



MEMORANDUM

TO: Finance and Administration Committee Members/Alternates

FROM: Raymond Tarka, Director of Finance

DATE: January 8, 2024

RE: Recommendation to Authorize Execution of Contract with External Auditor

BACKGROUND

Richardson & Company, LLP has audited the SLDMWA financial statements since Fiscal Year (FY) 2018. Per direction from the Finance & Administration Committee, the Water Authority transmitted a request for proposals (RFP) to obtain the proposals necessary to engage a new firm for auditing services beginning with FY24 on November 8, 2023. The RFP was sent out to twenty-one regional and national accounting firms, and the RFP was also publicly posted on the website for government procurement, Public Purchase (www.publicpurchase.com). Staff received one response. Richardson & Company, LLP submitted a proposal that included the assignment of a new audit partner on the new engagement as required under California Government Code Section 12410.6(b).

ISSUE FOR DECISION

Whether the Finance & Administration Committee should recommend, and the Board of Directors should authorize, execution of a contract with the recommended external auditor for the staff-recommended term of engagement.

RECOMMENDATION

Based on the evaluation of the proposal received, staff is recommending awarding the auditing services engagement to Richardson & Company, LLP and to set the engagement to the five-year term offered.

ANALYSIS

See attached audit firm proposal, cost proposal, and references. The FY24 cost proposal of \$45,000 is within the amount included in the FAC-recommended FY24 budget.

TECHNICAL PROPOSAL TO PERFORM
INDEPENDENT AUDITING SERVICES
FOR



For the Years Ended
February 28, 2024 and 2025
(Option to renew for fiscal years 2026 to 2028)

CONTACT PERSONS:

Ingrid Sheipline, Managing Partner

isheipline@richardsoncpas.com

Brian Nash, Partner

bnash@richardsoncpas.com



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

December 5, 2023

TABLE OF CONTENTS

Cover Letter	1
Past Performance	3
Experience	5
Quality Control and Peer Review.....	9
Why We are Best Qualified	10
Audit Approach	11
Work Plan.....	13
Key Personnel Experience	16
Our Commitment to Staffing Continuity/Personnel Rotation.....	18
Attachment A – Peer Review Report.....	19

COVER LETTER



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727

FAX: (916) 564-8728

December 5, 2023

Attn: Travis Roberts, Contract Specialist
San Luis & Delta-Mendota Water Authority
15990 Kelso Road
Byron, California 94514-9614

Thank you for your interest in our firm and the opportunity to present our proposal to serve the **San Luis & Delta-Mendota Water Authority** (the Authority). We are genuinely enthusiastic about the prospect of continuing to serve as your auditors. Auditing special districts, especially water agencies, 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 Authority with great care and pride.

Firm Qualifications and Experience

Richardson & Company, LLP is a regional CPA firm established in 1991 and located in Sacramento. The firm is licensed to conduct audits in California. We have a staff of thirty-one, including thirteen CPAs. Our governmental audit staff totals twenty-seven, all of which are located in Sacramento. Richardson & Company, LLP is 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, accounting, tax and business advisory services to governmental entities (water districts, cities, regional transportation planning agencies, special districts and joint powers authorities), nonprofit organizations, financial institutions and bank holding companies, real estate partnerships, a magazine circulation audit and others primarily located in northern California, including the largest water district in the world located in Los Angeles. We perform Single Audit Act and grant compliance audits for both nonprofits and governmental entities. We provide tax services to our audit clients requiring those services.

Our Understanding of the Services to be Performed

We will audit and express an opinion on the fair presentation of the Authority's financial statements in conformity with U.S. generally accepted accounting principles for the years ending February 28, 2024 and 2025 with the option to extend for 2026 to 2028. The audits will be conducted in accordance with U.S. generally accepted auditing standards and the standards set forth for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In conjunction with our audit, we will also issue a report on internal controls and compliance, a management report and auditor's communication letter. If the Authority expends more than \$750,000 of federal funds in a fiscal year, we will also perform an audit under the Single Audit Act.



Why We are Best Qualified

We have audited the Authority for the past five fiscal years and have completed those five audits since December 2019 to help the Authority catch up its financial audits. Due to the financing deadlines during this period, this has required us to work late nights and weekends to help the Authority meet its reporting deadlines, showing our willingness to go the extra mile for the Authority. We are familiar with the Authority's special customer rates restricted for specific purposes and the sub-funds used to account for these rates as well as the Authority's unique financing arrangements and complex contracts. This would take another firm a significant amount of time to learn. The partner, senior manager and manager that have been on the Authority's audit that have experience with the Authority will continue to perform the Authority's audit. We also have a perm file of a significant number of important documents that the Authority would have to find and provide to another firm, which would take Authority staff time. For all of these reasons, we believe we are the best suited to perform the Authority's audit.

Our Commitment to Perform Timely Services

We have a reputation for meeting our clients' deadlines. You have indicated that the financial statements need to be issued by June 30, 2024. To ensure meeting this reporting deadline, we will begin our preliminary planning in March and perform tests of controls in April. We plan to commence year-end fieldwork in early May, or at such time as the books have been closed and all documents and analyses have been completed. We will provide the Authority with the priority and timely service it deserves.

Independence

We are independent of the Authority as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. The firm has no personal or organizational conflicts of interest related to the Authority.

