

**Carson City Board of Supervisors
Agenda Report**

Date Submitted: March 21, 2012

Agenda Date Requested: April 5, 2012

Time Requested: 5 minutes

To: Mayor and Supervisors
From: Purchasing and Contracts

Subject Title: For Possible Action: To approve Contract No. 1112-148 pursuant to NRS 354.624 with Kafoury Armstrong & Co. to provide auditing services for a task based contract for a not to exceed amount of \$304,010.00 to be funded from various funding sources. *(Kim Belt)*

Staff Summary: Carson City received sealed Statement of Qualifications (S.O.Q.) to perform the City's Audit function on February 3, 2012 at 11:00 a.m. The S.O.Q. was, e-mailed to Certified Public Accountants that performed Municipal Audits, published in the Nevada Appeal and posted on Carson City's website on January 13, 2012. The S.O.Q.'s were opened at approximately 11:10 a.m. on February 3, at 201 North Carson Street, Carson City, Nevada 89701, and sent for review by the Finance Review and Selection Committee. SOQ's were received from the following: Barnard Vogler & Co.; Gallina, LLP; Kafoury Armstrong & Co.; J.A. Solari & Partners LLC and Piercy Bowler Taylor & Kern.

At the February 14, 2012, Audit Committee meeting the Committee approved the Finance Review and Selection Committees recommendation for contract award to Kafoury, Armstrong & Co. Certified Public Accountants for the Carson City External Audit Function.

Type of Action Requested: (check one)

Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to approve Contract No. 1112-148 pursuant to NRS 354.624 with Kafoury Armstrong & Co. to provide auditing services for a task based contract for a not to exceed amount of \$304,010.00 to be funded from various funding sources. *(Kim Belt)*

Explanation for Recommended Board Action: NRS 354.624 Annual audit: Requirements; designation of auditor; scope and disposition; dissemination; prohibited provision in contract with auditor.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 354.624

Fiscal Impact: To be determined with each task order.

Explanation of Impact: If approved, the below referenced funds could be decreased by \$304,010.00

Funding Source:

General Fund	101-0701-415-0312	\$130,726.00
Group Medical Insurance	570-0706-415-0312	6,080.00
Workers' Compensation	580-0704-415-0312	6,080.00
Fleet Management	560-3025-419-0312	6,080.00
Insurance Fund	590-0745-415-0312	6,080.00
Water Fund	520-3502-435-0312	60,802.00
Sewer Fund	510-3201-434-0312	60,802.00
Ambulance Fund	501-2525-422-0312	9,120.00
Cemetery Fund	530-5067-443-0312	3,040.00
Building Permit Fund	525-3014-424-0312	6,080.00
Landfill	101-6804-441-0312	6,080.00
Storm Water Drain	505-3702-437-0312	<u>3,040.00</u>
		\$304,010.00

Supporting Material: Contract No. 1112-148 and the Draft February 14, 2012 Audit Committee Meeting Minutes.

Prepared By: Kim Belt, Purchasing and Contracts Manager

Reviewed By: Nancy Paulson Date: 3/27/12
 (Finance Director)
Theresa Ahronhite Date: 3/27/12
 (City Manager)
Sandy New Date: 3/27/12
 (District Attorney)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
 _____ 2) _____

 (Vote Recorded By)

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

THIS CONTRACT, made and entered into this 5th day of April, 2012, by and between the City and County of Carson City, a political subdivision of the State of Nevada, hereinafter referred to as the "**CITY**", and Kafoury, Armstrong & Co., hereinafter referred to as the "**CONTRACTOR**".

W I T N E S S E T H :

WHEREAS, the Purchasing and Contracts Manager for the City and County of Carson City is authorized, pursuant to Nevada Revised Statutes Chapter 332 and Carson City Purchasing Resolution #1990-R71, to approve and accept this Contract as set forth in and by the following provisions; and

WHEREAS, it is deemed that the services of **CONTRACTOR** for **CONTRACT No. 1112-148 Carson City External Audit Function** are both necessary and in the best interests of **CITY**; and

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1 **REQUIRED APPROVAL:**

1.1 This Contract shall not become effective until and unless approved by the Carson City Board of Supervisors.

2 **CONTRACT TERM:**

2.1 This Contract shall be effective from April 5, 2012 subject to Carson City Board of Supervisors' approval (anticipated to be April 5, 2012) to December 31, 2014 unless sooner terminated by either party as specified in **Section 7 Contract Termination**.

3 **NOTICE:**

3.1 Unless otherwise specified, termination shall not be effective until thirty (30) calendar days after a party has served written notice of default, or without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by e-mail with simultaneous regular mail, by telephonic facsimile with simultaneous regular mail, or by certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified below.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

For P&C Use Only	
CCBL expires	_____
GL expires	_____
AL expires	_____
PL expires	_____
WC expires	_____

3.1.1 Notice to **CONTRACTOR** shall be addressed to:

Kristen Burgess, CPA
Kafoury, Armstrong & Co.
6140 Plumas Street
Reno, Nevada 89519-6060
775-689-9100/FAX 775-689-9299
kburgess@kafoury.com

3.1.2 Notice to **CITY** shall be addressed to:

Carson City Purchasing and Contracts
Kim Belt, Purchasing and Contracts Manager
201 North Carson Street Suite 3
Carson City, NV 89701
775-283-7137/ FAX 775-887-2107
KBelt@carson.org

4 SCOPE OF WORK:

4.1 **CONTRACTOR** shall provide and perform the following services for and on behalf of **CITY** hereinafter referred to as the "**SERVICES**".

4.2 **CONTRACTOR** will audit the basic financial statements of Carson City for the fiscal years ending June 30, 2012, June 30, 2013 and June 30, 2014 in accordance with *Government Auditing Standards*, will also perform a Single Audit of the **CITY** in Accordance with OMB Circular A-133, and will issue the appropriate auditor's reports thereon.

4.3 **CONTRACTOR** will print up to twenty (20) bound copies of the audited financial statements.

4.4 **CONTRACTOR** will provide one (1) unbound copy of the audited financial statements.

4.5 **CITY** shall prepare the draft financial statements in an Excel spreadsheet format for the basic and fund financial statements.

4.6 **CONTRACTOR** shall perform all functions relative to the footnotes and auditors' reports.

4.7 **CITY** shall prepare schedules and reconciliations of accounts and shall pull any source

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

documentation for testing as requested by **CONTRACTOR**.

4.8 **CITY** shall prepare the schedule of expenditures of federal awards for **CONTRACTOR'S** review.

4.9 Should **CITY** need assistance from **CONTRACTOR** in preparing that schedule, an additional fee would need to be negotiated.

4.10 **CONTRACTOR** should anticipate a maximum of two (2) major programs requiring testing for Single Audit purposes.

4.10.1 If more than two programs are required to be tested in connection with the Single Audit portion of the engagement, the **CITY** will discuss an appropriate modification to the fee.

4.11 **CITY** has received the Certificate of Achievement for Excellence in Financial Reporting for the last twenty one (21) years and **CONTRACTOR** will provide a certificate review.

4.12 **CONTRACTOR** shall complete and submit the audit report including required financial statements to the **CITY** on or before November 30, of each year of contract.

4.13 **CONTRACTOR** will apply the agreed-upon procedures listed below to the Municipal Solid Waste Landfill (MSWL) operating record of Carson City, Nevada for the fiscal years ended June 30, 2012, June 30, 2013 and June 30, 2014.

4.13.1 **CONTRACTOR** will confirm that the City's bond rating satisfies the conditions of subsection 1(a) of Section 2 of NAC Chapter 444; therefore, testing of the financial ratios in subsection 1(b) of Section 2 of NAC Chapter 444 is not required.

4.13.2 **CONTRACTOR** will report that they audited financial statements of Carson City, Nevada for the years ended June 30, 2012, June 30, 2013, and June 30, 2014, and that the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. **CONTRACTOR** will further report that they issued an unqualified opinion on the financial statements.

4.13.3 Based on information contained in the financial statements of Carson City, Nevada for the years ended June 30, 2012 and 2011, June 30, 2013 and 2012, and June 30, 2014 and 2013, **CONTRACTOR** will determine if the City has operated at a deficit equal to five percent or more of total annual revenue in either of the past two fiscal years for the respective period being reported on.

4.13.4 **CONTRACTOR** will perform calculations using the audited financial statements of Carson City, Nevada as of and for the years ended June 30, 2012, June 30, 2013 and June 30, 2014 to assist management in evaluating if the City's total revenue was adequate to assure the total estimated costs of closure and post closure.

4.13.5 **CITY** shall guarantee access to and make all provisions for the **CONTRACTOR** to enter public buildings as required for the **CONTRACTOR** to perform its services under this

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

Contract.

4.14 **CONTRACTOR** shall make a one (1) hour presentation with appropriate graphic materials to the Carson City Board of Supervisors during a regularly scheduled meeting in December, 2012, 2013 and 2014.

