending June 30, 2024-2026, with an option to extend for three additional years, as well as other reporting requirements as noted in the RFP. Based on our history with special districts, especially fire protection districts, we believe our firm would be a great fit, and we would develop a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

**Currently, we audit the following Health Care Districts:**

Health Care Districts: East Kern, Fallbrook and Grossmont

Although many people think that all special districts function in the same manner, we know that's not the case. The audit leadership team we've assigned to your District, including myself, will take the time to learn the intricacies of your organization. We find that by delving deep into our client's structure and operations we are able to make recommendations that are not only useful, but also practical to implement.

At Nigro & Nigro, PC, our greatest strengths correspond to your most critical needs; we possess the full spectrum of resources needed to most effectively help the District's management team and Board members meet their goals – all at a very competitive rate. We believe we are your best choice.

- **Credibility, Reputation, and Resources of a Large Firm** without sacrificing the small-firm touch. Our CPAs and consultants can help you analyze and address financial, operational, and regulatory issues so you can focus attention on serving your citizens. We were originally formed in 1999, and now perform annual audits for approximately 100+ public agencies annually.
- **State-Wide Reach with Local Presence.** At Nigro & Nigro, we have the benefit of having the resources of a state-wide firm while serving you from our **Murrieta (Headquarters) office**. We also have an office in Walnut Creek for additional resources.
- **Efficiency.** Our use of portal software allows you to upload audit documentation at any time, which will minimize disruption to your staff and enable timely completion of all deliverables.

- **An Efficient and Effective Work Plan.** We currently serve over 100+ governmental entities state-wide, which enables our staff to understand the scope of the audit. We also understand the District's complexities, not just from a compliance standpoint but also from an operational point of view. We have developed an effective work plan that takes into consideration your needs for high quality audit services, as well as timely deliverables. As a result of our efficient work plan, we commit to meeting your deadlines to complete our auditing services within the time-period you have specified.
- **Thought Leadership.** Members of our firm have been actively involved as presenters in numerous industry conferences and programs, including the GFOA, CSDA, and CSMFO. We have incorporated our experience with these committees into our audit framework.
- **Engagement Team.** We know that quality people drive quality results, which is why our commitment to you starts with the engagement team members who are selected based on their experience, focus on serving local government agencies, and who are the best fit for you. Each of the District's engagement team members have completed and exceeded the mandatory requirement for continuing professional education hours as requested in the RFP. Paul Kaymark, Partner, will be the main contact for the District regarding this project.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** Nigro & Nigro is organized by industry, affording our clients with industry-specific expertise supplemented by valuable local service and insight. Therefore, the District will enjoy the service of members of our Governmental Audit Services Team who have experience with similar governmental entities and understand the issues and environment critical to you. You will not have to train our auditors.

You may have many options in selecting a professional audit firm. By choosing Nigro & Nigro, you will gain value-added accounting and operational insights. We are the right fit for the District, as we have the expertise and depth of resources within our firm to offer you exceptional service while maintaining a sincere and honest relationship. We understand the work, we are committed to meeting your deadlines, and we would like the opportunity to continue to be your auditors. We also commit to meeting or exceeding your expectations.

Thank you once again for the opportunity to present our qualifications. If you have any questions about our offerings, please do not hesitate to contact me.

Sincerely,



Paul J. Kaymark, CPA  
Audit Services Partner



## LICENSE TO PRACTICE IN CALIFORNIA

The Firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA. We will assign a California licensed CPA as the auditor in charge of the audit.

## PROFILE OF THE FIRM

### Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of all entities listed in the RFP, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards". In addition, the Firm shall give the District written notice of any relevant professional relationships entered into during the period of this agreement.

### Experience

Nigro & Nigro team members are highly trained in governmental accounting and auditing, which sets us apart as being able to add value beyond the basic attest engagement. We are comfortable working with clients of various sizes. Within the past five years, we have worked with numerous governmental clients with revenues ranging from \$200,000 to over \$300 million.

Prior to any audit engagement, our engagement team leader will meet with the Board, Audit Committee and Management to gain a full understanding of the philosophy, objectives and policies for operating the organization, as well as to discuss significant business, regulatory and accounting matters that will affect the audit. At the conclusion of the audit, we will communicate the results of the audit with the Board, Audit Committee and Management.

