

PROPOSAL TO PROVIDE AUDIT SERVICES
SAN MATEO COUNTY HARBOR DISTRICT
OCTOBER 6, 2016



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP

CONTACT: JUSTIN WILLIAMS, CPA, CVA, PARTNER

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WWW.MUNCPAS.COM



TABLE OF CONTENTS

Transmittal Letter	1 - 2
Introduction (Company Profile).....	3 - 4
Peer Review Report.....	5
Qualifications (Our Audit Process)	6 - 7
Our Staff	8
Staff Resumes	9 - 13
Qualifications- Partial Client List/References	14 - 16
Fee Schedule (Current Billing Rate).....	17
Fee Proposal.....	19



October 6, 2016

Glenn Lazof
Director of Administration
San Mateo County Harbor District
504 Avenue Alhambra, 2nd Floor
El Granada, CA 94018

Dear Mr. Lazof,

The partners and staff of Mann, Urrutia, Nelson CPAs & Associates LLP are pleased to present our proposal to provide professional services. Our Firm has experienced continuous growth and success as we meet and exceed client expectations. Our overall goal is to provide responsive, innovative services of the highest quality to our clients.

We understand that San Mateo County Harbor District requires timely audit services and we are committed to meeting all terms, conditions, and requirements as addressed in the request for proposal. With our experience and expertise, we fully understand the audit requirements, as well as your expectations.

We understand that the period covered will be for the year ending June 30, 2016 through June 30, 2018. The scope of services will be the following:

1. Audit all funds of the San Mateo County Harbor District and assist in preparation of the Comprehensive Annual Financial Report (CAFR).
2. Prepare and submit all reports as required by the State Controller's Office and the San Mateo County Auditor-Controller that conform to the requirements of California Governmental Code Section 26909 and any other applicable statute.
3. Issue Management letter and reports which include finds, statements, observations, opinion and comments with recommendations for improvements in internal controls and accounting systems.
4. Provide consulting services with District staff on matters such as GL accounts, maintenance of enterprise accounts, and cash handling procedures as needed.

The audit will be performed in accordance with generally accepted accounting principles; generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *the Basic Audit Program and Reporting Guidelines for California Special Districts*, as prescribed by the State Controller.

We believe our unique combination of technical expertise, combined with our philosophy of total client commitment throughout all phases of the engagement provides our clients the highest quality service and products available.

We are confident that our proposal addresses your needs and look forward to discussing and reviewing its content with you. We would welcome this opportunity to differentiate our Firm from our competition and further discuss our approach in providing quality service.

As Partner of our firm, I am authorized to make decisions on behalf of and bind the firm to contract with the San Mateo County Harbor District should services be awarded.

Should you have any questions, I encourage you to contact me via telephone at (916) 929-0540 or email at jjw@muncpas.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justin Williams".

Justin Williams, CPA, CVA
Partner



INTRODUCTION

Mann, Urrutia, Nelson, CPAs & Associates LLP is a locally established and respected full service accounting and auditing firm that has provided continuous services including audit, tax, consulting, litigation support, business valuations, and forensic accounting for the past twelve years. Our commitment to our clients has enabled the firm continued growth and success at developing and maintaining strong professional relationships. Our firm consists of 50 well trained professionals and four office locations in Sacramento, Roseville, South Lake Tahoe, and Glendale, California.

We separate ourselves from our competition by:

- ◇ Extensive Partner involvement on each engagement
- ◇ Manager and/or Partner always on site during fieldwork
- ◇ Consistent and experienced staff
- ◇ Timeliness of communications
- ◇ Proactive approach in addressing complex issues early in the engagement
- ◇ Availability to clients as a specialized resource
- ◇ Professionalism with understanding

Our industry specialization includes governmental, retirement plans, not-for-profit, and for-profit business entities with clients ranging from small organizations to organizations with over \$500 million in assets. We are voluntary members of the following organizations:

Government Audit Quality Control Center
 California Municipal Treasurers Association
 League of California Cities

California Society of Municipal Finance Officers
 California Municipal Treasurers Association
 California Special Districts Association

Membership in these centers provides our firm with additional resources designed to enhance our audit quality and apply best audit practices to our engagements. We have access to the latest developments in accounting, auditing, and the various rules and regulations that affect the different audits and industries.

