

**PROPOSAL FOR FURNISHING PROFESSIONAL
AUDIT SERVICES TO THE
SYLVAN UNION SCHOOL DISTRICT
FOR YEARS ENDING JUNE 30, 2018, 2019 AND 2020**

**LINGER, PETERSON & SHRUM
CERTIFIED PUBLIC ACCOUNTANTS
575 EAST LOCUST AVENUE, SUITE 308
FRESNO, CALIFORNIA 93720-2928**

**Contact: Bret Harrison, CPA
(559) 438-8740**

April 25, 2018

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Linger, Peterson & Shrum

Certified Public Accountants

April 25, 2018

Carol Smith, Business Support Specialist
Sylvan Union School District
605 Sylvan Avenue
Modesto, CA 95350

Dear Ms. Smith,

As you requested, I am enclosing an audit proposal between our firm and the Sylvan Union School District for the years ending June 30, 2018, June 30, 2019 and June 30, 2020.

If you and the Board Members find this audit proposal acceptable, please contact our office so that we can provide you with a contract.

Please let me know if you or your Board Members have any questions regarding this audit proposal.

Regards,

Linger, Peterson & Shrum

Bret D. Harrison, CPA

BH:kh

Enclosure

Evaluation Questions

5.5 Profile of Auditor

- 5.5.1 Our firm is a local firm of licensed certified public accountants. We are listed on the California State Controller's Certified Public Accountant Directory Service as active and licensed for the full range of accounting services, including performance of local education agency audits. We meet all standards for independence established by the State of California, the American Institute of Certified Public Accountants, and the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions.
- 5.5.2 Linger, Peterson & Shrum, located in Fresno, California, is a local firm of certified public accountants, which was organized in 1923. Our firm is led by Bret Harrison, who is the managing partner, plus five audit staff.
- 5.5.3 We provide auditing and accounting services, management-consulting services, and tax preparation and planning services to a wide range of clients in both the public and private sector.
- 5.5.4 Bret Harrison has experience auditing computerized systems, such as attendance systems and financial software. He will be an integral part of the audit team.

5.6 Auditor's Staffing and Qualifications

- 5.6.1 **Bret Harrison, Partner**
Bret is a graduate of California State University, Fresno, and has seventeen years of professional accounting experience, including eleven years in public accounting. Over five years of Bret's experience in audit was with PricewaterhouseCoopers, LLP (PwC), a large international public accounting firm. Bret became a partner of Linger, Peterson and Shrum in February of 2016. He is a Certified Public Accountant, and a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.
- 5.6.2 **Marilyn Adams, Manager**
Marilyn Adams is a graduate of California State University, Fresno, and has thirty-eight years of public accounting experience, including eighteen years of school district auditing experience, serving as staff accountant, senior compliance auditor for Federal and State programs, with emphasis on categorical programs, and as audit manager on various school districts. She is a Certified Public Accountant, and a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Kendra L. Keiscome, Manager (Contract Basis)

Kendra Keiscome is a retired partner of the firm who is available to the firm on a contract basis. She is a graduate of California State University, Fresno, and has twenty-two years of school district auditing experience, serving as staff accountant and senior compliance auditor for Federal and State programs, with emphasis on categorical programs and attendance, and as audit manager on various school districts. She is a Certified Public Accountant, and a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

5.7 References

References are listed below and a list of current school district audit clients is on page 10.

Fruitvale School District

Matt Torres, Business Manager

7311 Rosedale Highway, Bakersfield, CA 93308

(661) 589-3830

Norris School District

Dan Weirather, Director of Finance or Katye Shockley, Accountant

6940 Calloway Drive, Bakersfield, CA 93312

(661) 387-7000

Wasco Union School District

Karen Evans, Chief Business Officer

1102 Fifth Street, Wasco, CA 93280

(661) 758-7100

5.8 Auditor's Approach to the Audits

Audit field work staffing will be maintained so that procedures will be completed in a timely manner to result in timely delivery of the final report. Field work will begin with preliminary procedures conducted during the summer of 2018.

Final field work for the audit will be conducted during the period from September 1, 2018 through November 15, 2018, at a time that is mutually agreeable with the auditor's work schedule and the work schedule of the Chief Business Officer and other district staff of Sylvan Union School District.