Areas of specialization include:

- Audit and Review Services
- Government Auditing Standards & Single Audits
- Annual Report of Financial Transactions
- Agreed Upon Procedures Engagements
- Annual Comprehensive Financial Report (ACFR) development

# PROFILE OF THE FIRM (CONTINUED)

## Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

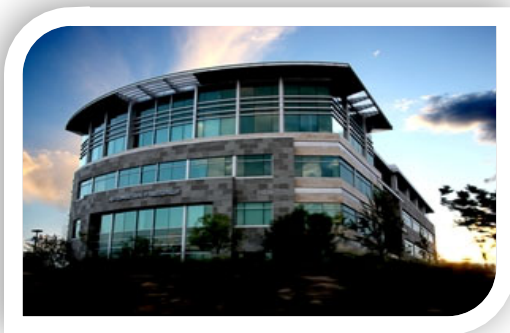
Position	Number of Employees	Number of Licensed CPA's
<b>Partner*</b>	7	7
<b>Senior Manager</b>	1	1
<b>Manager</b>	3	1
<b>Supervisor</b>	1	-
<b>Senior</b>	8	1
<b>Associates</b>	13	-
<b>Support Staff</b>	3	-
<b>Total</b>	<b>36</b>	<b>10</b>

*\*Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders."*

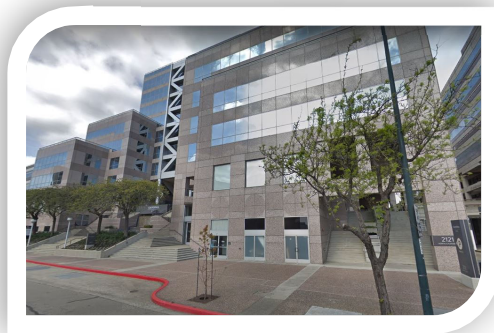
## Size and Location of Offices

The firm was originally established in 1999. In 2013, we opened our second office in Northern California in order to better serve our growing client base of agencies in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 18 accountants and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners' associations. The office serves clients of all sizes and industries, however, we focus on government agencies, just like yours.

*We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.*



MURRIETA OFFICE



WALNUT CREEK OFFICE

## Range of Activities Performed

- Consulting and other services for numerous other agencies and not-for-profits
- Tax services for individuals, corporations, and non-profit organizations

## PROFILE OF THE FIRM (CONTINUED)

### Peer Review

Our firm's most recently issued peer review report can be found under the "Additional Documents" section of the proposal. A firm can receive a "Fail", "Pass with Deficiencies", or a "Pass" rating. The firm's most recent peer review report rating was a Pass. This rating indicates that the firm's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects. As required by our membership in the Government Audit Quality Center (GAQC), the peer review included a selection of a sample of governmental audit engagements.

### Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Name	Role	Years of Experience in Audits
<b>Paul J. Kaymark, CPA</b>	Lead Audit Partner	30
<b>Peter Glenn, CPA</b>	Review Partner	15
<b>Jared Solmons, CPA</b>	Audit Senior Manager	5
<b>Stacy Macias, CPA</b>	Audit Manager	5
<b>Anabel Cruz, CPA</b>	Audit Manager	4
<b>Tyler Cook</b>	Audit Supervisor	3
<b>Angelina Paunkov</b>	Audit Senior	2



# Paul J. Kaymark, CPA

## Lead Audit Partner

Paul joined the firm in 2019 and has more than 30 years of public accounting and auditing governmental entities experience. Paul is our choice for new governmental audit clients, having extensive experience in the areas of governmental entities. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Mr. Kaymark has been working on audit engagements of governmental agencies, not-for-profit organizations, as well as for-profit corporations and companies. His previous experience includes audit and consulting work for large and small businesses with a focus on client service. Paul strives to build strong relationships with his clients by assisting them with any emerging issues and being available as a resource.

