Introduction...

- Brett Bradford, CPA
  - Audit Partner
  - 16 years in public accounting and performing audits of governmental entities

- Beth Samit, CPA
  - Manager
  - 18 years in public accounting, audits of governments (CCAs), manufacturers
Audits of the years ended June 30, 2019 and 2018 Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.

- **Auditor** is responsible for auditing the Financial Statements
  - Considering risks of material misstatement in the Financial Statements - Inherent risk
  - Considering internal controls relevant to the Financial Statements - Control risk
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures
Audits of the years ended June 30, 2019 & 2018 Financial Statements

- Audit is near completion – we expect to report:
  - Unmodified opinion – Based on our audit, the financial statements are materially accurate.
Risk Assessment for the years ended June 30, 2019 & 2018

- Significant areas of focus
  - Revenue recognition
    - Accounts receivable and accrued revenue
      - Test a sample of customer billings
      - Relate total cash received during the year to revenue
      - Look at cash received subsequent to year-end and relate to A/R
  - Cut-off
    - Review revenue recognition through year-end and method for determining (accrued revenue)
Risk Assessment for the years ended June 30, 2019 & 2018

- **Cash and Securities – Existence**
  - Confirmation sent to banks

- **Accrued Cost of Electricity**
  - Review subsequent bills from electricity providers and cash payments

- **Supplier Security Deposits**
  - Reviewed contracts and determined completeness of amounts recorded

- **Financial Statement Note Disclosures – Complete and without bias**
The significant accounting policies adopted by PCE throughout the periods audited appear appropriate and consistently applied.

No alternative treatments of accounting principles for material items in the financial statements have been discussed with management.
Other Required Communications with those charged with governance:

- We are not expecting to propose any adjustments to the financial statements.
- We have not identified any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
There have been no disagreements with management concerning the scope of our audits, the application of accounting principles, or the basis for management’s judgments on any significant matters.
Required Board Communications – Draft (continued)

- We have not encountered any difficulties in dealing with management during the performance of our audits.
Questions?

- Brett Bradford: 707-577-1582
- Beth Samit: 707-577-1538