



# STAFF REPORT

**Report To:** Board of Supervisors

**Meeting Date:** 3/17/16

**Staff Contact:** Nancy Paulson , Chief Financial Officer (npaulson@carson.org)

**Agenda Title:** For Possible Action: To approve Task No. 2 for Contract No. 1415-122 with Eide Bailly LLP to provide auditing services for FY 2015-16 for a not to exceed amount of \$93,948 and a contingency amount of \$25,000 (if needed for auditing additional major federal grant programs) and to designate Eide Bailly LLP as the auditing firm for FY 2015-16.

**Staff Summary:** Carson City is required to designate an auditor on an annual basis per NRS 354.624.

**Agenda Action:** Formal Action/Motion

**Time Requested:** 5 minutes

## **Proposed Motion**

I move to approve Task No. 2 for Contract No. 1415-122 with Eide Bailly LLP to provide auditing services for FY 2015-16 for a not to exceed amount of \$93,948 and a contingency amount of \$25,000 (if needed for auditing additional major federal grant programs) and to designate Eide Bailly LLP as the auditing firm for FY 2015-16.

## **Board's Strategic Goal**

Efficient Government

## **Previous Action**

Task No. 1 Approved March 19<sup>th</sup>, 2015, Contract No. 1415-122 Approved March 19<sup>th</sup>, 2015 (Attached)

## **Background/Issues & Analysis**

NRS 354.624 (3) The governing body may, without requiring competitive bids, designate the auditor or firm annually. The auditor or firm must be designated, and notification of the auditor or firm designated must be sent to the Department of Taxation not later than 3 months before the close of the fiscal year for which the audit is to be made.

## **Applicable Statute, Code, Policy, Rule or Regulation**

NRS 354.624

## **Financial Information**

Is there a fiscal impact?  Yes  No

If yes, account name/number:

General Fund	101-0701-415.03-12	\$40,398	\$10,750	\$51,148
Group Medical Insurance	570-0706-415.03-12	1,879	500	2,379
Workers' Compensation	580-0704-415.03-12	1,879	500	2,379

Fleet Management	560-3025-419.03-12	1,879	500	2,379
Insurance Fund	590-0745-415.03-12	1,879	500	2,379
Water Fund	520-3502-435.03-12	18,790	5,000	23,790
Sewer Fund	510-3201-434.03-12	18,790	5,000	23,790
Ambulance Fund	501-2525-422.03-12	2,818	750	3,568
Cemetery Fund	530-5067-443.03-12	939	250	1,189
Building Permit Fund	525-3014-424.03-12	1,879	500	2,379
Landfill	101-6804-441.03-12	1,879	500	2,379
Storm Water Drainage	505-3702-437.03-12	939	250	1,189

Is it currently budgeted?  Yes  No

Explanation of Fiscal Impact: Amounts above are slightly less than prior year (Reduced by \$1,152), and are being included in FY2017 Budget Preparation.

**Alternatives**

N/A



February 26, 2016

Mr. Nick Marano, City Manager  
Carson City  
201 N. Carson Street, Suite 3  
Carson City, Nevada 89701

Dear Mr. Marano:

We are pleased to confirm our understanding of the services we are to provide Carson City for the year ended June 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Carson City as of and for the year ended June 30, 2016. We will not audit the aggregate discretely presented component units (Airport Authority of Carson City Nevada and the Carson City Convention and Visitors' Bureau) as the financial statements for these discretely presented component units will be audited by other auditors whose reports thereon will be furnished to us and upon which we will rely. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Carson City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Carson City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedule of Funding Progress – Other Post-Employment Benefits.
- 3) Budgetary Comparison Schedules.
- 4) Schedule of the City's Proportionate Share of the Net Pension Liability, Public Employees Retirement System of Nevada.
- 5) Schedule of the City's Contributions, Public Employees Retirement System of Nevada.

We have also been engaged to report on supplementary information other than RSI that accompanies Carson City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of expenditures of federal awards.
- 2) Combining and individual fund statements and schedules, including budgetary comparisons.
- 3) Other supplementary information.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section.
- 2) Statistical Section.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and Members of the Board of Supervisors of Carson City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. We will make reference to Kohn & Company, LLP's audit of the Airport Authority of Carson City and The Carson City Convention and Visitors Bureau in our report on your financial statements. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws,

regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and Uniform Guidance.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Carson City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Carson City's major programs. The purpose of these procedures will be to express an opinion on Carson City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Uniform Guidance.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly

reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on September 30, 2016.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification.



If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to Carson City; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a cognizant agency, oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in May 2016 and to issue our reports no later than November 30, 2016. Dan Carter is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$92,848. This fee is based upon the assumption that Carson City will have two major programs subject to the audit provisions under the Single Audit Act Amendments of 1996 and Uniform Guidance. If the City has additional major programs subject to audit, our fee will increase \$4,500-\$5,500 for each additional major program depending on the nature of the federal award program. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

*Government Auditing Standards* require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, we will provide a copy of our most recent peer review report at your request.

Eide Bailly LLP is a member of HLB International, a worldwide organization of accounting firms and business advisors, ("HLB"). Each member firm of HLB, including Eide Bailly LLP is a separate and independent legal entity and is not owned or controlled by any other member of HLB. Each member firm of HLB is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of HLB or any other member firm of HLB and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of HLB.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

### ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Reno, Nevada.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

## **INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements and/or tax return that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees (collectively "Eide Bailly"), against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

**ASSIGNMENTS PROHIBITED**

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

We appreciate the opportunity to be of service to Carson City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

**EIDE BAILLY LLP**



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*Dan Carter*, Partner

ACCEPTED BY **CARSON CITY**

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City Manager

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Date



February 26, 2016

Mr. Nick Marano, City Manager  
Carson City  
201 N. Carson Street, Suite 3  
Carson City, Nevada 89701

Dear Mr. Marano:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Carson City.

