



## Staff Report September 12, 2023

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**TO:** Honorable Mayor and Members of the Town Council  
**FROM:** Nick Rosas, Interim Finance Director  
**DATE:** August 23, 2023  
**RE:** Contract for Audit Services

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### **Recommendation:**

Staff recommends that the Town Council adopt a resolution authorizing the Town Manager to execute a contract for financial statement auditing services with Richardson & Company, LLP in the amount of \$108,575 and authorize the Town Manager to sign the engagement letter.

### **Issue Statement and Discussion:**

The Town of Loomis is required to issue financial statements each fiscal year which have been audited by an independent certified public accounting firm. A comprehensive audit shall be made covering each fiscal year to assure that the Town's financial transactions, accounts and records are maintained in accordance with the requirements of state and federal laws and generally accepted accounting principles.

In July 2023, the Town issued a request for proposals to conduct a competitive procurement process to engage a CPA firm for this purpose. As a result of this process, staff recommends engaging Richardson and Company, LLP to be the Town's new audit firm. The contract will cover the financial statement audit for three fiscal years beginning with the 2022-23 fiscal year, with an option to extend for an additional two fiscal years.

### **CEQA Requirements**

CEQA does not apply to financial reporting.

### **Financial and/or Policy Implications:**

Contract rates per fiscal year are as follows:

- FY 2022/23 – \$35,100
- FY 2023/24 – \$36,175
- FY 2024/25 – \$37,300
- FY 2025/26 – \$38,510
- FY 2026/27 – \$39,675

**Attachments:**

- A. Audit Services Contract
- B. Engagement Letter

# Item 8 Attachment A

## CONTRACT FOR SERVICES

THIS CONTRACT is made on September 12, 2023, by and between the TOWN OF LOOMIS ("Town"), and Richardson & Company, LLP ("Consultant").

WITNESSETH:

WHEREAS, the Town desires to hire a public accounting firm to provide financial statement auditing services as detailed in the RFP dated July 20, 2023;

WHEREAS, the Consultant has presented a proposal for such services to the Town, dated August 9, 2023, (attached hereto as Exhibit A) and is duly licensed, qualified and experienced to perform those services;

NOW, THEREFORE, the parties hereto mutually agree as follows:

### 1. SCOPE OF SERVICES:

A. Consultant shall do all work, attend all meetings, produce all reports and carry out all activities necessary to completion of the services described in Exhibit A. This Contract and its exhibits shall be known as the "Contract Documents." Terms set forth in any Contract Document shall be deemed to be incorporated in all Contract Documents as if set forth in full therein. In the event of conflict between terms contained in these Contract Documents, the more specific term shall control. If any portion of the Contract Documents shall be in conflict with any other portion, provisions contained in the Contract shall govern over conflicting provisions contained in the exhibits to the Contract.

B. Consultant enters into this Contract as an independent contractor and not as an employee of the Town. The Consultant shall have no power or authority by this Contract to bind the Town in any respect. Nothing in this Contract shall be construed to be inconsistent with this relationship or status. All employees, agents, contractors or subcontractors hired or retained by the Consultant are employees, agents, contractors or subcontractors of the Consultant and not of the Town. The Town shall not be obligated in any way to pay any wage claims or other claims made against Consultant by any such employees, agents, contractors or subcontractors, or any other person resulting from performance of this Contract.

C. The Consultant agrees it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

### 2. TERM OF CONTRACT

A. The services of Consultant are to commence upon execution of this Contract by the Town, and shall be undertaken and completed in accordance with the work plan described in Exhibit A.

B. Consultant's failure to complete work in accordance with the Schedule of Performance may result in delayed compensation as described in Section 3.

C. The Town Manager or his or her designee may, by written instrument signed by the Parties, extend the duration of this Contract for a period of 2 years in the manner provided in Section 5, provided that the extension does not require the payment of compensation in excess of the maximum compensation set forth in Section 3, Compensation.

**3. COMPENSATION:**

A. The Consultant shall be paid monthly for the actual fees, costs and expenses for all time and materials required and expended, but in no event shall total compensation exceed \$35,100, without Town's prior written approval. Consultant's fees shall be as specified in the professional fees schedule described in Exhibit A.

B. Said amount shall be paid upon submittal of periodic billings showing completion of the tasks that month. Consultant shall furnish Town with invoices for all expenses as well as for all materials authorized by this Contract. The invoices shall be submitted with the monthly billings. If Consultant's performance is not in conformity with the work plan, payments may be delayed or denied, unless the Consultant's failure to perform in conformity with the work plan is a documented result of the Town's failure to conform with the work plan, or if the work plan is extended pursuant to Section 5.

C. If the work is halted at the request of the Town, compensation shall be based upon the proportion that the work performed bears to the total work required by this Contract, subject to Section 4.

**4. TERMINATION:**

A. This Contract may be terminated by either party, provided that the other party is given not less than 30 calendar days' written notice (delivered by certified mail, return receipt requested) of intent to terminate.

B. The Town may temporarily suspend this Contract, at no additional cost to Town, provided that the Consultant is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If Town gives such notice of temporary suspension, Consultant shall immediately suspend its activities under this Contract.

C. Notwithstanding any provisions of this Contract, Consultant shall not be relieved of liability to the Town for damages sustained by the Town by virtue of any breach of this Contract by Consultant, and the Town may withhold any payments due to Consultant until such time as the exact amount of damages, if any, due the Town from Consultant is determined.

D. In the event of termination, the Consultant shall be compensated as provided for in this Contract, except as provided in Section 4C. Upon termination, the Town shall be entitled to all work, including but not limited to, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date in accordance with Section 7 hereof.

**5. AMENDMENTS, CHANGES OR MODIFICATIONS:**

Amendments, changes or modifications in the terms of this Contract may be made at any time by mutual written agreement between the parties hereto and shall be signed by the persons authorized to bind the parties hereto.

**6. EXTENSIONS OF TIME:**

Consultant may, for good cause, request extensions of time to perform the services required hereunder. Such extensions shall be authorized in advance by the Town in writing and shall be incorporated in written amendments to this Contract or the attached scope of services in the manner provided in Section 5.

**7. PROPERTY OF TOWN:**

A. It is mutually agreed that all materials prepared by the Consultant under this Contract shall become the property of the Town, and the Consultant shall have no property right therein whatsoever. Immediately upon termination, the Town shall be entitled to, and the Consultant shall deliver to the Town, all data, drawings, specifications, reports, estimates, summaries and other such materials as may have been prepared or accumulated to date by the Consultant in performing this Contract which is not Consultant's privileged information, as defined by law, or Consultant's personnel information, along with all other property belonging exclusively to the Town which is in the Consultant's possession.

B. Additionally, it is agreed that the parties intend this to be a contract for services and each considers the products and results of the services to be rendered by Consultant hereunder (the "Work") to be a work made for hire. Consultant acknowledges and agrees that the Work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of the Town.

**8. COMPLIANCE WITH ALL LAWS:**

A. Consultant shall comply with all applicable laws, ordinances, and codes of federal, State and local governments, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract.

B. Consultant warrants to the Town that it is licensed by all applicable governmental bodies to perform this Contract and will remain so licensed throughout the progress of the Work, and that it has, and will have, throughout the progress of the Work, the necessary experience, skill and financial resources to enable it to perform this Contract.

**9. WARRANTIES AND RESPONSIBILITIES - CONSULTANT:**

A. Consultant agrees and represents that it is qualified to properly provide the services set forth in Exhibit A in a manner which is consistent with the generally accepted standards of Consultant's profession.

B. Consultant agrees and represents that the work performed under this Contract shall be in accordance with applicable federal, State and local law in accordance with Section 17A hereof.