4.15 Prompt written notice shall be provided to the **CONTRACTOR** whenever the **CITY** observes or otherwise becomes aware of any defect in the services provided.

4.16 **CONTRACTOR** represents that it is duly licensed by Carson City for the purposes of performing the **SERVICES**.

4.17 **CONTRACTOR** represents that it is duly qualified and licensed in the State of Nevada for the purposes of performing the **SERVICES**.

4.18 **CONTRACTOR** represents that it and/or the persons it may employ possess all skills and training necessary to perform the **SERVICES** described herein and required hereunder. **CONTRACTOR** shall perform the **SERVICES** faithfully, diligently, in a timely and professional manner, to the best of its ability, and in such a manner as is customarily performed by a person who is in the business of providing such services in similar circumstances. **CONTRACTOR** shall be responsible for the professional quality and technical accuracy of all **SERVICES** furnished by **CONTRACTOR** to **CITY**.

4.19 **CONTRACTOR** represents that neither the execution of this Contract nor the rendering of services by **CONTRACTOR** hereunder will violate the provisions of or constitute a default under any other contract or agreement to which **CONTRACTOR** is a party or by which **CONTRACTOR** is bound, or which would preclude **CONTRACTOR** from performing the **SERVICES** required of **CONTRACTOR** hereunder, or which would impose any liability or obligation upon **CITY** for accepting such **SERVICES**.

4.20 Before commencing with the performance of any work under this Contract, **CONTRACTOR** shall obtain all necessary permits and licenses as may be necessary. Before and during the progress of work under this Contract, **CONTRACTOR** shall give all notice and comply with all the laws, ordinances, rules and regulations of every kind and nature now or hereafter in effect promulgated by any Federal, State, County, or other Governmental Authority, relating to the performance of work under this Contract. If **CONTRACTOR** performs any work that is contrary to any such law, ordinance, rule or regulation, he shall bear all the costs arising therefrom.

5 CONSIDERATION:

5.1 The parties agree that **CONTRACTOR** will provide the **SERVICES** specified in **Section 4 Scope of Work** and **CITY** agrees to pay **CONTRACTOR** the **CONTRACT SUM** based upon a not to exceed maximum lump sum amount of Three Hundred Four Thousand Ten Dollars and No Cents (\$304,010.00) to be expended per Fiscal Year as follows: Ninety Six Thousand

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

Nine Hundred Ten Dollars and No Cents (\$96,910.00) for FY ending June 30, 2012, One Hundred Five Thousand Six Hundred Dollars and No Cents (\$105,600.00) for FY ending June 30, 2013 and One Hundred One Thousand Five Hundred Dollars and No Cents for FY ending June 30 2014.

5.2 **CONTRACT SUM** represents full and adequate compensation for the completed **SERVICES**, and includes the furnishing of all materials; all labor, equipment, tools, and appliances; and all expenses, direct or indirect, connected with the proper execution of the **SERVICES**.

5.3 **CITY** has provided a sample invoice and **CONTRACTOR** shall submit its request for payment using said sample invoice.

5.4 Payment by **CITY** for the **SERVICES** rendered by **CONTRACTOR** shall be due within thirty (30) calendar days from the date **CITY** acknowledges that the performance meets the requirements of this Contract or from the date the correct, complete, and descriptive invoice is received by **CITY** employee designated on the sample invoice, whichever is the latter date.

5.5 **CITY** does not agree to reimburse **CONTRACTOR** for expenses unless otherwise specified.

6 TIMELINESS OF BILLING SUBMISSION:

6.1 The parties agree that timeliness of billing is of the essence to this Contract and recognize that **CITY** is on a fiscal year which is defined as the period beginning July 1 and ending June 30 of the following year. All billings for dates of service prior to July 1 must be submitted to **CITY** no later than the first Friday in August of the same year. A billing submitted after the first Friday in August will subject **CONTRACTOR** to an administrative fee not to exceed \$100.00. The parties hereby agree this is a reasonable estimate of the additional costs to **CITY** of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to **CONTRACTOR**.

7 CONTRACT TERMINATION:

7.1 Termination Without Cause:

7.1.1 Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties or unilaterally by either party without cause.

7.2 Termination for Nonappropriation:

7.2.1 The continuation of this Contract beyond June 30, 2012, is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

Carson City Board of Supervisors. **CITY** may terminate this Contract, and **CONTRACTOR** waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the funding is not appropriated or is withdrawn, limited, or impaired.

7.3 Cause Termination for Default or Breach:

7.3.1 A default or breach may be declared with or without termination.

7.3.2 This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

7.3.2.1 If **CONTRACTOR** fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

7.3.2.2 If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONTRACTOR** to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

7.3.2.3 If **CONTRACTOR** becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or

7.3.2.4 If **CITY** materially breaches any material duty under this Contract and any such breach impairs **CONTRACTOR'S** ability to perform; or

7.3.2.5 If it is found by **CITY** that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by **CONTRACTOR**, or any agent or representative of **CONTRACTOR**, to any officer or employee of **CITY** with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or

7.3.2.6 If it is found by **CITY** that **CONTRACTOR** has failed to disclose any material conflict of interest relative to the performance of this Contract.

7.4 Time to Correct:

7.4.1 Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in **Section 3 Notice**, and the subsequent failure of the defaulting party within fifteen (15) calendar days of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

7.5 Winding Up Affairs Upon Termination:

7.5.1 In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:

7.5.1.1 The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;

7.5.1.2 **CONTRACTOR** shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by **CITY**;

7.5.1.3 **CONTRACTOR** shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by **CITY**;

7.5.1.4 **CONTRACTOR** shall preserve, protect, and promptly deliver into **CITY** possession all proprietary information in accordance with **Section 23 City Ownership of Proprietary Information**.

8 REMEDIES:

8.1 Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. The parties agree that, in the event a lawsuit is filed and a party is awarded attorney's fees by the court, for any reason, the amount of recoverable attorney's fees shall not exceed the rate of \$125 per hour. **CITY** may set off consideration against any unpaid obligation of **CONTRACTOR** to **CITY**.

9 LIMITED LIABILITY:

9.1 **CITY** will not waive and intends to assert available Nevada Revised Statutes Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any **CITY** breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to **CONTRACTOR**, for the fiscal year budget in existence at the time of the breach. **CONTRACTOR'S** tort liability shall not be limited.

10 FORCE MAJEURE:

10.1 Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of this Contract after the intervening cause ceases.

11 INDEMNIFICATION:

11.1 To the extent permitted by law, including, but not limited to, the provisions of Nevada Revised Statutes Chapter 41, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of the indemnity which would otherwise exist as to any party or person described in this paragraph.

11.2 Except as otherwise provided in Subsection 11.4 below, the indemnifying party shall not be obligated to provide a legal defense to the indemnified party, nor reimburse the indemnified party for the same, for any period occurring before the indemnified party provides written notice of the pending claim(s) or cause(s) of action to the indemnifying party, along with:

11.2.1 a written request for a legal defense for such pending claim(s) or cause(s) of action; and

11.2.2 a detailed explanation of the basis upon which the indemnified party believes that the claim or cause of action asserted against the indemnified party implicates the culpable conduct of the indemnifying party, its officers, employees, and/or agents.

11.3 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall not be obligated to fund or reimburse any fees or costs provided by any additional counsel for the indemnified party, including counsel through which the indemnified party might voluntarily choose to participate in its defense of the same matter.

11.4 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall be obligated to reimburse the reasonable attorney's fees and costs incurred by the indemnified party during the initial thirty (30) day period of the claim or cause of action, if any, incurred by separate counsel.

12 INDEPENDENT CONTRACTOR:

12.1 An independent contractor is a natural person, firm or corporation who agrees to perform services for a fixed price according to his or its own methods and without subjection to

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

the supervision or control of the other contracting party, except as to the results of the work, and not as to the means by which the services are accomplished.

12.2 It is mutually agreed that **CONTRACTOR** is associated with **CITY** only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract. **CONTRACTOR** is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract.

12.3 Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for **CITY** whatsoever with respect to the indebtedness, liabilities, and obligations of **CONTRACTOR** or any other party.

12.4 **CONTRACTOR** shall indemnify and hold **CITY** harmless from, and defend **CITY** against, any and all losses, damages, claims, costs, penalties, liabilities, expenses arising out of or incurred in any way because of, but not limited to, **CONTRACTOR'S** obligations or legal duties regarding any taxes, fees, assessments, benefits, entitlements, notice of benefits, employee's eligibility to work, to any third party, subcontractor, employee, state, local or federal governmental entity.

12.5 Neither **CONTRACTOR** nor its employees, agents, or representatives shall be considered employees, agents, or representatives of **CITY**.

13 INSURANCE REQUIREMENTS:

13.1 **CONTRACTOR**, as an independent contractor and not an employee of **CITY**, must carry policies of insurance in amounts specified and pay all taxes and fees incident hereunto. **CITY** shall have no liability except as specifically provided in this Contract.