We will apply the agreed-upon procedures which Carson City has specified, listed in the attached schedule, to the Municipal Solid Waste Landfill (MSWL) operating record of Carson City, Nevada (the City) for the year ended June 30, 2016. This engagement is solely to assist management in evaluating the financial tests for assurances, of Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the MSWL operating record or on the City's compliance with the record keeping and reporting requirements of Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of management, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for the presentation of the MSWL operating record in accordance with Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for assuming all management responsibilities and for overseeing any nonattest services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

Dan Carter is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

[www.eidebailly.com](http://www.eidebailly.com)

We plan to begin our procedures in October 2016 and, unless unforeseeable problems are encountered, the engagement should be completed by December 31, 2016. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the MSWL operating record in accordance with Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$1,100. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our agreed-upon procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

### ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Reno, Nevada.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

**INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements and/or tax return that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees (collectively "Eide Bailly"), against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

**ASSIGNMENTS PROHIBITED**

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or disputes you may have against Eide Bailly, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

**EIDE BAILLY LLP**



*Dan Carter*, Partner

ACCEPTED BY **CARSON CITY**

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Date

25 (E)

**Carson City Board of Supervisors  
Agenda Report**

**Date Submitted:** March 9, 2015

**Agenda Date Requested:** March 19, 2015  
**Time Requested:** 5 minutes

**To:** Mayor and Supervisors  
**From:** Purchasing and Contracts

**Subject Title: For Possible Action:** To approve Contract No. 1415-122 pursuant to NRS 354.624 with Eide Bailly LLP to provide auditing services for a task based contract for a not to exceed amount of \$282,996.00 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 6, 2015 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 9, 2015. The S.O.Q.'s were opened at approximately 11:10 a.m. on February 6, 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: Eide Bailly LLP and Keddington & Christensen, LLC.

At the March 9, 2015, Audit Committee meeting the Committee approved the Finance Review and Selection Committees recommendation for contract award to Eide Bailly LLP 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. 1415-122 pursuant to NRS 354.624 with Eide Bailly LLP to provide auditing services for a task based contract for a not to exceed amount of \$282,996.00 to be funded from various funding sources.

**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 \$282,996.00.

**Funding Source:**

General Fund	101-0701-415-0312	\$121,688.28
Group Medical Insurance	570-0706-415-0312	5,659.92
Workers' Compensation	580-0704-415-0312	5,659.92
Fleet Management	560-3025-419-0312	5,659.92
Insurance Fund	590-0745-415-0312	5,659.92
Water Fund	520-3502-435-0312	56,599.20
Sewer Fund	510-3201-434-0312	56,599.20
Ambulance Fund	501-2525-422-0312	8,489.88
Cemetery Fund	530-5067-443-0312	2,829.96
Building Permit Fund	525-3014-424-0312	5,659.92
Landfill	101-6804-441-0312	5,659.92
Storm Water Drain	505-3702-437-0312	<u>2,829.96</u>
		\$282,996.00

**Supporting Material:** Contract No. 1415-122 and the Draft March 9, 2015, Audit Committee Agenda Report.

**Prepared By:** Kim Belt, Purchasing and Contracts Manager

**Reviewed By:** *Urbel A. P. White* Date: 3/10/15  
 (Finance Director)  
*Nichols Marano* Date: 3/10/15  
 (City Manager)  
*[Signature]* Date: 3/10/15  
 (District Attorney)

**Board Action Taken:**

Motion: App 1) KA  
 2) JS

4/0  
 Aye/Nay  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*SM*  
 (Vote Recorded By)

LB - Abstain  
 (E & F)



**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

THIS CONTRACT made and entered into this 19<sup>th</sup> day of March, 2015, by and between Carson City, a consolidated municipality, a political subdivision of the State of Nevada, hereinafter referred to as "CITY", and Eide Bailly LLP, hereinafter referred to as "CONTRACTOR".

**WITNESSETH:**

**WHEREAS**, the Purchasing and Contracts Manager for CITY is authorized pursuant to Nevada Revised Statutes (hereinafter referred to as "NRS") 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, CONTRACTOR'S** compensation under this agreement (does ) (does not ) utilize in whole or in part money derived from one or more federal grant funding source(s); and

**WHEREAS**, it is deemed necessary that the services of **CONTRACTOR** for **CONTRACT No.1415-122** (hereinafter referred to as "Contract") are both necessary and in the best interest of CITY; and

**NOW, THEREFORE**, in consideration of the aforesaid premises, and the following terms, conditions and other valuable consideration, the parties mutually agree as follows:

**1. REQUIRED APPROVAL:**

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

**2. SCOPE OF WORK (Incorporated Contract Documents):**

2.1 **CONTRACTOR** shall provide and perform the following services set forth in **Exhibit A**, which shall all be attached hereto and incorporated herein by reference for and on behalf of CITY and hereinafter referred to as the "SERVICES".

2.2 **CONTRACTOR** represents that it is duly licensed by CITY for the purposes of performing the SERVICES.

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

For P&C Use Only	
CCBL expires	12/31/15
NVCL expires	N/A
GL expires	4/29/15
AL expires	4/29/15
WC expires	4/29/15

PL

5/1/16

**INDEPENDENT CONTRACTOR AGREEMENT**  
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2.4 **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**.

2.5 **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.

2.6 Before commencing with the performance of any SERVICES 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, it shall bear all the costs arising therefrom.

2.7 It is expressly understood and agreed that all SERVICES done by **CONTRACTOR** shall be subject to inspection and acceptance by **CITY** and approval of SERVICES shall not forfeit the right of **CITY** to require correction, and nothing contained herein shall relieve **CONTRACTOR** of the responsibility of the SERVICES required under the terms of this Contract until all SERVICES have been completed and accepted by **CITY**.

**3. CONTRACT TERM:**

3.1 This Contract shall be effective from March 19, 2015, subject to Carson City Board of Supervisors' approval (anticipated to be March 19, 2015) to December 31, 2017, unless sooner terminated by either party as specified in **Section 7** (CONTRACT TERMINATION).

**4. NOTICE:**

4.1 Except any applicable bid and award process where notices may be limited to postings by **CITY** on its Finance Department/Bid Opportunities website ([www.carson.org](http://www.carson.org)), 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, by 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.