Sacramento Office

Audit engagements are performed primarily out of the Sacramento office. We have twelve full time governmental audit staff members consisting of two firm partners, four managers, three seniors and three staff accountants. Five (5) will be dedicated to the San Mateo County Harbor District should services be awarded to our firm. While the majority of audit engagements are performed out of the Sacramento office, our various office locations allow us to expand our services throughout the State of California. We have provided audit services to governmental entities throughout northern and central California. We perform Single audits and compliance audits for our municipal and nonprofit clients as well as provide tax services to our audit clients that request it.

Our success — The key to our success and growth includes properly trained staff, timely communication in all aspects of the audit, planning, and understanding how to structure each audit to ensure efficiencies are achieved. MUN CPA's success in retaining our clients is due to our commitment to outstanding quality, timely completion of work and our ability to retain key staff.





INTRODUCTION – CONTINUED

Peer Review — Our firm undergoes a peer review every three years as established by the American Institute of Certified Public Accountants. Our last peer review was completed in June 2016 and resulted in a pass rating (the highest rating possible) on our system of quality control for accounting and auditing. This quality control review included a review of specific government engagements. A copy of this peer review report is included in this proposal.

Disciplinary Actions — We have NOT had any Field Reviews, Desk Reviews or Disciplinary actions taken against, or pending against, the Firm or any of its employees.

License to Practice — Mann, Urrutia, Nelson, CPAs and Associates, LLP is a properly licensed, certified public accounting firm in the State of California. All certified public accountants involved in audit engagements of the Firm are licensed to practice in the State of California.

Independence — Mann, Urrutia, Nelson, CPAs and Associates, LLP is independent of the San Mateo County Harbor District as defined by U.S. generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards* (latest edition).

Mann, Urrutia Nelson, CPAs and Associates, LLP is independent of all associated agencies of South Tahoe Public Utility District, as defined by U.S. generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.

If Mann, Urrutia, Nelson, CPAs and Associates, LLP shall enter into a professional relationship that would present a conflict of interest during the period of engagement with South Tahoe Public Utility District; a written notice will be presented to the San Mateo County Harbor District defining such conflict, if any.

Auditing Computerized Systems — Our firm is technologically advanced in not only our own virtual desktop environment, but we have significant experience in auditing automated computer systems of our clients.



PEER REVIEW REPORT

DEV **David E. Vaughn CPA** (209) 957-8806, fax (209) 957-9589
CPA 4540 Gnekow Drive, Stockton, Ca. 95212-1307

System Review Report

June 13, 2016

To the Partners,
Mann, Urrutia, Nelson CPAs and Associates, LLP,
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Mann, Urrutia, Nelson CPAs and Associates, LLP (the firm) in effect for the year ended December 31, 2015. My peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my peer review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. 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. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an audit of an employee benefit plan and engagements performed under *Government Auditing Standards*.

In my opinion, the system of quality control for the accounting and auditing practice of Mann, Urrutia, Nelson CPAs and Associates, LLP in effect for the year ended December 31, 2015, 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*. Mann, Urrutia, Nelson CPAs and Associates, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "David E. Vaughn".

David E. Vaughn, CPA





QUALIFICATIONS - OUR AUDIT PROCESS

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide a level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and the manager. As high-level involvement is vital to a quality audit, the partner and manager's time will account for approximately 30% of total hours spent on the engagement. Our team's approach is to be efficient yet non-intrusive.

We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning

Our audit planning process includes a risk assessment of the District and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met timely. In addition, we will provide a list and samples of schedules specifically tailored to the San Mateo County Harbor District to aid the District's staff in preparing schedules and providing audit documentation.

