

# SAN MATEO COUNTY HARBOR DISTRICT



## PROPOSAL TO PROVIDE INDEPENDENT AUDIT SERVICES for June 30, 2016, 2017 and 2018

**Submitted: October 10, 2016**

**Presented by:**

**Renée S. Graves, CPA, CGFM  
Partner**

RGraves@vicenticpas.com  
Extension 260

**Vicenti, Lloyd & Stutzman LLP**

2210 E. Route 66  
Glendora, CA 91740  
Tel: 626.857.7300  
Fax: 626.857.7302



# SAN MATEO COUNTY HARBOR DISTRICT



## PROPOSAL TO PROVIDE INDEPENDENT AUDIT SERVICES

### TABLE OF CONTENTS

	<u>Page</u>
<b>1. TRANSMITTAL LETTER</b>	
Letter of Transmittal.....	1-2
<b>2. INTRODUCTION</b>	
Size and Structure of the Firm .....	3
Firm Qualifications and Experience .....	3
Range of Activities .....	3
Understanding Your Needs .....	4
Financial Audit .....	17
Single Audit.....	17
<b>3. QUALIFICATIONS</b>	
Training in Key Issues Facing Government and Special Districts .....	5
Quality and Continuity of Staff.....	5
Use of Technology by the Audit Team .....	5
License to Practice.....	5
Identification of Anticipated Potential Audit Issues .....	5
<b>4. CONSULTANTS STAFF</b>	
Client Service Partner .....	6
Client Service Managers.....	7
Additional Staff Auditors.....	7
<b>5. CONSULTANTS QUALIFICATIONS AND REFERENCES</b>	
Client References .....	8
<b>6. RESUMES</b>	
Resumes .....	9-10
<b>7. FEE SCHEDULE</b>	
Schedule of Professional Fees & Expenses – Audit Services .....	11
<b>8. PROPOSED FEE</b>	
Proposed Fee .....	12
<b>9. SCHEDULE</b>	
Sample List of Anticipated Schedules .....	13
General Audit Package .....	13
<b>10. ADDITIONAL INFORMATION</b>	
Peer Review .....	14
Insurance .....	14
Warranties .....	14
Indemnities .....	14
Affirmative Action Policy .....	14
Statement of Independence.....	14
Release of Information.....	14
Peer Review Documentation .....	15



October 10, 2016

Harbor District Finance Committee and  
Board of Harbor Commissioners  
San Mateo County Harbor District  
504 Avenue Alhambra, Second Floor  
El Granada, CA 94018

**RE: Request for Proposal to Provide Independent Auditing Services**

Dear Harbor District Finance Committee and Board of Harbor Commissioners,

Thank you for considering Vicenti, Lloyd & Stutzman LLP (Vicenti) as your independent auditor. We are delighted to respond to the San Mateo County Harbor District (District) Request for Proposals for Independent Audit Services for the fiscal years ending June 30, 2016, 2017 and 2018.

Vicenti has been serving governmental entities for over 30 years. Since we are independent of our clients, our primary goal is to provide objective observations regarding their financial statements, accounting controls, and financial reporting processes. We will work with the District in your efforts to earn and maintain the trust of the communities that you service, special district and other partners, and the public in a responsible and transparent manner.

We have read and understand the requirements listed in the Request for Proposal for Independent Audit Services. This statement certifies that we acknowledge the various requirements listed and that our professional licensing and standing meets all relevant standards. Please review our proposal as an opportunity to learn more about the depth and breadth of our expertise.

We are committed to meeting your required timelines. Our goal is to properly plan the audit to provide Management and the Committee with the most current information.

We are qualified to meet the requirements of and to perform the scope of this engagement because of our knowledge and expertise that we have developed in the special district and governmental arenas. We are an established and financially solid firm with a strong presence in the Northern and Southern California areas for more than 60 years. We work closely with our clients to help them understand and adjust to the evolving accounting and regulatory changes in the your industry.

***YOUR PRIMARY CONTACTS***

The following personnel are authorized to make representations for Vicenti, and they are based out of our office at 2210 E. Route 66, Glendora, CA 91740:

**Renée S. Graves, CPA, CGFM**  
**Leslie Ward, CPA**

**626-857-7300 Ext. 260**  
**626-857-7300 Ext. 293**

**RGraves@vicenticpas.com**  
**LWard@vicenticpas.com**

While our technical expertise and depth of knowledge are extensive, our greatest strength lies in our people. As the Client Service Partner of the Vicenti Audit Team, it is my promise to conduct a comprehensive audit for the District with the utmost integrity and diligence. My active participation during the audit ensures that issues are quickly communicated to the General Manager and disclosed properly to the Board.