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

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

Dan Carter, CPA, Partner  
Eide Bailly LLP  
5441 Kietzke Lane, Suite 150  
Reno, NV 89511  
775-689-9100/FAX: 775-689-9299  
dcarter@eidebailly.com

4.3 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](mailto:KBelt@carson.org)

**5. COMPENSATION:**

5.1 The parties agree that **CONTRACTOR** will provide the **SERVICES** specified in **Section 2** (**SCOPE OF WORK**) and **CITY** agrees to pay **CONTRACTOR** the Contract's compensation based upon Time and Materials and the Scope of Work Fee Schedule for a not to exceed maximum amount of Two Hundred Eighty Two Thousand Nine Hundred Ninety Six Dollars and 00/100 (\$282,996.00), and hereinafter referred to as "Contract Sum".

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** 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

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
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without cause.

7.1.2 **CITY** reserves the right to terminate this Contract for convenience whenever it considers termination, in its sole and unfettered discretion, to be in the public interest. In the event that the Contract is terminated in this manner, payment will be made for **SERVICES** actually completed. If termination occurs under this provision, in no event shall **CONTRACTOR** be entitled to anticipated profits on items of **SERVICES** not performed as of the effective date of the termination or compensation for any other item, including but not limited to, unabsorbed overhead. **CONTRACTOR** shall require that all subcontracts which it enters related to this Contract likewise contain a termination for convenience clause which precludes the ability of any subcontractor to make claims against **CONTRACTOR** for damages due to breach of contract, lost profit on items of **SERVICES** not performed, or unabsorbed overhead, in the event of a convenience termination.

7.2 Termination for Nonappropriation:

7.2.1 All payments and **SERVICES** provided under this Contract are contingent upon the availability of the necessary public funding, which may include various internal and external sources. In the event that Carson City does not acquire and appropriate the funding necessary to perform in accordance with the terms of the Contract, the Contract shall automatically terminate upon **CITY'S** notice to **CONTRACTOR** of such nonappropriation, and no claim or cause of action may be based upon any such nonappropriation.

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 any **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** or any 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

**INDEPENDENT CONTRACTOR AGREEMENT**  
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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 (Declared Default or Breach):

7.4.1 Termination upon a declared default or breach may be exercised only after providing 7 (seven) calendar days written notice of default or breach, and the subsequent failure of the defaulting or breaching party, within five (5) calendar days of providing that default or breach notice, to provide evidence satisfactory to the aggrieved party demonstrating that the declared default or breach has been corrected. Time to correct shall run concurrently with any notice of default or breach and such time to correct is not subject to any stay with respect to the nonexistence of any Notice of Termination. Untimely correction shall not void the right to termination otherwise properly noticed unless waiver of the noticed default or breach is expressly provided in writing by the aggrieved party. There shall be no time to correct with respect to any notice of termination without cause or termination for nonappropriation.

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 **Subsection 7.5** ( Winding Up of Affairs Upon Termination) 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; and

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

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; and

7.5.1.4 **CONTRACTOR** shall preserve, protect, and promptly deliver into CITY possession all proprietary information in accordance with **Section 19** (CITY OWNERSHIP OF PROPRIETARY INFORMATION).

7.6 Notice of Termination:

7.6.1 Unless otherwise specified in this Contract, termination shall not be effective until seven (7) calendar days after a party has provided written notice of default or breach, or notice of without cause termination. Notice of Termination may be given at the time of notice of default or breach, or notice of without cause termination. Notice of Termination may be provided separately at any time after the running of the 7-day notice period, and such termination shall be effective on the date the Notice of Termination is provided to the party unless a specific effective date is otherwise set forth therein. Any delay in providing a Notice of Termination after the 7-day notice period has run without a timely correction by the defaulting or breaching party shall not constitute any waiver of the right to terminate under the existing notice(s).

**8. REMEDIES:**

Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be

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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 attorney's 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:**

CITY will not waive and intends to assert available NRS 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 expressly provided for elsewhere in this Contract. 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:**

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 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 NRS 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 Section.

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



**INDEPENDENT CONTRACTOR AGREEMENT**  
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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 **CONTRACTOR**, as 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 the supervision or control of the CITY, except as to the results of the SERVICES, 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**, in addition to **Section 11** (INDEMNIFICATION), 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 (GENERAL): (Not Applicable)**

13.1 **NOTICE: The following general insurance requirements shall apply unless these general requirements are altered by any specific requirements set forth in CITY'S solicitation for bid document, the adopted bid or other document incorporated into this Contract by the parties.**

13.2 **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.

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

13.4 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.

13.5 *Insurance Coverage (13.6 through 13.23):*

13.6 **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 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 later of:

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

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

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

13.6.3 Any insurance or self-insurance available to **CITY** under its coverage(s) 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.

13.7 *General Insurance Requirements (13.8 through 13.23):*

13.8 **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.

13.9 **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.

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

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

13.12 **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 \$5,000.00 per occurrence, unless otherwise approved by **CITY**.

13.13 **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 mail to Carson City Purchasing and Contracts, 201 N. Carson Street, Suite 3, Carson City, NV 89701.

13.14 **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.

13.15 **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:

13.16 **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**.



**INDEPENDENT CONTRACTOR AGREEMENT**  
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13.17 **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 13.9** (Additional Insured).

13.18 **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.

13.19 **Review and Approval:** Documents specified above must be submitted for review and approval by **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.

**13.20 COMMERCIAL GENERAL LIABILITY INSURANCE:**

13.20.1 *Minimum Limits required:*

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

13.20.3 Two Million Dollars (\$2,000,000.00) - Products & Completed Operations Aggregate.

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

13.20.5 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).

**13.21 BUSINESS AUTOMOBILE LIABILITY INSURANCE:**

13.21.1 *Minimum Limit required:*

13.21.2 One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.

13.21.3 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.

**13.22 PROFESSIONAL LIABILITY INSURANCE (Architects, Engineers and Land Surveyors)**

13.22.1 *Minimum Limit required:*

13.22.2 One Million Dollars (\$1,000,000.00).

13.22.3 Retroactive date: Prior to commencement of the performance of this Contract.

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

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

13.22.5 A certified copy of this policy may be required.

**13.23 WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:**

13.23.1 **CONTRACTOR** shall provide workers' compensation insurance as required by NRS Chapters 616A through 616D inclusive and Employer's Liability insurance with a minimum limit of \$500,000.00 each employee per accident for bodily injury by accident or disease.