13.2 **CONTRACTOR** shall not commence work before: (1) **CONTRACTOR** has provided the required evidence of insurance to Carson City Purchasing and Contracts, and (2) **CITY** has approved the insurance policies provided by **CONTRACTOR**.

13.3 Prior approval of the insurance policies by **CITY** shall be a condition precedent to any payment of consideration under this Contract and **CITY'S** approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of **CITY** to timely approve shall not constitute a waiver of the condition.

13.4 Insurance Coverage:

13.4.1 **CONTRACTOR** shall, at **CONTRACTOR'S** sole expense, procure, maintain and keep in force for the duration of this Contract the following insurance conforming to the

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

minimum requirements specified below. Unless specifically specified herein or otherwise agreed to by **CITY**, the required insurance shall be in effect prior to the commencement of work by **CONTRACTOR** and shall continue in force as appropriate until the latter of:

13.4.1.1 Final acceptance by **CITY** of the completion of this Contract; or

13.4.1.2 Such time as the insurance is no longer required by **CITY** under the terms of this Contract.

13.4.2 Any insurance or self-insurance available to **CITY** shall be in excess of and non-contributing with any insurance required from **CONTRACTOR**. **CONTRACTOR'S** insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by **CITY**, **CONTRACTOR** shall provide **CITY** with renewal or replacement evidence of insurance no less than thirty (30) calendar days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by this Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as **CONTRACTOR** has knowledge of any such failure, **CONTRACTOR** shall immediately notify **CITY** and immediately replace such insurance or bond with an insurer meeting the requirements.

13.5 General Requirements:

13.5.1 **Certificate Holder:** Each liability insurance policy shall list Carson City c/o Carson City Purchasing and Contracts, 201 N. Carson Street Suite 3, Carson City, NV 89701 as a certificate holder.

13.5.2 **Additional Insured:** By endorsement to the general liability insurance policy evidenced by **CONTRACTOR**, The City and County of Carson City, Nevada, its officers, employees and immune contractors shall be named as additional insureds for all liability arising from this Contract.

13.5.3 **Waiver of Subrogation:** Each liability insurance policy shall provide for a waiver of subrogation as to additional insureds.

13.5.4 **Cross-Liability:** All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.

13.5.5 **Deductibles and Self-Insured Retentions:** Insurance maintained by **CONTRACTOR** shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by **CITY**. Such approval shall not relieve **CONTRACTOR** from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$5,000 per occurrence, unless otherwise approved by **CITY**.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

13.5.6 **Policy Cancellation:** Except for ten (10) calendar days notice for non-payment of premium, each insurance policy shall be endorsed to state that; without thirty (30) calendar days prior written notice to Carson City Purchasing and Contracts, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by certified mail to Carson City Purchasing and Contracts, 201 N. Carson Street Suite 3, Carson City, NV 89701.

13.5.7 **Approved Insurer:** Each insurance policy shall be issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made, and currently rated by A.M. Best as "A-VII" or better.

13.5.8 **Evidence of Insurance:** Prior to commencement of work, **CONTRACTOR** must provide the following documents to Carson City Purchasing and Contracts, 201 North Carson Street Suite 3, Carson City, NV 89701:

13.5.8.1 **Certificate of Insurance:** The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to Carson City Purchasing and Contracts to evidence the insurance policies and coverages required of **CONTRACTOR**.

13.5.8.2 **Additional Insured Endorsement:** An Additional Insured Endorsement (CG20 10 or C20 26), signed by an authorized insurance company representative, must be submitted to Carson City Purchasing and Contracts to evidence the endorsement of **CITY** as an additional insured per Subsection 13.5.2.

13.5.8.3 **Schedule of Underlying Insurance Policies:** If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the Underlyer Schedule from the Umbrella or Excess insurance policy may be required.

13.5.9 **Review and Approval:** Documents specified above must be submitted for review and approval by Carson City Purchasing and Contracts prior to the commencement of work by **CONTRACTOR**. Neither approval by **CITY** nor failure to disapprove the insurance furnished by **CONTRACTOR** shall relieve **CONTRACTOR** of **CONTRACTOR'S** full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of **CONTRACTOR** or its sub-contractors, employees or agents to **CITY** or others, and shall be in addition to and not in lieu of any other remedy available to **CITY** under this Contract or otherwise. **CITY** reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

14 **COMMERCIAL GENERAL LIABILITY INSURANCE:**

14.1 Minimum Limits required:

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

14.1.1 Two Million Dollars (\$2,000,000.00) - General Aggregate

14.1.2 Two Million Dollars (\$2,000,000.00) - Products and Completed Operations Aggregate

14.1.3 One Million Dollars (\$1,000,000.00) - Each Occurrence

14.2 Coverage shall be on an occurrence basis and shall be at least as broad as ISO 1996 form CG 00 01 (or a substitute form providing equivalent coverage); and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, civil lawsuits, Title VII actions and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

15 BUSINESS AUTOMOBILE LIABILITY INSURANCE:

15.1 Minimum Limit required:

15.1.1 One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage

15.2 Coverage shall be for "any auto", including owned, non-owned and hired vehicles. The policy shall be written on ISO form CA 00 01 or a substitute providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

16 PROFESSIONAL LIABILITY INSURANCE:

16.1 Minimum Limit required: One Million Dollars (\$1,000,000.00)

16.2 Retroactive date: Prior to commencement of the performance of this Contract

16.3 Discovery period: Three (3) years after termination date of this Contract.

16.4 A certified copy of this policy may be required.

17 WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:

17.1 **CONTRACTOR** shall provide workers' compensation insurance as required by Nevada Revised Statutes Chapters 616A through 616D inclusive and Employer's Liability insurance with a minimum limit of \$500,000 each employee per accident for bodily injury by accident or disease.

17.2 **CONTRACTOR** may, in lieu of furnishing a certificate of an insurer, provide an affidavit indicating that **CONTRACTOR** is a sole proprietor; that **CONTRACTOR** will not use the services of any employees in the performance of this Contract; that **CONTRACTOR** has

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

elected to not be included in the terms, conditions, and provisions of Nevada Revised Statutes Chapters 616A-616D, inclusive; and that **CONTRACTOR** is otherwise in compliance with the terms, conditions, and provisions of Nevada Revised Statutes Chapters 616A-616D, inclusive.

18 BUSINESS LICENSE:

18.1 **CONTRACTOR** shall not commence work before **CONTRACTOR** has provided a copy of his Carson City business license to Carson City Purchasing and Contracts.

18.2 The Carson City business license shall continue in force until the latter of: (1) final acceptance by **CITY** of the completion of this Contract; or (2) such time as the Carson City business license is no longer required by **CITY** under the terms of this Contract.

19 COMPLIANCE WITH LEGAL OBLIGATIONS:

19.1 **CONTRACTOR** shall procure and maintain for the duration of this Contract any state, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONTRACTOR** to provide the goods or services of this Contract. **CONTRACTOR** will be responsible to pay all government obligations, including, but not limited to, all taxes, assessments, fees, fines, judgments, premiums, permits, and licenses required or imposed by law or a court. Real property and personal property taxes are the responsibility of **CONTRACTOR** in accordance with Nevada Revised Statutes 361.157 and 361.159. **CONTRACTOR** agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. **CITY** may set-off against consideration due any delinquent government obligation.

20 WAIVER OF BREACH:

20.1 Failure to declare a breach or the actual waiver of any particular breach of this Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

21 SEVERABILITY:

21.1 If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

22 ASSIGNMENT/DELEGATION:

22.1 To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by **CITY**, such offending portion of the assignment shall be void, and shall be a breach of this Contract. **CONTRACTOR** shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written approval of **CITY**.

23 CITY OWNERSHIP OF PROPRIETARY INFORMATION:

23.1 Any files, reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer programs, computer codes, and computer records (which are intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by **CONTRACTOR** (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of **CITY** and all such materials shall be delivered into **CITY** possession by **CONTRACTOR** upon completion, termination, or cancellation of this Contract. **CONTRACTOR** shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of **CONTRACTOR'S** obligations under this Contract without the prior written consent of **CITY**. Notwithstanding the foregoing, **CITY** shall have no proprietary interest in any materials licensed for use by **CITY** that are subject to patent, trademark or copyright protection.

23.2 **CITY** shall be permitted to retain copies, including reproducible copies, of **CONTRACTOR'S** drawings, specifications, and other documents for information and reference in connection with this Contract.

23.3 **CONTRACTOR'S** drawings, specifications and other documents shall not be used by **CITY** or others without expressed permission of **CONTRACTOR**.