This proposal is a firm and irrevocable offer for at least one hundred eighty days from October 10, 2016. If you have any questions or need further information, please feel free to call me anytime at the telephone number above. I will be happy to discuss this proposal and our firm's qualifications with you in a more personal manner.

Thank you very much for your consideration.

Sincerely,



Renée S. Graves, CPA, CGFM  
Partner

## INTRODUCTION

### SIZE & STRUCTURE OF THE FIRM

In 1953, Vicenti, Lloyd & Stutzman (Vicenti) began the journey to build a team of exceptional accounting professionals with rich experiences and dedication to a wide variety of organizations throughout California. Since that time, we have helped special district and other government agencies throughout California ensure fiscal responsibility and meet regulatory compliance through responsible and effective services in the areas of audit, accounting and tax.

We are a limited liability partnership under the laws of the State of California and have operated under the existing name of Vicenti, Lloyd & Stutzman LLP since 1966. We are properly licensed as a Certified Public Accounting firm in the State of California. We are a large, local firm and currently have 66 employees including emeriti, nine partners, seven senior managers, five managers, and other professional and administrative staff. Our professional staff includes 40 auditors with governmental auditing experience. All work is performed at our office headquarters located at 2210 E. Route 66, Glendora, California 91740.

Vicenti Employees & Governmental Experience	Total Employees by Level	Experienced with Regulatory Audits
Partners Emeriti	1	1
Partners	9	8
Directors/Consultants	3	2
Senior Managers	7	5
Managers	5	4
Senior Associates and Associates	27	20
Administrative Staff	14	N/A
Total	66	40
CPAs	31	13

### FIRM QUALIFICATIONS AND EXPERIENCE

Vicenti has earned an excellent reputation as a firm committed to providing top quality audit, accounting, tax, and consulting services to our special district clients. The following is a partial listing of special districts we have served over the years.

- Main San Gabriel Basin Watermaster
- City of Glendora Water Department
- Victor Valley Wastewater Reclamation
- Central Basin Water Association
- MERGE Risk Management
- Valley County Water District
- Jurupa Community Service District
- Association of Groundwater Agencies
- Pico Water District
- California Groundwater Coalition
- Victor Valley Water Reclamation Authority
- San Gabriel Valley Protection Association
- San Gabriel Valley Municipal Water District
- So. California Schools Employee Benefit Assoc.
- Metropolitan Employee Benefits Trust
- So. California Community College District JPA

Vicenti continuously strives to help our clients be as successful as possible and make recommendations to improve efficiencies. Our approach is management oriented and we are committed to complying with all state and regulatory requirements. Communication is our highest priority, which is why we are available all year round to address our clients' needs. Vicenti is also fully qualified to advise you in the areas of fraud detection, internal auditing, and governmental funding issues.

### RANGE OF ACTIVITIES

We are recognized throughout the State of California as a leading special district and governmental auditing firm. In addition to special districts, we specialize in audits of joint power authorities, school districts and community colleges. Our auditors are all full-time employees and are staffed out of our Glendora office. In addition to audits, our firm provides tax preparation and planning services, reviews and compilations, and a variety of consulting services.

# INTRODUCTION

---

## *UNDERSTANDING YOUR NEEDS*

### *Financial Audit*

Vicenti will audit the financial statements of the District for the fiscal years ending June 30, 2016, 2017 and 2018. Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and other applicable laws and regulations. To the extent applicable, our audit will meet the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements and the State Controller's Minimum Audit Requirements for California Special Districts. We will consult with District staff on matters such as GL accounts, maintenance of enterprise accounts, and cash handling procedures as needed as determined by the District.

We will prepare Financial Statements and Notes as required for GAAP reporting and GASB requirements, to be approved by the District and assist in the preparation of the annual Comprehensive Annual Financial Report (CAFR).

We will evaluate the adequacy of the internal controls and accounting systems and, where weaknesses are noted, make appropriate recommendations for improvements. We will also review prior year recommendations regarding the Districts accounting systems or controls as appropriate. We will submit a management letter to include findings and recommendations, other instances of non-compliance with laws and regulations, and significant deficiencies or material weaknesses if identified.

