



**FECHTER
& COMPANY**
Certified Public Accountants

Proposal to Provide Audit Services to



**CASTROVILLE COMMUNITY
SERVICES DISTRICT**

**Prepared by:
Michael Fink, CPA
Shareholder
And Scott German, CPA
Managing Shareholder**

December 11, 2025



Craig R. Fechter, CPA, MST
(1976 - 2022)

Proposal Overview

Proposal Requested by:

Board of Directors of Castroville Community Services District

Proposal Publish Date: December 11, 2025

Proposal Due Date: December 16, 2025

Fechter & Company Representative with contact information:

Name: Michael Fink, CPA
Office phone: (916) 333-5360
Direct phone: (916) 573-1810
Email: MFink@FechterCPA.com
Website: www.FechterCPA.com

Description of Requested Services:

Proposal for Financial Statement Audit Services.

Period Covered:

For the Fiscal Years Ending: June 30, 2027, 2028, and 2029

Statement of Confidentiality

This proposal and supporting materials contain confidential and proprietary business information of Fechter & Company. These materials may be printed or photocopied for use in evaluating the proposed project but are not to be shared with other parties.

December 11, 2025

Lidia Santos, Office Manager
Castroville Community Services District
11499 Geil Street
Castroville, California 95012
Email: lidia@castrovillecsd.org

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide financial statement audit services to the Castroville Community Services District (the District). We believe the following pages provide an accurate overview of our qualifications, competence, and capacity to perform the audit services requested within the time frame required by the District.

We believe the following proposal outlines our understanding of your needs and the environment in which you work, and are therefore in a unique position to provide you with high quality, insightful audit services.

There is one remaining year from our previous proposal for audit services through fiscal year-ended 2026. This successive proposal shall cover the reporting periods for fiscal years ended 2027 through 2029. This proposal is an irrevocable offer valid for 90 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to Castroville Community Services District. We are located at 3445 American River Drive, Suite A, Sacramento, California 95864, and you can contact me by telephone at (916) 333-5360 or (916) 573-1810.

Thank-you for considering our proposal, and thank you for the continued opportunity to be of service to the District.

Very truly yours,



Michael Fink, CPA
Shareholder

Proposal for Audit Services Fiscal Years 2026, 2027, and 2028

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Firm Qualifications and Experience

Who we are

Fechter & Company, Certified Public Accountants is a professional corporation based in Sacramento, California. All resources dedicated to the audit and tax services will be based from this location.

Since April 2005, we have built a practice providing audit, tax, and business consulting to government agencies, non-profit organizations, and small businesses with annual budgets of less than \$25 million.

Personal Service

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

Efficient Processes

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

Experienced Auditors

From our staff of 8 CPA's and seasoned staff, 3-4 will be assigned to perform all audit procedures. From initial planning through fieldwork to financial statement preparation, our depth of experience will be evident.

Quality Control Review

Our peer review, including a review of a specific governmental engagement, is included with this proposal. Fechter & Company has never failed a peer review and has fully implemented all required quality control procedures. Our next peer review is due in 2026.

Firm Qualifications and Experience

License to Practice in California and Firm Standing

- Since 2005, our firm has been licensed as a certified public accounting firm by the California State Board of Accountancy.
- All key professional staff are properly licensed in California.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- We have no prior substandard audit work or unsatisfactory performance pending with the State Board of Accountancy or other related professional organizations.

Independence

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

Insurance

- We carry the requisite insurance coverage.
- A copy of our current Liability Insurance Certificate is included with this proposal.

Continuing Education

All of our staff are required to maintain their continuing education at levels necessary to provide services to governmental clients. We require a minimum of 40 hours of total education time each year, including 24 hours of government specific topics.

Firm Qualifications and Experience

Technology and Data Security

- Fechter & Company takes data security very seriously. To that end:
 - All laptop computers are secure with:
 - With passwords, changed frequently,
 - Advanced cyber security software.
 - All data is secured behind an advanced firewall
 - All staff take monthly training to keep them alert for phishing and other data security issue
- Our firm subscribes to Thomson Reuters research tools and other newsletters to help us proactively inform our clients about potential changes in accounting legislation and standards.

Remote Work Capabilities

We have the capability of performing your audit 100% remotely. However, we believe that there is often value in seeing our client's staff and facilities to place the numbers we audit in context.

