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Sacramento, California 95825

Telephone (916) 564-8727  
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September 30, 2019

**Auburn Area Recreation and Park District**  
471 Maidu Drive  
Auburn, California 95603

Thank you for your interest in our firm and the opportunity to present our proposal to serve the **Auburn Area Recreation and Park District** (the District). We are genuinely enthusiastic about the prospect of serving you because auditing special districts 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 District with great care and pride.

#### **OUR UNDERSTANDING OF THE SERVICES TO BE PERFORMED**

We will audit and express an opinion on the fair presentation of the District's financial statements in conformity with U.S. generally accepted accounting principles for the years ending March 31, 2020, 2021 and 2022. 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 (1994)* issued by the Comptroller General of the United States, as revised, GASB 34 and 68, OMB Circular A-133, to the extent that federal funds are received, and State Controller's Minimum Audit requirements for California Special Districts. We will also perform certain limited procedures involving supplementary information required by the GASB. In conjunction with our audit, we will also issue a report on internal controls and compliance, a management report and auditor's communication letter. We will also prepare and transmit the Annual Reports of Financial Transactions and will perform agreed-upon procedures on the District's Appropriations Limit as required by the California Code. We understand that the District will require assistance with the calculations and journal entries needed to record the net pension liability and related deferred inflows/outflows. We have the qualifications to assist the District with these entries.

#### **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.

You have indicated that our draft reports for the audits shall be available for review in an adequate time to meet the District's meeting schedule, typically the first week in July. To ensure meeting these reporting deadlines, we will begin our preliminary planning and perform tests of controls in the March/April timeframe. We will plan to commence fieldwork in May, or at such time as the books have been closed and all documents and analyses have been completed, and we will ensure final copies of the reports are available for the July Finance Committee and Board meetings. We will provide the District with the priority and timely service it deserves.

## **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 special districts and numerous other governmental agencies including 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 special districts and cities. We have extensive experience with performing audits of special districts including Fair Oaks Recreation and Park District, Sacramento Public Library Authority, Sacramento Metropolitan Cable Television Commission, Mountain House Community Services District, Sacramento Metropolitan Fire District, Sacramento Suburban Water District, Calaveras County Water District, Fair Oaks Water District, Carmichael Water District, Tuolumne Utilities District, Pacific Fruitridge Fire Protection District, Sacramento Regional Fire/EMS Communication Center, Yolo-Solano Air Quality Management District, American River Flood Control District, Yolo County Transportation District, Marin County Transit District, El Dorado County Transit Authority and many others. We have also provided audit services to most of the cities in the Sacramento area including the Cities of West Sacramento, Lincoln, Chico, American Canyon, Sonoma, Colfax, Elk Grove, Citrus Heights, Sutter Creek, Dixon, Folsom, Marysville, Biggs, Colusa, Rancho Cordova and the Town of Loomis, which provide recreation services that are similar to those the District provides. We have also audited the Transportation Development Act (TDA) funds of the various cities and counties in Sacramento, Yolo, Yuba, Sutter, Placer, El Dorado, Calaveras, Butte, Amador and San Joaquin counties. 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 Comprehensive Annual Financial Reports (CAFR) for compliance with the GFOA's preparer's checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting. Having provided all of these services for various 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 audited a number of agencies that provide parks and recreation services, including a number of cities that include park and recreation activities. Thus, we believe we can demonstrate that we have the expertise needed to provide auditing services to the District. We have audited a number of agencies that use the Great Plains accounting software and have audited agencies, including nonprofits, which use a system for tracking event registrations. We have performed certain agreed-upon procedures on the cash collection processes for recreation activities, including swimming pools and recreation centers. We believe that our vast experience with governmental accounting make us well qualified to perform the District's audit.

## **LOCAL EXPERIENCED PERSONNEL**

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-five 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.

## **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 twenty-nine, including thirteen CPAs. Our governmental audit staff totals twenty-five, all of which are located in Sacramento. We are among the top 25 largest accounting firms operating in the Sacramento area. 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, SEC registrants, 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. During the past five years, we have performed 64 public agency audits.

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 nine peer reviews and three PCAOB inspections of our practice.

## **WHY WE ARE BEST QUALIFIED**

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

- We have extensive history in providing high-quality audits to governmental agencies, as previously discussed.
- 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 supervisors 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 as 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 District'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 audit approach involves a combination of internal control testing and substantive testing. Our thorough approach ensures material misstatements are detected, which should provide a level of comfort to management and the Board.

\* \* \* \* \*

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 District. 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 District's independent accountants is the best decision that the District could make.

If you have questions or need additional information, please contact Mr. Brian Nash or me at (916) 564-8727, fax (916) 564-8728, correspondence at 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). This proposal is a firm and irrevocable offer for 90 days.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid Sheipline, CPA  
Managing Partner



## FIRM QUALIFICATIONS AND EXPERIENCE

### License to Practice in California

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

### Firm Profile and Experience

Introduction to Our Firm: Richardson & Company, LLP (successor firm to Richardson & Company) is a regional CPA firm founded in 1991 and located in Sacramento. We have a total staff of twenty-nine, including thirteen CPAs. Our governmental audit staff totals twenty-five, all of which are located in Sacramento. We have two partners, seven managers, four supervisors, seven seniors and nine other professional staff. We are among the top 25 largest accounting firms operating in the Sacramento area. 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 governmental, commercial and nonprofit entities, including the largest water district in the world located in Los Angeles and other organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far north as Eureka, California and south as Whittier, California.

We provide audit services to governmental entities (cities, water and fire districts, and other special districts, regional transportation planning agencies, Transportation Development Act funding recipients and joint powers authorities), nonprofit organizations, financial institutions and bank holding companies, real estate partnerships, a magazine circulation audit 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, Calaveras, Butte, Placer, Amador 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.

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

- We conduct the audits of the basic financial statements of numerous special districts, including park, water and fire districts, as well as a number of cities, which provide services similar to these of the District. Many of the cities we have audited included the operation of recreation and park services. We have also performed the audit of the Fair Oaks Recreation and Park District, Cosumnes Community Services District, which includes recreation and park services. 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. These specific agencies are listed in the Similar Engagements section of this proposal.
- We have performed certain agreed-upon procedures on cash handling activities at recreations centers and swimming pools for two of our cities so we are familiar with the internal control issues that could occur in these activities.

- We have provided the Cities of Elk Grove, Chico, American Canyon, Citrus Heights, West Sacramento, Folsom, Rancho Cordova and Dixon, the Cosumnes Community Services District, Sacramento Suburban Water 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 Comprehensive Annual Financial Report (CAFR), including the first CAFR the Sacramento Metropolitan Fire District, City of Rancho Cordova, Florin Resource Conservation District, Consumes 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, West Sacramento, Folsom, Dixon, Citrus Heights, Rocklin, Marysville and Colusa, Sacramento Metropolitan Fire District, Placer County Transportation Planning Agency, El Dorado Irrigation District, South San Joaquin Irrigation District, Yolo County Transportation District, El Dorado County Transit Authority, Marin Transit, Courtland Fire Protection District, Amador Transit, Yuba-Sutter Transit Authority, the Transport System of the University of Davis and Paratransit and to numerous 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 District.
- We performed audits on behalf of the Sacramento Area Council of Governments, El Dorado County Transportation Commission, Butte County Association of Governments, Placer County Transportation Planning Agency, Amador County Transportation Commission, and Calaveras County Council of Governments of the municipalities in Sacramento, Butte, Placer, Amador, Calaveras, El Dorado, Yolo, Yuba and Sutter Counties that receive Transportation Development Act (TDA) revenue. These audits include financial audits of the funds used by the municipalities to account for the TDA money and the trust fund at the Counties as well as an audit of compliance with the TDA 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 District 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, Sacramento County Airport Enterprise Fund, Solano County Private Industry Council, City of Woodland, City of Lodi and California Housing Finance Agency. The audits of Sacramento County, Sacramento County Airport Enterprise Fund and City of Woodland also involved the preparation of award winning CAFRs.
- 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.

**Staffing:** We anticipate the total number of employees assigned to the District's audit on a full-time basis to be five, including the audit partner, manager, and up to two senior or staff accountants. No part-time or subcontracted staff will be utilized.

**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 nine of our peer reviews with a “clean opinion” and three PCAOB inspections. The nine peer reviews cover the entire period our firm has been in existence. Our latest peer review is attached to this proposal. 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 four 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 water 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 and its staff are not currently or have not previously been the subject of any disciplinary actions. The firm has not had pending or settled litigation since inception of the firm.

## **PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND 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 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 District. This assures the District 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. The following resumes outline the qualifications and experience of our key team members. All of the key team members are licensed to practice as certified public accountants in California.

### Ingrid M. Sheipline, CPA (Managing Partner and Engagement Partner)

Ingrid serves as our Managing Partner will be the engagement 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 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 governmental entities listed in this proposal, including most of the special districts and cities, such as Fair Oaks Recreation and Park District, the Cities of Chico, Lincoln, American Canyon, Sutter Creek, Colfax and Sonoma, Mountain House Community Services District, Sacramento Metropolitan Fire District, Sacramento Metropolitan Cable Television Commission, California Fire and Rescue Training Authority, Nevada Irrigation District, Tuolumne Utilities District, Fair Oaks Water District, Sacramento Suburban Water District, Carmichael Water District, Citrus Heights Water District, South Feather Water and Power, Merced Irrigation District, El Dorado Irrigation District, and many other governmental entities.