We will provide adjusting journal entries to the District to allow sufficient time to prepare the Management's Discussion and Analysis. Management is responsible for preparing the financial statements, including footnotes, required supplementary information, and supplementary information. We will assist management in preparing the financial statements and creating a print ready cohesive document, but responsibility for the financial statements remains with management. We will review a draft of the financial statements with management and will present the financial statements to the Finance Committee and/or the Board, if requested.

If required, the annual report of the District's financial transactions will be filed with the State Controller as prescribed by the State Controller's office in advance of the due date.

Vicenti will assist the District in providing more meaningful and concise financial statements by seeking improved methods of reporting. We will be available on a day-to-day basis for consulting and on-going auditing needs.

### *Single Audit*

The District will determine annually if a Single Audit is required. At the District's discretion, we will perform the audit in accordance with the Single Audit Act and standards of OMB Uniform Administrative Requirements. We will issue our report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Uniform Administrative Requirements. We will prepare the Data Collection Form required by OMB. A separate engagement letter and fee estimate will be prepared if these services are required.

## **QUALIFICATIONS**

---

### ***TRAINING IN KEY ISSUES FACING GOVERNMENT AND SPECIAL DISTRICTS***

It is our duty to our clients to be well educated about the issues facing governmental industries. We achieve this by participating in various organizations, such as the Association of California Water Agencies (ACWA), and the California Society of Municipal Finance Officers (CSMFO), and subscribing to several publications. We are equally committed to keeping our professionals apprised of the latest technical developments in the areas of audit, accounting, tax, and information systems. Every year, we attend education and development courses that meet or exceed our profession's standards. In order to perform quality and efficient audits, our professionals obtain extensive training sessions in order to keep up to date with the ever changing compliance requirements to ensure that our professionals possess the highest technical knowledge. As a service to our clients, we distribute technical information updates as soon as we become aware that a specific client will be affected by a new accounting pronouncement or tax law change. We have an extensive reference library and Internet service capacity at our offices, and they are available to our clients. In brief, we are able to help you deal with the multitude of significant issues you and other districts face.

### ***QUALITY AND CONTINUITY OF STAFF***

Staff turnover is to be expected in any business environment – both ours and yours. Our experience in this area varies from year to year. While we cannot promise there will be no turnover on your audit, we can assure you that every effort will be made to assign some of the same people from year to year and, if necessary, to replace manager or supervisor level staff with individuals who have already worked on your organization's audit. *We have never had an occasion where the entire audit staff on an audit such as yours turned over between one year and the next.* An advantage of normal staff turnover is it can bring a fresh look to your operations without the need to change audit firms.

While we stress consistency in personnel, we also will realize the need for periodic rotation of personnel to ensure objective viewpoints. We discuss this with your management and/or Audit Committee to determine the appropriateness of rotation.

### ***USE OF TECHNOLOGY BY THE AUDIT TEAM***

At Vicenti, technology is an important component in providing better service to our clients. We currently employ Engagement CS Software, a paperless audit system, which provides powerful tools to help us prepare, organize, review, and share working papers during the engagement. Through the use of an integrated trial balance database, we are able to download data from a client's financial applications and generate draft financial statements at the time fieldwork is completed.

We also utilize data extraction software to further expedite the audit process. We will make every effort to take advantage of your systems to make the audit as efficient and effective as possible. This includes using technology to help us minimize the time we need to spend incurring travel costs and our client's precious time during audit field-work.

### ***LICENSE TO PRACTICE***

We are properly licensed as a Certified Public Accounting firm in the State of California and all key professional staff is properly registered/licensed to practice in the State of California.

### ***IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT ISSUES***

While it is not our expectation to discover any "audit problems," there are typically challenges that we encounter in connection with special district audits which require us to modify our approach accordingly. An example of such issues includes ascertaining the extent of management oversight over the accounting function. Special districts normally have a small accounting staff that precludes ideal segregation of duties. Proper management oversight mitigates those internal control risks.