Since 2018, our firm has been working to improve our ability to work on audits in a remote environment. Not only has this process been a benefit to our staff by providing them with more flexibility and work/life balance, it has allowed us to be more efficient in how we work with our clients.

- Our audit software, Engagement Manager, is securely accessed through services provided by Thomson Reuters. We have access to your audit file from wherever we are.
- Thomson Reuters GoFileRoom allows us to securely accept files from clients through the ClientFlow portal, place documents directly in our audit file and provide access to documents to all that need them.
- Emphasis on Data Security. All of the systems are protected by strong enforced passwords which follow federal security standards. This is supported by the following security systems:
- Strong Password manager: All staff are required to use our password manager for all Firm and Client passwords.
 - Our password manager allows for random passwords up to 100 characters in length protected in a "vault" that locks each individual entry with a 256-bit encryption key supported by multifactor

Firm Qualifications and Experience

authentication procedures.

- Passwords are changed routinely and changes are monitored by management.
- Phishing security prevention and training. All staff are required to take monthly micro-trainings on phishing and other security risks.

Other Affirmations

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

Statement on Outsourcing

Many accounting firms, faced with the current CPA shortage, are outsourcing work to overseas locations.

We believe California based government agencies and non-profits should work with California professionals. As a result, ***WE DO NOT OUTSOURCE WORK TO FOREIGN COUNTRIES.***

Engagement Staffing

Engagement Partner

We recognize that Fechter and Company has provided audit services for 5 consecutive fiscal years. However, we have rotated through two Engagement Partners during that period, as well as rotated assigned staff as needed. We are preparing to rotate Engagement Partners once more, which will aid with continued compliance with requirements set forth by the California State Controller's Office and continue to provide the District with a high level of service, maintaining fresh eyes and perspective.

Mr. Scott German, CPA will lead the audit and Ms. Joanne Berry, CPA will provide alternate primary partner and independent review of the files to assure the highest quality product. Mr. Michael Fink, CPA will be available for consultation to aid in continuity.

Engagement Manager

Mr. Joshua Jackson, CPA, Stephanie Rogers, CPA, or another Manager will be the in-charge accountant with new staff as needed.

We also recognize the District's need for staff consistency. You will work with the same principals whenever possible, along with the same staff for this new proposal period.

Relevant Experience and References

Similar Engagements with Local Governments

This is a representative list of California governmental agencies our firm has served over the last three (3) years. Contacts and email addresses will promptly be provided upon request.

Approximately 65% of our audit clients are governmental entities.

Castroville Community Services District
Granada Community Service District
Carpinteria-Summerland Fire Protection District
Carpinteria Sanitary District
Ojai Sanitary District
Montecito Fire Protection District
Clarksburg Fire Protection District
El Dorado LAFCO
Ventura LAFCO
Placer County Resource Conservation District
Rio Alto Water District
Rural North Vacaville Water District
East Contra Costa Irrigation District
East Side Mosquito Abatement District
South Lake County Fire Protection District
Sylvan Cemetery District
Bayshore Sanitary District
District of Loomis
Turlock Mosquito Abatement District
Fair Oaks Cemetery District

Audit Process Overview

Fees and Expenses

Standard Hourly Billing Rates for Professional Personnel

Partner	\$325
Manager	\$275
Professional Staff	\$175
Clerical/Support Staff	\$75

Proposed Fee Schedule

	Hours	Standard Hourly Rate	Quoted Hourly Rate FY27	3-Year Period		
				2027	2028	2029
Base audit fees:						
Partner	20	\$ 325	\$ 275	\$ 5,500	\$ 5,885	\$ 6,238
Manager	55	\$ 275	\$ 200	11,000	11,770	12,476
Professional Staff	65	\$ 175	\$ 100	6,500	6,955	7,372
Clerical/Support Staff	5	\$ 75	\$ 50	250	268	284
Total base audit fees	<u>145</u>			<u>\$ 23,250</u>	<u>\$ 24,878</u>	<u>\$ 26,370</u>
Returning Client Discount				(2,250)	(2,078)	(2,020)
Advanced District Representative SKE				(2,000)	(2,000)	(2,000)
Total audit engagement fees				<u>\$ 19,000</u>	<u>\$ 20,800</u>	<u>\$ 22,350</u>
Other non-attest services:						
Annual Financial Transactions Report to State Controller's Office				2,250	2,300	2,350
Total professional fees				<u>\$ 21,250</u>	<u>\$ 23,100</u>	<u>\$ 24,700</u>

Rounding is present.