24 PUBLIC RECORDS:

24.1 Pursuant to Nevada Revised Statute 239.010, information or documents received from **CONTRACTOR** may be open to public inspection and copying. **CITY** will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests. **CONTRACTOR** may clearly label specific parts of an individual document as a "trade secret" or "confidential" in accordance with Nevada Revised Statute 332.061, provided that **CONTRACTOR** thereby agrees to indemnify and defend **CITY** for honoring such a designation. The failure to so label any document that is released by **CITY** shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

25 CONFIDENTIALITY:

25.1 **CONTRACTOR** shall keep confidential all information, in whatever form, produced, prepared, observed or received by **CONTRACTOR** to the extent that such information is confidential by law or otherwise required by this Contract.

26 FEDERAL FUNDING:

26.1 In the event federal funds are used for payment of all or part of this Contract:

26.1.1 **CONTRACTOR** certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

26.1.2 **CONTRACTOR** and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

26.1.3 **CONTRACTOR** and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions).

27 LOBBYING:

27.1 The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

27.1.1 Any federal, state, county or local agency, legislature, commission, counsel or board;

27.1.2 Any federal, state, county or local legislator, commission member, counsel member, board member, or other elected official; or

27.1.3 Any officer or employee of any federal, state, county or local agency; legislature, commission, counsel or board.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

28 GENERAL WARRANTY:

28.1 **CONTRACTOR** warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications as set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.

29 PROPER AUTHORITY:

29.1 The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. **CONTRACTOR** acknowledges that this Contract is effective only after approval by the Carson City Board of Supervisors and only for the period of time specified in this Contract. Any services performed by **CONTRACTOR** before this Contract is effective or after it ceases to be effective are performed at the sole risk of **CONTRACTOR**.

30 ALTERNATIVE DISPUTE RESOLUTION:

30.1 Pursuant to NRS 338.150, public body charged with the drafting of specifications for a public work shall include in the specifications a clause requiring the use of a method of alternative dispute resolution before initiation of a judicial action if a dispute arising between the public body and the contractor engaged on the public work cannot otherwise be settled. Therefore, in the event that a dispute arising between **CITY** and **CONTRACTOR** cannot otherwise be settled, **CITY** and **CONTRACTOR** agree that, before judicial action may be initiated, **CITY** and **CONTRACTOR** will submit the dispute to non-binding mediation. **CITY** shall present **CONTRACTOR** with a list of three potential mediators. **CONTRACTOR** shall select one person to serve as the mediator from the list of potential mediators presented by **CITY**. The person selected as mediator shall determine the rules governing the mediation.

31 GOVERNING LAW; JURISDICTION:

31.1 This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. **CONTRACTOR** consents and agrees to the jurisdiction of the courts of the State of Nevada located in Carson City, Nevada for enforcement of this Contract.

32 ENTIRE CONTRACT AND MODIFICATION:

32.1 This Contract and its integrated attachment(s) constitute the entire Contract of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other Contracts that may have been made in

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Carson City Board of Supervisors.

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

33 ACKNOWLEDGMENT AND EXECUTION:

33.1 In witness whereof, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

CARSON CITY

Purchasing and Contracts Department
Attn: Kim Belt
Purchasing and Contracts Manager
201 North Carson Street, Suite 3
Carson City, Nevada 89701
Telephone: 775-283-7137
Fax: 775-887-2107
KBelt@carson.org

CITY'S LEGAL COUNSEL

Neil A. Rombardo, District Attorney

I have reviewed this Contract and approve as to its legal form.

By: 
Kim Belt

By: 
Deputy District Attorney

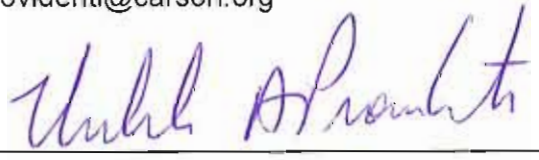
DATED 3/27/12

DATED 3/27/12

CITY'S ORIGINATING DEPARTMENT

BY:

Nick Providenti, Director
Carson City Finance Department
Carson City, NV 89701
Telephone: 775-283-7143
Fax: 775-887-2107
NProvidenti@carson.org

By: 

DATED 3/27/12

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR
Contract No. 1112-148
CARSON CITY EXTERNAL AUDIT FUNCTION

Kristen Burgess deposes and says: That she is the **CONTRACTOR** or authorized agent of the **CONTRACTOR**; that she has read the foregoing Contract; and that she understands the terms, conditions, and requirements thereof.

CONTRACTOR

BY: Kristen Burgess

TITLE: CPA

FIRM: Kafoury, Armstrong & Co.

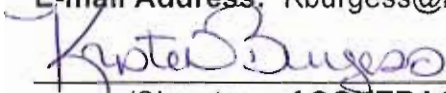
CARSON CITY BUSINESS LICENSE #: 12-00000912

Address: 6140 Plumas Street

City: Reno State: Nevada Zip Code: 89519-6060

Telephone: 775-589-9100 / Fax #: 775-689-9299

E-mail Address: Kburgess@kafoury.com

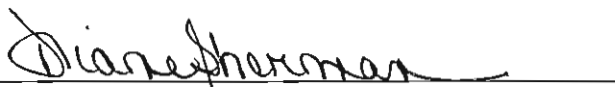


(Signature of **CONTRACTOR**)

DATED 3/26/12 _____

STATE OF Nevada)
County of Washoe) ss

Signed and sworn (or affirmed) before me on this 26th day of March, 2012, by
Kristen Burgess



(Signature of Notary)

(Notary Stamp)



CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Contract No. 1112-148

CARSON CITY EXTERNAL AUDIT FUNCTION

CONTRACT ACCEPTANCE AND EXECUTION:

The Board of Supervisors for Carson City, Nevada at their publicly noticed meeting of April 5, 2012, approved the acceptance of **CONTRACT No. 1112-148**. Further, the Board of Supervisors authorizes the Mayor of Carson City, Nevada to set his hand to this document and record his signature for the execution of this contract in accordance with the action taken.

CARSON CITY, NEVADA

ROBERT L. CROWELL, MAYOR

DATED this 5th day of April, 2012.

ATTEST:

ALAN GLOVER, CLERK-RECORDER

DATED this 5th day of April, 2012.

CARSON CITY AUDIT COMMITTEE
Minutes of the February 14, 2012 Meeting
Page 1

DRAFT

A regular meeting of the Carson City Audit Committee was scheduled for 3:00 p.m. on Tuesday, February 14, 2012 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Michael Bertrand
Vice Chairperson William Prowse
Member Ken Brown
Member John McKenna
Member Robert Parvin

STAFF: Nick Providenti, Finance Department Director
Kim Belt, Purchasing and Contracts Manager
Randal Munn, Chief Deputy District Attorney
Kathleen King, Deputy Clerk / Recording Secretary

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (3:00:57) - Chairperson Bertrand called the meeting to order at 3:00 p.m. Roll was called; a quorum was present.

3. PUBLIC COMMENTS AND DISCUSSION (3:01:21) - Chairperson Bertrand noted, for the record, there were no citizens present in the meeting room.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - January 10, 2012 (3:01:42) - Member McKenna moved to approve the minutes. Vice Chairperson Prowse seconded the motion. Motion carried 5-0.

5. POSSIBLE ACTION TO ADOPT THE AGENDA (3:02:07) - Chairperson Bertrand entertained modifications to the agenda and, when none were forthcoming, a motion to adopt it. **Member Brown so moved. Vice Chairperson Prowse seconded the motion. Motion carried 5-0.**

6. PUBLIC COMMENTS AND RECOMMENDATIONS RELATIVE TO THE CITY'S BUDGET AND OPPORTUNITIES TO IMPROVE PERFORMANCE (3:02:33) - (Clerk's note: There were no agenda materials provided for this item.) Chairperson Bertrand introduced this item, and entertained public comments. He noted again there were no citizens present in the meeting room. Member McKenna requested any interested citizen to contact any of the committee members with comments or questions. At Member Parvin's request, Chairperson Bertrand agreed to re-open this item in the event citizens wishing to comment arrived later in the meeting. Vice Chairperson Prowse established there was no one present by telephone.

7. VICE CHAIRPERSON PROWSE'S REPORT ON THE STATUS OF THE MOSS-ADAMS CONTRACT (3:04:12) - (Clerk's note: There were no agenda materials provided for this item.) Chairperson Bertrand introduced this item. Vice Chairperson Prowse reported that the contract was signed on January 19, 2012, and that Moss-Adams representatives met with the City Manager, the Finance Department Director, the Human Resources Director, the Sheriff, and a representative of the Chamber of

CARSON CITY AUDIT COMMITTEE
Minutes of the February 14, 2012 Meeting
Page 2

DRAFT

Commerce “on or about January 30.” Vice Chairperson Prowse further reported having requested guidance from City representatives “in terms of how the Audit Committee is going to function relative to the day-to-day operation of the contract. ... We can think of the Audit Committee as the internal audit project manager of the contract.” Vice Chairperson Prowse explained the reason for the clarification to “keep ... the contract on some kind of direction; to be sure our concerns are considered or addressed.”