* * * * *

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 Authority. We are genuinely enthusiastic over the prospect of serving you and sincerely believe that we have the people, experience, resources and reputation to assure you of outstanding services. For the preceding reasons and many others as outlined in this proposal, we genuinely believe that your selection of our firm as the Authority's independent accountants is the best decision that the Authority could make. We acknowledge receipt of Addendum 1.

If you have questions or need additional information, please contact Mrs. Ingrid Shepline or me at (916) 564-8727, fax (916) 564-8728, correspondence at 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to isheipline@richardsoncpas.com or bnash@richardsoncpas.com. Either of us are authorized to make representations and to bind the firm. The proposal will not be withdrawn for 60 days.

Very truly yours,

RICHARDSON & COMPANY, LLP



Brian Nash, CPA
Partner



PAST PERFORMANCE

Five projects similar in scope, complexity and magnitude to the work required in the Scope of Services are listed below.

Name and location of project:	San Luis & Delta-Mendota Water Authority, Los Banos, CA
Description of work:	Audit of the February 28, 2022 financials in accordance with generally accepted accounting standards and <i>Governmental Auditing Standards</i> .
Original scheduled completion time and date:	June 2023
Actual completion date and duration of project:	Six weeks from receipt of audit documentation
Contact name:	Raymond Tarka, Director of Finance
Email Address:	Ray.Tarka@sldmwa.org
Address:	842 6 th Street, Los Banos, CA 93635
Telephone Number:	(209) 826-7867
Initial contract amount:	\$37,400
Final contract amount:	\$58,609
Problems encountered/ corrective action:	Accounting records were revised throughout the audit, resulting in significant additional time needed to complete the audit that was addressed by Richardson & Company staff working overtime to complete the audit as soon as possible.

* * * * *

Name and location of project:	Westlands Water District, Fresno, CA
Description of work:	Audit of the February 28, 2023 financials in accordance with generally accepted accounting standards and <i>Governmental Auditing Standards</i> .
Original scheduled completion time and date:	September 2023
Actual completion date and duration of project:	October 2023
Contact name:	Bobbie Ormonde, Deputy General Manager
Email Address:	bormonde@wwd.ca.gov
Address:	3130 N Fresno St, Fresno, CA 93703
Telephone Number:	(559) 241-6203
Initial contract amount:	\$43,200
Final contract amount:	\$43,200
Problems encountered/ corrective action:	None



* * * * *

Name and location of project: Metropolitan Water District (MWD), Sacramento, CA

Description of work: Audit of the Statement of Charges provided to MWD by the California Department of Water Resources (DWR) for the year ended June 30, 2023. Requires auditing financial records of the DWR that serves as the basis for the Statement of Charges (bill for operation of the State Water Project).

Original scheduled completion time and date: January 2023

Actual completion date and duration of project: In progress – in review.

Contact name: Jamie Dalida, Resource Specialist

Email Address: JDalida@mwdh20.com

Address: 1121 L Street, #900, Sacramento, CA 95814

Telephone Number: (916) 650-2605

Initial contract amount: \$1,063,000

Final contract amount: \$1,063,000

Problems encountered/ corrective action: None

* * * * *

Name and location of project: City of American Canyon, California

Description of work: Audit of the June 30, 2023 financials for the City, Fire Protection District and Transportation Development Act Fund in accordance with generally accepted accounting standards and *Governmental Auditing Standards*. Includes a single audit when necessary and the preparation of the State Controller's Financial Transaction reports.

Original scheduled completion time and date: December 2023

Actual completion date and duration of project: In progress

Contact name: Juan Gomez, Finance Director

Email Address: jgomez@cityofamericancanyon.org

Address: 4381 Broadway Street, Suite 201, American Canyon, CA 94503

Telephone Number: (707) 647-4362

Initial contract amount: \$51,575

Final contract amount: \$51,575

Problems encountered/ corrective action: None



* * * * *

Name and location of project: El Dorado Irrigation District, Placerville, CA

Description of work: Audit of the June 30, 2016 financials in accordance with generally accepted accounting standards and *Governmental Auditing Standards*.

Original scheduled completion time and date: June 30, 2017

Actual completion date and duration of project: June 21, 2017

Contact name: Mark Price, Finance Director

Email Address: mprice@eid.org

Address: 2890 Mosquito Road, Placerville, CA 95667

Telephone Number: (530) 622-4513

Initial contract amount: \$41,700

Final contract amount: \$41,700

Problems encountered/ corrective action: None

Experience

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

Water Agencies

- San Luis & Delta-Mendota Water Authority
- Westlands Water District
- Byron-Bethany Irrigation District
- Amador Water Agency
- Glenn-Colusa Irrigation District
- El Dorado Irrigation District
- Tuolumne Utilities District
- Calaveras County Water District
- Sacramento Suburban Water District
- San Juan Water District
- South Feather Water and Power Agency
- Yolo County Flood Control and Water Conservation District
- Fair Oaks Water District
- Carmichael Water District
- Nevada Irrigation District
- Yuba County Water Agency
- Reclamation District 1000
- Tri-Dam Project and Power Authority
- Oakdale Irrigation District
- South San Joaquin Irrigation District
- Citrus Heights Water District
- Elk Grove Water District
- Bear Valley Water District
- Yolo Subbasin Groundwater Agency
- Rio Linda/Elverta Community Water District
- American River Flood Control District
- South Yuba Water District
- State Water Project Contractors Authority
- Regional Water Authority
- Sacramento Groundwater Authority
- Solano County Water Agency
- South Sutter Water District
- San Joaquin Valley Drainage Authority
- Volcano Community Services District