### Consulting Services:

Mr. Kaymark has experience in a variety of governmental issues, garnered from his auditing experience over the years. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting
- Annual report of financial transactions

### Financial Reporting:

- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections
- Pension and OPEB accounting

### Some Agencies Served:

- Metropolitan Water District of So Cal
- Palmdale Water District
- Mojave Water Agency
- Western Municipal Water District
- El Toro Water District
- East Orange County Water District
- Trabuco Canyon Water District



**California Special Districts Association**  
*Districts Stronger Together*

CSDA Workshop Speaker



### Education:

Bachelor of Science, Business Administration, Accountancy  
California State University, Long Beach  
1994

### Licenses and Certifications:

- Certified Public Accountant, California
- GFOA Certificate for Excellence in Financial Reporting - Reviewer

### Professional Affiliations:

- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)
- California Special District Association (CSDA)

### Continuing Education:

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation including:

- Governmental and Nonprofit Annual Update
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates





**Water and Wastewater Clients Audited and/or Consulted With Over My Career**

**Water and Wastewater**

Metropolitan Water District of Southern California  
Los Angeles County Sanitation District  
Long Beach Water Department  
Glendale Water and Power  
Colton Public Utilities  
Baldy Mesa Water District  
Bear Valley Community Services District  
Beaumont-Cherry Valley Water District  
Big Bear City Community Services District  
Cabazon Water District  
California Domestic Water Company  
Casitas Municipal Water District  
Castaic Lake Water Agency  
Chino Basin Water Conservation District  
Chino Basin Watermaster  
Coachella Valley Water District  
Diablo Water District  
East Orange County Water District  
El Toro Water District  
Farm Mutual Water Company  
Golden Hills Community Services District  
Goleta Water District  
Hi-Desert Water District  
Inverness Public Utilities District  
Irvine Ranch Water District  
Joshua Basin Water District  
Jurupa Community Services District  
Leucadia Wastewater District  
Mesa Consolidated Water District  
Mojave Water Agency  
Monte Vista Water District  
Montecito Water District  
North Coast County Water District  
North Marin Water District  
Novato Sanitary District  
Palmdale Water District

**Water and Wastewater, continued**

Phelan Pinon Hills Community Services District  
Pomona Valley Protective Agency  
Purissima Hills Water District  
Rincon del Diablo Water District  
Rosamond Community Services District  
Rossmoor Los Alamitos Area Sewer District  
Sacramento Suburban Water District  
San Bernardino Valley Water Conservation District  
San Gabriel Valley Municipal Water District  
San Lorenzo Valley Water District  
Santa Ana Watershed Project Authority  
Santa Margarita Water District  
Saticoy Sanitary District  
Solano County Water Agency  
Soquel Creek Water District  
Stallion Springs Community Services District  
Summerland Sanitary District  
Trabuco Canyon Water District  
Tres Pinos Water District  
Triunfo Sanitation District  
Twentynine Palms Water District  
Vallecitos Water District  
Valley County Water District  
Ventura Regional Sanitation District  
Victor Valley Water District  
Victor Valley Wastewater Reclamation Authority  
Victorville Water District  
Water Facilities Authority - Joint Power Agency  
Water Replenishment District  
West County Agency  
West County Wastewater District  
West Valley Water District  
Westborough Water District  
Western Municipal Water District  
Western Riverside County Regional Wastewater  
Yorba Linda Water District

# Peter Glenn, CPA

## Audit Review Partner

Peter joined the firm in 2011 after nearly three years of previous public accounting and auditing experience. Peter will work under the general direction of the partner. Peter is our choice for new governmental audit clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of special districts, LEAs, other governmental audits, and agreed-upon procedure engagements. Prior to joining the firm, he worked for three years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for some of the firm's largest clients.

### Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Annual report of financial transactions

### Financial Reporting:

- Uniform Guidance
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



### Education:

Bachelor of Science, Business Administration, Accounting  
California State University,  
San Marcos, 2008, Magna Cum Laude

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- CASBO Annual Conference
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)



# Jared Solmosen, CPA

## Audit Senior Manager

After completing his degree, Jared went to work for a midsize construction company where he worked as an estimator and project manager before transitioning into more of an accounting and finance role. It was working in this role that led him to the decision to pursue the goal of becoming a Certified Public Accountant. He continues to hone his skills and expand his knowledge as he branches out into different areas of accounting services and working with various governmental agencies and not-for-profit organizations. Jared will work with the audit partner and oversee staff as they work together through different audit areas.