Risk Assessment

As part of our extensive planning phase, the engagement team will discuss with management and the District Board issues surrounding the applicable industry, the District's internal & external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

Control Environment

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- ◇ Disbursements
- ◇ Receipts
- ◇ Payroll
- ◇ Financial reporting
- ◇ Journal entry process
- ◇ IT and general computer controls
- ◇ Federal and state programs

Based on our understanding of the District's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.



Substantive Procedures

Substantive audit procedures are designed based on our risk assessment process. Complex and high risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- ◇ Tests of account details
- ◇ Analytical procedures
- ◇ Use of data analysis software
- ◇ Unpredictability tests
- ◇ Review of management's estimates
- ◇ Review of subsequent events and contingencies

Sample Sizes and Statistical Sampling Techniques

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas which have a higher risk of misstatement due to fraud.

Preparation of Audit Report and Review

Audit workpapers are reviewed throughout the audit by the manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner.

Upon approval, we will issue drafts of all reports based on a predetermined schedule allowing adequate time for review and distribution of reports.

Technological Advantages

We utilize the latest technology, including virtual servers, smart devices and online libraries to provide us with the most up-to-date information to better serve our clients. First, our online client portal ShareFile gives us the capability of sending and receiving information to and from our clients faster and more securely. As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the District's confidential information.

Furthermore, we streamline our audit process and organize support documents through use of the program CaseWare Working Papers. By effectively reviewing large volumes of data through these programs, we are able to develop a better understanding and gain a broader view of the San Mateo County Harbor District. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed and interpreted in a short time frame.



OUR STAFF

The team assigned to perform the audit of the San Mateo County Harbor District is composed of highly trained professionals with extensive experience in audit engagements. Our small, efficient working group will maintain a knowledgeable, yet non-intrusive, approach to the audit, and in this way, deliver an audit of exceptional quality requiring few disruptions in the conduct of the District's on-going operations. The technical qualifications of Mann, Urrutia, Nelson, CPAs and Associates, LLP personnel selected for this audit ensures service of the highest quality. Engagements at Mann, Urrutia, Nelson, CPAs and Associates, LLP, are conducted under the supervision of an engagement partner and manager, which assures that quality standards are maintained and all client requirements are met.

We propose the following audit team:

JUSTIN WILLIAMS, CPA, CVA, Engagement Partner
 MICHELLE NELSON, CPA, CFE, Concurring Partner
 ERICA PASTOR, CPA, Senior Manager
 MICHAEL BLAIR, CPA, Supervisor

Professional Affiliations

Our commitment to governmental accounting is further amplified by our involvement with respected organizations. The proposed Engagement Partner, Justin Williams, is a presenter for the League of California Cities Municipal Finance Conference, the California Special Districts Association (CSDA) Annual Conference, has presented at several CSMFO chapter meetings, and is a member of the CSDA Audit Committee and Finance Committee. Michelle Nelson, the Concurring Partner, frequently reviews submitted financial statements as a member of the GFOA Certificate of Achievement for Excellence in Financial Reporting Program. Senior Manager, Erica Pastor, is a CalCPA, Sacramento Chapter, Board member and both Justin and Erica are leading presences on the CalCPA Accounting & Auditing Committee, Sacramento Chapter.

GASB Reporting

All audit partners and managers have been involved in the implementation of GASB financial reporting requirements. In addition to auditing and assisting with the preparation of GASB financial statements, all audit partners and managers have provided hands-on assistance with implementation of new GASB financial reporting requirements. Partner Justin Williams presented on the topic "**GASB Reporting Requirements and Their Effect on Your District**" at the 2015 and 2016 Annual CSDA conference.

Staff Consistency

Our Firm takes great pride in not only selecting high quality staff members, but providing them an environment designed for their success and betterment. We believe our history of low staff turnover is an asset we are proud to present to the San Mateo County Harbor District.

