



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 3/16/17

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

Agenda Title: For Possible Action: To approve Task No. 3 for Contract No. 1415-122 with Eide Bailly LLP to provide auditing services for FY 2016-17 for a not to exceed amount of \$93,948 and a contingency amount of \$22,000 (if needed for auditing additional major federal grant programs) and to designate Eide Bailly LLP as the auditing firm for FY 2016-17 (Nancy Paulson, npaulson@carson.org).

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. 3 for Contract No. 1415-122 with Eide Bailly LLP to provide auditing services for FY 2016-17 for a not to exceed amount of \$93,948 and a contingency amount of \$22,000 (if needed for auditing additional major federal grant programs) and to designate Eide Bailly LLP as the auditing firm for FY 2016-17.

Board's Strategic Goal

Efficient Government

Previous Action

Task No. 1 Approved March 19th, 2015, Contract No. 1415-122 Approved March 19th, 2015 (Attached),
Task No. 2 Approved March 17th, 2016

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:

		Base	Contingency	Total
General Fund	101-0701-415.03-12	\$40,398	\$11,398	\$51,796
Group Medical Insurance	570-0706-415.03-12	1,879		1,879

Workers' Compensation	580-0704-415.03-12	1,879		1,879
Fleet Management	560-3025-419.03-12	1,879		1,879
Insurance Fund	590-0745-415.03-12	1,879		1,879
Water Fund	520-3502-435.03-12	18,790	5,301	24,091
Sewer Fund	510-3201-434.03-12	18,790	5,301	24,091
Ambulance Fund	501-2525-422.03-12	2,818		2,818
Cemetery Fund	530-5067-443.03-12	939		939
Building Permit Fund	525-3014-424.03-12	1,879		1,879
Landfill	101-6804-441.03-12	1,879		1,879
Storm Water Drainage	505-3702-437.03-12	939		939
	TOTAL	\$93,948	\$22,000	\$115,948

The base fee of \$93,948 includes the single audit of 2 major federal programs. The contingency of \$22,000 would cover the single audit of four additional major programs. For FY 2016, the City had four major programs subject to single audit.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Amounts will be included in FY2018 Budget.

Alternatives

N/A



February 27, 2017

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

You have requested that we 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 of Carson City, as of June 30, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise Carson City's basic financial statements. We will not audit the 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. In addition, we will audit the entity's compliance over major federal award programs for the period ended June 30, 2017. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs.

Accounting principles generally accepted in the United States of America require that certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI 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

Supplementary information other than RSI will accompany Carson City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with

auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards
- 2) Combining and individual fund statements and schedules, including budgetary comparisons
- 3) The schedule of fees imposed subject to the provisions of NRS 354.5989 – limitations of fees for business licenses

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that 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 this other information:

- 1) Introductory Section
- 2) Statistical Section

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing

procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

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. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of Carson City's basic financial statements. Our report will be addressed to the governing body of Carson City. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

We will make reference to Kohn & Company, LLP's audits of the Airport Authority of Carson City and The Carson City Convention and Visitors' Bureau in our report on your financial statements.

Audit of Major Program Compliance

Our audit of Carson City's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions the Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion

on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal award programs. Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls 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 of the entity's major federal award programs. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Other Services

We will provide other nonattest services related to assistance with the preparation of the Data Collection Form. These nonattest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For safeguarding assets;
4. For identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with Uniform Guidance generally received after December 26, 2014;
5. For preparing the schedule of expenses of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance requirements;
6. For the design, implementation, and maintenance of internal control over compliance.
7. For identifying and ensuring that the entity complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;

8. For following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
9. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
10. For submitting the reporting package and data collection form to the appropriate parties;
11. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;
12. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
13. For 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 current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
14. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets; and
15. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With respect to data collection form preparation services, and any other nonattest services we perform, Carson City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding supplementary information, (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information, and (d) to present the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Fees and Timing

Dan Carter is the engagement partner for the audit services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit in June 2017.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices are payable upon presentation. We agree that our fee for the audit, including expenses, will not exceed \$92,848. This fee is inclusive of the hours to prepare the data collection form. In addition, it is based on the assumption that Carson City will have two major programs subject to Single Audit. If Carson City has additional major programs subject to audit, our fee will increase \$5,500 for each additional major program. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use Carson City's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

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.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to Carson City's oversight agency or its designee, and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Mayor and the Carson City Board of Supervisors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

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.

