

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

Day: Wednesday
Date: February 28, 2018
Time: Beginning at 5:00 pm
Location: Community Development Permit Center, Conference Room A
108 E Proctor 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 - October 3, 2017

5. For Possible Action: Adoption of Agenda

6. Meeting Items

6.A For Possible Action: To recommend that the Board of Supervisors approve the Finance Review and Selection Committee's recommendation for contract award to Piercy Bowler Taylor & Kern for the Carson City External Audit Function. (Jason Link, jlink@carson.org)

Staff Summary: NRS 354.624, requires Carson City to designate the auditor or audit firm no later than three months prior to the close of the fiscal year. Carson City must notify the Department of Taxation of the designation. Carson City received sealed Statement of Qualifications (SOQ) to perform the City's Audit function on February 1, 2018 at 2:00 p.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 11, 2018. The SOQ's were opened at approximately 2:00 p.m. on February 1, 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 15, 2018.

7. 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.

8. For Possible Action: To Adjourn

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

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

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

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 Executive Office - City Hall, 201 N. Carson Street, Ste 2, Carson City, Nevada (775) 887-2100.

This notice has been posted at the following locations:
Community Center 851 East William Street
City Hall 201 North Carson Street
Carson City Library 900 North Roop Street
Community Development Permit Center 108 Proctor Street
<http://notice.nv.gov>

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Minutes of the October 3, 2017 Meeting

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A regular meeting of the Carson City Audit Committee was scheduled for 2:00 p.m. on Tuesday, October 3, 2017 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Stephen Ferguson
Vice Chairperson Michael Bertrand
Member Lori Bagwell
Member Catherine Byrne

STAFF: Nancy Paulson, Deputy City Manager
Sheri Russell, Deputy Chief Financial Officer
Adriana Fralick, Chief Deputy District Attorney
Kathleen King, Chief Deputy Clerk

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

1 - 2. CALL TO ORDER AND ROLL CALL (2:02:34) - Chairperson Ferguson called the meeting to order at 2:02 p.m. Ms. King called the roll; a quorum was present. Member Mayhorn was absent.

3. PUBLIC COMMENTS AND DISCUSSION (2:02:57) - Chairperson Ferguson entertained public comment; however, none was forthcoming. Chairperson Ferguson noted that there were no public citizens in the meeting room and that he would dispense with requesting public comment after each agenda item unless and until other citizens arrived.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 9, 2017 and July 12, 2017 (2:03:52) - Chairperson Ferguson introduced this item, and entertained a motion. **Member Bagwell moved to approve the May 9, 2017 and July 12, 2017 minutes, as presented. Member Byrne seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (2:04:56) - Chairperson Ferguson introduced this item and entertained modifications to the agenda. When no requests to modify the agenda were forthcoming, Chairperson Ferguson entertained a motion. **Member Bagwell moved to adopt the agenda, as presented. Member Byrne seconded the motion. Motion carried 4-0.**

6. PUBLIC MEETING ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION TO DIRECT STAFF REGARDING THE CURRENT AUDIT WORK PROGRAM UPDATE (2:05:38) - Chairperson Ferguson introduced this item. Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials, and responded to questions of clarification. Chairperson Ferguson entertained additional questions; however, none were forthcoming. He thanked Mr. Steranka for the update. Consensus of the committee was that no formal action was necessary.

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6(B) DISCUSSION AND POSSIBLE ACTION REGARDING THE MONITORING, REVIEW, AND CLOSURE OF INTERNAL AUDIT FINDINGS INCLUDED IN THE AUDIT FINDINGS TRACKING REPORT, AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS FOR CLOSURE OF COMPLETED PROJECTS (2:13:16) - Chairperson Ferguson introduced this item, and Moss-Adams LLP Partner Mark Steranka reviewed the agenda materials. Ms. Paulson provided additional clarification, and entertained questions. Member Bagwell suggested closing the Policy and Procedures Review audit. "... it deals with the revision of our Municipal Code and shifting elements from the Code ... into policy. And this is an ongoing process that, really, the Board of Supervisors ... controls. It's really not going to come from this process. We are working with our D.A.'s Office to look at all of our ordinances as time permits and then re-writing that whole section. So, since this one is really ... long-term, ongoing, I'm not finding it as truly an audit exception. It's just a general recommendation for good practice. And so I don't see any reason to maintain this on an audit exception."