We believe staff continuity on engagements is essential to that engagement being successful. Our Firm's mission statement reads:

To provide responsive, innovative services of the highest quality to our clients; and to provide a positive, rewarding environment encouraging our employees to fulfill their professional and personal goals.





STAFF RESUMES

JUSTIN WILLIAMS, CPA, CVA, Engagement Partner, will serve as engagement partner and will have overall responsibility for the efficiency, timeliness and delivery of the services we provide, including developing and maintaining effective lines of communication with the City staff. He will directly interface with the finance director and will plan and review the audit.

MICHELLE NELSON, CPA, CFE, CVA, Concurring Partner, will perform a secondary review of the engagement, ensuring that all firm and professional standards are adhered to.

ERICA PASTOR, CPA, Senior Manager, will be responsible and will coordinate the planning and implementation of audit processes, including daily supervision and technical support of the audit. She will work closely with the City to ensure issues are identified and addressed and that the delivery of services is timely and day-to-day audit functions are performed in an efficient manner.

MICHAEL BLAIR, CPA, Supervisor, will draft statutory financial statements, handle specific stages of audit work, ensure work is prepared in compliance with professional standards, detect exceptional items and issues of non-compliance, report unusual items to the senior manager.



JUSTIN WILLIAMS, CPA, CVA

Engagement Partner

Justin’s professional career includes more than 20 years of public and private accounting experience, of which 18 years has been heavily concentrated on audits of governmental, not-for-profits, employee benefit plans and privately held businesses throughout Northern California. Justin will serve as partner in charge for the audit engagement.

- INDUSTRY EXPERIENCE:** Special Districts
 Cities
 Not-for-profit
 Privately held businesses
 Retirement/ employee benefit plans
- OTHER EXPERTISE:** GASB implementation
 Board of Directors training
 Federal Single Audit grant compliance
 Federal and State compliance and financial reporting
 Fraud investigations
 Internal control implementation
 Peer reviews
- CURRENT RELEVANT ENGAGEMENT EXPERIENCE:** Sacramento-Yolo Mosquito & Vector District City of Patterson
 Tahoe City Public Utilities District City of Novato
 Ironhouse Sanitary District City of Piedmont
 South Tahoe Public Utility District City of Gridley
 Rodeo Sanitary District City of Sanger
 City of Rio Vista
- DESIGNATIONS:** Certified Public Accountant (CPA)
 Certified Valuation Analyst (CVA)
- PROFESSIONAL MEMBERSHIPS:** American Institute of Certified Public Accountants
 California Society of Certified Public Accountants
 GFOA Budget Awards Program
 National Association of Certified Valuation Analysts
 Society of California Accountants
 CSDA Audit Committee Member
 CSDA Finance Committee Member
 National Institute of Pension Administrators, Sacramento Chapter
- EDUCATION:** Bachelor of Science, Accounting
 Case Western Reserve University – Cleveland, Ohio
- COMMUNITY SERVICE:** Treasurer, California Capital Airshow
 Previous Treasurer and Board Member, Capital Stage Company





MICHELLE NELSON, CPA, CFE

Concurring Partner

Michelle founded and continues to manage the Audit practice of Mann, Urrutia, Nelson CPAs & Associates, LLP. She has specialized in auditing for over 30 years, focusing on such industries as for-profit companies, governmental, non-profit and retirement entities. As a Certified Fraud Examiner, Michelle has provided expert insight in the areas of fraud prevention, detection and implementing processes/internal controls to hinder fraud.