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

**14. BUSINESS LICENSE:**

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

14.2 The Carson City business license shall continue in force until the later 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.

**15. COMPLIANCE WITH LEGAL OBLIGATIONS:**

**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** or any 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 NRS Chapter 361 generally and NRS 361.157 and 361.159, specifically regarding for profit activity. **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.

**16. WAIVER OF BREACH:**

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.

**17. SEVERABILITY:**

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.

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

**18. ASSIGNMENT / DELEGATION:**

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 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. The parties do not intend to benefit any third party beneficiary regarding their respective performance under this Contract.

**19. CITY OWNERSHIP OF PROPRIETARY INFORMATION:**

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.

**20. PUBLIC RECORDS:**

Pursuant to NRS 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 NRS 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.

**21. CONFIDENTIALITY:**

**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.

**22. FEDERAL FUNDING:**

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

22.1.1 **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.

22.1.2 **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,

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

and any relevant program-specific regulations.

22.1.3 **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 Executive Order 11478 (July 21, 2014) and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, sexual orientation, gender identity, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions).

22.1.4 If and when applicable to the particular federal funding and the Scope of Work under this Contract, **CONTRACTOR** and its subcontractors shall comply with: American Recovery and Reinvestment Act of 2009, Section 1605 – Buy American (100% Domestic Content of iron, steel and manufactured goods); Federal Highway Administration (FHWA) 23 U.S.C. § 313 – Buy America, 23 C.F.R. § 635.410 (100% Domestic Content of steel, iron and manufactured products); Federal Transit Administration (FTA) 49 U.S.C. § 5323(j), 49 C.F.R. Part 661 – Buy America Requirements (See 60% Domestic Content for buses and other Rolling Stock).

**23. LOBBYING:**

23.1 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:

23.1.1 Any federal, state, county or local agency, legislature, commission, council or board;

23.1.2 Any federal, state, county or local legislator, commission member, council member, board member, or other elected official; or

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

**24. GENERAL WARRANTY:**

**CONTRACTOR** warrants that it will perform all **SERVICES** required hereunder in accordance with the prevailing standard of care by exercising the skill and care normally required of individuals performing the same or similar **SERVICES**, under the same or similar circumstances, in the State of Nevada.

**25. PROPER AUTHORITY:**

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 is performed at the sole risk of **CONTRACTOR**.

**26. GOVERNING LAW / JURISDICTION:**

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.

**INDEPENDENT CONTRACTOR AGREEMENT**

**Contract No.1415-122**

**Carson City External Audit Function**

**27. ENTIRE CONTRACT AND MODIFICATION:**

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 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. The parties agree that each has had their respective counsel review this Contract which shall be construed as if it was jointly drafted.

**28. ACKNOWLEDGMENT AND EXECUTION:**

This Contract may be executed in counterparts. The parties hereto have caused this Contract to be signed and intend to be legally bound thereby as follows:

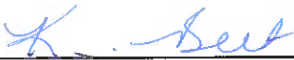
**INDEPENDENT CONTRACTOR AGREEMENT**

**Contract No.1415-122**

**Carson City External Audit Function**

**CITY**

Finance Director  
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](mailto:KBelt@carson.org)

By:   
Kim Belt

Dated 3/10/15

**CITY'S LEGAL COUNSEL**

Carson City District Attorney

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

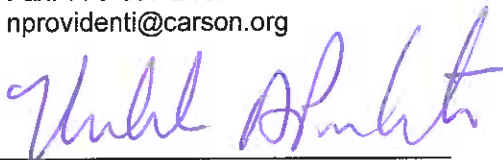
By:  3/10/15  
Deputy District Attorney

Dated \_\_\_\_\_

**CITY'S ORIGINATING DEPARTMENT**

**I certify that funds are available and that  
CONTRACTOR will not be given authorization  
to begin work until this Contract has been  
signed by Purchasing and Contracts**

**BY:** Nick Providenti, Director  
Carson City Finance Department  
201 N. Carson Street, Suite 3  
Carson City, NV 89701  
Telephone: 775-887-2133  
Fax: 775-887-2107  
[nprovidenti@carson.org](mailto:nprovidenti@carson.org)

By: 

Dated 3/10/15

**INDEPENDENT CONTRACTOR AGREEMENT**  
**Contract No.1415-122**  
**Carson City External Audit Function**

Undersigned deposes and says under penalty of perjury: That he/she is **CONTRACTOR** or authorized agent of **CONTRACTOR**; that he/she has read the foregoing Contract; and that he/she understands the terms, conditions and requirements thereof.

**CONTRACTOR**  
**BY:** Dan Carter, CPA  
**TITLE:** Partner  
**FIRM:** Eide Bailly LLP  
**CARSON CITY BUSINESS LICENSE #:** 15-  
**Address:** 5441 Kietzke Lane, Suite 150  
**City:** Reno **State:** NV **Zip Code:** 89511  
**Telephone:** 775-689-9100/FAX: 775-689-9299  
**E-mail Address:** dcarter@eidebailly.com

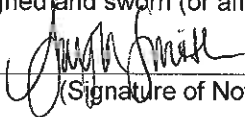
  
\_\_\_\_\_  
(Signature of Contractor)

**DATED** 5/18/15 \_\_\_\_\_

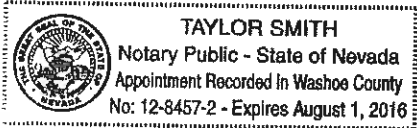
**STATE OF** Nevada \_\_\_\_\_ )  
**County of** Washoe \_\_\_\_\_ )

)ss

Signed and sworn (or affirmed before me on this 18<sup>th</sup> day of May, 2015

  
\_\_\_\_\_  
(Signature of Notary)

(Notary Stamp)



**INDEPENDENT CONTRACTOR AGREEMENT**

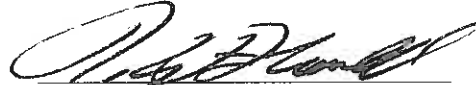
**Contract No.1415-122**

**Carson City External Audit Function**

**CONTRACT ACCEPTANCE AND EXECUTION:**

The Board of Supervisors for Carson City, Nevada at their publicly noticed meeting of March 19, 2015 approved the acceptance of the attached Contract hereinbefore identified as **CONTRACT No. 1415-122**. 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 19<sup>th</sup> day of March, 2015.