## CONSULTANT'S STAFF

---

### *CLIENT SERVICE PARTNER*

**Renée S. Graves, CPA, CGFM** is a Partner of Vicenti. She has over thirty years of experience planning, directing and supervising audits of auxiliary organizations, nonprofit organizations, retirement communities, community college districts, K-12 school districts, and charter schools in Southern California. Renée provides consulting services as an interim CFO and for year-end closing and internal control reviews and analyses. She conducts accounting workshops and addresses organizations such as the California Association of School Business Officials, the Association of Chief Business Officials, and the California Society of CPAs, as well as conducting internal workshops on the requirements of Proposition 39. She currently serves on the California State Society of CPAs Accounting and Auditing Committee and is a former Director of the Cal Poly Accounting Alumni Association. In addition to being a Certified Public Accountant, Renée is a Certified Government Financial Manager, and serves on the State Government Accounting Committee. Renée leads an internal committee that researches auditing standards for the purpose of developing training for our staff and clients on changing regulations. Through this committee, Vicenti provides early notification of changing standards and provides training for and assistance with the implementation of new standards. Renée has served as Client Service Partner on audits for San Bernardino County Superintendent of Schools.

### **Partner-Led Teams**

With Vicenti as your auditor, you and your team will have direct access to the Client Service Partner, who will be ***available at all times to San Mateo County Harbor District personnel*** to respond to any questions or concerns.

The Client Service Partner is responsible for the overall performance of our personnel. The partner will closely monitor the progress of the engagement and will be available at all times to address any issues that senior staff on the job might have. The partner will also review all sensitive or material work performed by Vicenti personnel.

**For quick access,  
call 626-857-7300:**

- Renée, Ext. 260

## CONSULTANT'S STAFF

---

### *CLIENT SERVICE MANAGER*

**Leslie Ward, CPA** is a Senior Manager at Vicenti with concentration in special districts and not-for-profit audit areas as well as commercial enterprises. She has experience in auditing and supervising audits of governments and non-profit organizations, including financial and compliance audits of, Joint Powers Authorities, water districts, and other not-for-profit and commercial organizations. Leslie participates in an internal committee that researches auditing standards for the purpose of keeping our staff and clients informed on changing regulations. Through this committee, Vicenti provides early notification of changing standards and provides training for and assistance with the implementation of new standards.

The Audit Manager assigned to your engagement will be responsible for the on-site progress of the engagement and will supervise the staff members assigned. As you can see from the attached resumes, all our Audit Managers are Certified Public Accountants and have the experience, knowledge and skills to ensure that the District's audit is of the highest quality and completed in accordance with governmental standards. In addition, all the audits will meet and address your specific needs and requirements. The Manager will be selected upon the commencement of services for this engagement. Vicenti will discuss with you the Manager selected. If a particular Manager is desired, according to availability, we will work to accommodate your preference.

We feel it is imperative that you have consistent contact with the partners and staff assigned to your engagement. While some CPA firms offer clients limited access to their designated partners and managers, *at Vicenti we encourage regular contact.*

### *ADDITIONAL STAFF AUDITORS*

Vicenti has invested hundreds of hours to develop effective, research-based direct instruction and hands-on training for our auditors. Each staff accountant participates in 120 hours of audit-specific training within the first two years of employment. Staff emerge with a solid knowledge base for their assigned tasks, which reduces on-the-job training for a more cost-efficient audit. Drawing from the remaining senior associates and associates with government experience, the Client Service Partner will assign the best-qualified individuals for the audit. Staff accountants are responsible for the detailed testing of internal control and transactions under the supervision of the in-charge and manager.

#### **Your Audit in Capable Hands: Manager and In-Charge Auditors**

The Vicenti Client Service Manager plays a key role in planning the engagement, assessing internal control, and evaluating the results of many audit steps.

The Auditor In-Charge coordinates the audit, monitors on-site progress, and supervises staff.

**For quick access, call 626-857-7300:**  
• **Leslie. ext. 293**

## QUALIFICATION AND REFERENCES

---

### *CLIENT REFERENCES*

Vicenti has been serving governmental entities for over 30 years. The following are governmental clients that we have provided similar services to in recent years. We have conducted audits on various water districts, special districts and associations over the last five years. At the present time, we audit numerous governmental entities that apply standards promulgated by GASB, and we have extensive experience conducting audits that comply with OMB Uniform Administrative Requirements. Please feel free to contact all references regarding Vicenti.