C. Consultant shall designate a project manager who at all times shall represent the Consultant before the Town on all matters relating to this Contract. The project manager shall continue in such capacity unless and until he or she is removed at the request of the Town, is no longer employed by Consultant, or is replaced with the written approval of the Town, which approval shall not be unreasonably withheld.

D. Consultant shall provide corrective services without charge to the Town for services which fail to meet the above professional and legal standards and which are reported to Consultant in writing within sixty (60) days of discovery. Should Consultant fail or refuse to perform promptly its obligations, the Town may render or undertake performance thereof and the Consultant shall be liable for any expenses thereby incurred.

**10. SUBCONTRACTING:**

None of the services covered by this Contract shall be subcontracted without the prior written consent of the Town, which will not be unreasonably withheld. Consultant shall be as fully responsible to the Town for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the negligent acts and omissions of persons directly employed by Consultant.

**11. ASSIGNABILITY:**

Consultant shall not assign or transfer any interest in this Contract whether by assignment or novation, without the prior written consent of the Town which will not be unreasonably withheld. However, claims for money due or to become due Consultant from the Town under this Contract may be assigned to a financial institution, or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the Town.

**12. INTEREST IN CONTRACT:**

Consultant covenants that neither it, nor any of its employees, agents, contractors, subcontractors has any interest, nor shall they acquire any interest, direct or indirect, in the subject of the Contract, nor any other interest which would conflict in any manner or degree with the performance of its services hereunder. Consultant shall make all disclosures required by the Town's conflict of interest code in accordance with the category designated by the Town, unless the Town Manager determines in writing that Consultant's duties are more limited in scope than is warranted by the category designated by the Town code and that a narrower disclosure category should apply. Consultant also agrees to make disclosure in compliance with the Town conflict of interest code if, at any time after the execution of this Contract, Town determines and notifies Consultant in writing that Consultant's duties under this Contract warrant greater disclosure by Consultant than was originally contemplated. Consultant shall make disclosures in the time, place and manner set forth in the conflict of interest code and as directed by the Town.

**13. MATERIALS CONFIDENTIAL:**

All of the materials prepared or assembled by Consultant pursuant to performance of this Contract are confidential and Consultant agrees that they shall not be made available to any individual or organization without the prior written approval of the Town, except by court order.

**14. LIABILITY OF CONSULTANT-NEGLIGENCE:**

Consultant shall be responsible for performing the work under this Contract in a manner which is consistent with the generally-accepted standards of the Consultant's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. The Town shall have no right of control over the manner in which the work is to be done but only as to its outcome, and shall not be charged with the responsibility of preventing

risk to Consultant or its employees, agents, contractors or subcontractors.

**15. INDEMNITY AND LITIGATION COSTS:**

Consultant shall indemnify, defend, and hold harmless the Town, its officers, officials, agents, and employees against all claims, damages, demands, liability, costs, losses and expenses, including without limitation court costs and reasonable attorneys' fees, arising from Consultant's negligent acts or negligent failure to act, errors, omissions or willful misconduct incident to the performance of this Contract except such loss or damage caused by the active negligence, sole negligence, or willful misconduct of the Town. The provisions of this paragraph shall survive termination or suspension of this Contract.

**16. CONSULTANT TO PROVIDE INSURANCE:**

A. Consultant shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract, the policies of insurance specified in this Section. Such insurance must have the approval of the Town as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A VII (an NR rating is acceptable for Worker's Compensation insurance written with the State Compensation Insurance Fund of California).

B. Prior to execution of this Contract and prior to commencement of any work, the Consultant shall furnish the Town with certificates of insurance and copies of endorsements providing evidence of coverage for all policies required by the Contract. The Consultant and its contractors and subcontractors shall, at their expense, maintain in effect at all times during the performance of work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy satisfactory to the Town. The maintenance by Consultant and its contractors and subcontractors of the following coverage and limits of insurance is a material element of this Contract. The failure of Consultant or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the Town as a material breach of this Contract. Approval of the insurance by the Town shall not relieve or decrease any liability of Consultant.

1. Worker's Compensation and Employer's Liability Insurance

a. Worker's Compensation - Insurance to protect the Consultant, its contractors and subcontractors from all claims under Worker's Compensation and Employer's Liability Acts, including Longshoremen's and Harbor Worker's Act ("Acts"), if applicable. Such coverage shall be maintained, in type and amount, in strict compliance with all applicable state and Federal statutes and regulations. The Consultant shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in the Contract Documents.

b. Consultant shall provide a Waiver of Subrogation endorsement in favor of the Town, its officers, officials, employees, agents and volunteers for losses arising from work performed by the Consultant.

2. Commercial General Liability Insurance

a. The insurance shall be provided on form CG0001, or its equivalent, and shall include coverage for claims for bodily injury or property damage arising

out of premises/operations, products/completed operations, contractual liability, and subconsultant's work and personal and advertising injury resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than \$2,000,000 per occurrence and [\$4,000,000] general and products/completed operations aggregates.

b. The commercial general liability insurance shall also include the following:

i. Endorsement equivalent to CG 2010 0714 naming the Town, its officers, officials, employees, agents, and volunteers as additional insureds. The endorsement shall contain no special limitations on the scope of protection afforded to the Town, its officers, officials, employees or volunteers.

ii. Endorsement stating insurance provided to the Town shall be primary as respects the Town, its officers, officials, employees and any insurance or self-insurance maintained by the Town, its officers, officials, employees or volunteers shall be in excess of the Consultant's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss, or judgment.

iii. Provision or endorsement stating that the Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

### 3. Commercial Automobile Insurance

a. The insurance shall include, but shall not be limited to, coverage for claims for bodily injury or property damage for owned, non-owned, and hired automobiles resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than \$1,000,000.00 per accident.

b. The commercial automobile insurance shall include the same endorsements required for the commercial general liability policy (see Section 16.B.2.b).

4. Professional Liability. The Consultant and its contractors and subcontractors shall secure and maintain in full force, during the term of this Contract and for five years thereafter, professional liability insurance policies appropriate to the respective professions and the work to be performed as specified in this Contract. The limits of such professional liability insurance coverage shall not be less than \$2,000,000 per claim.

C. In addition to any other remedy the Town may have, if Consultant fails to maintain the insurance coverage as required in this Section, the Town may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as is required herein, and



the Town may deduct the cost of such insurance from any amounts due or which may become due Consultant under this Contract.

D. No policy required by this Contract shall be suspended, cancelled, terminated by either party, or reduced in coverage or in limits unless Consultant has provided thirty (30) days prior written notice by certified mail, return receipt requested, to the Town.

E. Any deductibles or self-insured retentions in excess of \$10,000 must be declared to, and approved by, the Town.

F. The requirement as to types, limits, and the Town's approval of insurance coverage to be maintained by Consultant are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant under the Contract.

**17. MISCELLANEOUS PROVISIONS:**

A. Consultant shall keep itself fully informed of, shall observe and comply with, and shall cause any and all persons, firms or corporations employed by it or under its control to observe and comply with, applicable federal, state, county and municipal laws, ordinances, regulations, orders and decrees which in any manner affect those engaged or employed on the work described by this Contract or the materials used or which in any way affect the conduct of the work.

B. Consultant shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship, or sexual orientation.

C. Consultant shall maintain and make available for inspection by the Town and its auditors accurate records of all of its costs, disbursements and receipts with respect to any work under this Contract. Such inspections may be made during regular office hours at any time until six (6) months after the final payments under this Contract are made to the Consultant.

D. This Contract constitutes the entire agreement between the parties relative to the services specified herein and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Contract. There are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in the writing.