**ATTEST:**

  
**SUSAN MERRIWETHER, CLERK-RECORDER**

DATED this 19<sup>th</sup> day of March, 2015.





**CARSON CITY CONSOLIDATED MUNICIPALITY  
NOTICE OF MEETING OF THE  
CARSON CITY AUDIT COMMITTEE**

**Day:** Monday  
**Date:** March 9, 2015  
**Time:** Beginning at 1:00 p.m.  
**Location:** Community Center, Sierra Room  
851 East William Street  
Carson City, Nevada

## **Agenda**

**1. Call to Order**

**2. Roll Call**

**3. Public Comments and Discussion:**

The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of, the Carson City Audit Committee. In order for members of the public to participate in the Committee's consideration of an agenda item, the Committee strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

**4. For Possible Action: Approval of Minutes - August 12, 2014 & November 19, 2014.**

**5. For Possible Action: Adoption of Agenda**

**6. Discussion Only: Regarding audit findings from the June 30, 2014 Comprehensive Annual Financial Report (CAFR).**

Summary: City staff will be discussing audit findings from the June 30, 2014 CAFR and corrective actions that have been done.

**7. For Possible Action: Regarding the Audit Committee's role to review the City's Comprehensive Annual Financial Report (CAFR) and to make possible recommendations to the Board of Supervisors.**

Summary: Carson City Municipal Code, Section 1: Title 2, Chapter 2.14, Section 2.14.040 states "1. The Carson City audit committee will review and make recommendations to the board of supervisors regarding the annual financial audit..."

EXHIBIT A

- 8. For Possible Action: Approve the Finance Review and Selection Committee’s (consisting of the City Manager, a member of the Audit Committee, and staff from the Finance Department including the Finance Director, the Deputy Finance Director and an Accounting Manager) recommendation for contract award to Eide Bailly LLP for the Carson City External Audit Function and authorize staff to prepare a Contract and Board Action Form for Board of Supervisors approval.

Summary: Carson City received sealed Statement of Qualifications (SOQ) to perform the City’s Audit function on February 6, 2015 at 11:00 a.m. The SOQ 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 9, 2015. The SOQ’s were opened at approximately 11:10 a.m. on February 6, at 201 North Carson Street, Carson City, Nevada 89701, and sent for review by the Finance Review and Selection Committee. Final selection will be made by the Carson City Board of Supervisors and is tentatively set for Thursday, March 19, 2015.

- 9. For Possible Action: Discussion and possible action to discuss the Audit Work Program Update.

Summary: Staff would like to discuss and get direction from the Audit Committee regarding the Audit Work Program.

- 10. For Possible Action: Discussion and possible action regarding monitoring of the Audit Findings Response Tracking Report and possible direction to the internal auditor to report and discuss the monitoring with the Board of Supervisors.

Summary: Representatives from Moss Adams and city staff will discuss Audit Findings Monitoring.

- 11. For Possible Action: To schedule the next meeting of the Carson City Audit Committee.

- 12. **Public Comment** - The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

**13. For Possible Action: To Adjourn**

.....  
*Agenda Management Notice - Items on the agenda may be taken out of order; the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.*  
 .....

*Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the responsible agency or the City Manager’s Office. You are encouraged to attend this meeting and participate by commenting on any agenda item.*  
 .....

*Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the City Manager’s Office in writing at 201 North Carson Street, Carson City, NV, 89701, or by calling (775) 887-2100 at least 24 hours in advance.*  
 .....

*This meeting can be viewed on Channel 226. For specific dates and times - [www.bactv.org](http://www.bactv.org).*  
 .....

*To request a copy of the supporting materials for this meeting contact Rachael Porcari at [rporcari@carson.org](mailto:rporcari@carson.org) or call (775) 887-2100.*  
 .....

*This agenda and backup information are available on the City’s website at [www.carson.org](http://www.carson.org), and at the City Manager’s Office - City Hall, 201 N. Carson Street, Ste 2, (775) 887-2100.*

This notice has been posted at the following locations:  
Community Center 851 East William Street  
Public Safety Complex 885 East Musser Street  
City Hall 201 North Carson Street  
Carson City Library 900 North Roop Street  
Business Resource & Innovation Center (BRIC) 108 East Proctor Street

Date: March 3, 2015

**Carson City Audit Committee  
Agenda Report**

**Date Submitted:** 02/24/2015

**Agenda Date Requested:** 03/09/2015

**To:** Chair and Members

**From:** Nick Providenti, Finance Director

**Subject Title:** For Possible Action: Approve the Finance Review and Selection Committee's (consisting of the City Manager, a member of the Audit Committee, and staff from the Finance Department including the Finance Director, the Deputy Finance Director and an Accounting Manager) recommendation for contract award to Eide Bailly LLP for the Carson City External Audit Function and authorize staff to prepare a Contract and Board Action Form for Board of Supervisors approval.

**Summary:** Carson City received sealed Statement of Qualifications (SOQ) to perform the City's Audit function on February 6, 2015 at 11:00 a.m. The SOQ 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 9, 2015. The SOQ's were opened at approximately 11:10 a.m. on February 6, at 201 North Carson Street, Carson City, Nevada 89701, and sent for review by the Finance Review and Selection Committee. Final selection will be made by the Carson City Board of Supervisors and is tentatively set for Thursday, March 19, 2015.

**Type of Action Requested:** (check one)  
 Resolution  Ordinance  
 Formal Action/Motion  Other (Discussion Only)

**Does This Action Require A Business Impact Statement:**  Yes  No

**Recommended Committee Action:** I move to approve the Finance Review and Selection Committee's recommendation for contract award to Eide Bailly LLP for the Carson City External Audit Function and authorize staff to prepare a Contract and Board Action Form for Board of Supervisors approval.