- Reclamation District 2035
- Del Paso Manor Water District
- Delta Conveyance Finance Authority
- Cosumnes Groundwater Authority
- Orleans Community Services District
- Merced Irrigation District
- Rancho Murieta Community Services District

Other Governmental Agencies

- Cities of West Sacramento, Elk Grove, Chico, Lincoln, Colfax, Citrus Heights, American Canyon, Sutter Creek, Sonoma, Rocklin, Marysville, Dixon, Folsom, Rancho Cordova, Ione, Isleton, Colusa, Biggs and Fort Jones
- Sacramento Metropolitan Fire District
- Sacramento Area Council of Governments
- Sacramento Transportation Authority
- Sacramento Public Library Authority
- Sacramento Regional Fire/EMS Communications Center
- Amador County Transportation Commission
- Amador Transit
- Butte County Association of Governments
- Yolo-Solano Air Quality Management District
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- Mountain House Community Services District
- Calaveras Council of Governments
- Yuba-Sutter Transit Authority
- Yolo County Transportation District
- Paratransit
- Placer County Transportation Planning Agency
- Fair Oaks Recreation and Park District
- Regional Waste Management Authority
- Cosumnes Community Services District
- El Dorado Hills Fire Department
- Auburn Area Recreation and Park District
- Fair Oaks Recreation and Park District
- El Dorado Hills Community Services District
- California Fire Rescue Training Authority
- Cortina Community Services District
- Diablo Community Services District
- Ranch House Community Services District
- Dixon Public Library District
- Vacaville Public Library District
- California Exposition & State Fair
- Yolo Emergency Communications Agency
- California Pollution Control Financing Authority
- California Educational Facilities Authority
- Yolo County Local Agency Formation Commission
- Byron Sanitary District
- Cosumnes Groundwater Agency
- Sacramento Valley Basinwide Air Quality Control Council
- Yolo County Local Agency Formation Commission
- San Joaquin Council of Governments
- Sacramento County Waste Management and Recycling



- Wilton, Herald, Courtland and Pacific Fruitridge Fire Protection Districts
- Transport System of the University of California at Davis (Unitrans)
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba
- Sacramento County State Transit Assistance Fund
- Counties of Sacramento, Sutter, Yolo and Yuba Transportation Development Act Funds
- Cities of Folsom, Galt, Isleton, Sacramento, Davis, Live Oak, Rancho Cordova, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- County of Calaveras Transit Fund
- City of Angels and County of Calaveras Transportation Development Act Funds
- El Dorado County and City of Placerville Transportation Development Act Fund
- El Dorado County Local Transportation and State Transit Assistance Funds
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs and Paradise Transportation Development Act Funds
- Marin County Transit District
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- The Alpha Fund (a joint powers authority and workers compensation risk pool primarily for rural hospitals) an affiliate of the Association of California Healthcare Districts, Inc.

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

- We conduct the audits of the general purpose financial statements of numerous special districts, including water districts, as well as several cities, some of which have water operations and other enterprise funds similar to those of the Authority. Our experience performing these audits of general and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- The past several years we have provided the Cities of West Sacramento, American Canyon, Rancho Cordova, Dixon, Chico, Citrus Heights, Elk Grove and Folsom and the Cosumnes Community Services District, Fair Oaks Water District, San Juan Water District, Oakdale Irrigation District, El Dorado Irrigation District, Marin County Transit District, Florin Resource Conservation 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, Cosumnes Community Services District, Sacramento Metropolitan Fire District, Florin Resource Conservation District and San Joaquin Council of Governments had ever prepared. The ACFRs for all of these agencies have received the Government Finance Officers Association's Certificate of Achievement for the years we have assisted them.
- We have provided federal compliance auditing services to numerous entities, including the South San Joaquin Irrigation District, El Dorado Irrigation District, Calaveras County Water District, Yuba County Water Agency, Rio Linda/Elverta Community Water District, Cities of Chico, Colfax, Lincoln, Elk Grove, West Sacramento, Citrus Heights, Marysville, Sutter Creek, Colusa, Amador Transit, Butte County Association of Governments, Yolo County Transportation District, El Dorado County Transit Authority, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System



of the University of Davis, Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards*, which are the same standards that apply to the Authority, and the Single Audit Act.

In addition, Ingrid Shepline has gained an extensive amount of governmental accounting and auditing experience in her previous position 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 Authority such as accounting for bonds and related refundings, 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.

In addition, our firm and its key members presently provide or have provided auditing and consulting services to the following water districts and agencies:

- **Various Water Agencies (listed on pages 5 and 6)**

We prepared the general purpose financial statements or ACFR and performed the annual audits of these Districts in accordance with generally accepted accounting standards and *Government Auditing Standards*. We also prepared the State Controller's Report for a number of these agencies. We have assisted Oakdale Irrigation District, Florin Resource Conservation District, Fair Oaks Water District, South San Joaquin Irrigation District, San Juan Water District and El Dorado Irrigation District with the preparation of their ACFR.