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 (Audit Partner and Concurring Reviewer)

Brian, a Certified Public Accountant and partner with our firm would serve as the concurring reviewer. He has twenty-five years of professional accounting and auditing experience and has provided services to a variety of clients, including most of the government entities, nonprofits, banks, water agencies and other entities described in the following section of this proposal. He currently serves or has served a number of the special districts and cities, including the Cities of West Sacramento, Citrus Heights, Elk Grove, Cosumnes Community Services District, Sacramento Public Library Authority, Sacramento Metropolitan Fire District, Oakdale Irrigation District, South San Joaquin Irrigation District, Sacramento Suburban Water District, Tri-Dam Project and Power Authority and numerous other governmental agencies. He has extensive experience with implementation of GASB 68 and has performed a number of calculations on behalf of governmental entities. 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 Brian. He will work on-site for the duration of fieldwork. He has extensive experience auditing special districts, cities and other governmental entities with Richardson & Company, LLP and another CPA firm. He has eighteen years of professional experience, including twelve years with our firm. The clients he has served with parks and recreation services include Fair Oaks Recreation and Park District, Mountain House Community Services District, City of West Sacramento, City of Lincoln, City of Citrus Heights, City of Sutter Creek and City of Colfax. 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.

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 thirteen CPA's, and three 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 twenty-eight years and our ability to consistently attract and serve quality clients.

If audit personnel assigned to your audit are changed, the replacements will have substantially the same or better qualifications or experience. We understand that the District retains the right to approve or reject replacements.

### Governmental Continuing Professional Education

All members of our firm regularly attend courses on government accounting and auditing issues and grant compliance auditing and are represented on the California Society of CPA's Sacramento Chapter 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 the required governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a 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

**References:** We have emphasized throughout our proposal that Richardson & Company, LLP provides quality service. Please contact any of these references to confirm our ability to provide the type of service you are seeking. We have provided audit services to these agencies within the past five years.

Name of referenced entity: Fair Oaks Recreation and Park District  
Name of principal contact, title and phone number: Jennifer Larkin, Admin Services Manager (916) 966-1036  
E-mail address: [jlarkin@forpd.org](mailto:jlarkin@forpd.org)  
Address: 4150 Temescal Street  
Fair Oaks, CA 95628  
Services performed: Audit of the financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards*.  
Completion dates: June 30, 2018

\* \* \* \* \*

Name of referenced entity: Sacramento Metropolitan Fire District  
Name of client contact, title and phone number: Ron Empedrad, Controller (916) 859-4510  
E-mail address: [Empedrad.Ronald@metrofire.ca.gov](mailto:Empedrad.Ronald@metrofire.ca.gov)  
Address: 10545 Armstrong Avenue, Suite 200  
Mather, California 95655-4102  
Empedrad.Ron@metrofire.ca.gov  
Services performed: Audits completed of fiscal 2006 through 2015 in accordance with generally accepted auditing standards and *Government Auditing Standards* and the Single Audit Act, where applicable. During 2006 and 2007, we were engaged to analyze payments to vendors and credit card charges for reasonableness, proper authorization and that payments were made in accordance with the District's policies and procedures, after the District had uncovered a violation of bidding and contracting practices in relation to one particular contract. We also evaluated bidding and contracting practices for consistency with District policy. Our investigation disclosed a number of deviations from District policies and procedures.  
Completion dates: June 30, 2006 through 2018

\* \* \* \* \*



Name of referenced entity: City of West Sacramento

Name of client contact, title and phone number: Nitish Sharma, Former Budget Officer of City of West and Sacramento. Currently Director of Finance of the City of Davis  
(916) 425-9888

Email address: [nsharma@cityofdavis.org](mailto:nsharma@cityofdavis.org)

Address: 1110 West Capitol Avenue, 3rd Floor  
West Sacramento, California 95691

Services performed: Audit of the financial statements in accordance with generally accepted auditing standards. *Governmental Auditing Standards*, includes drafting of the financial statements.

Completion dates: Audits completed for the years ended June 30, 2007 through 2017

Government Audit Experience: 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), 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. Many of our present and past clients are former national-firm clients and include the following governmental organizations:

Special Districts

- Fair Oaks Recreation and Park District
- Consumnes Community Services District
- Mountain House Community Services District
- Sacramento Public Library Authority
- Sacramento Metropolitan Cable Television Commission
- Sacramento Transportation Authority
- Sacramento Metropolitan Fire District
- Sacramento Regional Fire/EMS Communication System
- Wilton Fire Protection District
- Pacific-Fruitridge Fire Protection District
- Courtland Fire Protection District
- Herald Fire Protection District
- California Fire Rescue Training Authority
- Fair Oaks Water District
- Del Paso Manor Water District
- Amador Water Agency
- Stanislaus Consolidated Fire District
- Nevada County Consolidated Fire District
- El Dorado County Emergency Services Authority
- California Tahoe Emergency Services Operations Authority
- Yolo Emergency Communication Authority
- American Canyon Fire Protection District
- Dixon Fire Protection District

- Nevada Irrigation District
- El Dorado Irrigation District
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- El Dorado County Local Agency Formation Commission
- Florin Resource Conservation District
- Citrus Heights Water District
- Glenn-Colusa Irrigation District
- Reclamation District 2035
- Carmichael Water District
- Oakdale Irrigation District
- Merced Irrigation District
- Yuba County Water Agency
- Calaveras County Water District
- Nevada Irrigation 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.
- 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
- Calaveras Council of Governments
- Calaveras Transit
- Sacramento Area Council of Governments Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba and Sacramento State Transit Assistance Fund
- 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
- Solano County Water Agency
- South Sutter 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

Cities

- City of West Sacramento
- City of Sonoma
- City of Elk Grove
- City of Chico
- City of Lincoln
- City of American Canyon
- City of Citrus Heights
- City of Ione
- City of Dixon
- City of Folsom
- City of Rocklin
- City of Colfax
- City of Marysville
- City of Biggs
- City of Colusa
- City of Rancho Cordova
- Town of Loomis
- City of Sutter Creek
- Cities of Folsom, Rancho Cordova, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs, and Paradise Transportation Development Act Funds
- El Dorado County and City of Placerville, County of Placer and Cities of Auburn, Lincoln, Loomis, Roseville and Rocklin Transportation Development Act Funds
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- 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

## SPECIFIC AUDIT APPROACH

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 District requires an audit of its basic financial statements, including the preparation of the financial statements, for the fiscal years ended March 31, 2020 through 2022 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) and the State Controller's Minimum Audit Requirements for California Special Districts. These services will include the following:

1. Prepare the District's financial statements.
2. Perform an audit of the District's financial statements in conformity with generally accepted accounting standards, *Government Auditing Standards* and the State Controller's Minimum Audit Requirements for California Special Districts.
3. Assist the District with calculating its share of net pension liability and related deferred inflows and outflows under GASB 68 from information on the risk pool provided by CalPERS.
4. Observe physical inventory of assets on or around March 31.
5. Express an opinion on the financial statements as to whether they present fairly, in all material aspects, the financial position of the District and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditor's report stating this opinion.
6. 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.
7. Apply limited audit procedures to the Required Supplementary Information (RSI) and Management's Discussion and Analysis (MD&A).
8. Prepare a Report 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.
9. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
10. Prepare Annual Financial Transactions Report of the District to the State Controller by the January 31 due date.

## **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 governmental organizations similar to the District, 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 District 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 special districts 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 accounting system is used to process data, and prepare walkthrough questionnaires with the assistance of your staff.

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

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 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 document the District'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 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 District 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 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 perform testing of internal controls in the areas of registration revenue, 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 District. 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 work plan on the following page 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
		Principal/ Director	Senior Manager	Senior	Staff	
<b>Audit Planning:</b>						
Begin audit planning process	January	4	7	6		17
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	March/April	3	8	8	8	27
Tests of compliance with laws, regulations and contracts						
Asset inventory	March 31					
<b>Substantive Testing:</b>						
Cash and investments	May	8	25	20	20	73
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Capital assets						
Debt and debt service expenditures						
Equity and other credits						
<b>Reporting and Wrap-up:</b>						
Delivery of draft reports	early July	5	10	6	12	33
Delivery of final reports	mid July					
<b>Total Annual Audit Hours</b>		<u>20</u>	<u>50</u>	<u>40</u>	<u>40</u>	<u>150</u>

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 your financial statements consistent with professional standards 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 District'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 District will realize from our audit approach include:

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

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

Less disruption to the District--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 District personnel.

## **COST PROPOSAL**

### **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. The maximum fees and estimated hours, including out-of-pocket expenses, are included in the schedule on the following page.

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, including a more in-depth review of internal controls and processes. We will absorb the cost 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 accounting expertise and outstanding engagement management skills.

**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.**

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, or significant changes in the scope of the District's operations. These estimates also assume that the District will not receive federal grants that would require a Single Audit. The estimate assumes there will be minimal audit adjustments. We will discuss a new fee estimate with the District if such events occur.