**Explanation for Recommended Committee Action:** See Staff Summary

**Applicable Statute, Code, Policy, Rule or Regulation:** Carson City Charter Sec. 3.075.

**Fiscal Impact:** Up to \$95,100

**Explanation of Impact:** External Audit Budget in various Funds

Funding Source: N/A

Alternatives: None

Supporting Material: Statement of Qualifications from Eide Bally LLP

Prepared By: Nick Providenti, Finance Director

Reviewed By: Michael Amato Date: 2/25/15  
(Finance Director)

Board Action Taken:

Motion:

\_\_\_\_\_

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

\_\_\_\_\_  
(Vote Recorded By)

**COPY**



February 4, 2015

Statement of Qualifications to Provide Audit Services

SOQ 1415-122

## Carson City, Nevada

Presented By:

Eide Bailly LLP

Contact Person:

Dan Carter, CPA

Partner

5441 Kietzke Lane, Suite 150

Reno, NV 89511

T 775.689.9100

F 775.689.9299

[dcarter@eidebailly.com](mailto:dcarter@eidebailly.com)





February 4, 2015

Ms. Kim Belt  
Carson City Finance Department – Purchasing and Contracts  
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. SOQ 1415-122 (SOQ) to provide external audit and agreed upon procedure services to Carson City, Nevada (City), for the fiscal years ending June 30, 2015, 2016 and 2017.

We, during our tenure with Kafoury, Armstrong & Co., 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 Eide Bailly is the most qualified firm to provide the services requested, given the following:

**Firm-Wide Governmental Expertise**

We are confident the City will benefit from working with Eide Bailly. Our extensive government experience and knowledge positions us to be the right firm for you. Our 28 offices located in 12 states currently serve more than 550 state and local governments. Our extensive knowledge in audit and accounting is an important asset to our clients as they strive to stay abreast of the continual audit, accounting and regulatory changes; while at the same time focusing on the challenges faced in our slowly recovering economic environment.

We are confident that our people, guided by strong principles, will help transform your challenges into new possibilities. The service team we have selected for you includes experienced professionals who know the governmental industry, specifically city government.

**Efficient Audit Approach Focused on Quality**

We understand the importance of an efficient approach to the audit. Experienced service team members translate into a minimum of disruption to the daily operations of the City. Members of the proposed audit team for the City not only have in-depth knowledge of the unique aspects of governmental audit and accounting, but have experience on the City' prior audit engagements during their tenure with Kafoury, Armstrong & Co.

With Eide Bailly you will receive unparalleled commitment to the quality of the work product. We are members 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. Eide Bailly received a rating of "pass", the highest rating available, on our most recent examination (July 2011), in which several governments were selected for review.

**Personal, Customized Service**

As accounting professionals, we offer vital services to organizations facing an ever-changing business environment. Delivering a high level of service to clients is a priority at Eide Bailly, and therefore, our staff members realize the importance of building strong business relationships and staying abreast of current issues impacting the government industry. During your engagement, we will work closely with your management team to identify issues and provide responsive solutions that are tailored to your organization. In addition, you will experience partner involvement during all phases of the engagement, as well as throughout the year. At Eide Bailly, we make it a priority to be accessible to our clients, which includes returning phone calls and e-mails in a timely manner.

We realize other firms are knowledgeable as well; however, we believe what differentiates us is personal and attentive service from all members of our service team, including partners and senior-level staff. We know you and your staff and take the time to understand your specific challenges and opportunities. We pride ourselves on delivering honest and insightful advice beyond what is normally experienced in the public accounting industry.

We pride ourselves on being available to our clients at all times, not just during the time of the audit, to answer questions and assist with any situations that arise during the year. We appreciate the opportunity to be of assistance to the City in implementation of new standards, as we have done in the past. An example of one area we can assist in is the implementation of the new GASB pension standard that will take effect during this proposal period.

**Timeliness**

We will meet your deadlines. Our professionals are trained to anticipate, identify and respond to your needs in a timely manner. We believe in clear, up-front and open communication with no surprises.

**Value for Fees**

Eide Bailly has established a reputation of providing quality work at a fair price. Our fees are based on prior experience providing professional audit services to the City. In the event you request additional services, Eide Bailly will obtain your agreement on fees before such work would commence. In other words, there will be no hidden fees.

**We Want to Work with You**

The service team members have taken great pride in providing audit services to the City over the years during their tenure at Kafoury, Armstrong & Co. This pride and desire to continue providing services to the City continues with Eide Bailly. The following pages highlight our Firm's strengths and demonstrate why Eide Bailly merits serious consideration. Know that you will be a highly valued client.

Please let the following serve as our commitment to provide the services requested in your SOQ. Dan Carter, Partner, is authorized to make representations for Eide Bailly and bind the Firm to a legal contract with Carson City, Nevada.

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

Sincerely,



Dan Carter, CPA  
Partner  
Eide Bailly LLP





### Eide Bailly at a Glance

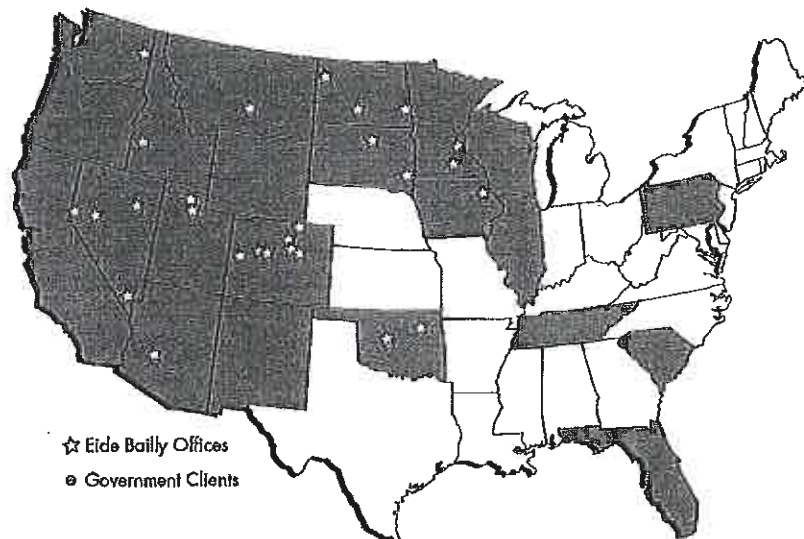
- 1,500 professionals
- 28 offices across 12 states
- 180 Governmental audit professionals Firmwide, with more than 50 located in Nevada
- Over 550 governmental clients Firmwide, with more than 50 located in Nevada.