#### ***Audit Engagements:***

##### **Jurupa Community Services District**

Cindy Mouser, Controller  
11201 Harrel Street  
Mira Loma, CA 91752  
Tel: 951-685-7434

Engagement Partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 300 – Years of Services: 3

##### **San Gabriel Valley Municipal Water District**

Darin Kasamoto, General Manager  
1402 N. Vosburg Drive  
Azusa, CA 91702  
Tel: 626-969-7911

Engagement Partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 130 –Years of Services: 2

##### **Valley County Water District**

Jandy Macias, Assistant General Mgr.  
14521 Ramona Blvd.  
Baldwin Park, CA 91706

Engagement Partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 115 –Years of Services: 2

##### **California Schools Risk Management and California Schools Employee Benefits Association**

Mr. Javier Gonzalez, CFO  
1950 South Sunwest Lane, Suite 100  
San Bernardino, CA 92408  
Tel: 909.763.4900  
Tel: 626-338-7301

Engagement partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 400 – Years of Services: 10

##### **MERGE Risk Management**

Kristin Olafsson, Deputy  
Superintendent-Business Services  
El Monte City School District  
3540 N. Lexington Avenue  
El Monte, CA 91731  
Tel: 626.307-3400

Engagement partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 100 – Years of Services: 10

##### **LA County Schools Regionalized Business Services (COPs) Corporation**

Gerald Yarbrough, Regionalized  
Business Services Coordinator  
Business Advisory Services  
Los Angeles County Office of Education  
9300 Imperial Highway  
Downey, CA 90242  
Tel: 562-922-6122

Engagement partner: Renée S. Graves  
Scope of work: Audit of Financial Statements  
Total Hours: 80 – Years of Services: 20+

## **Renée S. Graves, CPA, CGFM**

### **Partner**

---

#### ***PRACTICE AREAS:***

- Audits
- Business and Consulting Services
- Internal Control Review and Analysis
- Year-end Closing and Accounting-Related Issues

#### ***INDUSTRY EXPERTISE:***

- Governmental Entities
- Special Districts
- Community Colleges, including Bookstore Operations
- Not-for-Profit Organizations
- Foundations
- Retirement Communities
- School Districts



#### ***PROFESSIONAL BACKGROUND:***

- Joined Vicenti, Lloyd & Stutzman LLP in 1986; Named Partner in 1993
- Frequent speaker at the California Society of Certified Public Accountants and the California Association of School Business Officials

#### ***PROFESSIONAL AND COMMUNITY ACTIVITIES:***

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Board of Accountancy Peer Review Oversight Committee
- LeadingAge of California
- California Association of School Business Officials
- Past Chair and Finance Chair, La Verne Chamber of Commerce
- Past Chairperson, Community College Research and Development Committee
- American Woman's Society of Certified Public Accountants
- 2001 Alumni Inductee into the Cal Poly Accounting Hall of Fame

#### ***LICENSES:***

- Licensed to practice as a Certified Public Accountant in the State of California since July of 1988
- Received Certification as a Government Financial Manager in March of 1998

#### ***EDUCATION:***

- Bachelor of Science in Accounting, Cum Laude, California State Polytechnic University, Pomona

#### ***PERSONAL:***

- Renée enjoys outdoor activities including boating and bike riding and is a raving fan of the UC Davis Ultimate Club Frisbee and UC Davis Women's Volleyball teams.

## **Leslie Ward, CPA**

### **Senior Manager**

---

#### ***PRACTICE AREAS:***

- Financial and Compliance Audits
- Single Audits under Federal Circular A-133
- Tax Exempt Organization Reporting
- Business Service Consulting

#### ***INDUSTRY EXPERTISE:***

- Joint Powers Authorities
- Not-for-Profit Organizations
- Water Districts
- Charter Schools



#### ***PROFESSIONAL BACKGROUND:***

- Joined Vicenti, Lloyd & Stutzman LLP in 2010 as an Audit Services Manager
- Basin Water Company, Financial Reporting and Compliance, 2006-2009
- Suburban Water Systems, Financial Reporting and Compliance, 2003-2006

#### ***PROFESSIONAL AND COMMUNITY ACTIVITIES:***

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- Volunteer and Supporter, American Cancer Society

#### ***LICENSE:***

- Licensed to practice as a Certified Public Accountant in the State of California since January 1988

#### ***EDUCATION:***

- Bachelor of Science in Business Administration with a major in Accounting, Cum Laude, California State Polytechnic University, Pomona

#### ***PERSONAL:***

- Leslie enjoys walking, scrapbooking, reading, the theater, and spending time with her family.