- INDUSTRY EXPERIENCE:** Special Districts
 Not-for-profit
 Cities
 Privately held businesses
 Retirement/ employee benefit plans
- OTHER EXPERTISE:** Board retreats and trainings
 Consulting on new accounting and auditing pronouncements
 Federal and grant compliance
 Financial reporting
 Fraud engagements
 Review and evaluation of internal controls
- CURRENT RELEVANT ENGAGEMENT EXPERIENCE:** Solano County Water Agency
 Santa Nella County Water District
 City of Pinole
 City of Hollister
 Town of Truckee
 Town of Paradise
 City of Marina
- DESIGNATIONS:** Certified Public Accountant (CPA)
 Certified Fraud Examiner (CFE)
 Certified Valuation Analyst (CVA)
- PROFESSIONAL MEMBERSHIPS:** American Institute of Certified Public Accountants
 California Society of Certified Public Accountants
 Nevada Society of Certified Public Accountants
 GFOA Cert. of Achievement for Excellence in Financial Reporting Program
 National Association of Certified Valuation Analysts
 Association of Certified Fraud Examiners
- EDUCATION:** Bachelor of Science, Accounting
 University of Nevada – Reno, Nevada
 Masters Program, Taxation (In process)
 Golden Gate University – San Francisco, California
- COMMUNITY SERVICE:** Treasurer, Project R.I.D.E. Inc.
 Board President, Chester Foundation
 Treasurer, Simple Loaf of Bread





ERICA PASTOR, CPA
Senior Manager

Erica has 13 years of public accounting experience and spent over seven years working for Mann Urrutia Nelson CPA's & Associates, LLP. Erica has considerable experience serving clients in the government industry, specializing in providing audit and accounting services to counties, cities and special districts. She has significant experience preparing and reviewing CAFRs and auditing grants under the Single Audit Act.

INDUSTRY EXPERIENCE: Special Districts
Cities
Not-for-profit
Privately held businesses
Retirement/ employee benefit plans

OTHER EXPERTISE: Financial statement preparation
OMB Single Audit compliance
GASB implementation
Accounting services
Comprehensive Annual Financial Reports (CAFR)
Reviewed and compiled financial statements
Agreed-upon procedures
Audit committee training
Internal control evaluation
Other grants and contracts compliance

CURRENT RELEVANT ENGAGEMENT EXPERIENCE: Sacramento-Yolo Mosquito & Vector District
Tahoe City Public Utilities District
Solano County Water Agency
City of Novato
City of Hollister
City of Piedmont
Town of Truckee
City of Rio Vista
City of Sanger

DESIGNATIONS: Certified Public Accountant (CPA)

PROFESSIONAL MEMBERSHIPS: American Institute of Certified Public Accountants
CalCPA Governmental Accounting & Auditing Committee, Sacramento Chapter Co-Chair
CalCPA, Sacramento Chapter, Board Member

EDUCATION: Bachelor of Science, Managerial Economics
UC Davis – Davis, California
Certificate of Accountancy
National University – Sacramento, California





MICHAEL BLAIR, CPA

Supervisor

Michael has over four years of public accounting experience with our firm. As Supervisor, he provides audit services to a wide range of industries, including governmental, nonprofit and for-profit entities. Prior to joining our firm, Michael provided personal income tax and payroll tax services with a firm in Pasadena, California. He also gained experience in performing day to day accounting transactions, as he worked in the real estate industry for several years.

INDUSTRY EXPERIENCE:	Special Districts Not-For-Profit Cities For-profit entities
OTHER EXPERTISE:	Internal control evaluation Accounting services Inventory observations OMB Single Audit compliance Other grants and contracts compliance Financial statement preparation Bookkeeping Services Payroll Tax
CURRENT RELEVANT ENGAGEMENT EXPERIENCE:	Sacramento-Yolo Mosquito & Vector District Tahoe City Public Utility District South Tahoe Public Utility District Santa Nella County Water District Solano County Water Agency Ironhouse Sanitary District Rodeo Sanitary District City of Pinole City of Gridley Town of Paradise City of Sanger
DESIGNATIONS:	Certified Public Accountant (CPA)
PROFESSIONAL MEMBERSHIPS:	American Institutes of Certified Public Accountants California Society of Certified Public Accountants
EDUCATION:	Bachelor of Science, Accounting Azusa Pacific University –Azusa, CA





QUALIFICATIONS - PARTIAL CLIENT LIST

Mann, Urrutia, Nelson CPAs has provided audit services for numerous other district/governmental entities that are similar to that which is requested by San Mateo County Harbor District.