Vice Chairperson Prowse reported that the Moss-Adams contract director met with the Audit Committee chair and vice chair on February 2, 2012. A request was made for Moss-Adams representatives to inform both the chair and the vice chair prior to each visit to Carson City and to schedule a meeting with the chair and vice chair prior to their departure. Vice Chairperson Prowse further reported that Moss-Adams representatives intend to follow the internal audit risk assessment project scope, as provided to the Audit Committee on January 9th; “that the committee wants Moss-Adams to strive to obtain community input into the risk assessment and review; ... that a major focus of the committee is to tie both ... potential monetary savings and efficiency effectiveness of City operations into potential audit issues; .. that the risk assessment also includes consideration of major challenges facing the City; ... that Moss-Adams includes consideration of the City’s strategic plan status and performance measures; and, finally, we discussed exactly how the process should work relative to presentation of a draft report to the committee and final report and recommendation to the Board of Supervisors. There wasn’t anything specific decided upon, but he did mention that they would likely be providing the Audit Committee a draft a couple weeks prior to their ... hoped-for presentation to the Board of Supervisors.”

Chairperson Bertrand advised of having met separately with the Moss-Adams representative, and expressed the opinion that it went very well. “It was just an opportunity for us to ... establish that relationship and they are going to be reporting to ... the Audit Committee ... on a monthly basis, a written report so we’ll be able to monitor what’s happening ... so that we can give them feedback.”

(3:20:22) Vice Chairperson Prowse advised of having inquired of the Moss-Adams contract director whether travel expenses were included in the cost of the risk assessment. The contract director advised of the understanding that travel expenses were included, “but he was not positive.” Vice Chairperson Prowse suggested following up on the question and, in response to a question, Mr. Munn suggested requesting City staff to clarify the question. Following a brief discussion, Ms. Belt expressed the understanding, and Mr. Providenti confirmed, that travel expenses are included in the contract amount.

In response to a further question, Mr. Providenti explained that a new task will be determined following the risk assessment process. “We have basically a task-oriented contract so we’ll negotiate tasks with them. ... as long as it doesn’t exceed the total amount of the contract, it would just be on a task basis.” In response to a further question, Mr. Providenti explained the method by which a remaining contract balance would be handled. “... if the amount isn’t spent, then it just starts over at \$110,000. We don’t roll operating expenses over.” In response to a further question, he explained that, “as of July 1st, there’ll be a new budget of \$110,000 ... for fiscal 2013.” Discussion followed wherein Mr. Providenti and Member McKenna clarified the contract term relative to the City’s budget processes. Chairperson Bertrand entertained additional questions or comments; however, none were forthcoming.

CARSON CITY AUDIT COMMITTEE
Minutes of the February 14, 2012 Meeting
Page 3

DRAFT

8. POSSIBLE ACTION TO APPROVE THE FINANCE REVIEW AND SELECTION COMMITTEE'S RECOMMENDATION FOR CONTRACT AWARD TO KAFOURY, ARMSTRONG & CO., CERTIFIED PUBLIC ACCOUNTANTS, FOR THE CARSON CITY EXTERNAL AUDIT FUNCTION, AND TO AUTHORIZE STAFF TO PREPARE A CONTRACT AND A BOARD ACTION FORM FOR BOARD OF SUPERVISORS APPROVAL (3:08:37) - Chairperson Bertrand introduced this item, and Ms. Belt reviewed the agenda materials. In response to a question, Ms. Belt advised that statements of qualification were received from Percy, Bowler, Taylor and Kern; Kafoury, Armstrong & Co.; Barnard, Vogler & Co.; J.A. Solari and Partners; and Galena, LLP. In response to a further question, she and Mr. Providenti reviewed the differences in the quotes provided. Mr. Providenti clarified that the statements of qualification were not evaluated solely on price. "We looked at the qualifications and we ... broke it down on what we thought was ... an hourly rate. ... Based on the hourly rates, it was pretty similar to Kafoury and we just weren't sure that they could do it in the hours that they had stated in their proposal."

In response to a question, Mr. Providenti advised of anticipating additional costs for extra programs. "We basically put in there two programs that they were auditing and ... it'll be at least two. ... last year, we had seven. It just depends on the nature of the programs ... how many programs there are. ... we'll have some extra costs based on those programs that we'll negotiate with them." Mr. Providenti acknowledged no anticipation of travel costs. He further acknowledged that special consideration was given to local, Nevada firms. "... another thing ... we ... looked at was the experience of former audits. We know Kafoury has ... done Carson City and Carson City, as a consolidated municipality, ... is a little bit different animal. Some of the other firms, we weren't sure that they had ... county-type experience. They had more dealing with ... smaller GIDs or city-type experience which is a little bit different. So we thought it would just be easier to select the firm that had more county experience."

In response to a question, Chairperson Bertrand referred to the fiscal impact of \$96,910.00, as delineated in the agenda report. Mr. Providenti advised that Kafoury, Armstrong & Co. anticipates using 1,034 hours annually. Chairperson Bertrand referred the committee members to page 5 of Kafoury, Armstrong & Co.'s statement of qualifications, copies of which were included in the agenda materials. In response to a question, Mr. Providenti expressed the belief that the City entered into a three-year contract with Kafoury, Armstrong & Co. in 2006. The last two years were single-year contracts. "It had been five years since we had done an RFQ for an external auditor." In response to a further question, Mr. Providenti advised that Kafoury, Armstrong & Co. representatives anticipate a new GASB in FY 2013 "which will probably cause a little bit more work."

Chairperson Bertrand entertained public comment and, when none was forthcoming, a motion to accept staff's recommendation to engage Kafoury, Armstrong as the external auditor. **Vice Chairperson Prowse so moved.** At Member McKenna's request, Vice Chairperson Prowse amended his motion as follows: **move to approve the finance review and selection committee's recommendation for contract award to Kafoury, Armstrong & Co., Certified Public Accounts, for the Carson City external audit function, and authorize staff to prepare a contract and Board Action form for Board of Supervisors approval. Member Brown seconded the motion. Motion carried 5-0.**

9. POSSIBLE ACTION TO SCHEDULE THE NEXT COMMITTEE MEETING (3:29:28) - Chairperson Bertrand introduced this item, and extensive discussion took place regarding the need for monthly meetings and the appropriate date for the next meeting. Chairperson Bertrand entertained a motion

CARSON CITY AUDIT COMMITTEE
Minutes of the February 14, 2012 Meeting
Page 4

DRAFT

and, following additional discussion, suggested confirming there will be a meeting in March, the date and location to be determined. **Vice Chairperson Prowse moved that the Audit Committee hold a meeting within the next six weeks, for staff to schedule the meeting in cooperation with the chair and to notify the committee members. Member Brown seconded the motion. Motion carried 5-0.**

10. PUBLIC COMMENT (3:35:11) - Chairperson Bertrand entertained public comment; however, none was forthcoming.

11. ACTION TO ADJOURN (3:36:02) - Member Brown moved to adjourn the meeting at 3:36 p.m. Vice Chairperson Prowse seconded the motion. Motion carried 5-0.

The Minutes of the February 14, 2012 Carson City Audit Committee meeting are so approved this _____ day of March, 2012.

MICHAEL BERTRAND, Chair



City of Carson City, Nevada

Statement of Qualifications to Provide Audit Services SOQ 1112-148

For the Years Ending June 30, 2012, 2013 and 2014

PRESENTED BY:

**KAFOURY, ARMSTRONG & CO.
CERTIFIED PUBLIC ACCOUNTANTS**



CONTACT PERSON:

Kristen Burgess, CPA
SHAREHOLDER
6140 Plumas Street
Reno, NV 89519
775.689.9100
kburgess@kafoury.com

January 31, 2012

COPY



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Serving our clients since 1941.

January 31, 2012

Ms. Kim Belt
Purchasing and Contracts Manager
Carson City
201 N. Carson Street, Suite 3
Carson City, NV 89701

Dear Ms. Belt:

It is our great pleasure to respond to your Request for Statement of Qualifications No. SOQ1112-148 (SOQ) to provide external audit and agreed upon procedure services to the City of Carson City, Nevada (City), for the fiscal years ending June 30, 2012, 2013 and 2014.

We have been honored over the past several years to perform the audit of the City and the agreed upon procedures over the City's Municipal Solid Waste Landfill (MSWL), and have enjoyed the professional relationship. Our experience with the City has afforded us an in-depth understanding of its operations and control environment, thus providing us a greater awareness of the challenges faced with limited resources in this current economic environment.

We are confident Kafoury, Armstrong & Co. is the most qualified firm to provide the services requested, given the following:

Firm-Wide Governmental Expertise

Established in 1941, Kafoury, Armstrong, & Co. is the leading CPA firm working throughout Nevada in the governmental audit arena. Our four offices located throughout the State, currently serve more than forty (40) local governments, several of which receive the Government Financial Officers Association's Certificate of Achievement for Excellence in Financial Reporting. Our extensive knowledge in governmental audit and accounting is an important asset to our clients as they work to implement continual pronouncements issued by the Governmental Accounting Standards Board (GASB), and other authoritative bodies such as the U.S. Government Accountability Office (GAO). With the new GASB pronouncements that take effect for FY13, our expertise will be an invaluable resource to the City.