Vice Chairperson Bertrand agreed and moved to close the Policy and Procedures Review audit. Member Bagwell seconded the motion. Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

Discussion took place regarding the report format and making the audits more accessible to the public; the status of the Small Works Projects Review; and the status of the Public Guardian Review. **Member Bagwell moved that all of the remaining items that were marked as completed, with a "yes" and highlighted in yellow in the report, be approved as indicated on the status report, with the exception, on the Public Guardian Review, of adding that they need validation. Vice Chairperson Bertrand seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

6(C) DISCUSSION AND POSSIBLE ACTION TO PROVIDE RECOMMENDATIONS TO THE BOARD OF SUPERVISORS, BASED ON THE PRESENTATION BY MOSS-ADAMS LLP REPRESENTATIVES ON THE REVIEW OF INTERNAL CONTROLS OVER INFORMATION TECHNOLOGY (2:39:46) - Chairperson Ferguson introduced this item, and Moss-Adams LLP Manager Scilla Outcault reviewed the agenda materials. Ms. Outcault, Chief Information Officer Eric Von Schimmelmann, and Moss-Adams LLP Partner Mark Steranka responded to questions of clarification, and extensive discussion followed.

In response to a question, Member Bagwell summarized a portion of the discussion to indicate that the committee is interested in a process change to include management responses to the reports. Consensus of the committee was that no formal action was necessary.

Ms. Outcault responded to additional questions of clarification, and additional discussion followed. Chairperson Ferguson entertained a motion. **Member Bagwell moved to accept the audit on the internal controls of IT, as submitted by Moss-Adams LLP, and recommend it to the Board of Supervisors. Member Byrne seconded the motion.** Chairperson Ferguson entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

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6(D) POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE CARSON CITY AUDIT COMMITTEE (3:42:46) - Chairperson Ferguson introduced this item. Following discussion, consensus of the committee, staff, and consultants was to schedule the next meeting for 2:00 p.m. on Tuesday, January 9, 2018.

7. PUBLIC COMMENT (3:45:20) - Chairperson Ferguson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (3:45:27) - Chairperson Ferguson adjourned the meeting at 3:45 p.m.

The Minutes of the October 3, 2017 Carson City Audit Committee meeting are so approved this _____ day of February, 2018.

STEPHEN FERGUSON, Chair



STAFF REPORT

Report To: Audit Committee

Meeting Date: 02/28/2018

Staff Contact: Jason Link, Chief Financial Officer

Agenda Title: For Possible Action: To recommend that the Board of Supervisors approve the Finance Review and Selection Committee's recommendation for contract award to Piercy Bowler Taylor & Kern for the Carson City External Audit Function. (Jason Link, jlink@carson.org)

Staff Summary: NRS 354.624, requires Carson City to designate the auditor or audit firm no later than three months prior to the close of the fiscal year. Carson City must notify the Department of Taxation of the designation. Carson City received sealed Statement of Qualifications (SOQ) to perform the City's Audit function on February 1, 2018 at 2:00 p.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 11, 2018. The SOQ's were opened at approximately 2:00 p.m. on February 1, 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 15, 2018.

Agenda Action: Formal Action/Motion

Time Requested: 20 minutes

Proposed Motion

I motion to recommend that the Board of Supervisors approve the Finance Review and Selection Committee's recommendation for contract award to Piercy Bowler Taylor & Kern for the Carson City External Audit Function.

Board's Strategic Goal

Efficient Government

Previous Action

N/A

Background/Issues & Analysis

Statement of Qualifications from Piercy Bowler Taylor & Kern

Applicable Statute, Code, Policy, Rule or Regulation

NRS 354.624, Carson City Charter Sec. 3.075.

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: External Audit Budget in various Funds up to \$99,000

Is it currently budgeted? Yes No

Explanation of Fiscal Impact:

Alternatives

N/A

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

REQUEST FOR STATEMENT OF QUALIFICATIONS (SOQ)

THIS IS NOT AN ORDER

ADVERTISED SOQ 1718-136

City of Carson City External Audit Services

RELEASE DATE: January 11, 2018

The City of Carson City, a consolidated municipality of the State of Nevada, invites qualified individuals and/or firms of Certified Public Accountants to submit Statement of Qualifications (S.O.Q.) to audit Carson City's financial statements for the fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020. Proposals shall be submitted in accordance with the Documents and Requirements as set forth in the formal "Request for Statement of Qualifications."

PROPOSALS shall be submitted to **CARSON CITY– PURCHASING AND CONTRACTS**, 201 N. Carson Street, Suite 2, Carson City, Nevada 89701, by no later than **2 p.m. on February 1, 2018**.