A summary of our fee estimate by task is as follows:

<u>Services</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District Audit	\$ 10,800	\$ 10,380	\$ 10,535
Preparation of financial statements	included	included	included
Appropriations Limit testing	300	310	320
Fee for calculating net pension liability and related deferred inflows/outflows (GASB 68)	1,000	700	720
Preparation of State Controller's Report	500	510	525
Total Maximum Cost	<u>\$ 12,600</u>	<u>\$ 11,900</u>	<u>\$ 12,100</u>

The breakdown of our fee by classification is as follows:

<u>Classification</u>	<u>Hourly Rates</u>	<u>Hours Per Year</u>	<u>Fee</u>
Principal/Audit Directors	\$ 180	20	\$ 3,600
Senior Manager	160	50	8,000
Senior	100	40	4,000
Staff	90	40	3,600
		<u>150</u>	<u>19,200</u>
Discount			<u>(6,600)</u>
Total "Not-to-Exceed" Annual Audit Fee March 31, 2020			<u>\$ 12,600</u>
Total "Not-to-Exceed" Annual Audit Fee March 31, 2021			<u>\$ 11,900</u>
Total "Not-to-Exceed" Annual Audit Fee March 31, 2022			<u>\$ 12,100</u>
Grand Total			<u>\$ 36,600</u>

The discount above gives recognition to the fact the timing of your audit fits extremely well in our schedule and also reflects our commitment to serving governmental agencies.

#### Rates for Additional Professional Services

In the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, we will provide in writing and in advance, the reasons for the additional services together with our estimate of costs. No work will be performed without advance approval by the District. Any and all additional work as agreed in advance by the District will be billed at the rates quoted above.

<u>Classification</u>	<u>Rate Per Hour</u>
Partner	\$ 180
Senior Manager	160
Manager	140
Supervisor	120
Senior	100
Staff	90
Administrative	60

## PEER REVIEW REPORT



CPAs & BUSINESS ADVISORS

### Report on the Firm's System of Quality Control

July 17, 2018

To the Partners of Richardson & Company, LLP  
and the Peer Review Committee of the California Society of CPAs

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, 2018. 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, 2018, 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*.

*Eide Bailly LLP*

Eide Bailly LLP

What inspires you, inspires us. [eidebailly.com](http://eidebailly.com)

400 Pine St. Ste 600 Abilene TX 79601-5190 T 325.672.4000 TF 800.588.2525 F 325.672.7049 EOE



Richardson and Company, LLP, did provide a full copy of an audit they did for the Fair Oaks Rec and Park District. In an effort to save paper, a copy of this audit may be requested.

**PROPOSAL FOR PROFESSIONAL AUDIT SERVICES  
Auburn Area Recreation and Park District**

**For the Fiscal Years Ending  
March 31, 2020-22**

**NIGRO & NIGRO<sup>PC</sup>**

*Respectfully Submitted by:*  
Paul J. Kaymark, CPA  
Nigro & Nigro, PC  
pkaymark@nncpas.com

**Murrieta Office:** 25220 Hancock Ave. Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064  
**Oakland Office:** 333 Hegenberger Rd., Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

***Let's Work Together!***



***By applying our financial expertise,  
we partner with our clients to build  
valuable relationships that inspire success.***

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September 27, 2019

Veona Galbraith  
Administrative Services Manager  
Auburn Area Recreation and Park District  
123 Recreation Drive  
Auburn, CA 95603

Dear Ms. Galbraith:

Thank you for the opportunity to submit this proposal to provide auditing services for the Auburn Area Recreation and Park District. Our understanding of the work to be done is: the annual audit of the District's financial statements for fiscal years March 31, 2020-22. Based on our history with special districts, I believe our firm would be a great fit, and we would develop a great working relationship. Our staff works hard to help ensure our audits are completed with the highest level of service and meet all deadlines.

Although many people think that all special districts function in the same manner, we know that's not the case. The audit leadership team we've assigned to your district, including myself, will take the time to learn the intricacies of your organization. We find that by delving deep into our client's structure and operations we are able to make recommendations that are not only useful, but also practical to implement.

You may have many options in selecting a professional audit firm. By choosing Nigro & Nigro, you will gain value-added accounting and operational insights. We are the right fit for the District, as we have the expertise and depth of resources within our firm to offer you exceptional service while maintaining a sincere and honest relationship. We understand the work, we are committed to meeting your deadlines, and we would like the opportunity to be your auditors. We also commit to meeting or exceeding your expectations.

It is understood that the District reserves the right to reject this proposal and that this proposal is a firm and irrevocable offer for 90 days from the date of the proposal.

Thank you once again for the opportunity to present our qualifications. If you have any questions about our offerings, please do not hesitate to contact me.

Sincerely,

Paul J. Kaymark, CPA  
Audit Services Partner





September 27, 2019

Veona Galbraith  
Administrative Services Manager  
Auburn Area Recreation and Park District  
123 Recreation Drive  
Auburn, CA 95603

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Sincerely,

Paul J. Kaymark, CPA  
Audit Services Partner

## LICENSE TO PRACTICE IN CALIFORNIA

The firm and its entire CPA staff hold licenses to practice in the State of California. The Firm's CPA's are all members in good standing with the California Society of CPA's and the AICPA. We will assign a California licensed CPA as the auditor in charge of the audit.

## FIRM QUALIFICATIONS & EXPERIENCE

### Statement of Independence

Our standards require that we be without bias with respect to your operations. The Firm is independent of all entities listed in the RFP, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's "Governmental Auditing Standards". In addition, the Firm shall give the District written notice of any relevant professional relationships entered into during the period of this agreement.

The Firm has had no prior engagements with the District, nor are there any personal or organizational conflicts of interest as prohibited by law.

### Size and Location of Offices

The firm was originally established in 1999. In 2013, we opened our second office in Northern California in order to better serve our growing client base of school districts in the San Francisco Bay Area. The Firm now has five partners and a professional staff of 17 accountants and expects to add more in the coming years as we continue to grow. We are a full service firm, providing audit and review, tax, consulting, and accounting services to local government, non-profit organizations, charter schools, commercial businesses and homeowners' associations. The office serves clients of all sizes and industries, however, we focus on government agencies, just like yours.

*We are prepared to do what it takes to provide the extra level of service required to maintain a long-term business relationship.*



**MURRIETA OFFICE**



**OAKLAND OFFICE**

## FIRM QUALIFICATIONS & EXPERIENCE (CONTINUED)

### Size of Our Firm

Firm-wide, we have the following staffing for our governmental audit services:

Position	Number of Employees	Number of Licensed CPA's
<b>Partner*</b>	<b>5</b>	<b>5</b>
<b>Supervisor</b>	<b>1</b>	<b>1</b>
<b>Senior Associates</b>	<b>4</b>	<b>1</b>
<b>Support Staff</b>	<b>10</b>	<b>-</b>
<b>Total</b>	<b>3</b>	<b>-</b>
	<b>23</b>	<b>7</b>

*\*Although the term "partner" is used throughout this proposal to avoid confusion, the firm is organized as a Professional Corporation, and the firm's owners are "shareholders."*

### Experience

Nigro & Nigro team members are highly trained in governmental accounting and auditing, which sets us apart as being able to add value beyond the basic attest engagement. We are comfortable working with clients of various sizes. Within the past five years, we have worked with numerous governmental clients with revenues ranging from \$200,000 to over \$300 million.

Prior to any audit engagement, our engagement team leader will meet with the Board, Audit Committee and Management to gain a full understanding of the philosophy, objectives and policies for operating the organization, as well as to discuss significant business, regulatory and accounting matters that will affect the audit. At the conclusion of the audit, we will communicate the results of the audit with the Board, Audit Committee and Management.

Areas of specialization include:

- Audit and Review Services
- Government Auditing Standards & Single Audits
- Annual Report of Financial Transactions
- Agreed Upon Procedures Engagements
- Comprehensive Annual Financial Report (CAFR) development

### Past Performance / Disciplinary Action

The Firm has not had any State desk reviews or field reviews of its audits in the last five years. We also have had no disciplinary action taken or pending against the Firm during the past five years with state regulatory bodies or professional organizations.

## QUALIFICATIONS & EXPERIENCE

### Meet Your Audit Leadership Team

Listed on the following pages are the resumes of the management team that will be assigned to your audit. As mentioned previously, our staff members have considerable governmental audit experience. This gives us a pool to draw on in addition to the group listed.

Name	Role	Years of Experience in Audits
<b>Paul J. Kaymark, CPA</b>	<b>Lead Partner</b>	<b>24</b>
<b>Peter Glenn, CPA</b>	<b>Review Partner</b>	<b>7</b>
<b>Jared Solmosen</b>	<b>Staff Associate</b>	<b>1</b>



# Paul J. Kaymark, CPA

## Lead Audit Partner

Paul recently joined the firm after more than 24 years of previous public accounting and auditing governmental entities experience. Paul is our choice for new governmental audit clients, having extensive experience in the areas of governmental entities. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Mr. Kaymark has been working on audit engagements of governmental agencies, not-for-profit organizations, as well as for-profit corporations and companies. His previous experience includes audit and consulting work for large and small businesses with a focus on client service. Paul strives to build strong relationships with his clients by assisting them with any emerging issues and being available as a resource.