Efficient Audit Approach

We understand the importance of an efficient approach to the audit. Experienced staff translates into a minimum of disruption to the daily operations of the City and the ability to pass along cost savings. The members of the proposed team not only have in-depth knowledge of the unique aspects of governmental auditing and accounting, but the majority have experience on the City's prior audit and agreed upon procedures engagements. However, given the longevity of our relationship,

ELKO

FALLOX

LAS VEGAS

RENO

WINNEMUCCA

Ms. Kim Belt
Purchasing and Contracts Manager
January 31, 2012
Page 2

we understand if you may have an interest in auditor rotation. We are able and willing to provide an alternative to the Engagement Shareholder and/or Project Managers, should the City desire a change.

Commitment to Quality


With Kafoury, Armstrong, & Co. you will receive unparalleled commitment to the quality of the work product. We are a member of the American Institute of Certified Public Accountants (AICPA) and the Government Audit Quality Center of the AICPA. Such memberships involve specific requirements in the form of continuing professional education, as well as, examinations of our work product by external peer review. Kafoury, Armstrong, & Co. received a rating of pass, the highest rating available, on our most recent external peer review examination (May 2010), in which several governmental audits were selected for review.

Please let the following serve as our commitment to provide the services requested in your SOQ. This commitment includes issuance of our reports by November 30 of each year, assuming cooperation from City personnel and unforeseen circumstances will not be encountered during the engagements. Kristen Burgess, Shareholder, is authorized to make representations for Kafoury, Armstrong & Co. and bind the Firm to a legal contract with the City of Carson City, Nevada.

We welcome the opportunity to further discuss this SOQ with you.

Very truly yours,

KAFOURY, ARMSTRONG & CO.

By: 
Kristen Burgess, Shareholder

KB:tm

FIRM QUALIFICATIONS AND EXPERIENCE

Kafoury, Armstrong & Co. (the Firm) originated in 1941 with the formation of a public accounting partnership between the late Sam Kafoury and the late Ray Armstrong. We are now the largest state-wide firm of independent professional accountants in Nevada with four offices throughout the State. We have more than 50 years of experience with Nevada governments, an achievement that cannot be equaled by any other CPA firm. Approximately 50 professional employees and shareholders within the Firm have current experience with governmental entities.

Following is a list of current local governments served by the Firm that are similar in nature to the City. We have put an asterisk next to those clients that receive the Certificate of Excellence in Financial Reporting. We would be more than happy to provide the City with a comprehensive list of Firm governmental clients, should the City have an interest.

Carson City*	City of Sparks*	Washoe County*	City of Fernley
Churchill County *	City of Fallon*	Elko County	Pershing County
Douglas County	City of Lovelock	Eureka County	Lander County

We believe our clients have benefited from our expertise and our years of experience in dealing effectively with the continual challenges with accounting, financial reporting, compliance and IT issues facing governments today. We are well versed in the Nevada Revised Statutes and Nevada Administrative Code. In addition, the majority of the Firm's governmental clients are subject to the Single Audit Act (Act). As such, we have extensive knowledge with the compliance requirements of the Act and the specific requirements related to direct award programs for a significant number of federal agencies as well as awards passed through from the State of Nevada. The Firm has audited over 60 different federal programs granted from over 13 different Federal Departments/Agencies over the past three years.

ENGAGEMENT TEAM

The Reno office of Kafoury, Armstrong & Co. will have primary responsibility for the professional services requested by the City. In selecting our proposed engagement team, we focused on two primary factors: technical expertise and balanced hours. Significant upper level involvement is one of the key features in our audit plan, as well, as an engagement team with prior experience auditing the City. However, given our longevity as the City's external auditors, we understand if the City would prefer an alternative Engagement Shareholder and/or Project Managers, as well as, other engagement team members. We can accommodate such a request if the City is so inclined.

Listed below are the personnel we plan to utilize on this engagement. Those identified as CPAs are all licensed to practice as certified public accountants in Nevada. If the need arises to replace a team member (i.e. due to unforeseen circumstances such as staff resignation), given the depth and breadth of our staff experienced in governmental audit and accounting, we can commit that the replacement will be at least as qualified as the team member they are replacing.

- Engagement Shareholder – Kristen Burgess, CPA
- Project Manager, Financial Audit/MSWL procedures – Dan Carter, CPA, MAcc
- Project Manager, Single Audit – Debbie Clark, CPA
- Manager, Financial Audit/Single Audit – Lindsay Sessions, CPA
- Senior Accountant, Financial Audit/MSWL procedures – Kevin Green, CPA
- Senior Accountant, Single Audit – Amy Butler, CPA
- Jacquelyn Flickinger, Laura Kelb, Jaycea Jacobsen – Staff Accountants

For more information on the experience, qualifications, roles and responsibilities, and applicable professional memberships of the Engagement Shareholder and Project Managers, we have included their resumes on pages 6-8. We'd be happy to provide the resumes of all members of the proposed engagement team (manager, senior accountants and staff accountants), should the City have an interest.

PROFESSIONAL DEVELOPMENT

Kafoury, Armstrong & Co. prides itself on the strength of its learning culture. We have a formalized professional development program whereby staff receive quality and extensive continuing education from the onset of their career with us.

Audits conducted for the recipients of government monies require that such audits be conducted in accordance with *Government Auditing Standards*. Kafoury, Armstrong & Co. follows all applicable standards in its audit engagements. In complying with these standards, governmental audit staff receive specialized training in the area of governmental audit and accounting.

Several in-house training sessions are held each year in which Kafoury, Armstrong & Co. employees instruct classes in their particular areas of expertise regarding financial and compliance audits of governmental entities. In addition, Kafoury, Armstrong & Co. staff attend the national conferences sponsored by the Government Finance Officers Association (GFOA) as well as the AICPA to stay current on developments in the governmental audit and accounting arena, as well as, to be the leading governmental audit firm and resource for our clients.

For more information regarding continuing education of the proposed engagement team, see pages 6-10.

REFERENCES

City of Sparks, Nevada: Jeff Cronk, CPA, Finance Director – 775-353-2301
Truckee Meadows Water Authority: Jeffrey Tissier, CPA, Chief Financial Officer – 775-834-8048
Churchill County, Nevada: Alan Kalt, CPA, Comptroller – 775-428-1414

FEE QUOTES

We have put a great deal of thought and analysis into our proposed fees for performing the City's audits and the agreed upon procedures over the MSWL for the fiscal years ending June 30, 2012, 2013 and 2014. We felt it prudent to review the results of the our historical audits of the City, taking into consideration the financial challenges facing the City given the current economic conditions and the corresponding reduction in governmental revenues. Additionally, we considered the impact of implementing GASB No. 61 and 63 in FY13.

The fees quoted in this SOQ anticipate that there will be no significant accounting or auditing changes within the industry beyond GASB No. 61 and No. 63 or significant changes within the City that would impact the audits of the City and/or agreed upon procedures over the MSWL. In addition, as per the Scope of Services on page SOQ-3 of the City's Request for Statement of Qualifications, our fee quotes assume a maximum of two (2) major programs would be subject to audit under the Single Audit Act.

We believe our quoted fees reflect our commitment to provide quality service at a fair price. As part of our continuing commitment to the City, the Firm will absorb out-of-pocket expenses (i.e. travel and related costs). Our quoted fees for the requested services for fiscal years ending June

30, 2012, 2013 and 2014 will not exceed \$96,910, \$105,600 and \$101,500. A breakdown of our fee quotes is as follows:

	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>Total</u>
Breakdown by Service Provided:				
City				
Basic Financial Statement Audit in accordance with <i>Government Auditing Standards</i>	\$ 102,860	\$ 113,100	\$ 107,500	\$ 323,460
Single Audit (two major programs)	11,000	11,300	11,600	33,900
CAFR certificate review	560	600	600	1,760
Assembly/print of CAFR	3,200	3,300	3,400	9,900
Presentation to Board of Supervisors	1,230	1,300	1,300	3,830
	<u>118,850</u>	<u>129,600</u>	<u>124,400</u>	<u>372,850</u>
Rate Reduction (20%)	<u>(23,770)</u>	<u>(25,900)</u>	<u>(24,900)</u>	<u>(74,570)</u>
	95,080	103,700	99,500	298,280
MSWL				
Agreed Upon Procedures	1,830	1,900	2,000	5,730
Total	<u>\$ 96,910</u>	<u>\$ 105,600</u>	<u>\$ 101,500</u>	<u>\$ 304,010</u>

Breakdown by Personnel/Hours:

	<u>Ave. Hourly Rates</u>	<u>JUNE 30, 2012</u>		
		<u>City</u>	<u>MSWL</u>	<u>Total</u>
		<u>Hours</u>	<u>Hours</u>	<u>Hours</u>
Shareholder	\$ 250	70	1	71
Managers	155	170	4	174
Senior Accountants	110	260	8	268
Staff Accountants	90	480	-	480
Administrative	80	40	1	41
		<u>1,020</u>	<u>14</u>	<u>1,034</u>

The City will, in all likelihood, have more than two major federal award programs subject to audit for the fiscal years ending June 30, 2012, 2013 and 2014. We estimate the City will have between 4 and 6 major programs for FY12, as the City has remaining ARRA monies available for expenditure. As requested on page SOQ-3 of the City's Request for SOQ, we will discuss with the City a modification to our fee quotes for each additional major program subject to audit. We do anticipate the fee for each additional major program to range from \$4,500 - \$5,500 given that the number of hours to audit a major program ranges from 40 – 60 hours, depending on the nature of the federal award program. For additional hours for services not contemplated by the City as part of this SOQ, our fees would be based on our standard hourly rates.

