



BROWN ARMSTRONG
Certified Public Accountants

August 14, 2020

To the Board of Directors and
Mr. Donald Zdeba, General Manager
Indian Wells Valley Groundwater Authority (IWVGA)
500 W. Ridgecrest Blvd
Ridgecrest, California 93555

Dear Board of Directors and Mr. Zdeba:

As you know, we were hired to conduct the December 31, 2018 and 2019 audits of the IWVGA. The original fee for those engagements was \$9,000, or \$4,500 per audit. However, those fees were based on the understanding that there was little or no activity in both years and therefore testing would be limited. Unfortunately that was not the case, as there was quite a lot of activity in either year and it has been difficult to obtain information as the 2018 audit files were maintained by the County and then it switched in house in 2019 and both years have been extremely difficult to reconcile to supporting documentation. Other items encountered during the audit which have caused an increase in fees were as follows:

- Year-end closing entries were not prepared.
- Year-end accruals of accounts receivable and account payable were not recorded.
- No financial statements were prepared by management for either year.
- Audit information was difficult to obtain from the County and IWVGA partly due to COVID 19.
- We noted untimely submission of expenditures for the Department of Water Resources reimbursements.
- IWVGA took over finances from Kern County at the end of February 2019. Therefore, preparation and types of reports are different from what was obtained from our previous audit.
- There were significantly more revenues in 2018 and 2019 as compared to 2016 and 2017.
- There were significantly more expenditures in 2018 and 2019 as compared to 2016 and 2017.
- All revenues and expenses are unclassified and provided in single account balances.

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We are asking for an increase of \$5,000 to cover the additional costs of performing both audits. We have enjoyed our past relationship and look forward to continuing to serve IWVGA. If you accept this proposal, please sign the copy and return it to us via e-mail or regular mail.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Thomas M. Young

TMY:mmj

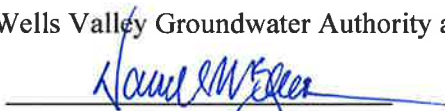
Enclosure

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RESPONSE:

Indian Wells Valley Groundwater Authority accepts this proposal.

By:



Date:

17 September 2020

Title:

Acting General Manager