An engagement letter will be sent to the District in advance of field work. We ask that you sign and return the engagement letter before we begin any audit procedures. Our audit approach can be generally summarized in these six steps:

1. Signing the contract and engagement letter, and sending the District initial internal control questionnaires and requests for information.
2. After receipt of the District's internal control questionnaires and initial information, we will design audit procedures using a "risk-based" approach.
3. Our request list will be sent to the District to complete. When we receive the information on the request list, we will complete as many audit procedures as possible, including many of the Federal and State Compliance procedures. We will begin drafting parts of the audit report with the information the District has provided to date.
4. After all final journal entries are posted and the books are closed, we will request that your financial information be sent to us electronically. Our list of requested reports will include the export of the SACS data file, and PDF copies of Budget Reports, the Detail General Ledger, a subsequent General Ledger, etc. We will use these reports to input information into our audit programs and spreadsheets before we arrive at your District.
5. When we arrive at your District for our fall audit field work, we will perform the remainder of the audit procedures not already completed, answer any questions the District personnel may have, assist with conversion entries, and meet with District personnel to discuss any findings or issues. We will provide the District a copy of a "punch list" of any outstanding items. We will request that you mail a legal representation letter to your attorney(s), if any, as well as related party questionnaires to your Board of Trustees and District management.
6. After we receive any remaining documentation not obtained while we were at the District, we will review our files for completeness, assist the District as necessary with the final dollar amounts on the Management's Discussion and Analysis (MD&A), and assist with completing the audit report. We will send a management representation letter to you for your signature, to be returned to us. You will receive a draft of the audit report for review and approval, and when

it is approved you will receive a PDF of your final report, as well as the number of paper copies that you request.

To explain the points above in more detail, current auditing standards require us to use a “risk-based” approach to auditing to review your internal control structure for the purpose of designing our audit tests. This “risk-based” approach has resulted in a greater need for more inquiry, interviewing personnel, and questionnaires. Therefore, we will require that internal control questionnaires be completed for several key areas, including Attendance, Cafeteria, Student Body, Information Technology, Financial Reporting and Federal Programs. We will interview your personnel regarding the internal control for your expenditure and payroll systems.

The inquiry of management and others at the District is an important risk assessment procedure. The internal control questionnaires referred to in the previous paragraph will be completed by management and District office employees. Additionally, we will randomly select several individuals outside of management and the District office and request that they complete a general questionnaire regarding their experience working at the District. A questionnaire has proven to be the most efficient and least intrusive to employees not working in the District office.

In order to properly plan and design the audit, we will review the internal control questionnaires (discussed in the previous paragraphs) received back from the District and we will read the board minutes. We will also review your responses to a document which we will email to you that will provide the following information required for the audit:

1. Board of Trustees
2. Budgets and Controls
3. Compensated Absences
4. Tax and Revenue Anticipation Notes
5. Pension Plans
6. Postemployment Benefits Other Than Pension Benefits
7. Deferred Compensation
8. Joint Powers Agreements
9. Leases and/or Loans
10. Contingencies
11. Construction-in-Progress
12. Related Party Transactions
13. Categorical Aid Program Monitoring
14. Early Retirement Incentive Program
15. Long-Term Debt
16. Fixed Assets
17. Insurance Policies

There are some audit procedures which we must perform at your District because they involve many documents (for example, the expenditure test, or the audit of your attendance system), or they involve confidential information (payroll testing). There are many audit procedures that can be completed with a minimal amount of information sent from the District. If we receive this information in advance of our field work, we can complete some of the audit procedures in our office. Many of the items on our request list are documents that can be easily copied and mailed to us, sent electronically as an attachment to an email or uploaded securely to our website.