VALUE ADDED SERVICES

Kafoury, Armstrong & Co. stays abreast of current and upcoming changes in the environments in which our clients operate. As we become aware of issues impacting our clients, we notify them through various means such as letters addressing the issues, articles posted to our website, seminars, and other means. As a courtesy, we have provided our clients with sample checklists and training seminars to help them learn and understand changes in the accounting and auditing profession. We have provided these services free of charge in the past and believe that the support we provide helps make our clients stronger and more efficient, which improves the entire audit process.

RESUME

Kristen Burgess, CPA

Engagement Shareholder

Education: B.S. Business Administration,
California State University, Northridge

Experience: 17 years with Kafoury, Armstrong & Co.

City Experience: 5 years and Engagement Shareholder
5 years as Project Manager



OVERVIEW

Kristen is a Shareholder in the Reno office and has served as the Engagement Shareholder for the audit of Carson City for the past five years. As the Engagement Shareholder, Kristen has the ultimate responsibility for assuring the engagement is performed in accordance with the applicable professional standards and is completed in a timely manner. She will be present at entrance, progress, and exit conferences with management and the Audit Committee. She will also present the audit results to the Board of Supervisors.

Kristen is the Engagement Shareholder for the following local government engagements that are similar in audit scope and approach to the audit of the City:

- Carson City
- Churchill County
- City of Sparks
- Truckee Meadows Water Authority

MEMBERSHIPS

- AICPA, Nevada Society of CPAs and Government Finance Officers Association

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	8.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
GASB 54 Course	Kafoury, Armstrong & Co.	02/05/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
Ethics: AA&C LLP-Accounting Firm Practice Development Committee	AICPA	12/30/09	1.00
Ethics: BAN&K Advisory Services LLC - You Are The Audit Partner	AICPA	12/30/09	1.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/10/09	2.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
Fraud with Jeanne Yamamura	Kafoury, Armstrong & Co.	01/20/09	2.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			89.00

RESUME

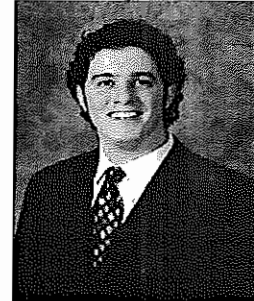
Dan Carter, CPA, MAcc

Project Manager – Financial Audit/MSWL Procedures

Education: B.S. in Agricultural Business, Cal-Poly State University, San Luis Obispo, California
 Masters of Accountancy, University of Nevada, Reno

Experience: 9 years with Kafoury, Armstrong & Co.

City Experience: 9 years



OVERVIEW

As the Project Manager, Dan will oversee all engagement activities and be the primary contact for City with respect to the financial audit and MSWL agreed upon procedure aspects of the engagement. Dan will review the more specialized and complex portions of the engagement. He will also be responsible for keeping the Engagement Shareholder updated on the progress of the engagement. He will be present at entrance, progress, and exit conferences with management and the Audit Committee. He will also present the audit results to the Board of Supervisors. Dan is the Project Manager for the following state and local government engagements that are similar in audit scope and approach to the audit of the City:

- >Carson City
- >City of Sparks
- >Reno/Sparks Convention and Visitors' Bureau
- >Henderson District Public Libraries

MEMBERSHIPS

- >AICPA and Nevada Society of CPAs

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Nevada Property Tax Paradox	NVCPA	09/21/11	1.00
Governmental Day	Kafoury, Armstrong & Co.	07/28/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
Perfecting Analytical Procedures	Practitioners Publishing Co.	07/07/11	2.00
IT Round Table - Computer Tips	Kafoury, Armstrong & Co.	06/03/11	2.00
Nevada's Economic Outlook	NVCPA	05/18/11	1.00
Computer Forensics and Data Security	NVCPA	03/16/11	1.00
Real Estate and Investment Sales	Kafoury, Armstrong & Co.	03/15/11	1.00
State Tax Issues	Kafoury, Armstrong & Co.	03/08/11	1.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
Property Assessment in Nevada	NVCPA	10/20/10	1.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	8.00
The Recovery Act: Information You Need to Plan & Perform Your 2010 Single Audits	AICPA	05/19/10	2.00
Sampling Strategies in Financial Statement Audits	Strafford	04/28/10	2.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Risks and Solutions to Identifying and Fixing Segregation of Duties Issues	NVCPA	03/17/10	1.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
Advanced Governmental Accounting	GFOA	07/24/09	20.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			120.00

RESUME

Debra Clark, CPA

Project Manager – Single Audit

Education: B.S. Business Administration
University of Nevada, Reno

Experience: 13 years with Kafoury, Armstrong & Co.

City Experience: 9 years



OVERVIEW

As the Project Manager, Debra will oversee all engagement activities and be the primary contact for City with respect to the single aspects of the engagement. Debra will review the more specialized and complex portions of the engagement; specifically the major program determination and any potential findings identified by the audit team. She is also responsible for keeping the Engagement Shareholder updated on the progress of the engagement.

Debra is the Project Manager for the following state and local government engagements that are similar in audit scope and approach to the Single Audit of the City:

- Carson City
- City of Sparks
- Douglas County
- Washoe County School District
- State of Nevada
- Washoe County
- Regional Transportation Commission
- Reno-Tahoe Airport Authority

MEMBERSHIPS

- AICPA and Nevada Society of CPAs

APPLICABLE CONTINUING PROFESSIONAL EDUCATION (PAST 3 YEARS)

Course	Sponsor	Date	Hours
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
An Overview of the 2011 OMB Compliance Supplement	AICPA	06/29/11	2.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	02/10/11	3.00
AGA Professional Development Conference	AGA	01/14/11	12.00
2010 AICPA NGAA West Conference	AICPA	09/28/10	14.00
2010 AICPA NGAA Conference	AICPA	09/26/10	8.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Governmental Day	Kafoury, Armstrong & Co.	06/11/10	9.00
Governmental Audit Quality Center - 2010 Annual Webcast	AICPA	04/27/10	2.00
AICPA's New Guidance on Sampling in a Single Audit Environment	GAQC	02/10/10	2.00
AGA Professional Development Conference	AGA	01/08/10	12.00
Federal ARRA Fraud Prevention and Detection Training	State of Nevada	12/01/09	3.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
2009 AICPA NGAA East Conference	AICPA	08/12/09	24.00
A&A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	16.00
Internal Control Considerations in Single Audits	AICPA	03/24/09	2.00
KAC-Risk Management Seminar	Kafoury, Armstrong & Co.	01/12/09	4.00
AGA Professional Development Conference	AGA	01/09/09	8.00
			145.00

APPLICABLE CONTINUING PROFESSIONAL EDUCATION

The following is the detail continuing professional education records for the members of the proposed engagement team, excluding the Engagement Shareholder and Project Managers. For information regarding the Engagement Shareholder and Project Managers, see their respective resumes on pages 6-8.