### Consulting Services:

Mr. Kaymark has experience in a variety of governmental issues, garnered from his auditing experience over the years. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting
- Annual report of financial transactions

### Financial Reporting:

- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections
- Pension and OPEB accounting

### Some Agencies Served:

- Desert Recreation District
- Pleasant Valley Recreation & Park District
- Tehachapi Valley Recreation & Park District



### Education:

Bachelor of Science, Business Administration, Accountancy  
California State University, Long Beach  
1994

### Licenses and Certifications:

- Certified Public Accountant, California
- GFOA Certificate for Excellence in Financial Reporting - Reviewer

### Professional Affiliations:

- Government Finance Officers Association (GFOA)
- California Society of Municipal Finance Officers (CSMFO)
- California Special District Association (CSDA)

### Continuing Education:

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation including:

- Governmental and Nonprofit Annual Update
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Grant Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates



# Peter Glenn, CPA

## Review Partner

Peter joined the firm in 2011 after nearly three years of previous public accounting and auditing experience. Peter is our choice for new governmental audit clients, having successfully worked on each of the Firm's clients since beginning with the Firm. His main responsibilities include assistance in the preliminary planning of audit work, review of assistants' work, and performing audit procedures in more complex audit areas.

### Audit Services:

Peter Glenn began his auditing career with Nigro & Nigro in 2011, participating in audits of special districts, LEAs, other governmental audits, and agreed-upon procedure engagements. Prior to joining the firm, he worked for three years at another public accounting firm, developing his auditing skills. He has previously been the in-charge accountant for some of the firm's largest clients.

### Consulting Services:

Mr. Glenn has experience in a variety of governmental accounting issues, derived from his auditing experience at the firm. He regularly consults with clients in areas of:

### Special District Accounting:

- Internal controls
- Financial reporting & GASB 34
- Annual report of financial transactions

### Financial Reporting:

- Uniform Guidance
- Performance Audits
- Year-end closing procedures
- Cash flows
- Budget development and projections
- Multi-Year projections

### Other Agencies Served:

- Riverside County Park & Open Space District
- Cahuilla Band of Indians
- Murrieta Valley Cemetery District



### Education:

Bachelor of Science, Business Administration, Accounting  
California State University,  
San Marcos, 2008, Magna Cum Laude

### Licenses and Certifications:

- Certified Public Accountant, California

### Continuing Education:

- GFOA Annual Conference
- AICPA Advanced Types in Single Audit
- SSC Finance & Management Conferences
- Government Accounting & Auditing Conference
- In-house training for audit staff (presenter)

## QUALIFICATIONS & EXPERIENCE (CONTINUED)

### Training & Resources

The Firm is committed to a continuing professional education program, which emphasizes the areas of expertise of each member of our professional staff. The Firm is required to comply with the *Government Auditing Standards* for each professional practicing in the area of governmental accounting and auditing. We are committed to follow those standards, which result in quality audit services, including continuing education for all staff of 60-80 hours each year, specifically in special districts, school districts and governmental auditing. As required by *Government Auditing Standards*, all governmental audit staff receives the required continuing education in the area of governmental auditing and accounting. These policies are monitored internally, reviewed annually and certified periodically by independent peer review.

Library facilities are maintained which include current professional literature and specific information for the industries that we serve. The Firm library is also reviewed as part of the external quality review program. The Firm has in-house training programs specific to our special district and school district clients. We also perform auditing and accounting updates for our clients that are organized by our staff. These practices ensure the quality of our staff over the term of the engagement.

Our staff participates in activities relating to government accounting and reporting issues through our membership and involvement with the following organizations:

- a. American Institute of CPA's Governmental Audit Quality Center
- b. California Society of CPAs
- c. Government Finance Officers Association (GFOA)
- d. California Special Districts Association (CSDA)
- e. Government Accounting Standards Board (GASB)
- f. Association of Certified Fraud Examiners (ACFE)

*We recognize that our most important product is prompt and effective service.*

Through our participation in these organizations and continuing education provided by them, the Firm continues to stay abreast of all current governmental accounting and reporting issues. Some of the professional education our audit team members have either presented at or attended in the last two years include:

- SSC Annual Finance and Management Conference
- SSC Governor's Budget Workshop
- CSDA Annual Conference
- CSMFO Annual Conference
- GFOA Annual Conference
- Various other governmental workshops

We recognize that our most important product is prompt and effective service. We believe the District should work with its CPA firm throughout the entire year. We are available at any time throughout the year to provide any assistance you may need.

## QUALIFICATIONS & EXPERIENCE (CONTINUED)

### References

We currently conduct over 60 government audits each year and have well rounded experience with local governmental agencies. We are excited for the opportunity to devote our attention to you and your specific needs. Below is a partial list of some similar governmental clients we have audited within the past three years.

<b>Organization Name:</b>	Tehachapi Valley Recreation & Park District
<b>Contact Person:</b>	Carrie Champlin, Administrator
<b>Address:</b>	490 West D Street Tehachapi, CA 93581
<b>Phone:</b>	(661) 822-3228

<b>Organization Name:</b>	Lake Cuyamaca Recreation & Park District
<b>Contact Person:</b>	Ann Stone, Administrator
<b>Address:</b>	15027 Highway 79 Julian, CA 92036
<b>Phone:</b>	(619) 447-8123

<b>Organization Name:</b>	Desert Recreation District
<b>Contact Person:</b>	Kevin Kelman, District Manager
<b>Address:</b>	45-305 Oasis Street Indio, CA 92201
<b>Phone:</b>	(760) 347-3484

In addition to the valued clients listed above, we work with many more governmental clients. Our client retention history has been excellent and several of the clients have been clients for more than ten years.

## SPECIFIC AUDIT APPROACH

We will audit the basic financial statements of the District for the year ended March 31, 2020, in accordance with the following standards:

- Auditing Standards Generally Accepted in the United States of America
- *Government Auditing Standards*, issued by the Comptroller General of the United States
- Minimum Audit Requirements and Reporting Guidelines for Special Districts

Our audit will be for the purpose of expressing an opinion on the basic financial statements, and will include such auditing procedures as considered necessary to accomplish this purpose. We will also provide an "in-relation-to" opinion on any other supplemental information and statistical schedules. We anticipate issuing the following reports:

- Independent Auditors' Report on the basic financial statements.
- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

In addition, we will provide the District with a management letter that will give written appraisals of its accounting and related systems. This letter will identify any control deficiencies, significant control deficiencies or material weaknesses that are identified during the audit. We will work with management before audit fieldwork and during the course of the audit to assess internal controls and review mitigating controls in place in an effort to reduce the control deficiencies, significant control deficiencies and material weaknesses that need to be reported to management in writing, assuming there are mitigating controls in place. The letter will also offer recommendations for the elimination of weaknesses that we identify, and we will suggest any methods we discover to help improve efficiency and effectiveness.

We will schedule an appearance with the Board and the Audit Committee that allows an opportunity for us to present the audit and management letter. This is an excellent time for the District to resolve any questions it has regarding our audit or management letter. As mentioned earlier, the value in hiring our Firm comes from not only the audit, but from our experience and the education, we can provide. We hope that as questions or concerns arise throughout the year, the District staff will contact us and draw on our knowledge and experience.

Non-significant deficiencies discovered during the audit process shall be reported in a separate letter to management, the Board and the Audit Committee, which shall be referred to in the report(s) on internal controls. This separate letter also informs the Board and the Audit Committee of the following:

- 1) The auditor's responsibility under auditing standards generally accepted in the United States of America.
- 2) Significant accounting policies.
- 3) Management judgments and accounting estimates.
- 4) Significant audit adjustments.
- 5) Other information in documents containing audited financial statements.
- 6) Disagreements with management.
- 7) Management consultation with other accountants.
- 8) Major issues discussed with management prior to retention.
- 9) Difficulties encountered in performing the audit.

All working papers and reports will be retained at the Firm's expense for a minimum of seven (7) years, unless the Firm is notified in writing by the District of the need to extend the retention period.



## SPECIFIC AUDIT APPROACH (CONTINUED)

### Segmentation of Engagement

#### **STEP 1: Planning**

Our goal in preliminary fieldwork is to gain a thorough understanding of your internal controls, processes and procedures. Our goal is to accomplish as much interim fieldwork as possible so that our stay during final fieldwork is kept to a minimum. Our preliminary work focuses on planning and internal control documentation.

#### **STEP 2: Interim Field Work**

##### **Internal Control Documentation**

Our internal control documentation usually occurs during interim fieldwork. Our documentation process will be as follows:

- 1) Gather or update documentation for significant processes defined in our preliminary fieldwork.
- 2) Perform a "walk-through" of these significant processes.
- 3) Ask "what can go wrong" questions.
- 4) Identify controls in place. This will include both preventative and detective controls.
- 5) Evaluate the design of internal controls.
- 6) Decide whether to test and rely on controls.
- 7) Summarize preliminary fieldwork and submit management letter of all areas of concern.

#### **STEP 3: Final Fieldwork**

We assess risks, design procedures and obtain evidence to support financial statement amounts and disclosures during final fieldwork. Our Firm utilizes a methodology designed specifically for special districts. Our process emphasizes continuous communication with our staff.

##### **Assess Risks and Design Procedures**

As outlined in the risk based statements of audit standards (SAS 104 to 111), our Firm uses a risk-based approach to the audit. Our procedures to assess risks and design procedures are as follows:

- 1) Assess risk of material misstatement from errors or fraud based on internal controls combined with inherent risk of significant accounts.
- 2) Design procedures to test controls if considered necessary.
- 3) Design procedures to test details of account balances and classes of transactions based on risk.

##### **Interim and Year End Testing**

- 1) Perform tests of controls if considered necessary.
- 2) Perform tests of details of account balances and classes of transactions.
- 3) Evaluate quality and sufficiency of audit evidence.
- 4) Evaluate misstatements.