- **Large Southern California Water Agency**

We perform the ongoing audit of the cost accounting records of the State Water Project on behalf of one of the world's largest water agencies, including completion of numerous special projects, reviewing the Department of Water Resources budget and representing the Authority at meetings with Department of Water Resources personnel. As a result of our audit of the State Water Project, we are familiar with the concept of billing to contractors based on cost projections and truing up to actual costs and wheeling charges to non-contractors. Our audit of the State Water Project has also included verifying activity related to the Delta Habitat Conservation and Conveyance Program (DHCCP) in which the Authority is a participant.

- **Department of Water Resources - State Water Resources Development System**

Conducted the financial audit of the State Water Resources Development System enterprise fund and provided other services associated with bond offerings and refundings, including letters to underwriters.

- **Central Valley Project Water Association (CVPWA)**

CVPWA is an association of approximately 250 water users receiving water from the Central Valley Project. The Central Valley Project is maintained and operated by the U.S. Bureau of Reclamation. We have performed audits of the Bureau's cost accounting records of the Central Valley Project on behalf of CVPWA, including the completion of



numerous special projects. Our audit of the Bureau entailed verifying the rates charged to contractors and the calculation of charges.

- **Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water Agency, Westlands Water District and Other Federal Water Users**

Performed several special auditing and consulting projects for these districts related to their contracts with the U.S. Bureau of Reclamation for delivery of water from the Central Valley Project.

- **Department of Water Resources - Reid Gardner Power Plant and Pine Flat Power Sales Contract**

Examination of the costs associated with the Department's Participation Agreement with Nevada Power Company for the construction and operation of Reid Gardner Unit No. 4 and the costs associated with the Pine Flat Power Sales Contract between the Department and Kings River Conservation District.

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 California Society of CPA's 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. Membership in the Center for Audit Quality is voluntary and all firms that join 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 all three PCAOB inspections. The ten peer reviews cover the entire thirty-two year period our firm has been in existence. Our latest peer review is attached to this proposal.

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 several 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.
- 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.

Why We are Best Qualified

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

- We have audited the Authority for the past five fiscal years and have completed those five audits since December 2019 to help the Authority catch up its financial audits. Due to the financing deadlines during this period, this has required us to work late nights and weekends to help the Authority meet its reporting deadlines, showing our willingness to go the extra mile for the Authority. We are familiar with the Authority's special customer rates restricted for specific purposes and the sub-funds used to account for these rates as well as the Authority's unique financing arrangements and complex contracts. This would take another firm a significant amount of time to learn. The partner, senior manager and manager that have been on the Authority's audit that have experience with the Authority will continue to perform the Authority's audit. We also have a perm file of a significant number of important documents that the Authority would have to find and provide to another firm, which would take Authority staff time. For all of these reasons, we believe we are best suited to perform the Authority's audit.
- We have extensive history in providing high-quality audits to water districts and other governmental agencies, as previously discussed, including the Agency.
- 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 at least forty percent 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 Agency’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 Board of Directors.
- Because of our past experience with the Agency, retaining us as auditors would minimize disruption to Agency staff, allowing them to focus their efforts on Agency business instead of training new auditors.

Audit Approach

We understand that the Authority requires an audit of its basic financial statements for the fiscal years ended February 28, 2023 and 2024 with the option to extend for 2025, 2026, 2027 and 2028, including all procedures necessary for the issuance of an opinion regarding the fairness of the presentation of the financial statements in conformity with U.S. generally accepted accounting principles. The audits will be conducted in accordance with U.S. generally accepted auditing standards, the standards set forth for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as revised, and the Minimum Audit Requirements and Reporting Guide for California Special Districts as required by the State Controller’s Office. These services will include the following:

1. Perform an audit of the Authority’s financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards* and the State Controller’s Minimum Audit Requirements for California Special Districts.
2. Express an opinion on the financial statements as to whether they present fairly, in all material aspects, the financial position of the Authority and the changes in financial position in conformity with generally accepted accounting principles (GAAP) and issue an independent auditor’s report stating this opinion.
3. All adjusting journal entries noted during the audit will be discussed and explained to the Finance Director or designated personnel prior to completion of the audit.
4. Test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with *Government Auditing Standards*, and issue an independent auditors’ report on their consideration. Any reportable conditions found during the audit will be addressed in these reports.
5. Apply limited audit procedures to the Required Supplementary Information (RSI), if any, and the Management’s Discussion and Analysis (MD&A).
6. Perform an audit and prepare “Single Audit” Reports, for federal grant monies received and expenditures made, if federal grant funds exceed the threshold for requiring a Single Audit.
7. Prepare a management letter and SAS 114 letter to the Board of Directors and Management which identifies significant audit findings, difficulties encountered in performing the audit, identify any correct and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and our recommendations for improvements in accounting and administrative controls.



8. Present all final reports to the Authority's Board of Directors and/or Finance Committee.

Our extensive experience in auditing the Authority and other water agencies 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 and the Board of Directors.

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 the Authority and governmental organizations similar to the Authority, 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 Authority 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 the Authority and other water agencies will also be used as a resource for determining the extent of testing needed. We will meet with your personnel to update our understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how the accounting system is used to process data, and update internal control questionnaires and walkthrough memos with the assistance of your staff.