Clients	Contact Information	Contract Dates	Scope of Services
South Tahoe Public Utility District (530) 543-6211	Paul Hughes Chief Financial Officer phughes@stpud.dst.ca.us	6/30/2016 – 6/30/2017	<ul style="list-style-type: none"> • District audit • CAFR
Santa Nella County Water District (209) 826-0920	Amy Montgomery General Manager amontgomery@sncwd.com	6/30/2015 – 6/30/2016	<ul style="list-style-type: none"> • Agency audit • Annual State Controller's Report
Tahoe City Public Utilities District (510) 583-3796	Ramona Cruz Director of Accounting rcruz@tcpud.org	12/31/2012 – 12/31/2016	<ul style="list-style-type: none"> • District audit • CAFR • GANN Limit • Single audit
Rodeo Sanitary District (510) 799-2970	Steven Beall District Manager	6/30/2012 – 6/30/2016	<ul style="list-style-type: none"> • District audit
Ironhouse Sanitary District (925)625-2279	Chad Davisson General Manager davisson@isd.us.com	6/30/2007 – 6/30/2016	<ul style="list-style-type: none"> • District audit
Sacramento-Yolo Vector Control District (916) 685-1022	Janna McLeod Admin. Manager jmcLeod@sac-yolomvcd.com	6/30/2006 – 6/30/16	<ul style="list-style-type: none"> • District audit • Annual State Controller's report
Solano County Water Agency (707) 455-1102	Marcie Fehrenkamp Accountant II mfehrenkamp@scwa2.com	6/30/2015 – 6/30/2016	<ul style="list-style-type: none"> • Agency audit • Annual State Controller's Report



REFERENCES

Below are some of our current relevant clients who can attest to our services and work performed on their behalf. We welcome the District to contact any of our clients listed below.

Clients	Name and Position	Address
Sacramento-Yolo Mosquito and Vector Control District	Janna McLeod Administrative Manager (916) 685-1022	8631 Bond Road Elk Grove, CA 95624
Tahoe City Public Utilities District	Ramona Cruz, Director of Accounting (510) 583-3796 rcruz@tcpud.org	PO Box 5249 Tahoe City, CA 96145
Ironhouse Sanitary District	Michael Welty, Accountant (530) 878-3988 michael@utonomy.com	450 Walnut Meadows Dr. Oakley, CA 94561
South Tahoe Public Utility District	Paul Hughes, Chief Financial Officer (530) 543-6211 phughes@stpud.dst.ca.us	1275 Meadow Crest Dr. South Lake Tahoe, CA 96150



CITY OF PINOLE

2131 Pear Street
Pinole, CA 94564

Tel: (510) 724-9000
Fax: (510) 724-9826

Prospective Audit Clients

Re: Professional Reference for
Mann, Urrutia, Nelson CPA's & Associates

To Whom It May Concern:

I am pleased to offer my full and unreserved recommendation for retention of *Mann, Urrutia, Nelson CPA's (MUN)*.

I has been my good fortune to take the lead in the financial management and fiscal reporting of two California cities, during my tenure in local government. During that time, *MUN* was selected through competitive bidding to perform the external auditing and completion of Comprehensive Annual Financial Reports (*CAFR document*) for both Auburn and Pinole. Completion of these tasks included preparation of separate component unit reports for Redevelopment Agencies, and included the review of "full service" municipalities, operating Enterprise Funds for Airport, Transit and Wastewater Treatment activities. Additionally, as deemed appropriate *MUN* was retained under separate contracts for Agreed Upon Procedure Engagements, related to cash handling discrepancies and controls, grant compliance, and redevelopment agency close-out projects.

