



SPECIAL MEETING AGENDA

**EAST KERN HEALTH CARE DISTRICT BOARD OF DIRECTORS
9300 N LOOP BLVD, CALIFORNIA CITY, CA 93505**

Mission Statement: "Building health, well-being, and resiliency".

June 20, 2023 5:00 pm (Hybrid meeting)

A Quorum of the Board will be present in person.

Participate in the meeting via Zoom by clicking on the link below:

<https://us02web.zoom.us/j/89160751428?pwd=T0t5RjR0Q0FFUEZHRjhqa1VCZmJnUT09>

Meeting ID: 891 6075 1428

Passcode: 523011

If you wish to access the meeting by telephone, please dial
1 669 900 6833 US (San Jose), enter the meeting ID, and then press # (pound).

Public comments may be made through teleconference when prompted by the Chair during the public comment period. Public comments may also be provided by emailing eastkernhealthcaredistrict@gmail.com in advance of or during the meeting.

Please indicate "PUBLIC COMMENTS" in the subject line.

If you have difficulty connecting to the teleconference line, please call (213) 640-9355
or email eastkernhealthcaredistrict@gmail.com

PLEDGE OF ALLEGIANCE / INVOCATION

ROLL CALL

CALL TO ORDER

APPROVAL OF AGENDA

Motion _____ Second _____

Action _____

PUBLIC COMMENT

Members of the public are welcome to address the Board on any matter not on the Agenda and over which the Board has jurisdiction. If you wish to speak, please state your name for the record, and limit your comments to three (3) minutes.

PUBLIC PRESENTATIONS/COMMUNITY ANNOUNCEMENTS

CONSENT CALENDAR

CC1: Approve warrants

Pages 4-5

- A. Vendor checks
- B. ACH payments
- C. Debit card payments

CC2: Approval of Minutes

Pages 6-9

- A. Minutes from 06/06/23 Regular Meeting

APPROVAL OF CONSENT CALENDAR

Motion _____ **Second** _____

Action _____

CONTINUING BUSINESS

CB1: CCFPPC CONFLICT OF INTEREST (COI) STATEMENT

Motion _____ **Second** _____

Action _____

CB2: BOARD RESOLUTION: APPLICATION TO LOCAL AGENCY FORMATION COMMISSION (LAFCo), COUNTY OF KERN, STATE OF CALIFORNIA, FOR A CHANGE IN ORGANIZATION OF TERRITORY CONSISTING OF AN ANNEXATION, RESULTING IN A NEW DISTRICT AREA (DISCUSSION ONLY)

Pages 10-11

CB3: LIGHTING REPAIR, N LOOP PROPERTIES, COST APPROVAL

Motion _____ **Second** _____

Action _____

CB4: 3-CART SYSTEM MANDATED COMPLIANCE, WITH SB1383 WASTE/RECYCLED/ORGANICS

Motion _____ **Second** _____

Action _____

CB5: QUAD UPDATE

Motion _____ **Second** _____

Action _____

CB6: .GOV UPDATE

Motion _____ Second _____

Action _____

NEW BUSINESS

NB1: AUDIT CONTRACT FOR 2022-2023 WITH NIGRO & NIGRO

Pages 12-19

Motion _____ Second _____

Action _____

**NB1: RETURN OF DIRECTOR R FOLEY FROM LEAVE OF ABSENCE,
EKHCD OFFICER POSITIONS**

Motion _____ Second _____

Action _____

DISTRICT UPDATES

PRESIDENT’S COMMENTS - K. Macedonio

STAFF UPDATES

FACILITIES UPDATE - R. Macedonio

FUTURE AGENDA ITEMS

DIRECTOR COMMENTS, AB 1234

ADJOURNMENT

Motion _____ Second _____

Action _____

Next Regular Meeting: Date TBD (Hybrid meeting)

9300 N Loop Blvd, California City, CA 93505 (and via Zoom), 5:00 pm

“Pursuant to Government code section 54954.2(a), any request for a disability-related modifications or accommodation, including auxiliary aids or services, that is sought in order to participate in this agendized public meeting should be directed to the District’s office at (760) 373-2804 at least 48 hours prior to said meeting.”