The following partial list will give you an idea of the items in the request list which can be easily copied and sent to us in advance of our arrival:

- Copy of the P1, P2, and Annual Report of Attendance
- Copy of the District Summaries that match the P1, P2, and Annual Totals
- Copy of the 10-day Notice of the Public Hearing for Instructional Materials
- Copy of the signed resolution for Instructional Materials
- Copy of the signed board resolution accepting the GANN Limit
- Copies of your Williams quarterly reports
- Copies of information on your leases

When we arrive for the on-site audit, we will test the attendance, perform the expenditure test, review the payroll information, and perform any other procedures that were not completed in our office. It is important that the District personnel have all of the remaining copies that we have requested available for us when we arrive. Additionally, the attendance records or any other records that may be located at school sites should be brought to the District office before our arrival, so that we can make efficient use of both your time and our time while we are at your District. We appreciate your assistance in gathering these items for the audit.

Audit procedures are designed to meet or exceed all requirements in accordance with all standards. All members of the audit team will be available to assist District employees with any questions they may have in compiling this information for the audit.

The Financial Audit

The financial audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of California Code of Regulations (CCR), Title 5, Education, Section 19810, et seq. In addition, the audit will conform to any new audit requirements as may be promulgated in the future by appropriate regulatory bodies. If any newly promulgated audit requirement necessitates extended additional audit procedures, we will not perform those procedures until management has been consulted and we have been authorized to do so by properly-executed amendments to our contractual agreements.

Our audit will include all funds over which each Board of Trustees has direct or supervisory control, including student body funds and other similar accounts.

The audits will be conducted primarily for the purpose of allowing us to express an auditor's opinion on the financial statements of the District. Inherent in the audit process is the risk that material errors, defalcations, or other irregularities will not be detected. Nevertheless, in the process of the examination, we may discover material errors, defalcations, or other irregularities. If we do discover any such conditions or other circumstances of a similar nature which may require extended audit procedures, we will immediately notify the District management of those circumstances and conditions. We will not perform any extended services until we have discussed them with management, and until we have been authorized to do so by our contractual agreement or a properly executed amendment thereto.

Additionally, the audit will allow us to issue a report on supplementary information, as well as a report on compliance and on internal control over financial reporting based on an audit of the District's financial statements performed in accordance with government auditing standards.

We will discuss the draft report with the administrative officers of the District and, if requested, will present the final audit report to the Board. Copies of the final audit report will be submitted by our office to all required Federal, State, and local agencies, including the requested number of copies required by the District. The District will also receive a PDF copy of the audit report.

Compliance Audit

The compliance audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the provisions of California Code of Regulations (CCR), Title 5, Education, Section 19810, et seq.

The compliance audit will allow us to issue an "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance." The report will render our opinion on whether the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year being audited. In planning and performing our audit, we will consider the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

SYLVAN UNION SCHOOL DISTRICT

REQUEST FOR PROPOSAL No. 2017-18.01

INDEPENDENT AUDIT SERVICES

COST PROPOSAL RESPONSE FORM

(To be submitted with response)

To: Sylvan Union School District – RFP No. 2017-18.01
 605 Sylvan Avenue
 Modesto, CA 95350
 Attention: Carol Smith
 Business Support Specialist

From: Linger, Peterson & Shrum
575 E. Locust Ave., Suite 308
Fresno, CA 93720

Pursuant to and in compliance with your Notice to Auditors Calling for Proposal and all other documents relating thereto, the undersigned Auditor, having familiarized himself/herself with the terms and conditions of the proposal documents, hereby proposes and agrees to perform, within the time stipulated, the work to be done and to provide all labor and materials necessary to perform the work in connection with:

INDEPENDENT AUDIT SERVICES

DISTRICT FINANCIAL AUDIT

All in strict conformance with the specifications for the amounts as specified below:

1. CONTRACT PRICE - ALL FUNDS OF SYLVAN UNION SCHOOL DISTRICT for the fiscal year ending June 30, 2018.

Twenty-Eight Thousand

(Amount in Words)

\$ 28,000.00)

2. CONTRACT PRICES - Fiscal years ending after June 30, 2018. Renewable annually upon approval of the Sylvan Union School District Board of Trustees.