At all times, *MUN* has completed their contractual obligations on time and within budget. The Principals of this Accounting/Auditing Firm are hands-on and on-site during field work activities, providing supervision and mentoring to their Junior Associates. My personal belief is that *MUN* offers a unique perspective to Government Auditing, in that they take the time to fully understand the individual nuances of similar but distinct reporting entities, and then generate a meaningful client dialog about the accuracy and more importantly the completeness of the financial reporting that they oversee. I believe that *MUN* is especially cost competitive with their peers, due to the time efficiencies generated by their investment in fully computerized workpaper preparation. We routinely, submit our "client prepared" account reconciliations, trial balance information and other financial documentation in electronic format, which is also a beneficial to us as the audit client.

Please do not hesitate to call upon me directly (510-407-3979 or 510-724-9823) for additional information regarding *MUN*.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard H. Loomis".

Richard H. Loomis, CCMT/CFIP
City of Pinole, California





FEE SCHEDULE – HOURLY RATES

For Additional Professional Services)

Mann, Urrutia, Nelson, CPAs and Associates, LLP may also furnish other accounting services, which may include advisory and system accounting services as requested by San Mateo County Harbor District. If it should become necessary for the District to request Mann, Urrutia, Nelson, CPAs and Associates, LLP to render any additional services to either supplement the services requested to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and Mann, Urrutia, Nelson, CPAs and Associates, LLP. Any such additional work agreed to between the District and Mann, Urrutia, Nelson, CPAs and Associates, LLP shall be performed at the quoted supplemental hourly rates listed above.

Position	Standard Hourly Rates
Partner	\$ 250
Manager	190
Senior Staff	160
Staff	110

Hours by Staff Level for Each Segment of the Audit

Position	Audit Planning & Interim Fieldwork	Year-End Fieldwork	Workpaper Review and Audit Wrap Up	Financial Statement & Audit Report Preparation	Total
Partner	8	10	4	2	24
Senior Manager	14	12	4	2	32
Senior Staff	24	24	2	16	66
Professional Staff Admin	32	36	0	6	74
Total	78	82	10	26	196



PROPOSED FEE

This agreement will cover the years ending June 30, 2017 through June 30, 2018. Audit programs, workpapers and reports will be retained for a period of seven (7) years after the completion of the audit and made available for inspection by the San Mateo County Harbor District, oversight or cognizant agencies, parties designated by the federal or state governments, auditors of entities of which the San Mateo County Harbor District is a sub recipient of grant funds or component unit, and additional auditors if requested by them.

TOTAL MAXIMUM PRICE FOR AUDIT SERVICES

Service	6/30/2016	6/30/2017	6/30/2018
Audit the financial statements of the San Mateo County Harbor District	\$21,500	\$20,500	\$20,500
State Controller's Report	1,500	1,500	1,500
Management Letter, Reports	Included	Included	Included
Assistance with CAFR	3,000	1,500	1,500
Consultations *	Included	Included	Included
Total Fees	<u>\$26,000</u>	<u>\$23,500</u>	<u>\$23,500</u>

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES TO SUPPORT THE ALL-INCLUSIVE MAXIMUM PRICE

	Hours	Standard Hourly Rate	Quoted Hourly Rate	Cost (Rounded)
Partners	24	250	200	4,800
Managers	32	190	165	5,300
Supervisory Staff	66	160	135	8,900
Staff	74	110	95	7,000
Total				<u>26,000</u>

* Up to 10 hours per year of phone consultations. Additional hours and/or on-site consultations billed at quoted hourly rates.



SCHEDULE (TIMELINE)

2016 Audit

Task	Completed by
Audit planning & interim fieldwork	November 30th
Year-end fieldwork & audit wrap up	November 30 th
Financial statement draft to client	December 15 th
Final report to client	December 31st

Future Audits

Task	Completed by
Audit planning & interim fieldwork	June 30th
Year-end fieldwork & audit wrap up	October 31st
Financial statement draft to client	November 15 th
Final report to client	November 30th



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP

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