Note 1 - The Advanced District Representative with the desired Skills, Knowledge, and Experience (SKE) discount is applied because the District maintains a representative to facilitate the audit process and take responsibility for the financial statements, reducing the number of hours we expect the engagement to take. We have identified Lidia Santos, Office Manager, as the designated representative with the SKE necessary to complete the audit in the prescribed approximate 145 hours.

The above fees anticipates that your books and records will be audit ready on scheduled dates. Should there be additional unanticipated work to be completed, rescheduling as a result of your staff's time, or other situations that require additional time on our part, it will result in additional fees.

Audit Process Overview

New accounting pronouncements that may impact the District could result in additional time that falls outside the scope of the budgeted hours above. Should significant work be performed to assist with compliance, additional charges will apply at our standard hourly rates.

You will be notified of any change in fees prior to us performing additional work.

The following provides an overview of our audit process. It is imperative for you to understand that each client and each fiscal year presents the possibility for unique situations and challenges. Our planning procedures are geared to making sure we identify risks to be addressed at the beginning of the engagement.

Anticipated Requirements Requested in the Proposal

The District is requesting that the auditor express an opinion on Castroville Community Services District's presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America using Generally Accepted Audit Standards. The District is **NOT** requesting the auditor to follow Yellow Book audit standards.

The engagement will be divided into the following segments:

The engagement will be divided into the following segments:

- Phase 1: Audit Planning
- Phase 2: Evaluation and Testing of Internal Controls and Compliance
- Phase 3: Fieldwork/Substantive Testing
- Phase 4: Reporting/Wrap-up

Audit Process Overview

Phase 1: Audit Planning

Planning includes obtaining an understanding of the entity and its environment, including its internal controls, making an initial assessment of audit risks, new situations, determining materiality and developing the overall extent of our procedures and the timing of the engagement work.

Audit planning typically consists of the following procedures performed by the engagement team:

- Update our understanding of the District's current situation
- Planning meetings with District personnel
- Review new accounting pronouncements
- Review new or updated District policies and procedures
- Identify federal and state awards
- Review minutes of District's Board
- Develop preliminary risk assessments and audit plan
- Communicate audit request list and timeline to the District

Laws, Regulations and Contracts

An integral task during our planning of the District's audit, we will determine the extent of testing for various laws and regulations. Determination of which areas to test are based on review of enabling legislation at the District, County and State level and review of any federal and state grants for appropriate compliance requirements. We will also consult with District management and staff to identify any contracts or agreements that are in place that may have a significant impact on the financial statements and adjust our audit plan accordingly.

Risk Assessment

During the audit planning phase, the audit team develops an audit plan utilizing a risk-based audit approach. Starting with a detailed review of the potential risk of material misstatement, we customize audit programs targeting areas of higher risk.

During this planning phase, we will work management and staff at the District to identify areas of higher risk, as well as other areas that they may want us to focus on during our audit.

Audit Process Overview

Required Client Participation

Based on the requirements of our audit plan, we will also provide the District with a list of schedules, reconciliations and documents to be compiled by the District's staff that we will require to be ready **before** we will start final audit procedures. Any delay in receipt of this information will delay the audit completion.

Communication with Board and Management Personnel

In addition to meeting with management and staff, we will **communicate directly** with the District's Board members to explain our respective responsibilities, identifies risks and request members notify us of any concerns or additional areas of audit emphasis they may want us to pursue.

Phase 2: Evaluation and Testing of Internal Controls and Compliance

Phase 2 typically consists of 1-2 days to evaluate and tests of internal controls, commonly referred to as interim audit testing, and may be integrated or scheduled closely with audit fieldwork. This phase is typically performed by the audit manager and seniors as well as one to two staff members onsite. Following completion of this phase, we will make any final adjustments to the audit process based on the work completed.

Procedures normally consists of the following:

- Reviewing and evaluating the District's internal control structure
 - Review policies and procedures
 - Conduct interviews with various staff members
 - Review the District's Information Technology environment
- Meet with members of the District Board and staff individually to discuss audit risks
 - Identify key controls in significant transaction classes
 - Review adopted budgets and budget amendments
 - Perform walkthroughs and tests of controls
 - Purchasing and disbursement procedures
 - Revenue collection and reconciliation with the County
 - Cemetery services, inventory valuation
 - Payroll and pension

Audit Process Overview

Internal Controls

Effective internal controls are vital to the District's operating environment to ensure compliance with both financial and nonfinancial objectives. Our evaluation of internal controls includes reviewing adopted policies as well as formal and informal communications with various District employees. These discussions allow the audit team to evaluate any deviations in practices from policy. As part of the evaluation process, we will make both formal and informal recommendations for improvements based on any weaknesses that are identified.