### Audit Services:

Jared began his career with Nigro & Nigro in 2019 focusing on special districts and not-for-profit organizations. He has a customer-oriented approach to auditing, striving to build strong relationships by working with clients to help them navigate the ever-changing world of accounting rules and standards.

### Consulting Services:

Jared has experience with a variety of governmental and not-for-profit accounting issues, as well as other tax and audit concerns, derived from his audit and consulting experience at the firm.

### Special District Accounting:

- Internal control policies, procedures, and best practices
- Year-end closing procedures
- Capital asset and depreciation schedule

### Financial Reporting:

- Federal and state compliance
- Single audits
- Revenue and expense tracking by program/grant
- Statement of functional expense
- Compiling financial statements
- Disclosure requirements
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBITAs

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



### Education:

Bachelor of Science, Business Administration, Finance  
California State University,  
San Marcos, 2013

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

### Additional Areas:

- Tax preparation
- QuickBooks knowledge

# Stacy Macias, CPA

## Audit Manager

Stacy joined the firm in 2018 as a staff accountant after completing her degree at California State University, Chico and has worked her way up to Audit Manager. Stacy continues to expand her knowledge as she branches out into different areas of accounting services and working with varying governmental and not-for profit clients. Stacy will work under the general direction of the audit partner and oversee staff as they work together through different audit areas.

### Audit Services:

Stacy began her auditing career on audit engagements of governmental agencies, and non-for-profit organizations. Stacy enjoys auditing governmental agencies and non-for-profit due to their varying structures and sizes. Stacy truly values customer service and building client relationships. Her friendly demeanor makes clients comfortable in reaching out to her during the audit process or throughout the year.

### Consulting Services:

Stacy has experience in a variety of governmental and not-for-profit accounting, tax, and audit concerns, derived from her audit and consulting experience with those industries.

### Financial Reporting:

- Year-end closing procedures
- Internal control policies and procedures and best practices
- Compiling Financial Statements
- Revenue and Expense tracking by program/grant
- Statement of Functional Expenses
- Capital assets and depreciation schedules
- Disclosure requirements
- Federal and State compliance
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBITAs

### Additional Areas:

- Tax preparation
- QuickBooks knowledge

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



### Education:

Bachelor of Science, Business Administration, Accounting  
California State University,  
Chico, 2018

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)

# Anabel Cruz, CPA

## Audit Manager

Anabel began her career in public accounting in 2019 with Nigro & Nigro, PC. Previous to joining the firm, she worked as an Accountant at private sector companies. Her audit experience includes audits of governmental and not-for-profit organizations, Anabel values building quality relationships with clients while providing timely and reliable services. Anabel will work under the general direction of the audit partner and oversee staff as they work together through different audit areas.

### Audit Services:

Anabel enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

### Consulting Services:

Anabel has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience with those industries.

### Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBITAs

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



### Education:

Bachelor of Science, Finance and Accountancy  
California State University, Northridge,  
2014

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff
- Spidell Tax Seminar
- Western CPE Tax update webinars
- In-house training for audit staff (presenter)



# Tyler Cook

## Audit Supervisor

Tyler began his career in public accounting in 2022 with Nigro & Nigro, PC. Tyler's audit experience includes audits of governmental and not-for-profit organizations such as cemeteries, resource conservation districts, water districts, fire protection districts and community service districts. Tyler values building quality relationships with clients while providing timely and reliable services. Tyler is working under the general direction of the Audit Manager.

### Audit Services:

Tyler enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

### Consulting Services:

Tyler has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from his audit and consulting experience with those industries.

### Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBITAs

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency



### Education:

Bachelor of Science, Accountancy  
BYU Hawaii – 2022  
Master's in Accountancy  
San Diego State University – 2023

### Licenses and Certifications:

- CPA License Candidate

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff

# Angelina Paunkov

## Audit Senior

Angelina began her career in public accounting in 2023 with Nigro & Nigro, PC. Angelina's audit experience includes audits of governmental and not-for-profit organizations such as cemeteries, resource conservation districts, water districts, fire protection districts and community service districts. Angelina values building quality relationships with clients while providing timely and reliable services. Angelina is working under the general direction of the Audit Supervisor.