#### **STEP 4: Audit Completion**

##### **Preparation of Audit Report and Management Letter**

After reviewing the financial statements, notes and required supplementary schedules, we will agree the data to our working papers and provide a thorough review of all information by using written Firm standards and checklists. We will also review and incorporate any statistical data. This will verify appropriate presentation and disclosure. We will also at this time prepare our management letter that identifies financial trends and recommendations for improvement, reports required communications to the governing board, and discusses change in the environment in which the District operates.



## ADDITIONAL INFORMATION

### Why We Believe We Are the Best Choice

We pride ourselves on the quality of the work we do and the value we bring to our clients, and that means that we spend the time to “get it right”. I am confident that you will find that the level of involvement from our partners on the audit is unprecedented in the industry. It is this “hands-on” approach from actively involved partners and less reliance on less-experienced staff that sets us apart from the crowd. Our primary goal is to service the special district community with highly competent and trained professionals, who will not simply perform your audit, but will partner with you to help you achieve success.

At Nigro & Nigro, PC, our greatest strengths correspond to your most critical needs; we possess the full spectrum of resources needed to most effectively help the District’s management team and Board members meet their goals – all at a very competitive rate. We believe we are your best choice.

- **Credibility, Reputation, and Resources of a Large Firm** without sacrificing the small-firm touch. Our CPAs and consultants can help you analyze and address financial, operational, and regulatory issues so you can focus attention on serving your citizens. We were originally formed in 1999, and now perform annual audits for approximately 60+ public agencies annually.
- **State-Wide Reach with Local Presence.** At Nigro & Nigro, we have the benefit of having the resources of a state-wide firm while serving you from our Murrieta office. We also have an office in Oakland for additional resources.
- **Efficiency.** Our use of portal software allows you to upload audit documentation at any time, which will minimize disruption to your staff and enable timely completion of all deliverables.
- **An Efficient and Effective Work Plan.** We currently serve over 60+ governmental entities state-wide, including those with enterprise funds, which enables our staff to understand the scope of the audit. We also understand the District’s complexities, not just from a compliance standpoint but also from an operational point of view. We have developed an effective work plan that takes into consideration your needs for high quality audit services, as well as timely deliverables. As a result of our efficient work plan, we commit to meeting your deadlines to complete our auditing services within the time period you specify.
- **Thought Leadership.** Members of our firm have been actively involved as presenters in numerous industry conferences and programs, including the ACSA Professional Development Committee, CASBO, CSBA, CSDA, and CSMFO. We have incorporated our experience with these committees into our audit framework.
- **Engagement Team.** We know that quality people drive quality results, which is why our commitment to you starts with the engagement team members who are selected based on their experience, focus on serving local government agencies, and who are the best fit for you. Each of the District’s engagement team members have completed and exceeded the mandatory requirement for continuing professional education hours as requested in the RFP. Paul Kaymark, Partner, will be the main contact for the District regarding this project.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** Nigro & Nigro is organized by industry, affording our clients with industry-specific expertise supplemented by valuable local service and insight. Therefore, the District will enjoy the service of members of our Governmental Audit Services Team who have experience with similar special district governmental entities and understand the issues and environment critical to you. You will not have to train our auditors.

## ADDITIONAL INFORMATION (CONTINUED)

### Testimonial

"Few people have the opportunity to work with someone who was a coach and a mentor-but I did when I worked with Paul. I had the pleasure working directly under Paul's supervision and I was particularly impressed by his ability to handle even the toughest clients - and effortlessly. That skill often takes years to develop, but it seemed to come perfectly natural to him. Paul was one of those rare partners who also naturally serve as an inspiring mentor for the whole staff and I was grateful to learn a lot from him."

*Deana Miller  
Accounting Manager  
PolyCera, Inc.*

### Fraud Hotline



Throughout the audit process, we will make available our fraud hotline reporting service at no additional charge over the period of the contract to ensure the District has an effective anti-fraud program.

## DOLLAR COST & OUT-OF-POCKET EXPENSES

	2020	2021	2022	Total
Audit	\$ 12,000	\$ 12,000	\$ 12,000	\$ 36,000

David Farnsworth, CPA  
11501 Dublin Boulevard, #200  
Dublin, CA 94568

Rogers, Anderson, Malody & Scott,  
LLP  
290 North D Street, Ste. 300  
San Bernadino, CA 92401-1709

Gallina, LLP  
2870 Gold Tailings Ct.  
Rancho Cordova, CA 95670  
(Returned as undeliverable address)

Perry-Smith LLP  
400 Capital Mall  
Sacramento, CA 95821

Teaman, Ramirez & Smith, Inc.  
4201 Brockton Avenue, Ste. 100  
Riverside, CA 92501-3431

Messner Hadley, LLP  
17072 Silica Drive, Ste. 101  
Victorville, CA 92395

Tidwell & Associates  
6960 Destiny Drive, Ste. 101  
Rocklin, CA 95677

Larry Bain, CPA  
2148 Frascati Drive  
El Dorado Hills, CA 95762

Barbara Jicha, CPA  
PO Box 584  
Auburn, CA 95604

Bartlett, Pringle & Wolf, LLP  
1123 Chapala Street  
Santa Barbara, CA 93101

Craig Fechter & Co.  
11870 Avondale Ave., Ste. 4  
Sacramento, CA 95825  
(Returned as undeliverable address)

Don Cole & Company  
2701 Del Paso Road  
Ste. 130 PMB 131  
Sacramento, CA 95835-9987

Charles Z. Fedak & Company  
6081 Orange Avenue  
Cypress, CA 95603

Macias GINI & Company, LLP  
3000 S Street, Ste. 300  
Sacramento, CA 95816

Brown Armstrong  
4200 Truxtun Ave., Ste. 300  
Bakersfield, CA 93309

James Marta & Company  
701 Howe Avenue, Ste. E 3  
Sacramento, CA 95825

Richardson & Company  
550 Howe Avenue, Ste. 210  
Sacramento, CA 95825

Vasquez & Company, LLP  
801 South Grand Ave., Ste. 400  
Los Angeles, CA 90017

LSL Certified Public Accountants  
203 N. Brea Blvd., Ste. 203  
Brea, CA 92821

Scott & Baldwin, CPA's  
990 Reserve Drive, Ste. 120  
Roseville, CA CA 95678

Kaymark Brown, LLP  
4204 Riverwalk Parkway, Ste. 390  
Riverside, CA 92505-3368  
(Returned as undeliverable address)

Mann, Urrutia, Nelson, CPA's  
2515 Venture Oaks Way, Ste. 135  
Sacramento, CA 95833

Sense Zezoff & Company, CPA's  
7745 Greenback Lane  
Citrus Heights, CA 95610

Robert T. Dennis, CPA  
12223 Highland Avenue, Ste. 106-625  
Rancho Cucamonga, CA 91739

Nigro, Nigro & White, PC  
25090 Jefferson Avenue  
Murietta, CA 92562

Tokutomi & Caruthers, CPA's  
11850 Kemper Road  
Auburn, CA 95603  
(Returned as undeliverable address)

Francis, Scinto & Graziano, LLP  
404 Sierra College Drive  
Grass Valley, CA 95945

Blomberg & Griffin Accountancy  
1013 North California Street  
Stockton, CA 95202

## **Item 8.1 Cover sheet – Energy Savings Performance Contract**

**Auburn Area Recreation and Park District (ARD) Finance Committee meeting November 13, 2019;  
Board of Directors meeting November 21, 2019**

### **The Issue**

Shall the Auburn Area Recreation and Park District (ARD) move forward with establishing an Energy Savings Performance Contract?

### **Background**

ARD staff have been speaking with representatives from SmartWatt, a company that specializes in optimizing and upgrading energy systems in a manner that is budget-neutral to agencies and businesses. Briefly, the savings that ARD would recognize from upgrading our energy systems would pay for the costs of the projects over the course of 20 years.

SmartWatt has performed a Preliminary Feasibility Assessment (PFA) and determined that ARD is a good candidate for an Investment Grade Audit (IGA). This IGA will provide a more detailed analysis of the proposed energy saving projects to determine if they will indeed provide budget-neutral savings to ARD. Information on the PFA and the proposed cost savings are attached.

This work is authorized under CA Govt. Code 4217, allowing local agencies to enter in to Facility Financing Contracts for energy conservation. GC 4217 also allows public agencies the option of sending out an RFP to solicit contractors or sole-sourcing the work to one company. A copy of pertinent ARD Policy and CA GC 4217 is attached.

Per Derek Cole, ARD's attorney, we can use GC 4217 as long as we make the correct findings

*I believe the 4217.13 process would allow the District to sole source approval of the lease so long as the process in that section is followed and the findings the section requires are made. So you don't need to go to a bidding process, though for policy reasons, you may want to. That is your call, of course. But I do believe 4217.13 supersedes the District's purchasing requirements.*

*Let me know if that answers your question.*

*Thanks,*

*Derek*

Staff is recommending that we go out to RFP for these services. The RFP process will add on approximately 3 months of time.

### **Recommendation for the Board of Directors**

Review and discuss. Approve sending out an RFP for an Energy Savings Performance Contract.

The Finance Committee recommends the same.

Staff recommends going to RFP for the Energy Savings Performance Contract as this is the only way that we will be able to afford making upgrades to our facilities, including solar power and improved ball field lighting.

**Alternatives Available to the Board of Directors**

- 1) Recommend that staff pursue a sole-source contract with SmartWatt.
- 2) Do not recommend pursuing the process.

**Fiscal Impact**

The fiscal impact of moving forward would only be measurable in staff time (Kahl, Veona and Mike).