E. All notices that are required to be given by one party to the other under this Contract shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses:

Town: Carol Parker, Deputy Town Clerk/Administrative Services Manager  
3665 Taylor Road  
Loomis, CA 95650

Consultant: Ingrid Shepline, Managing Partner  
550 Howe Avenue, Suite 210  
Sacramento, CA 95825

F. This Contract shall be interpreted and governed by the laws of the State of California.

G. Any action arising out of this Contract shall be brought and maintained in Placer County, California, regardless of where else venue may lie.

H. In any action brought by either party to enforce the terms of this Contract, each party shall be bear responsibility for its attorney's fees and all costs regardless of whether one party is determined to be the prevailing party.

I. This Contract may be signed in counterparts, and may be signed electronically. By signing this document in electronic form, the parties agree that this Contract may be transmitted and signed electronically by all Parties, and that such signatures shall have the same force and effect as original signatures, in accordance with California law and regulations, including but not limited to Civil Code section 1633.7.

TOWN OF LOOMIS

By: \_\_\_\_\_  
Title:

ATTEST:

By: \_\_\_\_\_  
Deputy Town Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jeffrey Mitchell, Town Attorney

CONSULTANT

By: David M. Sheyline  
Title: Managing Partner

EXHIBIT A

Consultant Proposal/Scope of Work

# PROPOSAL FOR PROFESSIONAL AUDITING SERVICES



FOR THE FISCAL YEARS ENDED JUNE 30, 2023 THROUGH 2025  
(WITH THE OPTION TO EXTEND TWO SUBSEQUENT YEARS)

## CONTACT PERSONS:

**Ingrid Sheipline, Managing Partner**

[isheipline@richardsoncpas.com](mailto:isheipline@richardsoncpas.com)

**Brian Nash, Partner**

[bnash@richardsoncpas.com](mailto:bnash@richardsoncpas.com)



550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Phone: (916) 564-8727  
Fax: (916) 564-8728

August 9, 2023

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550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

August 9, 2023

Town of Loomis  
Attn: Carol Parker, Administrative Services Manager  
3665 Taylor Road  
Loomis, California 95650

Thank you for your interest in our firm and the opportunity to present our proposal to serve the **Town of Loomis** (the Town). We are genuinely enthusiastic about the prospect of serving you because auditing cities and other governmental agencies with their unique reporting requirements has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure that we would serve the Town with great care and pride.

### **OUR PROFILE AND COMMITMENT TO QUALITY**

Richardson & Company, LLP is a regional certified public accounting firm established in 1991 and located in Sacramento. We have a total staff of thirty-three, including twelve CPAs. Our governmental audit staff totals twenty-eight, all of which are located in Sacramento. Our firm has two partners, nine managers, five seniors and thirteen other professional staff. We are among the top 15 largest accounting firms operating in the Sacramento area. Our firm is a member of the Government Audit Quality Center of the AICPA. We are a certified Disadvantaged Business Enterprise with the California Department of General Services and a certified Woman-owned Business Enterprise with Caltrans. We provide audit, accounting, tax and business advisory services to numerous entities, including governmental entities, nonprofits, financial institutions, real estate partnerships, a magazine circulation audit, the largest water district in the world located in Los Angeles and other clients primarily located in northern California.

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and PCAOB inspections of their practice every three years. We have passed all ten peer reviews and three PCAOB inspections of our practice.

### **OUR EXTENSIVE EXPERIENCE WITH LOCAL GOVERNMENTS**

In any service organization, it is the people who make the difference. All of our staff have extensive experience auditing governmental entities, including numerous cities. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have proven their ability to provide auditing and other services to cities and special districts. We have provided audit services to most of the



cities in the Sacramento area including the Cities of West Sacramento, Chico, American Canyon, Sonoma, Marysville, Ione, Paradise, Rocklin, Elk Grove, Lincoln, Sutter Creek, Dixon, Folsom, Biggs and Colusa. We audited the Town of Loomis between the fiscal years ended 2002 and 2004. We have also audited the Transportation Development Act (TDA) funds of the various cities and counties in Sacramento, Yolo, Yuba, Sutter, El Dorado, Placer, Butte, Amador, Calaveras and San Joaquin counties, including the Town of Loomis. We have performed numerous audits of special districts with similar reporting requirements as the Town, which are conducted in accordance with generally accepted auditing standards. We have extensive experience with preparation of State Controller's Reports, Single Audit Act procedures and reports, letters to underwriters (comfort letters) and preparation and review of Annual Comprehensive Financial Reports (ACFR) for compliance with the GFOA's preparer's checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting. We have the document publication technology and staff formatting and proof-reading expertise you require. Having provided all of these services for governmental entities makes us exceptionally well qualified to provide the services you currently request and to provide you with additional services should you request them in the future.

We have established a reputation with our clients for quality service, timeliness and professionalism. Accordingly, we have included some of these entities as references in this proposal and we encourage you to contact them. Contact information can be found on pages 14 and 15.

## **WHY WE ARE BEST QUALIFIED**

Richardson & Company, LLP is the best qualified to perform the auditing services required by the Town for the following reasons:

- We have extensive history in providing high-quality audits to cities and other governmental agencies, as previously discussed. We can ensure a smooth transition as a result of our current and past experience with the Town.
- Our firm uses more experienced staff to actually perform the work than is typical of larger and other firms. If our firm is selected, we plan to have managers and above spend a significant percentage of our total audit time. While larger and other firms may be able to demonstrate significant amounts of experience in the areas of expertise needed to provide the services you require, the specific individuals they actually assign to your engagement may not have the specific experience you need like the team of accountants we will assign to your engagement. The use of more experienced staff will also ensure you will receive quality services. The manager will work on-site during the duration of the audit fieldwork and will interact with your fiscal personnel during the audit, as well the other staff assigned to the audit. The audit partner will also spend time on site and will take a "hands on" approach to the engagement.
- We have a thorough audit approach that focuses on substantive testing of the Town's accounts. Some firms provide lower cost audits by performing mostly analytical review procedures and the evaluation of internal controls instead of performing substantive testing of account balances. Our thorough approach ensures material misstatements are detected, which should provide a level of comfort to management and the Town Council.

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Once again, we would like to thank you for the opportunity to discuss our services, present our qualifications, and submit our proposal to serve as independent auditors for the Town. For the



preceding reasons and many others as outlined in this proposal, we are exceptionally well qualified to provide the Town with outstanding services. We have the people, experience and available resources to perform the work within the required time period.

If you have questions, please contact Mr. Brian Nash, Partner, or me by telephone at (916) 564-8727, fax (916) 564-8728, correspondence addressed to 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to [bnash@richardsoncpas.com](mailto:bnash@richardsoncpas.com) or [isheipline@richardsoncpas.com](mailto:isheipline@richardsoncpas.com).

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid M. Sheipline, CPA  
Managing Partner





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## FIRM QUALIFICATIONS AND EXPERIENCE

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### **Independence**

The firm is independent of the Town as defined by generally accepted auditing standards and U.S. General Accounting Office's *Government Auditing Standards*. The firm has no conflict of interest related to the Town. We do have an indirect professional relationship with the Town through our contract with the Placer County Transportation Planning Agency whereby we audit the Town's TDA Funds received and expended, but this relationship does not create an independence issue.

### **License to Practice in California**

Richardson & Company, LLP and all assigned key professional staff are properly licensed to practice in the State of California.

