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Ms. Kelly Cadiente  
Director of Administrative Services  
Marina Coast Water District  
11 Reservations Road  
Marina, CA 93933

VIA EMAIL

Subject: Audit Services Option to Renew for 2013 and 2014

Dear Kelly:

At the conclusion of each audit year, the firm evaluates the results of the audit practice. As such, the Marina Coast Water District actual audit results for the year ended June 30, 2012 were as follows:

Hours	377
Out-of-Pocket Expenses	\$7,019
Audit Fee	\$12,150
Earned Rate Per Hour	\$13.61

As you can see, these actual results of earned rate per hour of \$13.61 is at a significant variance from our Proposal for Audit Services, dated June 4, 2012 which estimated an earned rate per hour of \$97.20.

Although the quality of our audit services was not affected, we cannot afford to provide services for \$13.61/hour. Accordingly, for 2013 and 2014 renewal option, we propose a fixed fee of \$24,000 per year for our audit services which also will include assisting the District in implementing new GASB Standards such as No. 63, Accounting and Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and aid in converting the District's Financial statements to a comparative display which would present better financial statements for the Board and management to read, understand and analyze the District's financial condition.

The fee for the audit services for 2013 and 2014 of \$24,000 is a fixed fee. We will not request an adjustment unless circumstances at the District drastically change from 2012.

If you have any questions, please contact me.

Best Regards,

Gary M. Caporicci  
Partner

GC:il