**Attachments**

ARD Policy and info on CA GC 4217.

Information from SmatWatt based on their Preliminary Feasibility Assessment.



encumbered, a request for transfer of funds from a reserve account must accompany the purchase order. Fund transfers from reserve accounts must be approved by the Board.



G. Sole Source Procurement. Prior to submitting a purchase request, the requesting officer or employee shall conduct a survey of available sources to determine whether there is only one source for the required supply, equipment, service or construction item. After review of this request by the purchasing agent, a contract may be awarded without competition. The purchasing agent or his or her designee shall conduct negotiations, as appropriate, as to price, delivery and terms. The requesting department shall prepare a waiver of competitive bidding and submit it to the purchasing agent.

H. Open Market Orders. An open market order is used for those vendors from whom repeated purchases are made as supplies are required. An open market order is distinguished from an open purchase as it is issued over the dollar amount limit of an open purchase order for specific supply items for a stated price good for a stated time period. Open market orders for purchase, whenever possible and practical shall be established and issued on a purchase order by the purchasing agent. The purchasing agent shall determine the lowest responsible quotation.

The purchasing agent shall keep a record of all such open market orders and quotations submitted on them. Such records shall be open to public inspection during normal business hours. The purchasing agent may dispose of records of such open market orders after five years from the date of approving the open market order.

I. Inspection and Testing. The purchasing agent or his or her designee shall inspect supplies, materials and equipment delivered and contract service performed to determine their conformance with the specifications required. The purchasing agent shall have the authority to perform or have performed any other testing or inspection of any item purchased by the District.



J. Purchase of Surplus Commodities. The purchasing agent is authorized to procure, when economically feasible, commodities from other governmental agencies which are surplus to their requirements and determined to be valid needs of the District.

### III. Fixed Asset Capitalization Policy


These procedures concern the acquisition, movement, sale, disposal, physical inventory and depreciation of fixed assets. The objective is to provide a tool for controlling property acquisition, availability, transference and disposal.

A. Description of Fixed Assets. Fixed assets include land, buildings and structures, equipment or any related capital lease. These items are further defined as follows:

#### IV. Competitive Bidding

-  A. Contracts Not Related to New Construction – more than Twenty-Five Thousand Dollars (\$25,000). All contracts for the furnishing of materials or supplies not related to new construction or the alterations, maintenance or repair of District real property, which exceeds Twenty-Five Thousand Dollars (\$25,000), shall be let by competitive bid and awarded to the lowest responsible bidder.
-  B. Contracts Relating to New Construction of Public Improvements – more than Twenty-Five Thousand Dollars (\$25,000). All contracts for new construction of public improvements to District real property, with respect to which the cost of materials, supplies and labor exceeds Twenty-Five Thousand Dollars (\$25,000), shall be advertised to all able applicants and be let by competitive bid and awarded the lowest responsible bidder.
- C. Contracts Relating to Alterations, Maintenance or Repair of District Real Property, Twenty-Five Thousand Dollars (\$25,000). Contracts for all projects for the alteration, maintenance or repair of District real property, with respect to which the cost of materials, supplies and labor will exceed Twenty-Five Thousand Dollars (\$25,000), shall be advertised to all able applicants and be let by competitive bid and awarded to the lowest responsible bidder.
- D. Purchases of Equipment Valued Over Five Thousand Dollars (\$5,000). For equipment estimated to cost more than Five Thousand Dollars (\$5,000), three quotations from different vendors will be sought, when available. Contracts for equipment costing more than \$25,000 shall be approved by the Board of Directors.
- E. Purchases of Materials and Supplies less than \$25,000. District may purchase in the open market without calling for bids, materials and supplies estimated to cost less than Twenty-Five Thousand Dollars (\$25,000) for use in work either under contract or by force account.
- F. Purchases Between \$5,000 and \$25,000. For materials, supplies and/or labor estimated between the amount of Five Thousand Dollars (\$5,000) and Twenty-Five Thousand Dollars (\$25,000), three quotations from different vendors and/or contracts will be sought, when available and appropriate.
- G. Exceptions to Competitive Bidding. Provisions requiring competitive bidding shall not apply to the following instances:
1. Contracts involving the acquisition of professional services of private architectural, landscape architectural, engineering, environmental, land surveying or construction project management firms.
  2. Where the District's requirements can be met solely by a single patented article or process.
  3. Situations where no bids have been received following bid announcements under provisions of this policy.

This section shall not be applicable if the District Board, by resolution, makes a finding which is included in the specifications that a particular material, product, thing or service is designated by specific brand or trade name, in order that a field test or experiment may be made to determine the product's suitability for future use. (Public Contracts Code Section 3400)

- 
- L. Splitting contract prohibited. Contract or purchase order requirements shall not be artificially divided or split as so to constitute a small purchase or to avoid complying with any other provisions set forth in District policy.
  - M. Construction Change Orders. The District Administrator is authorized to approve all necessary construction change orders on behalf of the District.
  - N. State Law Controls. Any rule, policy or procedure set forth herein, which is contrary to or in conflict with the laws of the State of California applicable to the Auburn Area Recreation & Park District and governing the letting of contracts of purchase of material, supplies, labor or equipment, shall be void.
  - O. Project Contingency. Requests and recommendations for project contingency shall be limited to 5% of the contract total.

V. Policy on Authorization for Legal Services

District Counsel is the Legal Counsel for the District and receives its direction from the District Administrator, the majority of the Board, or from the Chair or representative of the Board as delegated, or as determined by policy or regulation. Legal Counsel should only be used as absolutely necessary, to protect the best interest of the District.

- A. General Policy on Legal Counsel Contact. Items pertaining to regular District business shall be directed to the District Administrator. If it is determined legal attention may be required, the item should be forwarded to Counsel for initial review and direction. The District Administrator may approve \$1000 per issue. Items that may result in potential or anticipated litigation, or continue to exceed the Administrator's limits, shall be brought to the attention of the Board for consultation and direction. For emergency purposes the Board Chair can consult and give direction.
- B. Board Chair Contact. The Board Chair is allowed up to two hours per month for consultation with Legal Counsel. Additional expenditures will require Board approval/direction. If necessary, this approval can be received by Counsel or the District Administrator as provided in the California Government Code.
- C. Board Member Contact. Remaining Board Members are allowed to contact Legal Counsel for up to a fifteen-minute period, or contracted minimum time should that exceed the fifteen minutes. If additional time is required, the Board Chair or District Administrator may approve up to 45 additional minutes. Additional expenses will require Board direction.
- D. Policy to Re-Address Performance of Legal Counsel. The District will re-address performance of the contracted Legal Counsel every two years. If services and fees are not found to be in accordance with the Legal Services



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**GOVERNMENT CODE - GOV**

**TITLE 1. GENERAL [100 - 7914]** ( Title 1 enacted by Stats. 1943, Ch. 134. )

**DIVISION 5. PUBLIC WORK AND PUBLIC PURCHASES [4000 - 4563]** ( Division 5 enacted by Stats. 1943, Ch. 134. )

**CHAPTER 3.2. Energy Conservation Contracts [4217.10 - 4217.18]** ( Chapter 3.2 added by Stats. 1983, Ch. 868, Sec. 1. )

**4217.10.** To help implement the policy set forth in Section 25008 of the Public Resources Code, and to extend that policy to facilities of local governments, public agencies may develop energy conservation, cogeneration, and alternate energy supply sources at the facilities of public agencies in accordance with this chapter.

(Added by Stats. 1983, Ch. 868, Sec. 1.)

**4217.11.** The following terms, whenever used in this chapter, have the meanings given in this section, except where the context clearly indicates otherwise:

(a) "Alternate energy equipment" means equipment for the production or conversion of energy from alternate sources as its primary fuel source, such as solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, remote natural gas of less than one billion cubic feet estimated reserves per mile from an existing gas gathering line, natural gas containing 850 or fewer British Thermal Units per standard cubic foot, or any other source of energy, the efficient use of which will reduce the use of fossil or nuclear fuels.

(b) "Cogeneration equipment" means equipment for cogeneration, as defined in Section 216.6 of the Public Utilities Code.

(c) "Conservation measures" means equipment, maintenance, load management techniques and equipment, or other measures to reduce energy use or make for a more efficient use of energy.

(d) "Conservation services" means the electrical, thermal, or other energy savings resulting from conservation measures, which shall be treated as a supply of such energy.

(e) "Energy conservation facility" means alternate energy equipment, cogeneration equipment, or conservation measures located in public buildings or on land owned by public agencies.

(f) "Energy service contract" means a contract entered into by a public agency with any person, pursuant to which the person will provide electrical or thermal energy or conservation services to a public agency from an energy conservation facility.

(g) "Facility financing contract" means a contract entered into by a public agency with any person whereby the person provides financing for an energy conservation facility in exchange for repayment of the financing and all costs and expenses related thereto by the public agency. A facility financing contract may provide for the person with whom the public agency contracts to provide any combination of feasibility studies for, and design and construction of, all or part of the energy conservation facility in addition to the financing and other related services, and may provide for an installment sale purchase, another form of purchase, or amortized lease of the energy conservation facility by the public agency.