### **Introduction to Our Firm**

Richardson & Company, LLP is a regional CPA firm founded in 1991 and located in Sacramento. Richardson & Company, LLP is one of the top 15 firms operating in the Sacramento area. We have a staff of thirty-three, including twelve CPAs. Our government audit staff totals twenty-eight. The firm is a member of the Government Audit Quality Center of the AICPA. We are a certified Micro-Small Business Enterprise by the California Department of General Services and a certified Disadvantage Business Enterprise and Woman-owned Business Enterprise by CalTrans. We provide audit services to governmental entities (cities, water and fire districts, other special districts, regional transportation planning agencies, TDA funding recipients and joint powers authorities), nonprofit organizations, financial institutions and bank holding companies, a Securities and Exchange Commission (SEC) registrant, real estate partnerships and others. We have provided audit services to most of the cities located within the greater Sacramento region, large water and fire special districts such as the Sacramento Suburban Water District and the Sacramento Metropolitan Fire District and several transportation planning agencies including the Sacramento Area, El Dorado, Placer, Amador, Calaveras, Butte and San Joaquin Councils of Governments and their City and county funding recipients. We perform Single Audit Act and compliance audits for both governmental and nonprofit entities. We provide tax services to our audit clients requiring those services.

### **Qualifications and Experience of Our Key Personnel**

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards and governmental and grant compliance auditing to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service - delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber.

Our key audit executives will participate heavily in the audit of the Town. This assures the Town will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government industry. We believe the quality of our services exceeds that of national and other large firms because our audit team uses more experienced professionals to



actually perform the work. National and other firms typically rely heavily on senior and staff accountants to perform audit fieldwork with minimal on-site direction from partners or managers. We will have at least one manager in the field during fieldwork to directly supervise staff and the audit partner will be heavily involved as in the past audits of the Town. The following resumes outline the qualifications and experience of our key team members.

Ingrid M. Shepline, CPA (Managing Partner and Audit Partner)

Ingrid serves as our Managing Partner and would be the Town's audit partner. She would have overall responsibility for planning, directing and coordinating our services for you. Since significant and timely partner involvement is a cornerstone of our quality control procedures, she will be involved in all phases of our audit work from initial planning through report preparation. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant with over thirty-five years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including cities, governmental entities, nonprofit organizations, banks, insurance agencies, manufacturers and distributors. She serves as the partner on the Town of Loomis TDA audit. She has provided audit services to a number of cities, including Colfax, American Canyon, Marysville, Sonoma, Sutter Creek, Paradise, Isleton, Dixon, Rancho Cordova, Colusa, Biggs, Rocklin, Chico, Lincoln, Loomis and Citrus Heights. She has also served many other government agencies including Placer County Transportation Planning Agency and the TDA funds of the cities within the County, as well as the TDA funds in the counties and cities within El Dorado, Amador, Butte, Calaveras, Sacramento, Yolo, Yuba and Sutter counties. While with Ernst & Young LLP, she specialized in governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the governmental entities mentioned in the following pages.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

Brian Nash, CPA (Partner and Concurring Reviewer)

Brian is a partner with our firm and would serve as a second, additional or concurring reviewer, if needed. He is a Certified Public Accountant with thirty years of professional accounting and auditing experience and has provided services to a variety of clients, including cities, governmental entities, nonprofits, banks and water agencies. He has served on many City and other government audits, including Cities of West Sacramento, Citrus Heights, Elk Grove, Folsom, Colfax, Ione, Dixon, American Canyon, Colusa, Rancho Cordova, Marysville and Biggs, as well as Calaveras County Water District, Sacramento Area County of Governments (SACOG), Sacramento Public Library Authority and TDA funds at the counties and cities within Sacramento, Yolo, Yuba, Sutter and Calaveras counties as well as other governmental agencies. Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Heidi McLucas, CPA (Audit Senior Manager)

Heidi McLucas is a senior manager with our firm and will work closely with Ingrid in planning, conducting fieldwork and workpaper review. She would work on-site for the entire duration of



the fieldwork. Heidi has over eighteen years of experience with our firm and a total of thirty-one years of accounting experience, including five years as the manager in charge of an H&R block office. She has extensive experience auditing cities and other governmental entities with Richardson & Company, LLP, and federal grant compliance auditing. She has served numerous other government agencies including the Cities of Colfax, West Sacramento, Marysville, Isleton, Chico and Lincoln, Yolo-Solano Air Quality Management District, Nevada Irrigation District, Wilton Fire Protection District, Sacramento Suburban Water District and others. She has performed Single Audits for a number of cities and other government agencies. Heidi received a Bachelor of Arts degree from Simpson College.

#### Other Staff

We would assign senior and staff accountants as needed to the engagement with experience working on cities and governmental audits, since everyone in our firm is required to work on a portion of our previously mentioned audits.

#### Our Commitment to Staffing Continuity

Richardson & Company, LLP has proven its ability to attract and retain an excellent professional staff to serve our clients and meet our commitments. We currently have twenty-nine professional staff, including twelve CPAs, and four administrative staff. In addition, while national and other firms have high staff turnover rates, which makes it difficult to provide staffing continuity from year to year, our firm has experienced a very low turnover rate. Accordingly, we commit to maintaining a staffing level sufficient in size and experience to successfully complete the audit each year. We consider staffing to be of the utmost importance because of its significant impact on our ability to provide you with outstanding service. We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review results for the past thirty-two years and our ability to consistently attract and serve quality clients.

If selected as your auditors, Ingrid Shepline would have overall responsibility for our services for you. Ingrid would spend a substantial amount of time on site during the audit and will assist with the resolution of any issues. Ingrid would work closely with Heidi to ensure she has all the resources necessary to provide the Town with excellent service. Ingrid Shepline has been with the firm since its inception thirty-two years ago.

Should we need to re-assign personnel on the audit, we will obtain the Town's concurrence and will ensure that replacements have substantially the same or better qualifications or experience. We have sufficient resources at all levels to provide replacement staff should one of the audit team members be absent.

Affirmative Action: While the firm is not required to comply with federal and state regulations regarding affirmative action due to our size, we are an equal opportunity employer. Our firm make-up is 33% women and 27% minority.

#### Governmental Continuing Professional Education

Our firm regularly attends courses on government accounting and auditing issues and grant compliance auditing and is represented at the California Society of CPA's Sacramento Chapter of the Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related audits completes 80 hours of continuing education and training every two years, including



subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a video training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients.

### **Similar Engagements with Other Governments**

Key personnel in our firm began their careers with Ernst & Young LLP serving governmental entities and other clients. Since leaving the international CPA firm of Ernst & Young LLP, Joe Richardson (deceased), the founder of Richardson & Company, Ingrid Sheipline, Brian Nash and their team have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. We believe we have the expertise in the governmental field to ensure high-quality service. The most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal are as follows:

- City of Colfax (audit of basic financial statements (BFS), TDA Fund, federal grant compliance auditing under the Single Audit Act and preparation of State Controller's Report)
- Town of Paradise (audit of BFS, TDA Fund, federal grant compliance auditing under the Single Audit Act and preparation of State Controller's Report)
- City of Marysville (audit of BFS, TDA Fund, Successor Agency, Levee District and federal grant compliance auditing under the Single Audit Act)
- City of Ione (audit of BFS)
- City of American Canyon and American Canyon Fire District (audit of BFS, ACFR, TDA Fund and preparation of State Controller's Report)
- City of Sonoma (audit of BFS, Redevelopment Agency and Successor Agency and preparation of State Controller's Report)
- Consumnes Community Services District (audit of BFS, award-winning ACFR, federal grant compliance auditing under the Single Audit Act)
- Mountain House Community Services District (audit of BFS and award-winning ACFR)
- El Dorado Hills Community Services District (audit of BFS and award-winning ACFR)
- Sacramento Metropolitan Fire District (audit of BFS, award-winning ACFR and federal grant compliance audit)

The following is a list of other governmental and governmental-affiliated entities we are currently serving or have served:

#### Cities

- City of West Sacramento (audit of BFS, award-winning Annual Comprehensive Financial Report (AFFR), TDA Fund, Redevelopment Agency and Successor Agency, Flood Control Agency and federal grant compliance auditing under the Single Audit Act)
- City of Citrus Heights (audit of BFS, award-winning ACFR, TDA Fund and federal grant compliance auditing under the Single Audit Act and preparation of State Controller's Report)
- City of Chico (audit of BFS, award-winning ACFR, Redevelopment Agency and Successor Agency, Public Financing Authority, Joint Powers Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)



- City of Elk Grove (audit of BFS, award-winning ACFR, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- Town of Loomis (audit of BFS and TDA Fund)
- City of Sutter Creek (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- City of Lincoln (audit of BFS, Redevelopment Agency, Public Financing Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Rocklin (audit of BFS, Redevelopment Agency, Public Financing Authority and TDA Fund)
- City of Dixon (audit of BFS, ACFR, Redevelopment Agency, Public Financing Authority, TDA Fund and federal grant compliance auditing under the Single Audit Act)
- City of Folsom (audit of BFS, Redevelopment Agency, TDA Fund and an award-winning ACFR)
- City of Biggs (audit of BFS and TDA Fund)
- City of Colusa (audit of BFS and federal grant compliance auditing under the Single Audit Act)
- Town of Fort Jones (audit of BFS)
- City of Rancho Cordova (audit of BFS, ACFR, TDA Fund and preparation of State Controller's Report)
- City of Napa and City of Marysville AB 1484 Successor Agency compliance agreed-upon procedures
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba (compliance auditing)
- Sacramento County State Transit Assistance Fund (compliance auditing)
- Counties of Sacramento, Sutter Yolo and Yuba TDA Funds
- Cities of Folsom, Rancho Cordova, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba, Marysville, Wheatland, West Sacramento, Winters and Woodland TDA Funds (compliance auditing)
- El Dorado County and City of Placerville TDA Funds (compliance auditing)
- El Dorado County Local Transportation and State Transit Assistance Funds (compliance auditing)
- County of Placer and Cities of Roseville, Lincoln, Auburn, Loomis and Colfax TDA Funds (compliance auditing)
- County of Butte and Cities of Biggs, Oroville, Gridley, Chico and Paradise (compliance auditing)
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin TDA Funds (compliance auditing)

#### Special Districts

- |  |  |
|--|--|
| • Placer County Transportation Planning Agency | • Placer County Resource Conservation District |
| • Auburn Area Recreation and Park District     | • Diablo Community Services District           |
| • Fair Oaks Recreation and Park District       | • Ranch House Community Services District      |
| • Cortina Community Services District          | • Volcano Community Services District          |
| • Rancho Murieta Community Services District   | • Orleans Community Services District          |
| • Dixon Public Library District                | • Glenn-Colusa Irrigation District             |
| • Vacaville Public Library District            | • Reclamation District 1000                    |
| • Sacramento Public Library Authority          | • Reclamation District 2035                    |
|  | • Carmichael Water District                    |
|  | • Oakdale Irrigation District                  |



- Sacramento Metropolitan Cable Television Commission
- Sacramento Transportation Authority
- Sacramento Regional Fire/EMS Communication System
- Wilton Fire Protection District
- Pacific-Fruitridge Fire Protection District
- Courtland Fire Protection District
- Herald Fire Protection District
- El Dorado Hills Fire Department
- Rescue Fire Protection District
- California Fire Rescue Training Authority
- Fair Oaks Water District
- Del Paso Manor Water District
- Amador Water Agency
- San Luis and Delt-Mendota Water District
- Westlands Water District
- California Exposition & State Fair
- Stanislaus Consolidated Fire Protection District
- Nevada County Consolidated Fire District
- El Dorado County Emergency Services Authority
- California Tahoe Emergency Services Operations Authority
- Yolo Emergency Communication Agency
- American Canyon Fire Protection District
- Dixon Fire Protection District
- Sacramento Valley Basinwide Air Quality Control Council
- Nevada Irrigation District
- Nevada County Transportation Commission
- El Dorado Irrigation District
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- Solano County Water Agency
- South Sutter Water District
- Merced Irrigation District
- Yuba County Water Agency
- El Dorado County Local Agency Formation Commission
- Florin Resource Conservation District
- Citrus Heights Water District
- Calaveras County Water District
- Byron Bethany Irrigation District
- Bethany Sanitary District
- South San Joaquin Irrigation District
- South Feather Water and Power Authority
- Tuolumne Utilities District
- Sacramento Suburban Water District
- Yolo County Transportation District
- Tri-Dam Project and the Tri-Dam Power Authority
- Rio Linda/Elverta Community Water District
- Paratransit, Inc.
- Regional Waste Management Authority
- Transport System of the University of California at Davis
- Yuba-Sutter Transit Authority
- Yolo-Solano Air Quality Management District
- American River Flood Control District
- Amador County Transportation Commission
- Amador Transit
- Lassen County Transportation Commission
- Lassen Transit Services Agency
- Calaveras Council of Governments
- Calaveras Transit
- Marin County Transit District
- Butte County Association of Governments
- Association of California Healthcare Districts - The Alpha Fund (workers compensation risk pool for rural hospitals)
- Regional Water Authority
- Sacramento Groundwater Authority
- State Water Project Contractors Authority
- Yolo County Local Agency Formation Commission
- South Yuba Water District
- San Juan Water District
- Funds and accounts of the California Department of Water Resources on behalf of a large water agency, including special analyses and projects related to its contract with the State
- San Joaquin Council of Governments
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District



- Funds and accounts of the U.S. Bureau of Reclamation (USBR) on behalf of the Central Valley Project Water Association and various water districts including Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water District, Sacramento Municipal Utility District and Placer County Water Agency

The services we provide to our government and other clients prove that we have the ability to provide the services that the Town requires. Examples of these services include the following:

- We conduct the audits of the basic financial statements of numerous cities and special districts, including water and fire districts. Our experience performing these audits of basic and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- We have provided the Cities of West Sacramento, Elk Grove, Chico, American Canyon, Citrus Heights, Folsom, Rancho Cordova and Dixon and the Cosumnes (formerly Elk Grove) Community Services District, Sacramento Metropolitan Fire District, Fair Oaks Water District, Oakdale Irrigation District, Florin Resource Conservation District, San Juan Water District and San Joaquin Council of Governments with extensive assistance in the preparation of their ACFR, including the first ACFR the City of Rancho Cordova, Sacramento Metropolitan Fire District, Florin Resource Conservation District, Consumes (formerly Elk Grove) Community Services District and San Joaquin Council of Governments had ever prepared.
- We have provided federal compliance auditing services to numerous entities, including the Cities of Elk Grove, Chico, Colfax, Paradise, West Sacramento, Citrus Heights, Marysville and Colusa, El Dorado Irrigation District, Yolo County Transportation District, El Dorado County Transit Authority, Marin County Transit District, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System of the University of Davis and Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards* and the Single Audit Act, which are the same standards that apply to the Town.

In addition, our key team members have gained extensive governmental accounting and auditing experience in their previous positions with Ernst & Young LLP, including the following:

- Provided auditing services to numerous state and local government units that face the same unique governmental accounting and auditing aspects as the Town such as multifund structure, extensive reporting requirements, basis of accounting, and budgetary and other legal compliance requirements. These entities include the California Department of Water Resources Enterprise Fund, Sacramento County, Solano County Private Industry Council, City of Woodland, City of Lodi and California Housing Finance Agency. The audits of Sacramento County and City of Woodland also involved the preparation of award winning ACFRs.
- Established an audit approach for testing for compliance with federal, state and local grant requirements, including application of the Single Audit Act, for Sacramento County, City of Lodi and California Housing Finance Agency.