The audit planning phase includes evaluating significant transaction classes, identifying what could go wrong, and key controls in place to address these identified risks. Our internal control testing includes testing that these key controls are operating effectively to either prevent or detect any of the identified risks. The internal control testing also includes tracing the individual transaction through the District's systems to ensure the proper reporting objectives are met.

Our controls evaluation and testing include obtaining an understanding of the computer software used by the District and tracing sample selections through the system to determine the desired control outcomes are being achieved. We may request read-only audit access to the District's Financial Management Software to verify the accuracy of postings to the system for our testing selections. Additionally, we will employ the system throughout the audit to query data and run reports for analysis. As our audit technology progresses, we will begin to leverage the benefits of Artificial Intelligence tools to help us analyze more transactions for potential errors and fraud in the time we have available, thus providing you with higher quality audit results without increases in fees.

After controls have been documented, evaluated and tested, we will finalize the District's audit plan. Audit programs will be tailored to fit the specifics of the District's accounting processes and systems. The Firm's workpaper management software allows for real-time updates and customization of audit programs as additional risks are identified during the audit process.

Audit Process Overview

Other phase 2 considerations

Sampling

Fechter & Company has developed sample sizes and sampling techniques under the guidelines of generally accepted auditing standards, as well as governmental auditing standards. Random statistical samples are generally used for control testing. Additionally, more targeted, stratified sampling techniques are used in selection of purchasing transactions to ensure all levels of the District's purchasing policy requirements are tested.

Phase 3: Fieldwork/Substantive Testing

Substantive testing is performed by all members of the engagement team with direct manager involvement followed by partner review.

Below is a summary of various substantive testing procedures that may be used:

- Detailed testing of transactions and balances
- External confirmations of account balances
- Sampling of significant account activity
 - Capital asset additions and deletions
 - Accounts payable payments near year end
 - Manual journal entries
 - Revenues and receipts near year end
 - Disbursements and expense testing
- Review and testing of bank reconciliations
- Verify compliance with relevant California Statutes
- Verify compliance with debt covenants
- Review fund balance and net position for proper classification
- Verify inventory of vaults
- Compare activity to the County reports
- Perform detailed analytical procedures
- Detailed testing of grants, including single audit testing, when necessary

To provide an efficient and effective audit for the District, our substantive audit procedures will focus on areas of higher risk, be based on internal control testing, and preliminary testing in Phases 1 and 2.

Audit Process Overview

The engagement partner and manager perform workpaper reviews during fieldwork to ensure all questions and documentation are completed prior to the end of substantive testing. Our goal is to complete substantive testing with as few open items as possible when we complete fieldwork.

Our firm structure allows for the majority of audit work to be completed by staff with managers and partners involved in all aspects of the District's audit process.

Other phase 3 considerations

Type and extent of analytical procedures

Analytical procedures allow us to consider the context of the numbers and how they related to other audit areas. We will use analytical procedures in all areas of the audit. Initially, we will perform analytical procedures to assist us in identifying areas of risk for which substantive procedures will be performed. For certain areas, especially revenues and expenses, we will also utilize analytical procedures as part of our substantive testing. In the final stages of the audit, we will use analytical procedures as part of our final review of the audit to make sure the financial statements "make sense".

Phase 4: Reporting

Reporting is typically performed by the engagement partner and manager.

Below are the various reporting procedures completed:

- Draft financial statements and footnote disclosures
- Draft audit and compliance reports
- Complete Internal Independent Quality Review
- Present management letter to management, including exit conference
- Present final annual report to District Board

Report preparation also includes the completion of a disclosure checklist to ensure all required financial disclosures are complete and meet governmental accounting standards. Our independent quality review is done to provide a detailed, technical review of all reporting requirements.

Audit Process Overview

During the reporting process, we will develop our management letter. Our process to produce a meaningful management letter is to review the District's processes and internal controls to identify any compliance violations to include in the letter. Additionally, our staff will work with management to identify any areas of weakness or ways to improve the District's internal control structure. These comments are discussed with management prior to finalizing the letter.