Lindsay Sessions, CPA – Manager, Financial Audit/Single Audit

Course	Sponsor	Date	Hours
Young Professionals Leadership Training Day	NVCPA	10/20/2011	8.00
Nevada Property Tax Paradox	NVCPA	9/21/2011	1.00
AuditWatch University Level 5: Moving Beyond In-Charge Governmental Day	Thomson Reuters	8/4/2011	24.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	7/26/2011	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	7/25/2011	8.00
Nevada's Economic Outlook	NVCPA	5/18/2011	1.00
Computer Forensics and Data Security	NVCPA	3/16/2011	1.00
GASB 54 Seminar	Kafoury, Armstrong & Co.	2/10/2011	3.00
Cost Segregation an Opportunity Worth Pursuing	Kafoury, Armstrong & Co.	1/19/2011	1.00
AGA Professional Development Conference	AGA	1/14/2011	12.00
The Plight of the State and Municipal Finance during these Recessionary Times	NVCPA	9/22/2010	1.00
AuditWatch University Level 4: Experienced In-Charge Training	Thomson Reuters	8/18/2010	24.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	8/5/2010	6.00
Governmental Day	Kafoury, Armstrong & Co.	6/11/2010	8.00
Legislative & Regulatory Issues: What's Around the Corner for Nevada CPA'S	NVCPA	6/4/2010	1.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	3/18/2010	2.00
Risks and Solutions to Identifying and Fixing Segregation of Duties Issues	NVCPA	3/17/2010	1.00
Single Audit Fundamentals Part III: Understanding & Testing Compliance Requirements	AICPA	3/11/2010	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	3/4/2010	2.00
AGA Professional Development Conference	AGA	1/8/2010	12.00
Ethics and Professional Conduct for Nevada CPA's	Prof. Education Services	7/17/2009	4.00
Audit Sampling: Old Issue, New Guidance	SmartPros	6/25/2009	2.00
Fraudulent Journal Entries: Detecting Management Overrides	SmartPros	6/25/2009	2.00
Monitoring Internal Controls: What the New Guidance Means	SmartPros	6/25/2009	2.00
Disclosing Investment Risk: A Tough Task in Tough Times	SmartPros	6/11/2009	2.00
			138.00

Kevin Green, CPA – Senior Accountant, Financial Audit/MSWL Procedures

Course	Sponsor	Date	Hours
New In-Charge Training	20,20 Audit Training	07/27/11	24.00
Intermediate Governmental Accounting	Gov't Finance Officers Assoc.	03/25/11	20.00
Real Estate and Investment Sales	Kafoury, Armstrong & Co.	03/15/11	1.00
State Tax Issues	Kafoury, Armstrong & Co.	03/08/11	1.00
Kafoury IT Roundtable	Kafoury, Armstrong & Co.	12/17/10	2.00
KAC Government Accounting Training	Kafoury, Armstrong & Co.	08/10/10	3.00
The Power of Prof. Communication: Business Writing, Style and Organization	AICPA	08/08/10	1.00
Styles of Supervision	AICPA	08/05/10	2.50
Understanding the Entity and Assessing Risk - Parts 1 & 2	AICPA	08/05/10	5.00
Workpaper Review	AICPA	08/05/10	3.00
Audit Tools: Confirmations and Sampling	AICPA	08/04/10	2.00
Auditing Accounts Receivable	AICPA	08/04/10	2.00
Auditing Inventory - Parts 1 & 2	AICPA	08/04/10	4.50
Companion to PPC'S Guide to Audits of Local Governments - Courses 1-3	PPC	08/04/10	23.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/10/09	2.00
FASB Codification	Thomson Reuters	08/17/09	1.00
Government Auditing Standards: The New Yellow Book	CCH	06/16/09	3.00
			100.00

Amy Butler, CPA – Senior Accountant, Single Audit

Course	Sponsor	Date	Hours
Accounting/Auditing with Excel: Practical Applications for Max Performance	AICPA	11/21/11	9.00
Audit Workpapers: Reviewing Field Work Documentation	AICPA	08/28/11	4.00
Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Professional Ethics Update - Governmental Day	Kafoury, Armstrong & Co.	07/26/11	4.00
Yellow Book University: Government and Nonprofit Update	Thomson Reuters	07/25/11	8.00
Single Audit & Yellow Book Deficiencies: Documentation, Representation Letters and Reporting Issues	AICPA	06/01/11	1.00
Single Audit & Yellow Book Deficiencies: Major Program Determination Allowable Costs & Abuse	AICPA	06/01/11	2.00
Perform Complex Single Audits with Ease	Thomson Reuters	05/03/11	1.00
Professional Ethics: the AICPA's Comprehensive Courses	AICPA	02/07/11	8.00
A-133 Update for June 30, 2010	Kafoury, Armstrong & Co.	08/05/10	6.00
Level III Training	Kafoury, Armstrong & Co.	07/01/10	6.00
AuditWatch University Level 3: Beginning In-Charge Training	Thomson Reuters	06/30/10	24.00
Single Audit Fundamentals Part IV: Overview of Single Audit Reporting Requirements	AICPA	03/18/10	2.00
Single Audit Fundamentals Part III: Understanding and Testing Compliance Requirements	AICPA	03/11/10	2.00
Single Audit Fundamentals Part II: The Mysteries of Major Program Determination	AICPA	03/04/10	2.00
IT Risk Assessment Training	Kafoury, Armstrong & Co.	09/08/09	2.00
FASB Codification	Thomson Reuters	08/17/09	1.00
AuditWatch Level 2: Semi-Senior	Kafoury, Armstrong & Co.	08/18/09	24.00
A & A Update/Governmental Day	Kafoury, Armstrong & Co.	05/15/09	4.00
Fraud with Jeanne Yamamura	Kafoury, Armstrong & Co.	01/20/09	2.00
			116.00

Jacquelyn Flickinger – Staff Accountant

Course	Sponsor	Date	Hours
Staff Level I Training	Kafoury, Armstrong & Co.	06/15/11	24.00
Checkpoint: Accounting & Auditing for Professionals	Thomson Reuters	04/28/11	1.00
Preparing Governmental Financial Statements Under GASB No. 34: Introduction to Govt Financial Reports and Fund Accounting Overview from PPC	PASS Online	04/14/11	7.00
Checkpoint: Researching the New FASB Codification System	Thomson Reuters	04/05/11	1.00
KAC Government Accounting Training	Kafoury, Armstrong & Co.	08/10/10	3.00
Audit Assurance Services	UNR	05/18/09	45.00
Government/Not-for-Profit Accounting	UNR	05/18/09	45.00
			126.00

Laura Kelb and Jaycea Jacobsen – Staff Accountants

Both Laura and Jaycea are first year staff accountants with Kafoury, Armstrong & Co. As such, CPE records are not yet available; however, for an indication of the training they will receive prior to their involvement with the City audit, see Jacquelyn Flickinger’s continuing education reflected above.

ESTIMATED MANPOWER / EXPENSE MATRIX

Following is a summary of our planned approach to the audit of the City for the fiscal year ending June 30, 2012. We anticipate a similar approach for fiscal years ending June 30, 2013 and 2014; however, for the year ending June 30, 2013 we anticipate additional hours given the new GASB pronouncements that will take effect in that year.

Engagement Approach	TimeFrame	FY12 Hours						
		Total	Eng Shldr	Project Mgrs	Mgrs	Senior Accts	Staff Accts	Admin
Entrance Conference with Management/Audit Committee	May	4	2	2				
Risk Assessment / Planning - Financial Engagement team brainstorming/assess fraud risk factors Update understanding of City's control environment Inquiries of City personnel - key controls and related walkthroughs Preliminary materiality thresholds established	June - July	90	10	10	20	40		10
Risk Assessment - Single Audit Engagement team brainstorming/assess fraud risk factors Major program determination from preliminary SEFA prepared by City Determination of direct/material compliance requirements	June - July	8	1	2		4		1
Compliance Testing - Single Audit (two major programs)	June - July	40		3		12		25
Tests of Controls	June - July	60			4	16		40
City Provide Financial Statements/Footnotes/Final SEFA Foot/cross-foot and other testing over financial statement presentation Read Letter of Transmittal and Statistical Sections Perform procedures of management's discussion and analysis Update/finalize compliance testing for single audit	October	80	16	20	20			24
Continue Risk Assessment - Financial Audit Preliminary analytical review/ read BOS meeting minutes Assess risk of material misstatement Test City's major fund determination/update materiality thresholds	October	30	6	8		16		
Development of Audit Programs	October	8	1	7				
Further Audit Procedures - Financial Sustantive tests over account balances/transaction classes Test government wide conversion/test footnote disclosures Perform procedures over supplementary information	Oct-Nov	540			10	150		380
Perform CAFR Certificate Review	November	3	1	2				
Review of Audit Work/Communication with City Review of audit work (financial / Single audit) prepared by staff Engagement shareholder review / final analytical procedures Provide audit adjustments/corrections to FS to City, if applicable Provide compliance findings to City, if applicable	Oct-Nov	90	26	20	22	22		
Progress Meeting with Audit Committee, if needed	Oct-Nov	2	1	1				
Draft Reports	November	5	1		4			
Engagement Quality Control Review	November	10			10			
Exit Conference with Audit Committee	November	4	2	2				
Assemble/Bind Copies of CAFR	November	40						40
Presentation to Board of Supervisors	November	6	3	3				
		<u>1,020</u>	<u>70</u>	<u>80</u>	<u>90</u>	<u>260</u>	<u>480</u>	<u>40</u>

NOTE: Completion of the MSWL agreed upon procedures is anticipated to occur during October-November of each year with issuance of our report by November 30 each year.

NOTE: The proposed timeframe above is based on historical timing of the engagement; however we would anticipate our entrance conference with management to include development of the timeline for the upcoming engagement period.