(h) "Facility ground lease" means a lease of all, or any portion of, land or a public building owned by, or under lease to, a public agency to a person in conjunction with an energy service contract or a facility financing contract. A facility ground lease may include, in addition to the land on which energy conservation facilities will be located, easements, rights-of-way, licenses, and rights of access, for the construction, use, or ownership by the person of the facility and all related utility lines not owned or controlled by the interconnecting utility, and offsite improvements related thereto. A facility ground lease may also include the addition or improvement of utility lines and equipment owned by the interconnecting utility which are necessary to permit interconnection between that utility and an energy conservation facility.



(i) "Person" means, but is not limited to, any individual, company, corporation, partnership, limited liability company, public agency, association, proprietorship, trust, joint venture, or other entity or group of entities.

(j) "Public agency" means the state, a county, city and county, city, district, community college district, school district, joint powers authority or other entity designated or created by a political subdivision relating to energy development projects, and any other political subdivision or public corporation in the state.

(k) "Public building" includes any structure, building, facility, or work which a public agency is authorized to construct or use, and automobile parking lots, landscaping, and other facilities, including furnishings and equipment, incidental to the use of any structure, building, facility, or work, and also includes the site thereof, and any easements, rights-of-way appurtenant thereto, or necessary for its full use.

*(Amended by Stats. 2006, Ch. 198, Sec. 2. Effective January 1, 2007.)*

**4217.12.** (a) Notwithstanding any other provision of law, a public agency may enter into an energy service contract and any necessarily related facility ground lease on terms that its governing body determines are in the best interests of the public agency if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds:

(1) That the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases.

(2) That the difference, if any, between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy service contract.

(b) State agency heads may make these findings without holding a public hearing.

*(Amended by Stats. 1998, Ch. 328, Sec. 7. Effective August 21, 1998.)*

**4217.13.** Notwithstanding any other provision of law, a public agency may enter into a facility financing contract and a facility ground lease on terms that its governing body determines are in the best interest of the public agency if the determination is made at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, and if the governing body finds that funds for the repayment of the financing or the cost of design, construction, and operation of the energy conservation facility, or both, as required by the contract, are projected to be available from revenues resulting from sales of electricity or thermal energy from the facility or from funding that otherwise would have been used for purchase of electrical, thermal, or other energy required by the public agency in the absence of the energy conservation facility, or both. State agency heads may make these findings without holding a public hearing.

*(Amended by Stats. 1998, Ch. 328, Sec. 8. Effective August 21, 1998.)*

**4217.14.** Notwithstanding any other provision of law, the public agency may enter into contracts for the sale of electricity, electrical generating capacity, or thermal energy produced by the energy conservation facility at such rates and on such terms as are approved by its governing body. Any such contract may provide for a commitment of firm electrical capacity.

*(Added by Stats. 1983, Ch. 868, Sec. 1.)*

**4217.15.** The public agency may, but is not required to, base the findings required under Sections 4217.12 and 4217.13 on projections for electrical and thermal energy rates from the following sources:

(a) The public utility which provides thermal or electrical energy to the public agency.

(b) The Public Utilities Commission.

(c) The State Energy Resources Conservation and Development Commission.

(d) The projections used by the Department of General Services for evaluating the feasibility of energy conservation facilities at state facilities located within the same public utility service area as the public agency.

*(Added by Stats. 1983, Ch. 868, Sec. 1.)*

**4217.16.** Prior to awarding or entering into an agreement or lease, the public agency may request proposals from qualified persons. After evaluating the proposals, the public agency may award the contract on the basis of the experience of the contractor, the type of technology employed by the contractor, the cost to the local agency, and



any other relevant considerations. The public agency may utilize the pool of qualified energy service companies established pursuant to Section 388 of the Public Utilities Code and the procedures contained in that section in awarding the contract.

*(Amended by Stats. 1998, Ch. 328, Sec. 9. Effective August 21, 1998.)*

**4217.17.** This chapter does not limit the authority of any public agency to construct energy conservation projects or to enter into other leases or contracts relating to the financing construction, operation, or use of alternate energy type facilities in any manner authorized under existing law. This chapter shall not be construed to abrogate Section 14671.6.

*(Amended by Stats. 1998, Ch. 328, Sec. 10. Effective August 21, 1998.)*

**4217.18.** The provisions of this chapter shall be construed to provide the greatest possible flexibility to public agencies in structuring agreements entered into hereunder so that economic benefits may be maximized and financing and other costs associated with the design and construction of alternate energy projects may be minimized. To this end, public agencies and the entities with whom they contract under this chapter should have great latitude in characterizing components of energy conservation facilities as personal or real property and in granting security interests in leasehold interests and components of the alternate energy facilities to project lenders.

*(Added by Stats. 1983, Ch. 868, Sec. 1.)*



# Auburn Recreation and Park District

## Preliminary Feasibility Assessment (PFA)

October 1, 2019

## Energy Performance Contract Program Benefits

- Guaranteed verified savings – Shortfalls reimbursed
- Guaranteed equipment performance
- Annually budget neutral
- No public referendum
- Financing exempt from net allowed indebtedness
- Ongoing operational support and maintenance services

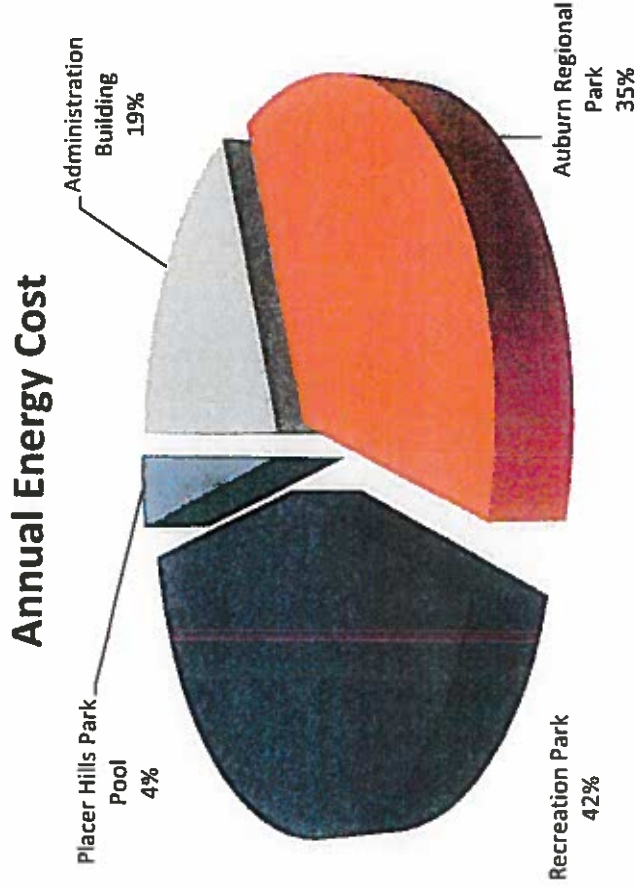


# How the Project is Paid For (Energy Performance Contract)



# Utility Analysis

- Total Blended Rate = \$0.15 /kwh
- Total Gas Blended Rate = \$1.33 / therm
- Total Utility Spend (sites in scope) = \$61,945



Facility	Unit Cost of Electricity (per kWh)	Unit Cost of Natural Gas (per therm)	Annual Energy Cost
Administration Building	\$0.16	\$1.74	\$16,119.42
Auburn Regional Park	\$0.15	\$1.25	\$24,052.86
Recreation Park	\$0.15	\$1.22	\$30,521.60
Placer Hills Park Pool	\$0.15	-	\$4,038.80

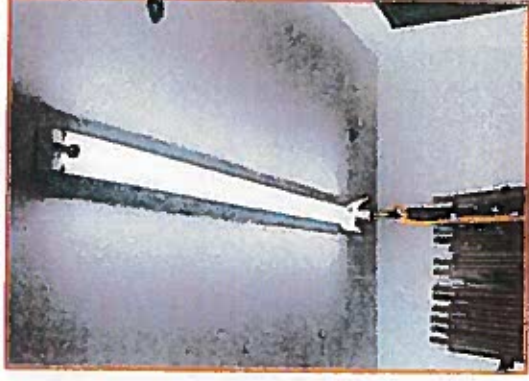


# Facility Improvement Measures (FIMs)

#	FIM Name	Administration Building	Regional Park	Recreation Park			Placer Hills Park Pool
				James Field	Rec Field	Beggs Field	
1	Interior / Exterior Lighting Improvements		X				
2	Field Lighting			X	X	X	
3	Install network Thermostats	X					
4	Boiler/ Pool Heater Upgrades						X
5	Photovoltaics	X	X				

# FIM #1 – Lighting Improvements

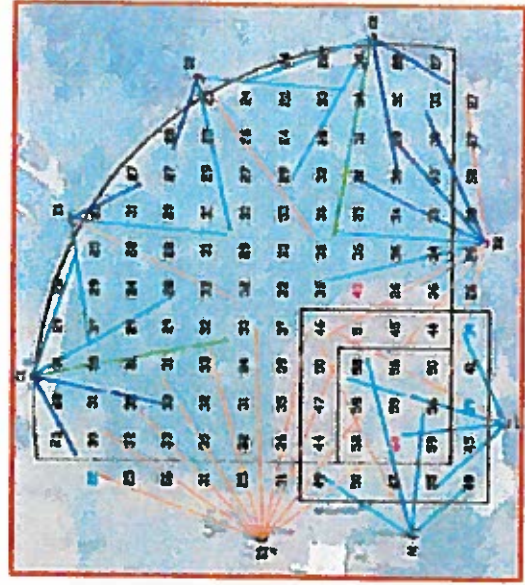
- Retrofit existing fluorescent wrap, troffer and surface mounted fixtures with LED retrofit kits
- New fixture replacements and increased light levels in gym
- Occupancy sensors where appropriate
- New fixture replacements for pole mount and wallpack exterior lighting