## FEE SCHEDULE

---

### *SCHEDULE OF PROFESSIONAL FEES & EXPENSES – AUDIT SERVICES*

	2015-16			2016-17			2017-18		
	Standard			Standard			Standard		
	Hourly			Hourly			Hourly		
	Hours	Rates	TOTAL	Hours	Rates	TOTAL	Hours	Rates	TOTAL
Partner	30	\$ 285	\$ 8,550	30	\$ 285	\$ 8,550	30	\$ 290	\$ 8,700
Sr. Manager/ Manager	30	210	6,300	30	215	6,450	30	220	6,600
Supervisory Staff	50	125	6,250	50	130	6,500	50	135	6,750
Staff	50	100	5,000	50	105	5,250	50	110	5,500
Clerical	<u>5</u>	45	<u>225</u>	<u>5</u>	45	<u>225</u>	<u>5</u>	45	<u>225</u>
	<u>165</u>		\$ 26,325	<u>165</u>		\$ 26,975	<u>165</u>		\$ 27,775
Professional Discount			<u>\$ (4,565)</u>			<u>\$ (4,475)</u>			<u>\$ (4,575)</u>
Maximum Audit Fees			<u>\$ 21,760</u>			<u>\$ 22,500</u>			<u>\$ 23,200</u>

## PROPOSED FEE

For the fiscal years ending June 30, 2016, 2017 and 2018 in accordance with Government Auditing Standards issued by the Comptroller General of the United States, and the US Office of Management and Budget and all other applicable federal, state, or local accounting standards. If applicable; telephone consultation between our auditors and your staff during the normal course of the audit; presentation of the audit to management and to the Board, and availability to you to answer general questions throughout the year regarding GL accounts, maintenance of enterprise accounts, and cash handling procedures as needed as determined by the District. Preparation of Annual Independent Auditor's Report. Report on audit of annual financial statements, internal accounting and controls, accounting systems and on any other auditing/accounting matter required by any federal or state regulation. Prepare and file all necessary reports as required to the State Controller's Office and the San Mateo County Auditor-Controller that conform to the requirements of California Government Code Section 26909 or any other applicable statute. Review prior year recommendations and make recommendations for improvements in the District's accounting systems or controls. Prepare Financial Statements and Notes as required for GAAP reporting and GASB requirements, to be approved by the District and assist in the Preparation of the annual Comprehensive Annual Financial Report (CAFR).

### Vicenti Billing Policy

Fees for our professional audit services are proposed at a **maximum not-to-exceed figure**.

If our work takes less time than we anticipate... **we will bill for less than the proposed amount.**

Preparation of the comprehensive financial statements including all financial statements, footnotes, required supplementary information, supplementary information and statistical information are the responsibility of management. Management is also responsible for the implementation of new standards issued by the Governmental Accounting Standards Board. We will provide reasonable assistance in the preparation of the items noted herein, but any significant time needed to complete the financial statements will be billed separately.

If the need for additional work comes to our attention, we will immediately bring this to your attention. If you choose to have us perform the additional work, then such work will be performed at the above hourly rates and set forth in an addendum to the contract between the District and Vicenti.

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Professional Audit Services	\$ 26,325	\$ 26,975	\$ 27,775
Discount	\$ 4,565	\$ 4,475	\$ 4,575
Maximum Audit Fees	\$ 21,760	\$ 22,500	\$ 23,200

Out-of-Pocket expenses, including mileage at the current Internal Revenue Service rate will not exceed \$300.

The above not-to-exceed fees for audit services assume that your records are in adequate condition. We have not estimated any time for additional services such as compiling financial statement balances or reconciling supporting documentation.

The quoted fee is also dependent on all items requested at the pre-audit meeting being completed in the format requested or in a mutually agreed upon format and uploaded to the Client Portal hosted by Vicenti. The Governmental Accounting Standard Board (GASB) has issued GASB Statements No. 72, No. 76 and No. 79 which are effective for the 2015-16 fiscal year, if applicable. It is management's responsibility to implement the appropriate GASB Statements as they pertain to the District operations. We can provide assistance to the District with implementation of the new standards under a separate agreement. An audit planning document will be provided to the District's audit coordinator.

## **SAMPLE LIST OF ANTICIPATED SCHEDULES**

---

### ***SAMPLE LIST OF ANTICIPATED SCHEDULES***

The following is a sample listing of anticipated schedules that the District should already be preparing and not require additional time. A request for information, schedules and documents for the audit will be provided to the District audit coordinator at the pre-audit meeting. The proposed fee is based on all requested items being uploaded to the District client portal hosted by Vicenti five business days prior to the start of fieldwork and adequate internet access. Below are examples of items to be requested. We will request that the District personnel gather invoices and documentation for us; we will give as much notice as possible regarding such requests. In addition, it is imperative that key District personnel are available during the scheduled fieldwork dates.