## Firm Qualifications and Experience

### Eide Bailly Background

Founded in 1917, Eide Bailly is a Top 20 CPA firm in the nation, with 28 offices in 12 states and is Nevada's first regional CPA firm with offices in Reno, Las Vegas, Fallon and Elko. The City will be served from our Reno, Nevada office.

The following map identifies Eide Bailly's office locations and client locations throughout the nation.



You will find professionals at Eide Bailly who have a genuine interest in helping you achieve your goals. Our clients benefit from local, personal service and, at the same time, enjoy access to 1,500 professionals with diverse skill sets and experiences.

### Governmental Experience

The governmental industry represents Eide Bailly's third largest niche area—with 550 governmental clients Firmwide. These clients include a wide variety of governments, including cities, counties, fire districts, school districts, States and state agencies, tribal entities, water districts, wastewater treatment facilities and housing authorities.



## Firm Qualifications and Experience

More than 180 professionals at Eide Bailly participate in the Firm's Governmental Services Group, specializing in serving our governmental clients. Annually, these professionals perform more than 120,000 service hours for clients within the government industry. These professionals share information, learn from others and stay up-to-date on industry developments. To gain the greatest benefit, the knowledge is shared with professionals across the Firm.

### Single Audit Experience

Eide Bailly has experience providing single audits related to federal expenditures which ensure our clients remain compliant. Our single audits include an audit of both the financial statements and the federal awards. We also assist in the preparation of the data collection form and prepare the reporting package for submission to the federal audit clearinghouse.

Eide Bailly audits more than \$10 billion in federal expenditures, which provides us with extensive experience in single audits. Paired with our many years of experience, we are qualified to effectively work with the City to ensure that federal requirements are met. In addition, Eide Bailly participates semi-annually in the Single Audit Roundtable, which is a meeting of federal single audit coordinators and public accountants to discuss issues related to auditing federal dollars. We are involved first-hand as new items are discussed and clarifications are provided for different areas.

### Reno Office Experience

The Reno office of Eide Bailly will have primary responsibility for providing audit services to the City. Professionals in the Reno office, during their tenure with Kafoury, Armstrong & Co., have been performing audits in Nevada for many years, and in the Reno office, governmental audit is our largest niche area. Following is a list of current or recent (within the last three years) Nevada local governments served by our Firm that are similar in nature to the City. We have put an asterisk next to those clients for which we performed the financial statement review for Certificate of Achievement purposes. 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\*
- Churchill County\*
- Clark County\*
- Douglas County
- Elko County
- Eureka County
- Pershing County
- Washoe County\*
- City of Carlin
- City of Elko
- City of Fernley
- City of Fallon\*
- City of Las Vegas\*
- City of Lovelock
- City of Sparks\*



# Engagement Team

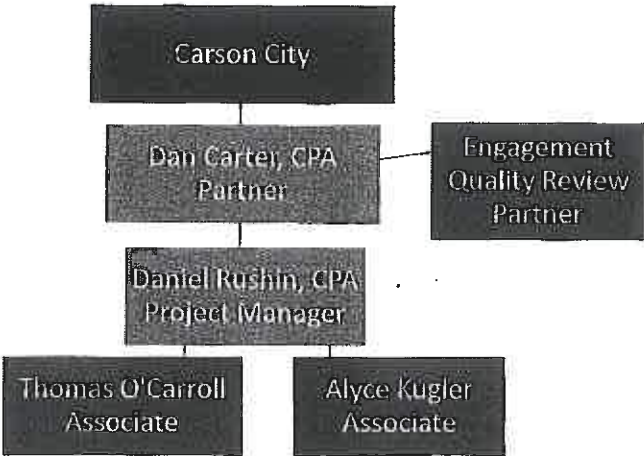
In selecting our proposed engagement team, we focused on two primary factors: technical expertise and balanced hours. Significant upper level involvement is one of the key features in our audit plan, as well, as an engagement team with prior experience auditing the City.

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.

### Service Team Members

Dan Carter, CPA will lead the team and serve as Engagement Partner and if awarded this engagement, will serve as your primary contact. Additional members of the service team will include Dan Rushin, Thomas O'Carroll, and Alyce Kugler. Each of these individuals has previous experience with Carson City.

It is Eide Bailly's policy to have an engagement quality review on all engagements with a single audit and/or other factors as defined by the Firm's Quality Control Document. These partners are selected by the Firm's National Director of Assurance Services from an approved listing of partners in the Firm with industry specific experience.



## Engagement Team

### Resumes



### Dan Carter, CPA, MACC

Partner  
775.689.9271 | [dcarter@eldebailly.com](mailto:dcarter@eldebailly.com)

#### Knowledge and Experience

- More than 12 years of public accounting experience specializing in providing services to the governmental and gaming industries
- Member of the GFOA special review committee

#### Professional Memberships

- American Institute of Certified Public Accountants
- Nevada Society of Certified Public Accountants

#### Certifications

- Certified Public Accountant, Nevada

#### Education

- Master of Accountancy – University of Nevada, Reno
- Bachelor of Science, Agricultural Business – Cal Poly, San Luis Obispo

#### Continuing Professional Education

- Dan has approximately 120 hours of relevant continuing education over the past three years.



## Daniel Rushin, CPA

Senior Manager

775.689.9270 | [drushin@eidebailly.com](mailto:drushin@eidebailly.com)

### Knowledge and Experience

- More than 14 years of experience in public accounting, providing audit, accounting, and consulting services to clients in various industries with a focus in governmental and non-profit entities
- Extensive experience in leading and managing engagements for Nevada cities and other local and state governmental agencies

### Professional Memberships

- American Institute of Certified Public Accountants
- Nevada Society of Certified Public Accountants
- Arizona Society of Certified Public Accountants

### Certifications

- Certified Public Accountant, Nevada

### Education

- Bachelor of Science in Business Administration (Accounting emphasis) – University of Nevada, Reno

### Continuing Professional Education

- Daniel has completed 120 hours of relevant continuing education over the past three years.