Date Agenda posted:

Agenda posted by:

DATE: June 20, 2023

VENDOR PAYMENT LIST

Board approval _____

VENDOR	MEMO LINE	AMOUNT
Aleshire & Wynder, LLP	2023 - 0501 to 0531, 76441	\$1200.00
City of California City - Water		
Digitech	2023 – 0601 to 0630, 16276	\$42.99
Frontier	2023 – 0528 to 0627, 760-373-2804-102413-5	\$182.59
Miranda, Luciano	June 2023 gardening service	\$500.00
SDRMA – Property/Liability	2023-24, 8034-74170	\$29587.87
Southern California Edison	8000222683, 9300 N Loop, \$797.48 8001112753, 8100 Aspen Mall, \$207.04 8001112989, 8100 Aspen Mall #B, \$80.76 EVA TO RECONCILE ACCOUNT	\$1085.28
Southern California Gas Co	049 013 9910 7, 9300 N Loop, \$21.93 157 960 3623 2, 8051 Bay Ave, \$0.34 EVA TO RECONCILE ACCOUNT	\$22.27
Spectrum Business/Time Warner Cable	2023 – 0601 to 0630, 126318801060123	\$402.94
Thugs to Bugs	2023 – 0602 #0313 9350 N Loop, \$45.00 #0314 9300 N Loop, \$75.00, #0315 9248 N Loop, \$45.00 EVA TO RECONCILE ACCOUNT	\$165.00
		9 CHECKS, \$33.188.94 TOTAL

AUTOMATIC DEBITS		
Bank of the Sierra	Stop payment charge check #40138, Tim Winn Maintenance	\$30.00
		TOTAL \$30.00



SUMMARY OF PROCEEDINGS
BOARD OF DIRECTORS - EAST KERN HEALTH CARE DISTRICT
9300N LOOP BLVD, CALIFORNIA CITY, CA 93504 (Hybrid)
REGULAR MEETING

June 06, 2023, 5:00pm

"Building health, well-being, and resiliency."

1. Pledge of Allegiance led by R. Macedonio

2. Roll Call - Directors

DIRECTORS PRESENT:

R Macedonio, L Peralta, K Macedonio

DIRECTORS ABSENT:

L Patrick , R Foley, (on official leave)

3. Meeting called to order

4. Approval of Agenda

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

5. Public Comment - None

6. Community Announcements

None

7. Consent Calendar

All items on the Consent Calendar are considered routine, non-controversial and will be approved by (1) motion if no Director, Staff, or public member wish to comment or ask questions. Public comments are limited to (3) minutes. Roll call vote required

CC1-A: Approve Vendor Checks - (\$6,347.41)

CC1-B: Approve Debit payments - (\$694.73)

CC2: Approval of Minutes from 05/16/23 meeting

Approval of Consent Calendar

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

05:10:15

8. Continuing Business

CB1: PROJECT UPDATE: APPLICATION TO LOCAL AGENCY FORMATION COMMISSION (LAFCo), COUNTY OF KERN, STATE OF CALIFORNIA, FOR A CHANGE IN ORGANIZATION OF TERRITORY CONSISTING OF AN ANNEXATION, RESULTING IN A NEW DISTRICT AREA (DISCUSSION ONLY)

Discussion only - no action - will be updated at a future board meeting.

05:10:40

CB2: APPROVE MDN AD COPY AND ARTICLE FOR WELLNESS ISSUE OF MOJAVE DESERT NEWS, JUNE 15, 2023

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

05:13:00

CB3: CLARIFICATION OF COMMUNITY COLLABORATION FUNDING POLICY AND PROCEDURES

A Lemieux will bring this back to a future meeting.

05:13:23

9. New Business

NB1: MOTION TO APPROVE RESERVING A .GOV WEBSITE FOR EKHCD

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

05:46:40

NB2: HAZARD MITIGATION PLAN UPDATE

05:50:40

Motion to submit a letter of intent for EKHCD's participation in the hazard mitigation plan

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

NB3: N LOOP LIGHT REPAIR

Motion to approve K Macedonio to obtain bid from local electrician - bid will be brought for approval at a future meeting

06:00:00

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

NB4: SB1383 COMPLIANCE - WASTE MANAGEMENT

06:14:30

Motion to accept recommendations from Waste Management

R Macedonio, L Peralta

3 - 0, 2 Absent

3 Ayes, R Macedonio, L Peralta, K Macedonio

2 Absent

L Patrick (unexcused)

R Foley (excused)

10. DISTRICT UPDATES

06:15:00

PRESIDENT'S COMMENTS

Quad collaboration update - more information will be brought to a future meeting.