In order to update our understanding of the Authority's accounting processes, including internal controls that are in place, we will provide the Authority with a list of questions to update, and will meet with Authority personnel to discuss them. 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 Authority. We will review organization charts and any accounting procedures manuals to obtain an understanding of the Authority.

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 gaining an understanding of internal control will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as updated by Nos. 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 update our understanding of the Authority'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 which 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 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 Authority staff during the course of the audit.

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 for revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our fieldwork so that there will be minimal disruption of the day-to-day operations. We will perform testing of internal controls in the areas of water billings/cash receipts, cash disbursements and payroll, with sample sizes ranging from 5 to 40 items, which will depend on the size of the population. We will select our samples randomly from number sequences or other documents provided by the Authority. We will use the Authority’s budget to determine the need for restrictions or designations as well as to perform analytical procedures for comparison to actual revenues and expenses.

We will perform analytical procedures to 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 and subsequent payments that may need to be accrued as liabilities. 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.

The following work plan was developed with your deadlines in mind. The timing identified in the work plan is approximate. **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 and that the Authority’s desired deadlines are met.** 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	Senior Manager	Manager	Senior/Staff	
Audit Planning:	March/April	5	5	5	5	20
Begin audit planning process						
Risk assessment						
Develop audit programs						
Prepare audit assistance package and confirmation letters						
Provide audit assistance package						



Task	Timing	Estimated Hours				Total
		Partner	Senior Manager	Manager	Senior/ Staff	
Compliance Testing:	April	2	10	10	15	37
Tests of transactions for cash receipts, disbursements and payroll						
Tests of compliance with laws and regulations						
Substantive Testing:	May	28	105	65	95	293
Cash and investments						
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Capital assets						
Long-term liabilities						
Equity and other credits						
Reporting and Wrap-up:	June	15	15	10	10	50
Review financials						
Prepare management letter/other reports						
Delivery of audit opinion and all other reports						
Total Annual Audit Hours		50	135	90	125	400

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 review the financial statements prepared by the Authority for consistency with professional standards and will review the drafts of all our reports and letters with the Authority prior to finalization to ensure the reports meet your requirements. Upon completion of the audit, we will provide the Authority with copies of our reports, as needed, for distribution to management, the Board of Directors, and other interested parties.

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 Authority'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 Authority will realize from our audit approach include:

Continuity--We are familiar with the Authority and its operations, including significant agreements, complex areas and unique issues facing the Authority. You will not need to train us on these issues before we can perform an effective audit like you would another firm. The OMB and PCAOB have also determined that most audit failures occur in the first year that a new auditor performs the audit due to not being familiar with the client. This is why these



entities have required rotating audit partners rather than audit firms. The Authority's operations are complex, resulting in familiarity with the Authority's operations being very important to perform an effective audit.

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as the Authority'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 Authority personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer the Authority's questions and to respond to the Authority's needs.

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

Less disruption to the Authority--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 Authority personnel. As a result of our past experience auditing water districts, we have a familiarity with transactions and operations typical of water districts, which will ensure the most efficient and effective audit and a smooth transition.



KEY PERSONNEL EXPERIENCE

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 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 Authority. This assures the Authority will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government and specifically the water industry. We believe the quality of our services exceeds that of national and other 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.

The following resumes outline the qualifications and experience of our key team members.

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

Ingrid serves as our Managing Partner and would serve as audit partner. Ingrid is responsible for scheduling, assigning staff to the engagement, overseeing the audit risk assessment process that will identify audit procedures to perform. She will coordinate with David to ensure audit issues are addressed timely and will review the workpapers and be responsible for the audit quality and proper reporting of the Authority's activities in the financial statements. She will also coordinate with David to review the Authority's implementation of new accounting standards. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant with over thirty years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including governmental entities, nonprofit organizations, utilities, banks, insurance agencies, manufacturers and distributors. 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 previously mentioned governmental entities, including most of the water districts, such as Glenn-Colusa Irrigation District, Tuolumne Utilities District, El Dorado Irrigation District, South Feather Water and Power Agency, Fair Oaks Water District, Sacramento Suburban Water District, Carmichael Water District, San Juan Water District, Citrus Heights Water District, Solano County Water Agency, Amador Water Agency, Del Paso Manor Water District, Regional Water Authority, Sacramento Groundwater Authority, Reclamation District 2035, Merced Irrigation District, Nevada Irrigation District, Rio Linda/Elverta Community Water District, Yuba County Water Agency, American River Flood Control District, Byron-Bethany Irrigation District and South Yuba Water District. She has audited most of the government agencies listed on the previous pages, including cities and other special districts. 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 the Authority's concurring review in 2024 and could return as audit partner in 2025. He 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, he will be involved in all phases of our audit work from initial planning through report preparation. He has thirty years of professional accounting and auditing experience and has provided services to a variety of clients, including most of the government entities described in the preceding sections of this proposal. He has served a number of the water districts, including the Authority, Westlands Water District, Calaveras County Water District, El Dorado Irrigation District, Oakdale Irrigation District, San Juan Water District, Florin Resource Conservation District/Elk Grove Water District, Oakdale Irrigation District, Yuba County Water Agency, Yolo County Flood Control and Water Conservation District, Solano County Water Agency, Yolo Subbasin Groundwater Agency, Carmichael Water District, Citrus Heights Water District, Glenn-Colusa Irrigation District, Metropolitan Water District of Southern California, Mission Springs Water District, Nevada Irrigation District, Bear Valley Water District, South Feather Water and Power Agency, South San Joaquin Irrigation District, Sacramento Suburban Water District, Tri-Dam Project and Power Authority, Merced Irrigation District and South Yuba Water District and numerous other governmental agencies, including cities other special districts. 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.