### Audit Services:

Angelina enjoys auditing governmental agencies and non-for-profits due to their varying structures and sizes.

### Consulting Services:

Angelina has experience in a variety of governmental and not-for-profit accounting and audit concerns, derived from her audit and consulting experience with those industries.

### Financial Reporting:

- Year-end closing procedures
- Agreed upon procedures
- Internal control policies and procedures and best practices
- Capital assets and depreciation schedules
- GASB 68 Pensions
- GASB 75 OPEB
- GASB 87 Leases
- GASB 96 SBITAs

### Other Agencies Served:

- Calleguas Municipal Water District
- Costa Mesa Sanitary District
- East Orange County Water District
- Hi-Desert Water District
- Las Galinas Valley Sanitary District
- Montecito Water District
- North Coast County Water District
- Palmdale Water District
- San Geronio Pass Water Agency

### Education:

Bachelor of Science, Accountancy  
California State University, San Marcos,  
2023

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- Government Accounting & Auditing Conference
- Not-For-Profit Organizations Conference
- In-house training for audit staff

## PROFILE OF THE FIRM (CONTINUED)

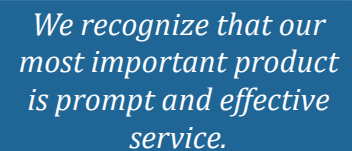
### Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in school districts and governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)



*We recognize that our most important product is prompt and effective service.*

Through our participation in these organizations and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues. Some of the professional education our audit team members have either presented at or attended in the last two years include:

- SSC Annual Finance and Management Conference
- SSC Governor's Budget Workshop
- CSDA Annual Conference
- CSMFO Conference
- GFOA Annual Conference
- Various other governmental workshops

We recognize that our most important product is prompt and effective service. We believe the District should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

## PROFILE OF THE FIRM (CONTINUED)

### Similar Engagements with Other Special Districts

We currently conduct over 100+ government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a partial list of some similar governmental clients we are currently auditing.

Please contact our clients for a Reference of our services!

Let's start with our Health Care District clients:

Fallbrook Health Care District – Rachel Mason, CEO – 760-731-9187

Grossmont Health Care District – Tom Scaglione, CAO – 619-825-5050

East Kern Health Care District – Karen Macedonio, CEO 760-338-3231

ACFR Preparation Clients:

Costa Mesa Sanitary District – Kaitlin Tran, FM (949) 645-8400

Hi-Desert Water District – Tanya Gruwell, CFO (760) 228-6271

Las Gallinas Valley Sanitary District – Dale McDonald, ASM (415) 526-1519

Scotts Valley Water District – Nicolas Kuns, FM (831) 600-1904

Trabuco Canyon Water District – Michael Perea, AGM (949) 858-0277

Other Large Special District Clients:

Calleguas Municipal Water District – Dan Smith, MAS – (805) 579-7132

Montecito Water District – Olivia Rojas, BM (805) 969-2271

Rowland Water District – Myra Malner, DF (562) 697-1726

**\* Please check the websites of these above noted clients to review the Financials prepared by our Firm.**

## SCOPE OF THE AUDIT

We will audit the basic financial statements of the District for the fiscal year ended June 30, 2023-2025 in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Minimum Audit Requirements and Reporting Guidelines for Special Districts

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditors' Report on the basic financial statements.
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

In addition, we will provide the District with a management letter that will give written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit. We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify, and we will suggest any methods we discover to help improve efficiency and effectiveness.

We will schedule an appearance with the Board and the Audit Committee that allows an opportunity for us to present the audit and management letter. This is an excellent time for the District to resolve any questions it has regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education, we can provide. We hope that as questions or concerns arise throughout the year, the District staff will contact us and draw on our knowledge and experience.