STAFF REPORTS

BJ Lindsay gave information about some work she's been doing on the topic of seniors in the community. She will collaborate with Anthony Meyers of Safe Haven Kids League.

11. FACILITIES REPORT - R MACEDONIO

R Macedonio gave maintenance status update on both properties

06:57:20

12. FUTURE AGENDA ITEMS

None

06:58:30

13. AB1234 DIRECTOR COMMENTS

None

06:58:40

14. ADJOURNMENT

06:59:00

PASSED, APPROVED AND ADOPTED on this ____ Day of _____ 20__

SIGNED:

K. Macedonio, President

L. Peralta, Secretary

SEAL

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF EAST KERN HEALTH CARE DISTRICT AUTHORIZING DISTRICT STAFF TO BEGIN NEGOTIATIONS AND DISCUSSION REGARDING AN APPLICATION TO LOCAL AGENCY FORMATION COMMISSION (LAFCO) OF THE COUNTY OF KERN, STATE OF CALIFORNIA, FOR A CHANGE IN ORGANIZATION OF TERRITORY CONSISTING OF AN ANNEXATION, RESULTING IN A NEW DISTRICT AREA

WHEREAS, The California State Legislature finds and declares that it is the policy of the State to encourage orderly growth and development which is essential to the social, fiscal, and economic well-being of the State, and recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and efficiently extending services; and

WHEREAS, The Board of Directors of East Kern Health Care District desires to begin the process of considering initiation of proceedings for a change of organization of the hereinafter described territory.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EAST KERN HEALTH CARE DISTRICT (“District”):

1. The District authorizes staff to begin a process of investigating, analyzing, and negotiating, and considering a possible change in organization of territory consisting of an annexation, resulting in a new District Area, pursuant to the Cortese-Know-Hertzberg Local Government Reorganization Act of 2000 of the State of California.

2. The reasons for this proposal is the need for additional health care services within the District and beyond.

3. The District authorizes staff to negotiate the terms of a Letter of Intent (LOI) and other necessary elements with Ridgecrest Regional Hospital, and other stakeholders as appropriate. It is understood that this resolution is to begin preliminary negotiations and discussions, and a finalized LOI, CEQA findings, proposed new District area map, and other necessary elements must be approved by the District Board of Directors prior to the District making formal application to the Executive Officer of the Local Agency Formation Commission of the County of Kern, State of California.

PASSED, APPROVED AND ADOPTED this _____, 2023.

_____, President

ATTEST:

, Secretary

APPROVED AS TO FORM:

District Counsel

(SEAL)



June 1, 2023

Board of Directors
East Kern Health Care District
8101 Bay Avenue/PO Box 2546
California City, CA 93504

We are pleased to confirm our understanding of the services we are to provide East Kern Health Care District (District) for the year ended June 30, 2023.

Audit Scope and Objectives

We will audit the business-type activities and each major fund of the District, as of June 30, 2023 and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents of the financial statements.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and, if applicable, in accordance with *Government Auditing Standards*, and/or any state or regulatory audit requirements will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and 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.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI) such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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.

As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS and in accordance with *Government Auditing Standards*. As part of an audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentations, or the override of internal control.
2. 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 the District's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and in accordance with *Government Auditing Standards*.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b) For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c) To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit;
 - iii. Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.
 - iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- d) For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us;
- e) For identifying and ensuring that the District complies with the laws and regulations applicable to its activities;
- f) For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g) For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h) For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i) For informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j) For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility:

- a) for the preparation of the supplementary information in accordance with the applicable criteria;
- b) to provide us with the appropriate written representations regarding supplementary information;
- c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform,

At the end of the year, we agree to perform the following:

- a) Propose adjusting or correcting journal entries detected during the audit, if applicable, to be reviewed and approved by the District's management.
- b) Word process the financial statements using information provided by management.

We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities.

The District's management is responsible for:

- a) making all management decisions and performing all management functions;
- b) assigning a competent individual to oversee the services;
- c) evaluating the adequacy of the services performed;
- d) evaluating and accepting responsibility for the results of the services performed; and
- e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- a) We will perform the services in accordance with applicable professional standards
- b) The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the District with regard to tax positions taken in the preparation of the tax return, but the District must make all decisions with regard to those matters.

Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Preparation of State Controller Report

Our Responsibilities

The objective of our engagement is to prepare the annual Financial Transactions Report (FTR) in accordance with the California State Controller's Office Instructions based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's

Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the FTR.

Our engagement cannot be relied upon to identify or disclose any FTR misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the District or noncompliance with laws and regulations.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare the FTR in accordance with the State Controller's Office Instructions. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your FTR in accordance with SSARs:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements
- b) 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
- c) The prevention and detection of fraud
- d) To ensure that the District complies with the laws and regulations applicable to its activities
- e) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements
- f) To provide us with:
 - i. Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - ii. Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - iii. Unrestricted access to persons of whom we determine necessary to communicate.

As part of our engagement, we will issue a disclaimer that will state that the FTR were not subjected to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Engagement Fees

Our fixed fees for the services previously outlined will be as follows:

Financial Statements and Auditor Reports	\$10,000
Preparation of the State Controller's Report	500
Total	\$10,500

If significant changes occur in the District's audit requirements with the implementation of new Governmental Accounting Standards Board (GASB) Standards, Government Auditing Standards or the Audit and Accounting Guide for State and Local Governments issued by the AICPA for attest and/or nonattest services, this may render additional services needed which may increase the above noted fixed fee.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes 60 days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services

for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The District will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from District personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

Additionally, our fees are dependent on the availability, quality, and completeness of the District's records and, where applicable, upon the District's personnel providing the level of assistance identified in the "prepared by client" request list distributed at the end of our planning work (e.g., District employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

We will schedule the engagement based in part on deadlines, working conditions, and the availability of District key personnel. We will plan the engagement based on the assumption that District personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, District personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

If circumstances occur related to the condition of District records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable.

Scheduling

Scheduling of the Audit Final-Fieldwork Dates will be based on an agreeable timetable with the District. We ask that the District prepare a completed and finalized Trial Balance and General Ledger in Excel form as of the June 30, 2023 date with all Balance Sheet accounts properly reconciled in Excel or PDF form and uploaded into the Suralink Portal System by the date scheduled. Failure to complete all the above noted items by the date scheduled will result in a \$1,000 extra fee charge and postponement of the audit to a later date. A 30-day notice before the initial scheduled Audit Final-Fieldwork date is required to change the date and avoid the extra \$1,000 fee. However, if a December or January date is chosen for the re-scheduled Audit Final-Fieldwork date, the \$1,000 fee will still apply to cover Overtime costs incurred during those months and will only guarantee the audit will be completed by January 31, 2024.

Other Engagement Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Paul J Kaymark, CPA is the engagement partner responsible for supervising the engagement and signing the report.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

The audit documentation for this engagement is the property of Nigro & Nigro, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulatory agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Nigro & Nigro, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies. The regulatory agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will notify the District of any such request.

Conflict Resolution

Should any litigation or adverse action (such as audits by outside governmental agencies and/or threatened litigation, etc.), by third parties arise against the District or the board of directors subsequent to this engagement, which results in the subpoena of documents from Nigro & Nigro, PC and/or requires additional assistance from us to provide information, depositions or testimony, the District hereby agrees to compensate Nigro & Nigro, PC (at our standard hourly rates) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Nigro & Nigro, PC.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The District and Nigro & Nigro, PC both agree that any dispute over fees charged by the auditor to the District will be submitted for resolution by arbitration in accordance with the applicable rules for resolving professional accounting and related services disputes of the American Arbitration Association, except that under all circumstances the arbitrator must follow the laws of California. Such arbitration shall be binding and final. **IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.** The prevailing party shall be entitled to an award of reasonable attorneys' fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

Conclusion

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- a) Our view about the qualitative aspects of the District's significant accounting practices;
- b) Significant difficulties, if any, encountered during the audit;
- c) Uncorrected misstatements, other than those we believe are trivial, if any;
- d) Disagreements with management, if any;
- e) Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- f) Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- g) Representations we requested from management;
- h) Management's consultations with other accountants, if any; and
- i) Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

Enclosed, as required by *Government Auditing Standards*, is a copy of the report on the most recent peer review of our firm.

We appreciate the opportunity to provide these services and believe this letter accurately summarizes the significant terms of our engagement.

Very truly yours,



Nigro & Nigro, PC

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____