David Chiaravalloti, CPA (Audit Senior Manager)

David, a senior audit manager with our firm, will organize, conduct, review and evaluate field work and will be responsible for the planning and report preparation and review under the direction of Ingrid. David will ensure the staff properly addresses difficult audit areas, including auditing sub-funds used for restricted customer rates, and will coordinate with Ingrid to review the implementation of new accounting standards. David will supervise staff to ensure only relevant questions are asked to limit Authority staff time spent on the audit. He will review workpapers and coordinate the completion of open items and the preparation of the financial statements. He will supervise staff continually during fieldwork. He has extensive experience auditing water districts, cities and other governmental entities with Richardson & Company, LLP and another CPA firm. He has over twenty-five years of professional experience, including over twenty years with our firm. The clients he has served with water and/or utility operations include the Authority, Westlands Water District, San Joaquin Valley Drainage Authority, Yolo County Flood Control and Water Conservation District, Yolo Subbasin Groundwater Authority, Calaveras County Water District, Fair Oaks Water District, Citrus Heights Water District, San Juan Water District, South Yuba Water District, El Dorado Irrigation District, Merced Irrigation District, Mountain House Community Services District, City of West Sacramento, City of Lincoln and City of Colfax. He also has experience with other public agencies including auditing proprietary funds at cities. David received a Bachelor of Science degree in accounting 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.

Brian Magaw (Audit Manager)

Brian, an audit manager with our firm, will organize, conduct, review and evaluate field work and will be responsible for the planning and report preparation and review under the direction of Brian and David. He has five years of auditing experience and has served a number of water



agencies, cities and other public agencies, including the Authority Calaveras County Water District, Carmichael Water District, Tuolumne Utilities District, Reclamation District 1000, Lassen County Transportation Commission, Lassen Transit Service Agency, Butte County Association of Governments, Calaveras Council of Governments, Yolo Emergency Communications Agency, El Dorado Hills Fire Department, Wilton Fire Protection District, Auburn Recreation District, Fair Oaks Recreation District, Cosumnes Community Services District, Mountain House Community Services District, Town of Paradise, City of Ione, City of Colfax, City of Citrus Heights, City of American Canyon and City of Marysville. Brian received a Bachelor of Science degree in accounting from California State University, Sacramento.

Other Staff

We would assign supervisors, senior and staff accountants to the engagement with experience working on governmental audits since everyone in our firm is required to work on a portion of our previously mentioned audits. We are committed to continuing to assign the same staff to the Authority's audit that have worked on the audit in previous years.

Our Commitment to Staffing Continuity/Personnel Rotation

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-seven professional staff, including thirteen 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 supervising the audit and will assist with the resolution of any issues. Ingrid would work closely with David and Brian to ensure they have all the resources necessary to provide the Authority with excellent service. Brian Nash will be available to answer questions and provide assistance and could return as the audit partner after the 2024 audit at the Authority's option.

The engagement manager would be David, who has been with our firm for twenty years. He will be assisted by Brian, a manager with five years of experience with our firm. They would work on site as the in-charge accountants during the duration of the audit fieldwork. While we would have other auditors assigned to the engagement with less experience, they will always be supervised by David or Brian.

Should the Authority desire to rotate personnel during the course of the contract to enhance independence, we have sufficient resources to accommodate this rotation.



ATTACHMENT A - PEER REVIEW



Jones, Nale & Mattingly P.C.

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. 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



COST PROPOSAL
FOR



For the Years Ended
February 28, 2024 and 2025
(Option to renew for fiscal years 2026 to 2028)

CONTACT PERSONS:

Ingrid Sheipline, Managing Partner

isheipline@richardsoncpas.com

Brian Nash, Partner

bnash@richardsoncpas.com



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

December 5, 2023

TABLE OF CONTENTS

Updated Proposal Form	1
Updated Proposal Schedule	2
Agreement.....	4
Cost/Billing Rates	5

UPDATED PROPOSAL FORM

Specification No. F24-LBAO-029

Proposals will be received, in writing, up to the hour of **2:00 pm on Thursday, December 07, 2023** at 15990 Kelso Road, Byron, California, 94514, in the following format:

Travis Roberts
San Luis & Delta-Mendota Water Authority
15990 Kelso Road
Byron, CA 94514

Dear Travis Roberts:

The undersigned agrees to perform the following work on the AUDITING SERVICES in strict conformity with the Contract Documents (Notice to Vendors, Agreement for Services, and Scope of Services) attached hereto, at the total proposed price listed and date shown on the attached Proposal Schedule.

The undersigned has checked carefully all of the prices quoted and understands that the San Luis & Delta-Mendota Water Authority will not be responsible for any errors or omissions on the part of the undersigned in making up this Proposal Schedule.

All items are complete and Proposal Amount includes sales tax, other applicable taxes and fees.

Vendor's name, address, telephone number:

Richardson & Company, LLP
Name
550 Howe Avenue, Suite 210
Address
Sacramento, California 95825
City, State Zip Code
(916) 564-8727
Phone No.