RECOMMENDATION FOR AWARD will be based on the evaluation results of the City Review and Selection Committee and approval of the Audit Committee tentatively scheduled for February 21, 2018. The City Review and Selection Committee/Audit Committee may narrow the field to three or four consultants for possible oral interviews. Once the committee has made a recommendation and a contract is negotiated, the results will be posted on www.carson.org/bids and all respondents will be notified by email of the Recommendation for Award to the successful respondent.

FINAL SELECTION will be made by the Carson City Board of Supervisors and is anticipated to be considered at their March 15, 2018 meeting. Should it become necessary to reschedule the date set for award/selection, notice will be provided to those finalists selected. In all instances, a decision rendered by Carson City shall be deemed final.

1. **INTRODUCTION** (General Information)

- 1.1 Carson City (City) is requesting Statement of Qualifications (S.O.Q.) from qualified firms of Certified Public Accountants to audit Carson City's financial statements for the fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020.
- 1.2 A City Review and Selection Committee will evaluate the SOQ submittals.
- 1.3 During evaluation, the City Review and Selection Committee reserves the right, where it may serve the City's best interest, to request additional information or clarification from the Proposer, or to allow corrections of errors or omissions. Oral interviews may be conducted by the City Review and Selection Committee for the firms who submit an SOQ and were short listed.

- 1.4 Unless clearly and specifically noted in the SOQ submitted and confirmed in the resultant contract between Carson City and the firm selected, submission of a SOQ indicates acceptance by the firm of the conditions contained in this SOQ.
- 1.5 The use of the term "firm" refers to an entity or business with certified personnel, doing business in the United States and duly registered in the State of Nevada with business license paid to Carson City after selection of the firm.
- 1.6 There is no intent, implied or otherwise, or any obligation by Carson City to reimburse responding firms for any expenses incurred in preparing proposals, as well as travel expenses for the interview process related to this Request for Proposals.
- 1.7 Carson City reserves the right to terminate any contract resulting from this solicitation and subsequent action for cause but not limited to inadequacy of performance.

2. CARSON CITY CONTACT PERSON

- 2.1 Until the receipt and opening of the SOQ submittals, the consultant's principal contact with Carson City will be as listed below. All questions are to be submitted in writing and potential Proposers will receive copies of all questions and answers except for the questions that are considered proprietary. Questions will only be received through 5:00 p.m. Pacific Standard Time on January 25, 2018.

Laura Rader, CPPB
Purchasing and Contracts Administrator
Purchasing and Contracts
201 N. Carson Street, Suite 2
Carson City, NV 89701
775-283-7362
e-mail: LRader@carson.org

- 2.2 All contacts regarding the SOQ should be made with the above-named individual only. Consultants contacting other City staff or other City officials directly may be disqualified for doing so.

3. BACKGROUND INFORMATION

- 3.1 Carson City, officially the Consolidated Municipality of Carson City, is an independent city and the capital of the State of Nevada. Carson City has a population of approximately 56,000.
- 3.2 City has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the last twenty seven (27) years.

4. SCOPE OF WORK

- 4.1 **CITY** shall prepare the draft financial statements in Microsoft Word and Excel format.

CITY shall prepare schedules and reconciliations of accounts and shall pull any source documentation for testing as requested by **CONSULTANT**.

CITY shall prepare the schedule of expenditures of federal awards. **CITY** shall guarantee access to and make all provisions for the **CONSULTANT** to enter public buildings as required for the **CONSULTANT** to perform its services under this Contract.

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

- 4.2 **CONSULTANT** will perform an audit of the basic financial statements, required supplementary information, and other supplementary schedules of Carson City for the fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020 in accordance with *Government Auditing Standards*, will also perform a Single Audit of the **CITY** in accordance with Title 2 U.S. Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and will issue the appropriate auditor's reports thereon.

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

CONSULTANT will provide one (1) unbound copy of the audited financial statements.

CONSULTANT will provide one complete electronic copy of the audited financial statements.

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

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

CONSULTANT will provide a review of compliance of the City's financial statements for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.

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

Consultant shall consult with City on implementation of future financial policy accounting standards and law changes to provide guidance on best practices on implementation.