## Thomas O'Carroll

Associate  
775.689.9286 | tocarroll@eidebally.com

### Knowledge and Experience

- Two years of public accounting experience providing audit and assurance services to local governments and employee benefit plans
- Providing financial statement auditing and compliance testing, including Single Audits required by OMB Circular A-133

### Education

- Master of Accountancy – University of Nevada, Reno
- Master in Sport Management – University of San Francisco
- Bachelor of Science in Business Administration, Accounting – University of Nevada, Reno – Magna Cum Laude

### Continuing Professional Education

- Thomas has 68 hours of relevant continuing education over the last two years.



## Alyce Kugler

Audit Associate  
775.689.9273 | akugler@eidebally.com

### Knowledge and Experience

- Two years of public accounting experience providing audit services primarily to the governmental and employee benefit plan industries
- Providing financial statement auditing and compliance testing, including Single Audits required by OMB Circular A-133

### Education

- Bachelor of Science in Business Administration, Accounting – University of Nevada, Reno

### Continuing Professional Education

- Alyce has 65 hours of relevant continuing education over the last two years.



We asked our clients to describe Eide Bailly...

*"... invaluable to our success ... leading-edge experts ... resourceful in recommending strategies ... there for us ... treats us as a valued customer ... passionate about helping clients ... valued business advisors."*

We encourage you to contact our clients so they can share their personal Eide Bailly experience with you.

## References

As a top 20 CPA firm with 28 offices in 12 states, Eide Bailly is the firm of choice for 44,000 clients. We recently asked our clients what they valued most about their relationship with our Firm. Industry knowledge, attentive service, genuine advice and friendly people were just a few of the responses we received. Our clients are truly the best critics of our service. Listed below are three (3) of the Reno offices' current clients for which we provide services similar to those requested in the Request for SOQ.

Similar Engagements		
Client Name	Scope of Work	Contact
Washoe County, Nevada	Similar to Carson City, including GFOA CAFR review	Dave Stark, CPA Audit Committee Chair 775.328.1040
State of Nevada, Local Government Investment Pool	Agreed-upon Procedures, similar to the MSWL.	Tara Hagan Senior Deputy Treasurer 775.684.5753
Carson City, Nevada	See final page of this SOQ.	Nick Providenti, CPA Director of Finance 775.283.7143



**Our Commitment**

- Positive experience
- Partner involvement
- Frequent communication
- Timely service

## Fee Quotes

We have put a great deal of 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, 2015, 2016 and 2017. 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. 68 in FY15.

The fees quoted in this SOQ anticipate that there will be no significant accounting or auditing changes within the industry beyond GASB No. 68 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-2 to SOQ-4 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. Our quoted fees for the requested services are as follows:

	FY15	FY16	FY17
<b>Breakdown by Service Provided:</b>			
<b>City</b>			
Basic Financial Statement Audit in accordance with <i>Government Auditing Standards</i>	\$ 104,300	\$ 102,860	\$ 102,860
Single Audit (two major programs)	11,000	11,000	11,000
CAFR certificate review	400	400	400
Assembly/print of CAFR	1,800	1,800	1,800
	<u>117,500</u>	<u>116,060</u>	<u>116,060</u>
Rate Reduction (20%)	<u>(23,500)</u>	<u>(23,212)</u>	<u>(23,212)</u>
	94,000	92,848	92,848
<b>MSWL</b>			
Agreed Upon Procedures	1,100	1,100	1,100
<b>Total</b>	<u>\$ 95,100</u>	<u>\$ 93,948</u>	<u>\$ 93,948</u>

		JUNE 30, 2015		
		City	MSWL	Total
Average Hourly Rates		Hours	Hours	Hours
Partner	\$ 225	88	2	90
Manager	180	137		137
Associates	95	736	6	742
Administrative	80	39	1	40
		<u>1,000</u>	<u>9</u>	<u>1,009</u>



# Estimated Manpower

Following is a summary of our planned approach to the audit of the City for the fiscal year ending June 30, 2015. We anticipate a similar approach for fiscal years ending June 30, 2016 and 2017; however, for the year ending June 30, 2015 we anticipate additional hours given the new GASB pronouncement that will take effect in that year.

Engagement Approach	Time Frame	FY15 Hours				
		Total	Eng. Partner	Project Manager	Audit Assoc.	Admin
Entrance Conference with Management/Audit Committee	May	2	1	1		
Risk Assessment / Planning - Financial	June	72	8	16	48	
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						
Tests of Controls	June	40			40	
Risk Assessment - Single Audit	July-October	14	2	8	4	
Engagement team brainstorming/assess fraud risk factors						
Major program determination from preliminary SEFA prepared by City						
Determination of direct/material compliance requirements						
Compliance Testing - Single Audit (two major programs)	October	44		4	40	
City Provide Financial Statements/Footnotes/Final SEFA	October	92	16	20	44	12
Foot/cross-foot and other testing over financial statement presentation						
Read Letter of Transmittal and Statistical Sections						
Perform procedures over management's discussion and analysis						
Update/finalize compliance testing for single audit						
Continue Risk Assessment - Financial Audit	October	30	6	8	16	
Preliminary analytical review/ read BOS meeting minutes						
Assess risk of material misstatement						
Test City's major fund determination/update materiality thresholds						
Development of Audit Programs	October	13	5	8		
Further Audit Procedures - Financial	Oct -Nov	548		8	540	
Sustantive tests over account balances/transaction classes						
Test government wide conversion/test footnote disclosures						
Perform procedures over supplementary information						
Perform CAFR Certificate Review	November	2	1	1		
Review of Audit Work/Communication with City	Oct -Nov	95	35	60		
Review of audit work (financial / Single audit) prepared by staff						
Engagement partner review / final analytical procedures						
Provide audit adjustments/corrections to FS to City, if applicable						
Provide compliance findings to City, if applicable						
Progress Meeting with Audit Committee, if needed	Oct -Nov	2	1	1		
Draft Reports	November	9	1	1	4	3
Engagement Quality Review	November	8	8			
Exit Conference with Audit Committee	December	2	1	1		
Assemble/Bind Copies of CAFR	November	24				24
Presentation to Board of Supervisors	December	3	3	-		
		<u>1,000</u>	<u>88</u>	<u>137</u>	<u>736</u>	<u>39</u>

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