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.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



Dan Carter
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Carson City by:

Name: _____

Title: _____

Date: _____



February 27, 2017

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

We are pleased to confirm our understanding of the services we are to provide for Carson City. This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the Municipal Solid Waste Landfill (MSWL) operating record of Carson City as of and for the period ended June 30, 2017 in accordance with the financial tests for assurances of Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G. These procedures will be applied for the purpose of reporting our findings in regards to the results of the procedures performed as compared to the financial tests for assurances of Chapter 444 of Nevada Administrative Code and 40 CFR Part 258, Subpart G. The procedures we will perform have been agreed to by the management of Carson City. These agreed-upon procedures are enumerated as follows:

- 1) We will confirm that the City's bond rating satisfies the conditions of subsection 1(a) of Section 2 of NAC Chapter 444; therefore, testing of the financial ratios in subsection 1(b) of Section 2 of NAC Chapter 444 is not required.
- 2) We will report that we audited the financial statements of Carson City, Nevada for the year ended June 30, 2017, and that the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. We will further report that we issued an unqualified opinion on the financial statements.
- 3) Based on information contained in the financial statements of Carson City, Nevada for the years ended June 30, 2017 and 2016, we will determine if the City has operated at a deficit equal to five percent or more of total annual revenue in either of the past two fiscal years.
- 4) We will perform calculations using the audited financial statements of Carson City, Nevada as of and for the year ended June 30, 2017 to assist management in evaluating if the City's total revenue was adequate to assure the total estimated costs of closure and post closure.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements of the American Institute of Certified Public Accountants. The specified parties listed above are solely responsible for the sufficiency of the agreed-upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of these procedures for the purposes of the specified parties or for any other purpose. The agreed-upon procedures are not designed to constitute an examination or review of the subject matter. Therefore, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to by the specified parties as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

Our procedures are also not designed to detect error or fraud that is immaterial to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we may also request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language. We will maintain the confidentiality of your personal information and apply procedures to protect against any unauthorized release of your personal information to third parties.

Our engagement will be conducted on the basis that Carson City's management acknowledge and understand that they have responsibility:

- a. For the design, implementation, and maintenance of internal control relevant to the MSWL operating record which is the best means of preventing or detecting errors or fraud;
- b. For selecting and determining the suitability and appropriateness of the criteria upon which the MSWL operating record will be evaluated; and
- c. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the MSWL such as records, documentation, and other matters and that you are responsible for the accuracy and completeness of that information;
 - (2) Additional information that we may request from management for the purpose of performing the agreed upon procedures; and
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain attest evidence.

Carson City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

As part of our engagement, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the agreed upon procedures.

We will issue a written report upon completion of the performance of the agreed upon procedures. Our report will be addressed to the Management of Carson City.

During the course of the engagement, we may communicate with you or with your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We plan to begin our procedures in November 2017 and, unless unforeseeable problems are encountered, the engagement should be completed by December 31, 2017.

Dan Carter is the engagement partner for the services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices are payable upon presentation. We agree that our fee for the engagement will not exceed \$1,100. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate.

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.

We agree to retain our attest documentation or work papers for a period of at least seven years from the date of our report.

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.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,



Dan Carter
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Carson City by:

Name: _____

Title: _____

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 19th 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), 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

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

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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
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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**.

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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.

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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:

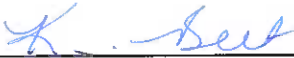
INDEPENDENT CONTRACTOR AGREEMENT

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

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.