### **Quality Control and Peer Review**

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for



Audit Quality agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all ten of our peer reviews with a “clean opinion” and three PCAOB inspections. The ten peer reviews cover the entire period our firm has been in existence. Our latest peer review is included on page 13. All of our peer reviews have included the review of specific government engagements.

The quality control policies for our auditing practice are described in detail in our firm’s Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

In addition to excellent peer review and inspection results, other examples of our commitment to quality include:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including five that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large midwestern firm to serve as the concurring reviewer for our SEC registrant bank as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Auditing the California Department of Water Resources on behalf of a large Southern California water agency for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. The Agency is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California





Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” international CPA firms.

- Performing several special investigative audits for governmental special districts that have received extensive statewide news media attention. Being selected several times to conduct this special audit work demonstrates that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner. Our investigations discovered several problems and our audit results were made public by the districts involved. The FBI, IRS and district attorney’s office subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work which, in certain cases, resulted in managers and assistants serving federal prison sentences.
- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including Big Four firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

Federal/State Reviews: Our firm has not been the subject of any federal or state desk or field reviews of its audits during the past three years or ever. The firm is not currently or has not previously been the subject of any disciplinary actions

Disciplinary Action Status: Our firm has not been the subject of any disciplinary actions by the state regulatory agencies and/or professional organizations against the firm or against any of the owners in the past three years or ever. The firm and its staff are not currently or have not previously been the subject of any disciplinary actions by the State Board of Accounting or other regulatory authorities. The firm has not had pending or settled litigation since inception of the firm.



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# PEER REVIEW REPORT

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*Jones, Nale & Mattingly PLC*

## REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners  
Richardson & Company, LLP  
and the Peer Review Committee of the California Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2021. 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](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported 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 a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with 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 in conformity with 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 the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit 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.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2021, 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. Richardson & Company, LLP has received a peer review rating of pass.

*Jones, Nale & Mattingly, P.C.*

Louisville, Kentucky  
August 13, 2021

Certified Public Accountants and Advisors

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 [www.jnmcpa.com](http://www.jnmcpa.com)



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## REFERENCES

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We have emphasized throughout our proposal that Richardson & Company, LLP provides quality service. Please feel free to contact any of these clients to confirm our ability to provide the type of services you are seeking.

Name of reference entity: City of Marysville, California

Name of principal contact, title: Jennifer Styczynski, Finance Director  
[jennifers@marysville.ca.us](mailto:jennifers@marysville.ca.us)

Address and phone number: 526 C Street  
Marysville, California 95901  
(530) 749-3903

Services performed: Audits of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act. Preparation of the basic financial statements. Audit includes the Gann Limit.

Completion dates: Audits completed for the fiscal years ended June 30, 2003 through 2006 and June 30, 2018 through 2022.

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Name of reference entity: City of Colfax, California

Name of principal contact, title: Laurie Van Groningen, Finance Director  
[laurie.vangroningen@colfax-ca.gov](mailto:laurie.vangroningen@colfax-ca.gov)

Address and phone number: 33 South Main Street  
Colfax, California 95713  
(530) 346-2313

Services performed: Audit of the financials in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act, where applicable, and preparation of the State Controller's Report. We also perform TDA compliance auditing.

Completion dates: Audits completed for the years ended June 30, 2007 through 2022.

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Name of reference entity: Placer County Transportation Planning Agency, (audits of PCTPA's financial statements including the Cities of Auburn, Colfax, Lincoln, Rocklin and Roseville, Town of Loomis and the County of Placer TDA)

Name of principal contact, title: Jodi LaCosse, Fiscal /Administrative Officer  
[jlacosse@pctpa.net](mailto:jlacosse@pctpa.net)

Address and phone number: 299 Nevada Street  
Auburn, California 95603  
(530) 823-4037

Services performed: Audit of the financial statements of transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, *Government Auditing*



*Standards* and the Single Audit Act, where applicable. The audits included testing for compliance with the TDA.

Completion dates: Audits completed for the years ended June 30, 2014 through 2022.

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Name of reference entity: Cosumnes Community Services District and City of West Sacramento

Name of principal contact, title: Nitish Sharma, Former Chief Administrative Officer  
Sharma & Associates  
[nitishvsharma@outlook.com](mailto:nitishvsharma@outlook.com)

Address and phone number: 8820 Elk Grove Boulevard  
Elk Grove, California 95624  
(916) 425-9888

Services performed: Audit of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act. Preparation of the Annual Comprehensive Financial Report for submission to the GFOA's certificate program. GFOA Certificate of Achievement was awarded. Audit of West Sacramento included the Port of Sacramento blended component unit, the Redevelopment Successor Agency, the West Sacramento Area Flood Control Agency and the Gann limit. We also perform TDA compliance auditing.

Completion dates: Audits for Cosumnes Community Services District completed for the years ended June 30, 2021 and 2022. Audits completed for the City of West Sacramento for the years ended June 30, 2013 through 2017.

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Name of reference entity: Butte County Council of Governments, (audits of BCAG's financial statements, including the Local Transportation Fund, State Transit Assistance Fund, RSTP Fund, Butte Regional Transit, and the Transit and Non-Transit TDA Funds of the County of Butte and Cities of Chico, Oroville, Biggs, Paradise and Gridley)

Name of principal contact, title: Julie Quinn, Chief Financial Officer  
[jquinn@bcag.org](mailto:jquinn@bcag.org)

Address and phone number: 326 Huss Lane  
Chico, California 95928  
(530) 879-2468

Services performed: Audits of the financial statements of BCAG and transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities listed above in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act, where applicable. The audits included testing for compliance with the TDA.

Completion dates: Audits completed for the years ended June 30, 2013 through 2022.



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## SPECIFIC AUDIT APPROACH

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Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management.

### Scope of Services

We understand that the Town requires an audit of its basic financial statements, including the preparation of the financial statements, for the fiscal years ended June 30, 2023 through 2025, with an option to extend for two additional years, including all procedures necessary for the issuance of an opinion regarding the fairness of the presentation of the financial statements in conformity with generally accepted accounting principles. The audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA), standards for financial audits provided in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1996 and the provisions of the Title 2 U.S. Code of Federal Regulations Part 2000, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (formerly OMB Circular A-133) and the applicable laws, rules and regulations, as applicable. These services will include the following:

1. Perform an audit of the Government-Wide Financial Statements of the Town of Loomis in conformity with generally accepted accounting principles and issue a report on the fair presentation of the financial statements.
2. Evaluate internal controls sufficient to determine the nature and extent of procedures to perform and issue reports on internal control and compliance and management letter, if applicable.
3. Apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information.
4. Prepare the basic financial statement section of the Town's financial statements.
5. Issue a report on internal control and compliance based upon the audit of the Town's financial statements in accordance with *Government Auditing Standards*.
6. If federal expenditures exceed \$750,000 during the year, perform a Single Audit on the expenditures of federal grants in accordance with Uniform Guidance and render the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with Uniform Guidance.
7. Prepare a management letter addressed to the Town Council of the Town of Loomis setting forth recommendations (as applicable) for improvements in the Town's accounting systems.
8. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
9. We will communicate in a letter to the Town Manager and Finance Officer any reportable conditions found during the audit. We will also make immediate, written notification to the



Town Manager and the Finance Officer of all irregularities and illegal acts or indications of illegal acts of which they become aware.

10. Prepare any other reports to the governing body as may be required by the generally accepted auditing standards.
11. Adjusting journal entries will be discussed and explained to the Finance Officer personnel prior to recording and will be provided in a format that shows the lowest level of posting detail needed for data entry into the general ledger systems.
12. Attend Town Council meeting when financial statements are presented for approval.