Signed by: 
(Signature)

Name: Brian N. Nash
(Type or Print)

Title: Partner

Date signed: December 5, 2023

Enclosures



UPDATED PROPOSAL SCHEDULE

(MUST BE SIGNED BY VENDOR)

Proposals will be received no later than 2:00 p.m. on Thursday, December 07, 2023, at the Chief Operating Officer's Office at 15990 Kelso Road, Byron, California 94514-9614.

The undersigned hereby proposes and agrees to furnish any and all required labor, material, equipment transportation, and services for

AUDITING SERVICES

for the San Luis & Delta-Mendota Water Authority, Los Banos Admin Office,

P.O Box 2157, 842 6th Street, Los Banos, CA 93635.

The work is to be done in strict conformity with the Contract Documents, at the following Hourly Rate:

FISCAL YEARS ENDING FEBRUARY 28th OR FEBRUARY 29th:

Nature of Service To Be Provided	FY24 (March '23 – Feb '24)	FY25 (March '24 – Feb '25)	FY26 (If extended)	FY27 (If extended)	FY28 (If extended)
AGENCYWIDE AUDIT	\$ 40,000	\$ 41,200	\$ 42,500	\$ 43,900	\$ 45,250
SINGLE AUDIT (one major program assumed-applies only in years when required. See fee for additional major programs on page 5.)	5,000	5,150	5,300	5,450	5,600
SUBTOTAL	\$ 45,000	\$ 46,350	\$ 47,800	\$ 49,350	\$ 50,850
TOTAL ALL INCLUSIVE MAXIMUM PRICE FOR FY24 SERVICES THROUGH FY26 AUDIT SERVICES (with one major program in single audit)				\$ 139,150	

Total ALL INCLUSIVE MAXIMUM PRICE FOR FISCAL YEAR FY24 SERVICES THROUGH FY26 AUDIT SERVICES listed above shall be (spell out):

One Hundred Thirty-nine Thousand One Hundred Fifty Dollars. *(All Federal, State and local taxes are included in the Total Proposal Amount.)*

A Rate Schedule that is the basis for the proposal amount shall be attached. The rate schedule shall include all personnel titles and hourly rates, as well as the total estimated # of hours for each title that will be working on the project.

If awarded the Contract, the undersigned shall execute said Contract and furnish the insurance certifications within ten (10) calendar days after the Notice of Award of said Contract and begin work as set forth in the written Notice to Proceed from the San Luis & Delta-Mendota Water Authority (hereinafter referred to as the "SLDMWA") to Contractor.



In determining the amount proposed by each Vendor, the SLDMWA shall disregard mathematical errors in addition, subtraction, multiplication, and division that appear obvious on the face of the Proposal. When such a mathematical error appears on the Proposal, the SLDMWA shall have the right to correct such error and to compute the total amount proposal by said Vendor on the basis of the corrected figure or figures.

If the total lump sum proposal is based on a rate schedule and total estimated # of hours, and the total for the service set forth separately does not agree with a figure which is derived by multiplying the rate times the total # of estimated hours, the rate multiplied by the total estimated # of hours shall prevail over the sum set forth as the total for the service unless, in the sole discretion of the SLDMWA, such a procedure would be inconsistent with the policy of the proposal procedure. The total paid for each service shall be based upon the rate multiplied by # of hours worked and not the total price. Should the Proposal contain only a total price for the service and the hourly rate is omitted, the SLDMWA shall determine the total price by dividing the total price for of the service by the estimated hours of work to be performed. If the total price is based on a rate schedule, invoices submitted for approval must be itemized including title of the staff performing said service, hourly rate, and total # of hours worked. Hourly rates for each title must match the rate sheet provided.

If the Proposal does not include the total price for the service, or the total price is based on a rate sheet and the rate sheet and total price is not provided, then it shall be deemed incomplete and the Proposal shall be disregarded.

It is understood that this Proposal is based upon completion of the work to within a period of 730 calendar days commencing on the day the Notice to Proceed is issued.

The undersigned represents and warrants that the undersigned has examined the location of the proposed work and is familiar with the local conditions at the place where the work is to be done, and the undersigned has reviewed and understands the plans, specifications and other Contract Documents, and the undersigned is satisfied with all conditions for the performance of the work.

The undersigned has checked carefully all of the above figures and understands that the San Luis & Delta- Mendota Water Authority will not be responsible for any errors or omissions on the part of the undersigned in making up this Proposal.

The Vendor shall initial below that it has received the appropriate addenda and has incorporated the addenda into its Proposal.

Addenda Received and Acknowledged

No. 1 BN

No. 2 BN

No. 3 BN



AGREEMENT

It is understood and agreed that if written notice of the SLDMWA's acceptance of this Proposal is mailed, emailed, or delivered to the undersigned Vendor after the opening of the proposal, and within the time set in the Notice to Vendors or at any time thereafter before this Proposal is withdrawn, the undersigned Vendor will execute and deliver to the SLDMWA the Agreement for Services in accordance with the Proposal as accepted, within ten (10) days after receipt of notification of award, and that the Work under the Contract shall be commenced by the undersigned Vendor, if awarded the Contract, on the date to be stated in a Notice to Proceed and shall be completed in the time specified in the Contract Documents.

The undersigned Vendor agrees that the information and representations provided herein are made under penalty of perjury.