Non-significant deficiencies discovered during the audit process shall be reported in a separate letter to management, the Board and the Audit Committee, which shall be referred to in the report(s) on internal controls. This separate letter also informs the Board and the Audit Committee of the following:

- 1) The auditor's responsibility under auditing standards generally accepted in the United States of America.
- 2) Significant accounting policies.
- 3) Management judgments and accounting estimates.
- 4) Significant audit adjustments.
- 5) Other information in documents containing audited financial statements.
- 6) Disagreements with management.
- 7) Management consultation with other accountants.
- 8) Major issues discussed with management prior to retention.
- 9) Difficulties encountered in performing the audit.

All working papers and reports will be retained at the Firm's expense for a minimum of seven (7) years, unless the Firm is notified in writing by the District of the need to extend the retention period.



## SCOPE OF THE AUDIT(CONTINUED)

### Segmentation of Engagement

#### ***STEP 1: Planning***

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

#### ***STEP 2: Interim Field Work***

##### **Internal Control Documentation**

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

#### ***STEP 3: Final Fieldwork***

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

##### **Assess Risks and Design Procedures**

As outlined in the risk based statements of audit standards (SAS 104 to 111), our Firm uses a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

- 1) Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
- 2) Design procedures to test controls if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

##### **Interim and Year End Testing**

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

#### ***STEP 4: Audit Completion***

##### ***Preparation of Audit Report and Management Letter***

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board, and discusses change in the environment in which the District operates.

## SCOPE OF THE AUDIT (CONTINUED)

### Proposed Schedule/Level of Staff & Number of Hours Assigned to Each Segment

We will provide a detailed audit plan and prepare a list of schedules upon proposal acceptance. The following table summarizes our proposed segmentation of the engagement by date, segment, and level of staff as we have estimated based on the RFP timeline:

Date/Segment	Total Hours			Total
	Partner/Manager	Supervisor	Staff/Admin	
<b>April/May</b>				
Preliminary planning and fieldwork	2	4	7	13
<b>May/June</b>				
Interim fieldwork	10	12	20	42
<b>August/September</b>				
Final fieldwork, report preparation, review, finalization, and presentation	30	8	20	58
<b>Total hours</b>	<b>42</b>	<b>24</b>	<b>47</b>	<b>113</b>
Preliminary planning and fieldwork	2	4	7	13
Control	10	12	20	42
Substantive	20	8	20	48
Reporting	10	0	0	10
	42	24	47	113

### Sample Size and the Extent to Which Statistical Sampling is to be Used

We perform sampling techniques and determine sample size after assessing the risk associated with specific transaction classes. No single “cookie-cutter” approach will be followed in regards to sampling techniques, but the District can be assured that an appropriate sampling methodology will be utilized. We use the following methods of sampling during our audits: statistical, haphazard, and judgmental. For statistical sampling we use guidance provided by the AICPA and by federal guidelines in accordance with industry standards, which typically recommends sample sizes between 40 to 60 items.

### Type and Extent of Analytical Procedures to be Used

We will perform analytical procedures throughout the course of our audit. Professional standards require that analytical procedures be performed in the planning and wrap-up stages of the audit. Analytical review will be used during our expenditure, revenue, budget information as well as many other areas.

These procedures typically entail a review of interim reports, budgets, and comparisons to prior year data. We also use financial statement amounts to calculate certain ratios to determine whether any unusual or unexpected relationships exist in the financial data.

These procedures are then followed by inquiry of key District personnel to corroborate the auditors' expectations based on the data.

## SPECIFIC AUDIT APPROACH (CONTINUED)

### Approach to be Taken to Gain and Document an Understanding of Internal Control Structure(s)

Our audit approach will entail interviews with key personnel in the District involved in the design and implementation of internal controls. In conjunction with the interviews, we will perform tests and observations of how well the controls function. Key areas of internal control generally include: cash receiving, accounts payable/purchasing, payroll/personnel, technology, facilities, and maintenance and operations.

### Approach to be Taken in Determining Laws and Regulations That Will be Subject to Audit Test Work

We are required to obtain an understanding of the possible financial statement effect of laws and regulations that have a direct and material effect on the determination of financial statement amounts. The determination of laws and regulations is addressed in the planning stage through reading available grant documentation, inquiry of the client, a preliminary review of finance system accounts and search of the Board minutes. We also have working knowledge of the types of laws and regulations under which California special districts operate. We also obtain further information about federal laws and regulations through the Catalog of Federal Domestic Assistance (CFDA) and the Uniform Guidance.