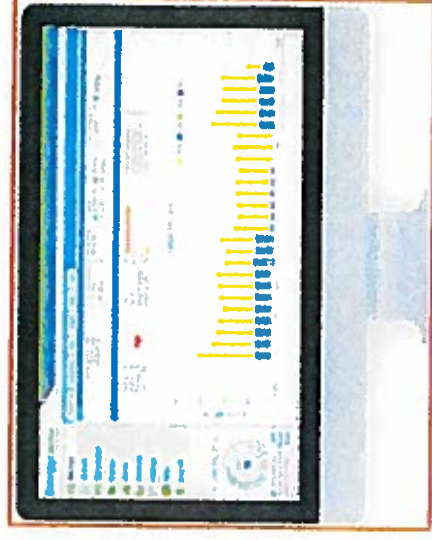
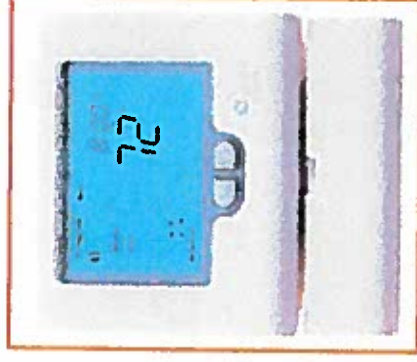
# LED Field Lighting

- Replace existing Metal Halide stadium lighting with LED
- Increased light levels and guaranteed fixture performance for 25 years
- Wireless Lighting Controls via app for individual pole dimming and switching
- Custom endcap colors for added community pride



## FIM #2 – Web-Based Thermostats

- Upgrade/Modify new BAS system at Administration Building
- Provide for improved building scheduling
- New programmable thermostats at Administration Building



## FIM #4 – Boiler Upgrades

- Install new high-efficiency boiler / Pool heater at Placer Hills Park Pool.
- Eliminate old inefficient boiler.
- Existing boiler is at the end of its useful life and will need to be replaced soon.





## FIM #5 – Photovoltaics

- Roof mounted, 13 kW (DC) Solar PV System at Administration Building
- 80 kW Carport System at Regional Park
- Production of Clean Energy and Benefits of Green Attributes
- Sustainable System Monitoring Through The Cloud
- Long Term Energy Savings (25 Years)



# Environmental Impact

Your Project will reduce air pollution and environmental damage by the following amounts each year:

89,975 pounds of Carbon Dioxide



Planting 40 acres of trees



449,875 grams of Sulfur Dioxide



Removing 25 cars from the road



1,043,710 grams of Nitrogen Dioxide



Saving 16,359 gallons of gasoline



# Other Measures Considered (OMCs)

- The table below represents measures that were considered but not currently in the PFA scope of work. These measures can be investigated further during the Investment Grade Audit (IGA):

OMC #	OMC	Location	Description
OMC #1	Replace Package HVAC Unit	Administration Building	Install new high-efficiency packaged HVAC unit.
OMC #2	Solar PV	Placer Hills Pool	16 Kw Carport System



# Project Financials

Project Total Investment	\$933,435
Solar Incentive	\$56,198
Net Project Investment (After Incentive)	\$877,237
Year 1 Utility Savings	\$37,196
Year 1 Maintenance Cost Savings and Capital Offset	\$7000
Interest Rate	1.00%
Term	20

300,000  
 (74,240)  
 (499)  
 255  
 18

1,113  
 332,941  
 (74,062)  
 (294)  
 14,034

1,122  
 337,250  
 (73,448)

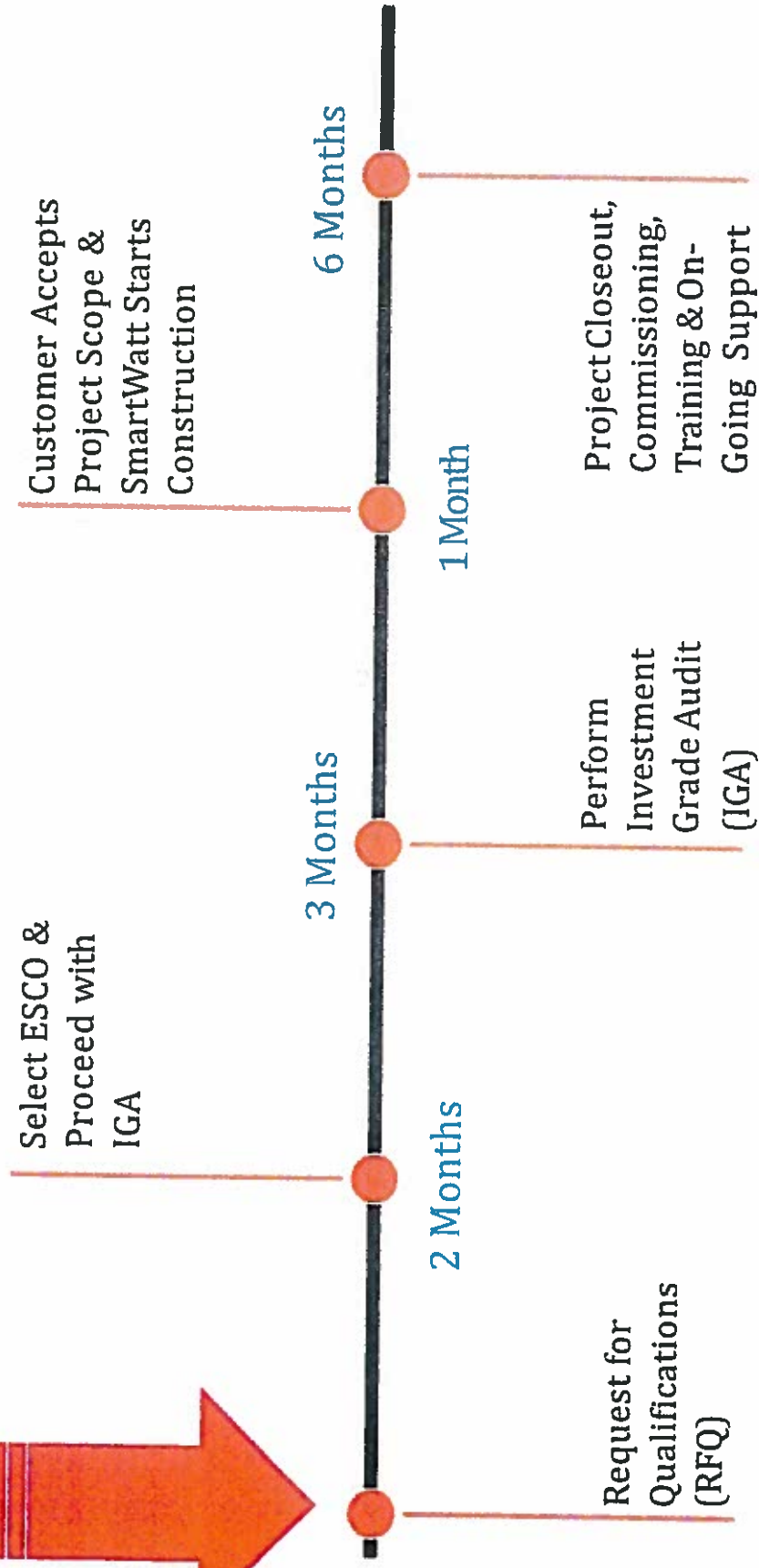
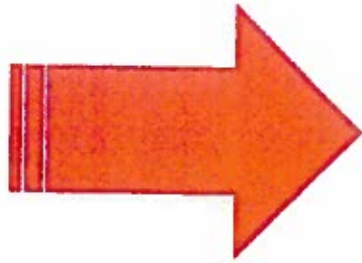
1,124  
 338,663

465  
 127,663

3  
 121

# Next Steps

We are Here





## Request For Qualifications (RFQ)

- Prequalification step of the procurement process.
- No cost & No commitment in this step
- Vendor is selected based on qualifications of your choosing for your specific project.
- SmartWatt can assist with RFQ process



**Brooklyn Stewart | Account Executive**

**P: 916-860-9032**

**[brstewart@smartwatt.com](mailto:brstewart@smartwatt.com)**

**SECTION 11.0**

**ITEM: CORRESPONDENCE/COMMUNICATIONS AND INFORMATIONAL**

1. Correspondence to District Administrator Kahl Muscott from Lachlan Ryan.

Lachlan Ryan  
16860 Lays Lake Estates Lane  
Meadow Vista, CA 95722

November 2, 2019

Mr. Kahl Muscott  
Auburn Recreation District  
471 Maidu Drive  
Auburn, CA 95603

Dear Mr. Muscott,

Thank you so much for all of your time and effort helping me with my Eagle Project! Your kindness in walking me through the steps of getting permission from the ARD Board of Directors and supervising me throughout the process of approving and installing my Free Little Libraries is so appreciated.

I am thankful that you were available to answer all of my questions, and to meet with me to select the best locations for the libraries.

As you know, I was able to install the two Free Little Libraries that we built with your help. One is at the Meadow Vista park, and the other at the ARD center on Recreation Drive in Auburn.

Again, thank you so much for being a part of my Eagle Scout project and for all of the help you gave me.

Sincerely,



Lachlan Ryan