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

NAME OF VENDOR:

Richardson & Company, LLP

BY: 
Signature

Brian N. Nash
Type/Print Name

Partner
Title

DATE: December 5, 2023



COST/BILLING RATES

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.

During the first year, we will spend a significant amount of time becoming familiar with your organization and operations, developing permanent files, and performing our risk assessment. We will absorb the cost of some of this nonrecurring time and view it as an excellent investment in establishing a long-term relationship and in becoming more knowledgeable about your operating environment, which will enhance our ability to provide you with responsive service.

Since Richardson & Company, LLP 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 and utility accounting expertise, outstanding engagement management skills, which will provide a “fresh look” at your programs.

Annual Audit: Based upon our current understanding of the situation, our cost for the annual audit contract to perform the previously described work in the **SCOPE OF THE AUDIT** section will not exceed the amounts in the following table. As requested in your RFP, these fees include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, and printing. We are assuming we will not need to incur travel costs as the audit will be able to continue to be completed remotely so we have not included travel costs in our proposal. There will be no additional charges to the Authority related to these items. Therefore, our fee is all inclusive and represents a not to exceed amount. The break-down of our fee by classification is as follows:

Classification	Hourly Rates	Hours Per Year	Fee
Partner	\$ 200	50	\$ 10,000
Senior Manager	180	135	24,300
Manager	160	90	14,400
Seniors	130	60	7,800
Staff	110	65	7,150
		<u>400</u>	<u>63,650</u>
Discount			(23,650)
Total "Not-to-Exceed" Annual Audit Fee February 28, 2024			<u>\$ 40,000</u>
Total "Not-to-Exceed" Annual Audit Fee February 29, 2025			<u>\$ 41,200</u>
Total "Not-to-Exceed" Annual Audit Fee February 28, 2026			<u>\$ 42,500</u>
Total "Not-to-Exceed" Annual Audit Fee February 28, 2027			<u>\$ 43,900</u>
Total "Not-to-Exceed" Annual Audit Fee February 28, 2028			<u>\$ 45,250</u>
Grand Total - AGENCYWIDE AUDIT			<u>\$ 212,850</u>

The fees above do not include fees for a single audit that will be \$5,000 for the first major program and \$4,500 for each additional major program in 2024 and increased 3% for inflation as described in the table on page 2. A major program represents a separately audited grant program



that adds additional audit hours to the single audit. A single audit is not an audit service that lends itself to a fixed fee since a single audit is not required each year and more than one major program may need to be audited in other years. A major program could take 40 to 100 hours to complete depending on the complexity of the program and findings uncovered. Since the proposal format required other services to be included in the fixed fees and management indicated a significant federal grant exists, a single audit fee for one major program was added to each year's audit fee in the table on page 2. That fee for a single audit only applies in years a single audit is required under the Federal Uniform Guidance and a fee for a second major program would only apply in years a second grant program is required to be audited under Uniform Guidance.

These estimates do not take into consideration changes in the scope of the audit 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, the issuance or refunding of debt, or significant changes in the scope of the Authority's operations that increase the audit hours significantly. Such changes would represent a change in scope of the audit that would not be covered by the fixed rate fees above due to the additional payroll costs that would be incurred to complete the audit that would need to be covered by the audit fee. The fees above assume a clean audit with current accounting standards will occur. We will discuss a new fee estimate with the Authority if such events occur.

Other Audit Services: The fee for other audit services is proposed on a per hour basis by staff classification. The rates proposed are as follows:

<u>Classification</u>	<u>Rate Per Hour</u>
Partner	\$ 200
Senior Manager	180
Manager	160
Supervisors	150
Seniors	130
Staff	110
Administrative or clerical	70

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.



PROPOSAL REFERENCES
FOR



For the Years Ended
February 28, 2024 and 2025
(Option to renew for fiscal years 2026 to 2028)

CONTACT PERSONS:

Ingrid Sheipline, Managing Partner

isheipline@richardsoncpas.com

Brian Nash, Partner

bnash@richardsoncpas.com



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

December 5, 2023

REFERENCES

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 referenced entity: Calaveras County Water District
Name and client contact and title: Jeffrey Meyer, Director of Administrative Services
Address and phone number: 120 Toma Court
P.O. Box 846
San Andreas, CA 95249
(209) 754-3102
Email address: jeffreym@ccwd.org
Services performed: Audit of and preparation of the financial statements in accordance with generally accepted auditing standards, and *Government Auditing Standards* for the years ended June 30, 2016 through 2023 and single audits as needed.

* * * * *

Name of referenced entity: Westlands Water District
Name of client contact and title: Bobbie Ormonde, Deputy General Manager – Finance & Administration
Address and phone number: 3130 N. Fresno Street
Fresno, California 93703
(559) 241-6203
Email address: bormonde@wwd.ca.gov
Services performed: Audit of the financial statements in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* for the fiscal years ended February 28, 2022 and 2023.

* * * * *

Name of referenced entity: Tuolumne Utilities District
Name of client contact and title: Steve Sheffield, CPA, Finance Director
Address and phone number: 18885 Nugget Blvd.
Sonora, California 95370
(209) 532-5536 ext. 482
Email address: s.sheffield@tudwater.org
Services performed: Audit of the financials in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* and preparation of the State Controller's Report for the years ended June 30, 2013 through 2023.