## **Audit Approach**

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing other cities and other governmental organizations, we will identify such issues in a timely manner and obtain a better understanding of your organization and the external and internal environments in which the Town operates. We will examine significant contracts and agreements to determine the effect on the nature and extent of the auditing procedures and to determine laws and regulations subject to test work. Our familiarity with laws and regulations affecting cities, including those related to grant funding received, will also be used as a resource for determining the extent of testing needed. We will meet with your personnel to obtain an understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how the computer is used to process data, and prepare walkthrough questionnaires with the assistance of your staff.

In order to obtain an understanding of the Town's accounting processes, including internal controls that are in place, we will provide the Town with a list of questions and will meet with Town personnel to discuss them. We will walk through controls over receipts, disbursements and payroll transactions while performing tests of controls. We will also determine the provisions of any and all federal and state and county orders; statutes; ordinances; charters; bond covenants; administrative code or other rules and regulations that have a significant financial impact on the Town. We will also review budgets, organization charts and any accounting procedures manuals to obtain an understanding of the Town. We will evaluate information from other financial and management information systems used by the Town to determine the potential use of the information from these systems in the audit process.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to planning the audit will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as updated by 122 through 125. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will document the Town's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost efficient mix of audit procedures. In developing the audit program, our aim will be to:



- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures that accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We will use the Town's budget to evaluate the need for committed and assigned fund balances as well as to perform analytical procedures for comparison to actual revenues and expenditures.

We provide our clients with a detailed list of items needed during the audit well in advance to allow for sufficient time to gather the information. This approach minimizes disruption to Town staff during the course of the audit. We have a portal available that the Town can upload documents to us electronically.

Program Execution: During this stage of our audit, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will utilize analytical procedures in all areas of the audit, especially revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be minimal disruption of the day-to-day operations. We will utilize computer software during the engagement, including during the on-site fieldwork, for all workpaper preparation and for developing the lead schedules and trend analysis reports used in the audit process.

We will use analytical review over receivables, liabilities, revenues and expenditures by comparing balances to the prior year. The analytical review will assist us in identifying areas of risk for which substantive procedures will be performed. However, we believe analytical procedures alone will not identify all potential significant misstatements and will detail test certain balance sheet and income statement accounts that our experience has shown are frequently misstated, such as certain receivables, subsequent payments that may need to be accrued as liabilities, cut-off of grant revenues and classification of restrictions and commitments of fund balance.

### **Our Commitment to Perform Timely Services**

We have the technical expertise, engagement management skills and staffing resources sufficient to provide you with excellent service and ensure that your reporting deadlines are met. We have consistently planned, scheduled and conducted our audits of the organizations we serve in an efficient and effective manner in order to meet their reporting deadlines. We have proven our ability to provide timely services to our clients. However, given our current workload, we cannot commit to completing the audits by December 31, but we will strive to complete them by the June 30 State deadline, or if a Single Audit is needed, by March 31.

The work plan below was developed with your deadlines in mind. Upon selection as your independent accountants, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees. As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support.



## Work Plan

Task	Timing	Estimated Hours				Total
		Partner	Managers	Supervisor	Senior/Staff	
<b>Audit Planning:</b>						
Begin audit planning process	December/January	6	10	5	5	26
Internal control/systems documentation and evaluation						
Develop audit programs						
Prepare audit assistance package and confirmation letters						
Risk assessment						
<b>Compliance and Internal Control Testing:</b>						
Tests of transactions for cash receipts, disbursements, payroll	January		5		16	21
Tests of compliance with laws, regulations and contracts						
<b>Substantive Testing:</b>						
Cash and investments	March	20	67	70	121	278
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Capital assets						
Long-term liabilities						
Equity and other credits						
<b>Reporting and Wrap-up:</b>						
Prepare financial statements and audit reports	April	10	10	15	15	50
Draft financial statements	Late April					
Delivery of final reports	No later than May 15					
Total Annual Audit Hours		36	92	90	157	375

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements. We will prepare the financial statements consistent with professional standards and your needs and will review the drafts of all of our reports with you prior to finalization.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying the Town's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.

Some of the specific benefits the Town will realize from our audit approach include:





A Smooth, Quick Transition--Our audit approach, familiarity with cities and our experience in succeeding other accountants prepares us to effect a smooth transition. Our transition plan will ensure that:

- We understand the auditing procedures and accounting treatment currently in place.
- Disruption to your normal operations and time lost due to “educating” the new firm will be minimal.
- We will coordinate and plan our work closely with your staff.

A Fresh Look--We will ensure that the Town benefits from a “fresh look” by its new auditors--Richardson & Company, LLP. Our approach to transition engagements, with which we are very experienced, will result in:

- A thorough review and evaluation of your systems of internal accounting and compliance controls.
- A review and evaluation of your significant data processing systems and controls.
- A fresh review of operating practices.

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as the Town’s advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with Town personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer the Town’s questions and to respond to the Town’s needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of the Town’s operating environment and accounting systems. This will position us well as an “advisor” to Town management.

Less disruption to the Town--Our audit plan will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption of Town personnel.

### **Identification of Anticipated Potential Audit Problems**

The Town requested in the RFP that we identify and describe any anticipated potential problems with the audit, the Firm’s approach to resolving these problems and specific assistance that may be requested from the Town. Based on our review of the financial statements, we do not anticipate any audit problems. If issues are noted during the audit process, we will bring them to the attention of the Finance Director immediately to allow time to address the issue and still meet the Town’s deadlines. Because we have more experienced staff in the field than most firms, issues are identified more promptly than in most other firms.



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## PROFESSIONAL FEES

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Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

Since Richardson & Company consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. Our firm will bring to the audits strong technical backgrounds, government accounting expertise and outstanding engagement management skills.

### **Total All-Inclusive Maximum Price, Rates by Level and Out-of-pocket Expenses**

Our cost proposal contains all pricing information relative to performing the audit engagement as described in the Request for Proposal. The rates by staff classification level times the anticipated hours for each fiscal year are included in the total all-inclusive maximum price. Our total all-inclusive maximum price contains all direct and indirect costs, including out-of-pocket expenses. Therefore, our fees are all inclusive and represent a not to exceed amount. A summary of our fee estimate by task can be found in Appendix B. The schedule of professional fees and expenses to support the total all-inclusive maximum price can be found in Appendix A.

Our estimate assumes that the Town will prepare all closing entries, including any accrual adjustments needed in accordance with generally accepted accounting principles, and that the beginning net fund balances agree to the prior year audit. Assistance with implementation of GASB statements will be provided upon request and will be billed by the hour at a rate of \$120 per hour.

These estimates do not take into consideration changes in the scope of the audit that increase audit hours by more than a few hours due to changes in accounting or auditing pronouncements and standards, laws or regulations, the loss of key accounting personnel, material weaknesses in the internal control environment, a large number of audit adjustments or significant changes in the scope of the Town's operations. We will discuss a new fee estimate with the Town if such events occur.

**Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.**

### **Rates for Additional Professional Services**

If it should become necessary for the Town to request that we render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the firm. Any such additional work agreed to between the Town and the firm shall be performed at the following rates.

<u>Classification</u>	<u>Rate Per Hour</u>
Partners	\$ 200
Senior Managers	180
Managers	160
Supervisors	140
Seniors	120
Staff	110
Administrative or clerical	60



## APPENDIX A

<b>Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price</b>	<b>Hours</b>	<b>Standard Hourly Rates</b>	<b>Quoted Hourly Rates</b>	<b>Total</b>
<b>Partner</b>	36	\$ 200	\$ 100	\$ 3,600
<b>Manager</b>	92	\$ 180	\$ 90	\$ 8,280
<b>Supervisory Staff</b>	90	\$ 140	\$ 80	\$ 7,200
<b>Audit Staff</b>	157	\$ 110	\$ 75	\$ 11,775
<b>Sub-Total</b>			\$	<u>30,855</u>
<b>Other Expenses</b>			\$	<u>45</u>
<b>Total 2023 Base Fee</b>			\$	<u><u>30,900</u></u>

Hours and rates for subsequent years are comparable to the fees and expenses above.