Fiscal Year Ending June 30, 2019 \$ 29,000.00

Fiscal Year Ending June 30, 2020 \$ 30,000.00

3. CONTRACT PRICES -

Fiscal Years Ending June 30

Hourly Rates	<u>2018</u>	<u>2019</u>	<u>2020</u>
Partner	<u>\$ 230 per hour</u>	<u>\$ 230 per hour</u>	<u>\$ 230 per hour</u>
Manager	<u>\$ 175 per hour</u>	<u>\$ 175 per hour</u>	<u>\$ 175 per hour</u>
In Charge Accountant	<u>\$ 125 per hour</u>	<u>\$ 125 per hour</u>	<u>\$ 125 per hour</u>
Staff Accountant	<u>\$ 90 per hour</u>	<u>\$ 90 per hour</u>	<u>\$ 90 per hour</u>

MEASURE A BOND PERFORMANCE AUDIT

All in strict conformance with the specifications for the amounts as specified below:

1. CONTRACT PRICE – MEASURE A BOND PERFORMANCE AUDIT OF SYLVAN UNION SCHOOL DISTRICT for the fiscal year ending June 30, 2018.

Four Thousand Five Hundred
 (Amount in Words)
\$ 4,500.00)

2. CONTRACT PRICES - Fiscal years ending after June 30, 2018. Renewable annually upon approval of the Sylvan Union School District Board of Trustees.

Fiscal Year Ending June 30, 2019 \$ 5,000.00

Fiscal Year Ending June 30, 2020 \$ 5,500.00

3. CONTRACT PRICES -

Fiscal Years Ending June 30

Hourly Rates	<u>2018</u>	<u>2019</u>	<u>2020</u>
Partner	<u>\$ 230 per hour</u>	<u>\$ 230 per hour</u>	<u>\$ 230 per hour</u>
Manager	<u>\$ 175 per hour</u>	<u>\$ 175 per hour</u>	<u>\$ 175 per hour</u>
In Charge Accountant	<u>\$ 125 per hour</u>	<u>\$ 125 per hour</u>	<u>\$ 125 per hour</u>
Staff Accountant	<u>\$ 90 per hour</u>	<u>\$ 90 per hour</u>	<u>\$ 90 per hour</u>

4. It is understood that the District reserves the right to reject this proposal and that this proposal will remain open and not be withdrawn for a period of sixty (60) days after the date scheduled for submission of proposals.

The names of all persons interested in the foregoing proposal as principals are as follows:

Bret Harrison

Partner

Name

Title

Name

Title

Name

Title

4/25/2018

Linger, Peterson & Shrum

Date

Name of Firm

By Bret D Harrison

Signature of Authorized Agent

By

Signature of Authorized Agent

By

Signature of Authorized Agent

NOTE: If Auditor is a corporation, the legal name of the corporation shall be set forth above together with the signature of authorized officer or agents and the documents shall bear the corporate seal; if Auditor is a partnership, the true name of the firm shall be set forth above together with the signature of the partner or partners authorized to sign contracts on behalf of the partnership; and if Auditor is an individual, his/her signature shall be placed above.

Audits performed by Linger, Peterson & Shrum

<u>School Districts</u>	<u>Years Audited</u>
Alvina Elementary Charter School District	1952-present
Arvin Union School District	2008-present
Ballico-Cressey School District	2007-present
Big Creek School District	1952-present
Caruthers Unified School District	2008-present
Di Giorgio School District	2016-present
Firebaugh Las-Deltas Unified School District	1952-present
Fruitvale School District	2010-present
General Shafter School District	2015-present
Greenfield Union School District	2006-present
Kings River Union Elementary School District	2006-present
Kingsburg Joint Union High School District	1988-present
Lakeside Union School District	2011-present
Le Grand Union Elementary School District	2004-present
Le Grand Union High School District	2010-present
Maple School District	2011-present
Norris School District	2007-present
Pacific Union School District	1952-present
Pine Ridge School District	1952-present
Rio Bravo-Greeley Union School District	2011-present
Rosedale Union School District	1988-present
Selma Unified School District	2016-present
Snelling-Merced Falls Union Elementary School District	2011-present
Taft City School District	1988-1996, 2000-present
Traver Joint Elementary School District	2016-present
Wasco Union School District	2011-present
Washington Colony School District	1952-present
West Park School District	1952-present
Westside School District	2006-present
<u>Other Governmental Agencies</u>	
R N R School Financing Authority	1996-present
South County Support Services Agency	1999-present
Southwest Transportation Agency	1994-present
Valley Regional Occupational Program	1965-present