- 4.3 In accordance with the financial tests for assurances of Chapter 444 of the Nevada Administrative Code and 40 CFR Part 258, Subpart G, **CONSULTANT** will apply the agreed-upon procedures listed below to the Municipal Solid Waste Landfill (MSWL) operating record of Carson City, Nevada for the fiscal years ended June 30, 2018, June 30, 2019 and June 30, 2020.

CONSULTANT will confirm that the City's bond rating satisfies the conditions of subsection 1(i)(a) of 40 CFR Part 258.74(f)(1)(i); therefore, testing of the financial ratios in subsection 1(b) of Section 2 of NAC Chapter 444 is not required.

CONSULTANT will report that they audited financial statements of Carson City, Nevada for the years ended June 30, 2018, June 30, 2019 and June 30, 2020, and that the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. **CONSULTANT** will further report the opinion issued on the financial statements.

Based on information contained in the financial statements of Carson City, Nevada for the years ended June 30, 2017 and 2018, June 30, 2018 and 2019, and June 30, 2019 and 2020, **CONSULTANT** will determine if the City has operated at a deficit equal to five percent or more of total annual revenue in either of the past two fiscal years for the respective period being reported on.

CONSULTANT will perform calculations using the audited financial statements of Carson City, Nevada as of and for the years ended June 30, 2018, June 30, 2019 and June 30, 2020 to assist management in evaluating if the City's total closure and post closure costs were less than 43% of the City's total annual revenue.

CONSULTANT will print up to five (5) bound copies of the agreed upon procedures engagement report.

CONSULTANT will provide one (1) unbound copy of the agreed upon procedures engagement report.

CONSULTANT will provide one complete electronic copy of the agreed upon procedures engagement report.

- 4.4 **CONSULTANT** shall make a one (1) hour presentation with appropriate graphic materials to the Carson City Board of Supervisors during a regularly scheduled meeting in December, 2018, 2019 and 2020.

5. SOQ REQUIREMENTS

- 5.1 A master copy (so marked) of the SOQ and one electronic copy (Adobe Acrobat format saved onto a PC readable medium (flash drive) to include

a title page showing the SOQ subject; the firm's name, address, telephone number, and email address of a contact person. The SOQ must be received on or before the date and time set for receipt of SOQ's.

- 5.2 SOQ's shall be clear, straightforward, and not exceed 10 pages in length not including company brochures. Company brochures may be provided as attachments to the 10 pages referenced above.
- 5.3 The Statement of Qualifications will include the following information:
 - a. Introductory cover letter.
 - b. Experience relevant to the type of work requested by Carson City.
 - c. Key **CONSULTANT** individual or firm team resumes from the organization chart including any sub consultants.
 - d. Certifications of team members.
 - e. References that can be contacted by staff to confirm information presented on the S.O.Q.
 - f. Audit methodology and experience using computer assisted auditing techniques. Communication methods of problems identified during the audit.
 - g. List of current rates and charges to perform the three year engagement and meet the objectives. The City prefers a fixed fee contract that includes travel cost.
 - h. Estimated manpower and expense matrix for the above Scope of Work, including position, hours, average rates and total cost. (not included in the 10 page limitation)

6. EVALUATION OF SOQ:

- 6.1 SOQ submittals will be evaluated by the City Review and Selection Committee.
- 6.2 The Committee may call for oral interviews. The City reserves the right to retain all S.O.Q. submittals and use any idea in an S.O.Q. regardless of whether or not said S.O.Q. is selected.
- 6.3 **The following categories will be evaluated in the selection process:**
 - * Qualifications of Firm to provide service
 - * Professional training certifications of individuals
 - * Consultant Approach
 - * Expense Matrix

7. CONFLICT OF INTEREST:

7.1 The firm warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services being required under this solicitation.

8. RIGHT TO REJECT SOQ:

Submission of a SOQ indicates acceptance by the Consultant of the conditions contained in this SOQ unless clearly and specifically noted in the SOQ submitted and confirmed in the subsequent contract between Carson City and the Consultant/firm selected.

Carson City reserves the right to reject any or all SOQs and to award to the Consultant the City deems most qualified and whose award of the contract will accrue to the best interests of the City.

Late SOQ submittals will not be accepted. Prospective consultants are held responsible that their SOQ arrive at the Carson City - Purchasing and Contracts Department on or before the designated time and date.

9. WITHDRAWAL OF PROPOSALS

Requests to withdraw proposals received after the date and time set for opening and acknowledging proposals will not be considered.