## APPENDIX B

All-Inclusive Maximum Price by Report	Optional Years				
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Audit and preparation of financial statements	\$ <u>30,500</u>	\$ <u>31,400</u>	\$ <u>32,350</u>	\$ <u>33,400</u>	\$ <u>34,400</u>
Gann Limit Review	\$ <u>400</u>	\$ <u>425</u>	\$ <u>450</u>	\$ <u>460</u>	\$ <u>475</u>
Total Base Fee	\$ <u>30,900</u>	\$ <u>31,825</u>	\$ <u>32,800</u>	\$ <u>33,860</u>	\$ <u>34,875</u>
Single Audit Fee (as needed)	\$ <u>4,200</u>	\$ <u>4,350</u>	\$ <u>4,500</u>	\$ <u>4,650</u>	\$ <u>4,800</u>

The fees above include auditing only one major federal award programs. Additional major programs will be billed at \$3,500, \$3,650, \$3,800, \$4,200 per major program for fiscal years 2023, 2024, 2025, 2026 and 2027, respectively.



EXHIBIT B

CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700  
[Labor Code § 1861]

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

CONSULTANTS

By: Angus M. Skypinski  
[Title] Managing Partner

**Consultant Questionnaire**

**Definition of a Consultant is found in Section 18702 of Regulations of the Fair Political Practices Commission, Title 2, division 6 of the California Code of Regulations.**

*Consultants, as defined by Section 18701, are required to file an Economic Interest Statement (Form 700) within 30 days of signing a Consultant Agreement with the Town, on an annual basis thereafter if the contract is still in place, and within 30 days of completion of the contract.*

Company Name \_\_\_\_\_ (Agreement Date) \_\_\_\_\_

Name of Consultant\* \_\_\_\_\_  
(First Name) (Middle Initial) (Last Name)

Company address \_\_\_\_\_ Phone \_\_\_\_\_

Town, State, \_\_\_\_\_  
Zip \_\_\_\_\_

Contracting Town \_\_\_\_\_  
Dept. \_\_\_\_\_

Estimated Date of Project Completion \_\_\_\_\_

- A. Will consultant make governmental decision whether to
- 1. Approve a rate, rule, or regulation? Yes  No
  - 2. Adopt or enforce a law? Yes  No
  - 3. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement? Yes  No
  
  - 4. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval? Yes  No
  
  - 5. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract? Yes  No
  
  - 6. Grant agency approval to a plan, design, report, study, or similar item? Yes  No
  
  - 7. Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof? Yes  No
- B. Will the consultant serve in a staff capacity with the Town and in that capacity perform the same or substantially all the same duties for the Town that would otherwise be performed by an individual holding a position specified in the Town's Conflict of Interest Code? Yes  No
- Will consultant manage public investments? Yes  No

\_\_\_\_\_  
Name of Person Completing Questionnaire

\_\_\_\_\_  
Date

## Item 8 Attachment B



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

August 22, 2023

Town of Loomis  
3665 Taylor Road  
Loomis, California 95650

We are pleased to confirm our understanding of the services we are to provide for the Town of Loomis (Town) for the year ended June 30, 2023.

### **Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the Town's basic financial statements as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Town's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budget and Actual Comparisons for Major Funds (General and Special Revenue Funds)
3. Schedule of Proportionate Share of Net Pension Liability
4. Schedule of Employer Contributions
5. Schedule of Changes in Net OPEB Liability and Related Ratios
6. Schedule of Employer Contributions to the OPEB Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the Town's financial statements. Supplementary information other than RSI, such as combining and individual fund financial statements, also accompanies Town's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards, if applicable
2. Combining Balance Sheet – Nonmajor Governmental Funds
3. Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
4. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Funds
5. Agency Funds – Combining 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* 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 of a reasonable user made based on the financial statements.

The objective also includes reporting on financial reporting internal control over and compliance with the provisions of applicable laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2)



fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Town or to acts by management or employees acting on behalf of the Town. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers. Our audit of financial statements does not relieve you of your responsibilities.

#### **Audit Procedures—Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit

procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Other Services**

We will also assist in preparing the financial statements and related notes of the Town in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and

regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations, rules, and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the 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 latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter

that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

#### **Audit Administration and Fees**

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Richardson & Company, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Richardson & Company, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the Town.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the oversight agency or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such

access. This paragraph shall not apply to legal and/or court actions arising from the wrongful conduct of our firm.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a “peer review” program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

## Professional Fees

Our fee for audit services for the year ended June 30, 2023 will be \$30,900, which includes the preparation of the financial statements.

If federal awards expended exceed \$750,000, an audit of federal awards will be required. The fees for auditing one major program will be \$4,200. Additional major programs will be billed at \$3,500 per major program for fiscal year 2023.

This fee estimate is based on the assumption that the advance preparation package will be completed and all information will be available on or before the day fieldwork begins. The fee estimate is also based on anticipated cooperation from your personnel and the assumption that the Town will retain the current Finance Director and that unexpected circumstances will not be encountered during the audit. This fee estimate also assumes that the Town will post all normal closing entries prior to the date the audit begins, including those resulting in audit adjustments the previous year, and prepare the tables for the footnote disclosures. If a significant number of audit adjustments are proposed or if the Town loses key accounting personnel before the audit is complete, such changes could have a direct impact on the audit timetable and number of hours we incur to aid the Town in preparing adjustments and revising workpapers to agree to final balances as reported. To the extent possible, we will utilize your existing schedules and workpapers in our audit process. In the event that the advance preparation package is not completed on time, there are changes in key accounting personnel, normal closing entries are not posted before our audit begins and the preparation or reconciliation of schedules is necessary, or if our current understanding and/or expectations are not met and additional time is necessary for, but not limited to, any of the other preceding reasons, we will charge a fee for the additional services based on our regular hourly rates in addition to the proposed fee.

In the event that the scope of our audit has to be increased due to changes in accounting or auditing pronouncements and standards, laws or regulations, material weaknesses in the internal control environment or significant changes in operations, we will discuss the situation with you and arrive at a new fee arrangement.

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the Town, if any, will be based on a rate per hour by staff classification as follows:

<u>Classification</u>	<u>Rate Per Hour</u>
Partners	\$ 200
Senior Managers	180
Managers	160
Supervisors	140
Seniors	120
Staff	110
Administrative or clerical	60

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

## Reporting

We will issue a written report upon completion of our audit of the Town's financial statements. Our reports will be addressed to the Town Council. 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 opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions 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 an opinion, we may decline to express an opinion or withdraw from this engagement.

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 state (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 report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Town 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.

\* \* \* \* \*

We appreciate the opportunity to provide our services to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please do not hesitate to ask. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid M. Sheipline, CPA  
Managing Partner

Response:

This letter correctly sets forth the understanding of the Town of Loomis.

By: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_



*Jones, Nale & Mattingly PLC*

## REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners  
Richardson & Company, LLP  
and the Peer Review Committee of the California Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2021. 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](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported 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 a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with 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 in conformity with 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 the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit 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.

### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2021, 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. Richardson & Company, LLP has received a peer review rating of pass.

A handwritten signature in cursive script that reads "Jones, Nale &amp; Mattingly, P.C.".

Louisville, Kentucky  
August 13, 2021