### ***GENERAL AUDIT PACKAGE***

- ◆ Bank reconciliations for all bank accounts in all the District funds.
- ◆ Reconciled schedule of investment activities by investment types, including investment income and realized and unrealized gains and losses.
- ◆ Detailed capital asset listing that includes equipment, buildings, land, construction in progress and infrastructure.
- ◆ Depreciation calculation, additions and deletions for all depreciable capital assets.
- ◆ Schedule of capital lease payments indicating fund and account charged.
- ◆ Final Accounts Receivable and Accounts Payable listing for all the District funds.
- ◆ List of all law firms used by the District, including name and address, and the types of services provided by each (i.e. negotiations, personnel, etc.).
- ◆ Schedule of long term debt, including repayment schedules and interest rates
- ◆ Schedule of accrued vacation liability at fiscal year end, showing detail by employee name, hours/days accrued, pay rate, salary-related benefits and calculation of current portion of liability, if applicable.
- ◆ Schedule of retiree benefits liability. Please include details of plan, such as eligibility requirements, number of plan participants, levels of coverage, amounts paid in current fiscal year and budgeted for next year, etc.
- ◆ Valuation report for CalPERS.
- ◆ Actuarial report for other post-employment benefits.
- ◆ Management's Discussion and Analysis.
- ◆ Copies of relevant board policies, such as investment policies, fund balance commitments and minimum reserve policies.

## **ADDITIONAL INFORMATION**

---

### ***PEER REVIEW***

Vicenti is a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA). As members of the PCPS, we have an outside peer review of our quality control procedures conducted every three years. These reviews always include governmental engagements. Our most recent peer review was conducted in May 2013. Our peer review letter is attached and may also be obtained directly from our website at [www.vicenticpas.com/about/peer-review/](http://www.vicenticpas.com/about/peer-review/). In addition, Partner Renée S. Graves is a member of the California Board of Accountancy Peer Review Oversight Committee.



### ***INSURANCE***

We carry workers' compensation, commercial general liability, commercial automobile liability, and professional liability insurance. We shall provide a certificate of insurance upon your request.

### ***WARRANTIES***

Vicenti has obtained an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts of the firm and its officers, employees, and agents. We will not delegate or subcontract our responsibilities under any agreement with you without your express prior written consent. All information provided in response to this request for proposal is true and correct. We acknowledge and agree with all of the terms and conditions stated in this request for proposal.

### ***INDEMNITIES***

Vicenti assumes all risk of injury to its employees, agents, and subcontractors, including loss of or damage to property, and shall defend, indemnify, and hold harmless the District, its Board, officers, employees, and agents from and against all claims, suits, or causes of action for injury to any person or damage to any property arising out of, or connected with, performance of work under the contract that does not result from the gross negligence or intentional misconduct of the District, its Board, officers, employees or agents.

### ***AFFIRMATIVE ACTION POLICY***

Vicenti does not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age, medical condition, marital status, ancestry, or sexual orientation.

### ***STATEMENT OF INDEPENDENCE***

Vicenti is independent of the District and its members as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards. The firm has had no professional relationships involving the District and its members for the past five (5) years and the staff who will be assigned to do not constitute a conflict of interest relative to performing the proposed audit.

### ***RELEASE OF INFORMATION***

Vicenti will not publish or use any advertising, sales promotion, or publicity in matters relating to services, equipment, products, reports, and material furnished by Vicenti in which the District name is used, or its identity is implied, without prior written approval by the District.

## ADDITIONAL INFORMATION

---

### PEER REVIEW DOCUMENTATION



#### System Review Report

To the Partners of Vicenti, Lloyd &  
Stutzman, 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 Vicenti, Lloyd & Stutzman, LLP (the firm) in effect for the year ended December 31, 2012. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Vicenti, Lloyd & Stutzman, LLP in effect for the year ended December 31, 2012, 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*. Vicenti, Lloyd & Stutzman, LLP has received a peer review rating of *pass*.

*Campbell Taylor & Company*  
May 24, 2013

3741 Douglas Blvd., Suite 350, Roseville, CA 95661 ♦ E-Mail: [mail@campbelltaylor.com](mailto:mail@campbelltaylor.com) ♦ (916)929-3680 ♦ Fax: (916)929-7443