10. CONTRACT TERMINATION

Carson City reserves the right to terminate the contract if the firm does not perform as required by the terms of the contract. Reasons for termination may include, but are not limited to, the following:

- Failure to provide sufficient personnel as identified in the SOQ.
- Failure to provide the principal Team as submitted.
- Substitution of the Team or other identified personnel without prior approval of Carson City.
- Failure to demonstrate the requisite skills as provided in SOQ.
- Failure to perform the essential duties set out in the contract for services.

11. OBJECTION BY UNSUCCESSFUL PROPOSER

Any unsuccessful Consultant may file an objection to the City regarding the selection of the City Review and Selection Committee by following the procedure outlined in the paragraph below. Information on the results of the Committee's evaluation may be obtained upon request and will be emailed to each respondent.

Any objection shall be written and submitted to Purchasing and Contracts within five (5) calendar days after a recommendation to accept or reject SOQs have been posted to the Carson City Website. Describe, in written protest, the issues to be addressed on appeal. Carson City will stay any award actions until after the Carson City Purchasing and Contracts Administrator has responded in writing to the protest. If the appellant is not satisfied with the response, appellant may then protest to the Carson City Board of Supervisors, who will render a final decision for Carson City. **No protests will be heard by the Board of Supervisors unless the consultant has followed the appeal process.**

Carson City is not liable for any costs, expenses, attorney's fees, loss of income or other damages sustained by the appellant in the process.

12. INSURANCE REQUIREMENTS/HOLD HARMLESS CLAUSE:

Before the effective date of the contract, firm shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with proper and agreed upon limits for:

- Commercial General Liability
- Automobile Liability
- Worker's Compensation
- Directors and Officers Liability

13. COMPLIANCE WITH IMMIGRATION AND NATURALIZATION LAWS

Successful proposer shall at all times be in compliance with Immigration and Naturalization Laws regarding eligibility of their employees or subcontractors to work in the United States.

14. OPEN MEETING LAW/AWARD CHALLENGES:

Proposers are put on notice that NRS Chapter 241 requires public business to be conducted in an open meeting. The Carson City District Attorney will defend any challenge to an award resulting from this SOQ.

15. SCHEDULE FOR SUBMISSION OF SOQ AND SELECTION OF FIRM (tentative)

- A. January 11, 2018. SOQ is advertised and distributed.
- B. January 25, 2018. 5:00 p.m. (PST) is cut-off date/time for questions to Purchasing and Contracts Administrator.
- C. February 1, 2018. 2:00 p.m. (PST) Statements of Qualifications due.
- D. February 5, 2018. Review Committee evaluates submitted SOQs and determines "shortlist."
- E. WEEK OF February 12, 2018. Presentations by shortlisted consultants, if applicable.
- F. February 21, 2018. Anticipated consideration by Carson City Audit Committee to approve recommendation of selected firm.
- G. March 15, 2018. Anticipated consideration by Carson City Board of Supervisors to officially select firm.

ATTACHMENTS:

Exhibit A: Sample City Contract

*** * * END OF DOCUMENT * * ***

INDEPENDENT CONTRACTOR AGREEMENT

Contract No.XXXX-XXX

Title: _____

THIS CONTRACT is made and entered into this _____ day of _____, 2018, by and between Carson City, a consolidated municipality, a political subdivision of the State of Nevada, hereinafter referred to as "CITY", and (Independent Contractor Name), hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, the Purchasing and Contracts Administrator 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 __X__) 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.XXXX-XXX** (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.

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**.

For P&C Use Only
CCBL expires _____
NVCL expires <u> n/a </u>
GL expires _____
AL expires _____
WC expires _____

INDEPENDENT CONTRACTOR AGREEMENT

Contract No.XXXX-XXX

Title: _____

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 (Month) XX, 2018, subject to Carson City Board of Supervisors' approval (anticipated to be XXXX, 2018) to (Month) XX, 2018, 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 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.

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

(Authorized Signer, Title)
(Company Name)
(Street Address)
(City), (State) (Zip)
775-XXX-XXXX/FAX: 775-XXX-XXXX
(E-Mail Address)

INDEPENDENT CONTRACTOR AGREEMENT

Contract No.XXXX-XXX

Title: _____

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

Carson City Purchasing and Contracts Department
Laura Rader, Purchasing & Contracts Administrator
201 North Carson Street, Suite 2
Carson City, NV 89701
775-283-7362 / FAX 775-887-2286
Lrader@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 (AMOUNT WRITTEN IN WORDS) Dollars and 00/100 (\$XX,XXX.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 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

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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

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 seven (7) 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

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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** 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**".