Report finalization and final analysis

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

Report delivery and Board of Director's presentation

As we have done for several years, we will deliver our report in person (or via video conference systems) to the Board of Directors at a regularly scheduled board meeting as requested to answer questions that the Board may have. Our aim is to create an open line of communication between our firm and your organization so the Board feels comfortable asking for help with any questions or issues that may arise during the year.

Identification of potential problems

While we do not anticipate problems, we know that changes in circumstances occur. We believe it is imperative that we anticipate any major audit problems that will cause delays in issuance of the audit report and plan for them. We will commit to issuing our final reports in a timely and efficient manner, provided we can successfully navigate potential difficulties summarized below:

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

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

Audit Process Overview

Steps to address anticipated issues

In order to address these frequent issues, below are steps that we attempt to take with each client:

- Proactively inform you of major GASB standard changes that will take place in future years.
- We attempt to tackle confirmations as early as we can in the audit process. Confirmations are an integral part of every audit and must be pro-actively managed. We attempt to start this process early on and then we automatically follow up with each confirmation source every couple of weeks. If we do not hear back from a source after a couple of attempts, we will follow up with you or plan for the performance of alternative procedures which may result in additional fees.
- We understand that nearly every audit results in a set of open items. We also understand that client staff are busy with their important day-to-day jobs. We attempt to follow up on open items regularly to make sure requests are fulfilled and work to alleviate any unnecessary requests.
- If we encounter serious delays in prior years, we will follow up with District staff well before an audit is scheduled to make sure we are able to assist where necessary to assure proper closing of the books.

Proposed Schedule



While the final schedule will be worked out with you and your staff each year, we anticipate the following to be approximately representative of our proposed schedule:

Phase 1	August
Phase 2	August through September
Phase 3	September through October
Phase 4	November to December, annually

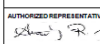

The State Controller's Office requires submission of the annual Financial Transaction Report by the end of January following the close of each respective fiscal year.

Certificates of Insurance-Samples

Current certificates will be provided upon request

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<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>																																							
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<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>																																						
PRODUCER Coastal Valley Insurance Serv. Lic. 0284548 2841 Sunrise Blvd Ste 140 Rancho Cordova, CA 95742 Anthony R. Telford		INSURER FERRIS & Company Certified Public Accountants Crisp Fechter 3445 American River Dr Ste A Sacramento, CA 95894		INSURER Travelers Property Casualty Insurers & Employers Preferred Ins Co 25674 10346																																		
COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:																																						
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.																																						
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AUTHORIZED REPRESENTATIVE 		AUTHORIZED REPRESENTATIVE 																																				

ACORD 25 (01/03/03)

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Peer Review Results

Following the death of our Founder, the Firm experienced various difficulties in completing our 2023 Peer Review. The Firm has implemented a new quality control system as a result of our 2023 Peer Review.



Report on the Firm's System of Quality Control

To Fechter & Company, CPAs
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 Fechter & Company, CPAs, (the firm) in effect for the year ended March 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on 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 the 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 and compliance with the firm's system of quality control based on our review.

Required Selection and Considerations

Engagements selected for review included audits performed under *Government Auditing Standards*, and 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.

Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

Although the firm's quality control document properly identifies the requirement for monitoring, the firm was not aware of guidance requiring the performance of monitoring on an annual basis. If the firm's monitoring had been performed on an annual basis, the deficiencies noted below may have been discovered and corrected.

The firm's quality control policies and procedures address engagement performance and documentation procedures using a third-party practice aid. While the firm has reliable third-party practice aids, they did not use them effectively. This contributed to governmental and not-for-profit audit engagements, including audits performed under *Government Auditing Standards* and compliance audits under the Single Audit Act, did not conform to professional standards in all material respects in the areas of independence, risk assessment, analytical review, documentation of certain audit procedures performed and for a compliance audit under the Single Audit Act, documentation of testing specific to a compliance audit, including fraud considerations. For several review engagements, documentation of expectations as it relates to analytical review was missing and one review engagement did not properly document management inquiries. This resulted in these engagements not being performed in accordance with professional standards.

Opinion

In our opinion, except for the deficiencies previously described the system of quality control for the accounting and auditing practice of Fechter & Company, CPAs in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. Fechter & Company, CPAs, has received a peer review rating of *pass with deficiencies*.

October 26, 2023

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