### Approach to be Taken in Drawing Audit Samples

Since each program or grant agreement is different, we use many different approaches to sampling in our tests of compliance. The size of the sample considers many factors; size and risk of the program, program maturity, complexity, level of oversight and prior audit findings. AICPA Guidelines generally recommend sample sizes of 25, 40, or 60 items when the population is greater than 250. Ultimately, our professional judgment determines that a representative number of transactions have been selected. You can be confident in our judgment because our peer reviews and an outside review by the U.S. Department of Education have all accepted our audit sampling techniques and procedures.

### Use of Technology/Remote Proficiency

In order to facilitate the exchange of data between us and our clients in a secured manner throughout the course of the audit, we employ the use of an online secured portal. Our clients have appreciated this unique and forward-thinking platform which helps minimize duplicate requests and unnecessary email and phone exchanges to request and receive audit documentation. The software is very user-friendly and easy to understand. This also allows us to perform much of the audit remotely without being onsite to reduce our carbon footprint.

### Proposing Firm Warranties

1. The firm is willing and able to obtain an Errors and Omissions Insurance Policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents thereof.
2. The firm will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the District.
3. All information provided by the firm in connection with this proposal is true and correct.
4. The firm will acknowledge and agree with all terms and conditions stated in this Request for Proposal.



Paul J. Kaymark, CPA  
Audit Services Partner

**COST PROPOSAL  
FOR  
PROFESSIONAL AUDITING SERVICES  
Camarillo Health Care District**

**For the Fiscal Years Ending  
June 30, 2024-2026  
(with option for two subsequent years)**



***Respectfully Submitted on February 15, 2024 by:***

Paul J. Kaymark, CPA  
Nigro & Nigro, PC  
pkaymark@nncpas.com  
Federal Tax ID: 30-0636241  
Nncpas.com

**Murrieta Office:** 25220 Hancock Ave. #400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064  
**Walnut Creek:** 2121 N. California Blvd. #290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444

# COST PROPOSAL

## Proposed Pricing Per Professional Staff Member

Professional	Hours	Rates		Total
		Standard	Quoted	
Partner	14.00	\$ 250.00	\$ 225.00	\$ 3,150.00
Managers	28.00	225.00	200.00	5,600.00
Seniors	24.00	200.00	175.00	4,200.00
Staff Members	47.00	175.00	150.00	7,050.00
Admin	-	125.00	100.00	-
<b>Subtotal</b>	<u>113.00</u>			<u>20,000.00</u>
<b>Out-of-Pocket - Included in Rates (We Are Local) Riverside County</b>				-
<b>Total Max</b>				<u>\$ 20,000.00</u>

Fiscal Year	FY 2024	FY 2025	FY 2026	Total
District Financials	\$ 19,500	\$ 19,500	\$ 19,500	\$ 58,500
State Controller's Report	500	500	500	1,500
<b>Total</b>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 60,000</u>

Same Price for FY 2027 and FY 2029

# ADDITIONAL INFORMATION

## Testimonial

"Few people have the opportunity to work with someone who was a coach and a mentor-but I did when I worked with Paul. I had the pleasure working directly under Paul's supervision and I was particularly impressed by his ability to handle even the toughest clients - and effortlessly. That skill often takes years to develop, but it seemed to come perfectly natural to him. Paul was one of those rare partners who also naturally serve as an inspiring mentor for the whole staff and I was grateful to learn a lot from him."

*Deana Miller  
Accounting Manager  
PolyCera, Inc.*

## Fraud Hotline



Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the District has an effective anti-fraud program.





# **ADDITIONAL DOCUMENTS**



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

To Nigro & Nigro, PC  
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 Nigro & Nigro, PC (the firm) in effect for the year ended August 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

#### Firm's Responsibility

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

#### Peer Reviewer's Responsibility

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

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits 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 Nigro & Nigro, PC in effect for the year ended August 31, 2020, 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*. Nigro & Nigro, PC has received a peer review rating of *pass*.

June 11, 2021