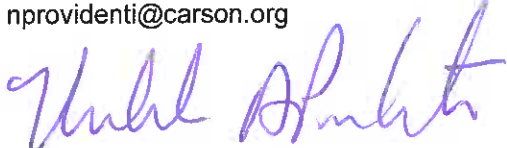
By:  3/10/15
Deputy District Attorney

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

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

Dan Carter

(Signature of Contractor)

DATED 5/18/15

STATE OF Nevada)

County of Washoe)

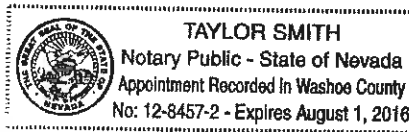
)ss

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

Taylor Smith

(Signature of Notary)

(Notary Stamp)



INDEPENDENT CONTRACTOR AGREEMENT

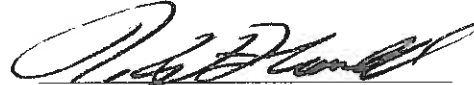
Contract No.1415-122

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 19th day of March, 2015.

ATTEST:


SUSAN MERRIWETHER, CLERK-RECORDER

DATED this 19th 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 agendized 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.

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

*This agenda and backup information are available on the City’s website at 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
(X) Formal Action/Motion (X) Other (Discussion Only)

Does This Action Require A Business Impact Statement: () Yes (X) 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*
(Finance Director)

Date: 2/25/15

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



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

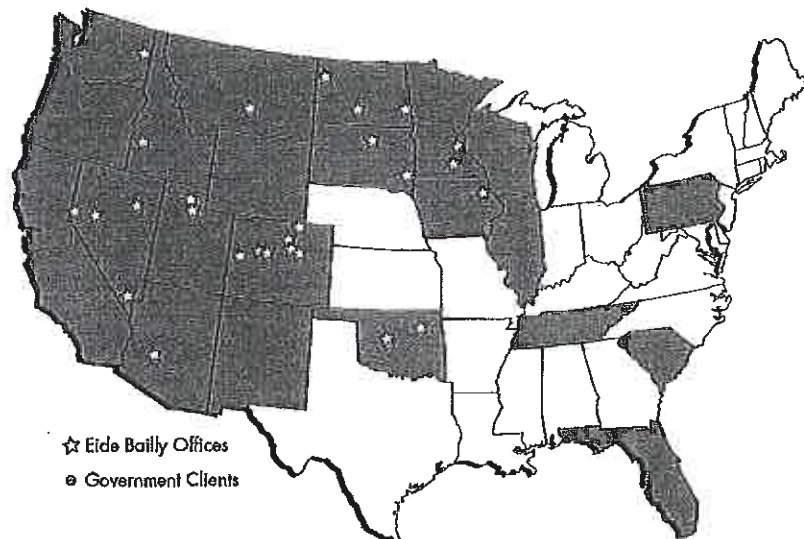
- 1,500 professionals
- 28 offices across 12 states
- 180 Governmental audit professionals Firmwide, with more than 50 located in Nevada
- Over 550 governmental clients Firmwide, with more than 50 located in Nevada.

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

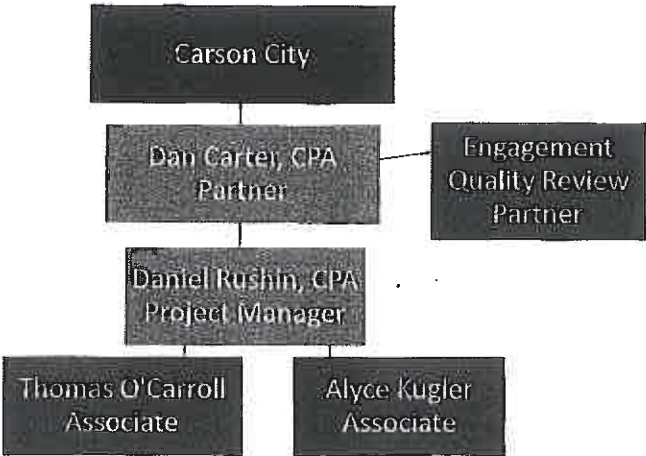
In selecting our proposed engagement team, we focused on two primary factors: technical expertise and balanced hours. Significant upper level involvement is one of the key features in our audit plan, as well, as an engagement team with prior experience auditing the City.

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

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

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
Breakdown by Service Provided:			
City			
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
MSWL			
Agreed Upon Procedures	1,100	1,100	1,100
Total	<u>\$ 95,100</u>	<u>\$ 93,948</u>	<u>\$ 93,948</u>

		JUNE 30, 2015		
		City	MSWL	Total
		Hours	Hours	Hours
		Average Hourly Rates		
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.