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 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.

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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 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.

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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):**

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:

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 certificate shall list Carson City c/o Carson City Purchasing and Contracts, 201 N. Carson Street, Suite 2, Carson City, NV 89701 as a certificate holder.

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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, except for professional liability, shall provide for a waiver of subrogation in favor of City.

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, premium, **CONTRACTOR** or its insurers must provide thirty (30) calendar days prior written notice to Carson City Purchasing and Contracts if any policy will be canceled, non-renewed or if required 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 2, Carson City, NV 89701. When available, each insurance policy shall be endorsed to provide thirty (30) days' notice of cancellation, except for ten (10) days' notice for non-payment of premium, to City.

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 under federal and Nevada law 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:** **CONTRACTOR** shall furnish City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth herein. The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to Carson City Purchasing and Contracts to evidence the insurance policies and coverages required of **CONTRACTOR**.

13.17 **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 Underlying 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

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requirements.

13.20 COMMERCIAL GENERAL LIABILITY INSURANCE:

CONTRACTOR shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than \$1,000,000 each occurrence.

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 CGL insurance shall be written on ISO occurrence form CG 00 01 04 13 (or a substitute form providing equivalent coverage) and shall cover liability arising from premises, operations, products-completed operations, personal and advertising injury, and liability assumed under an insured contract [(including the tort liability of another assumed in a business contract)].

13.20.6 City and County of Carson City, Nevada, its officers, employees and immune contractors shall be included as an insured under the CGL, using ISO additional insured endorsement CG 20 10 or CG 20 26, or a substitute providing equivalent coverage, and under the commercial umbrella, if any.

13.20.7 This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to City There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively, if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured.

13.20.8 There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under a contract.

13.20.9 Contractor waives all rights against City and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained pursuant to this Contract. Insurer shall endorse CGL policy as required to waive subrogation against City with respect to any loss paid under the policy.

13.21 BUSINESS AUTOMOBILE LIABILITY INSURANCE:

13.21.1 *Minimum Limit required:*

13.21.2 Contractor shall maintain automobile liability and, if necessary, commercial umbrella liability insurance with a limit of not less than \$1,000,000 each accident for bodily injury and property damage.

13.21.3 Such insurance shall cover liability arising out of owned, hired, and non-owned autos (as applicable). Coverage as required above shall be written on ISO form CA 00 01, CA 00 05, CA 00 25, or a substitute form providing equivalent liability coverage.

13.21.4 Contractor waives all rights against City and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by

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the automobile liability or other liability insurance obtained by **CONTRACTOR** pursuant this Contract.

13.22 PROFESSIONAL LIABILITY INSURANCE

13.22.1 *Minimum Limit required:*

13.22.2 **CONTRACTOR** shall maintain professional liability insurance applying to all activities performed under this Contract with limits not less than One Million Dollars (\$1,000,000.00) and Two Million Dollars (\$2,000,000) in the aggregate.

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

13.22.4 **CONTRACTOR** will maintain professional liability insurance during the term of this Contract and for a period of three (3) years after termination of this Contract unless waived by the City. In the event of non-renewal or other lapse in coverage during the term of this Contract or the three (3) year period described above, **CONTRACTOR** shall purchase Extended Reporting Period coverage for claims arising out of **CONTRACTOR's** negligence acts, errors and omissions committed during the term of the Professional Liability Policy. The Extended Reporting Period shall continue through a minimum of 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 not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by 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.

13.23.3 **CONTRACTOR** waives all rights against City and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the workers' compensation and employer's liability or commercial umbrella liability insurance obtained by Contractor pursuant to this Contract. Contractor shall obtain an endorsement equivalent to WC 00 03 13 to affect this waiver.

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.

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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.

If the **CITY** was required by NRS 332.039(1) to advertise or request a proposal for this Agreement, by signing this Agreement, the **CONTRACTOR** provides a written certification that the **CONTRACTOR** is not currently engaged in, and during the Term shall not engage in, a Boycott of Israel. The term "Boycott of Israel" has the meaning ascribed to that term in Section 3 of Nevada Senate Bill 26 (2017). The **CONTRACTOR** shall be responsible for fines, penalties, and payment of any State of Nevada or federal funds that may arise (including those that the **CITY** pays, becomes liable to pay, or becomes liable to repay) as a direct result of the **CONTRACTOR's** non-compliance with this Section.

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.

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

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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: Intentionally omitted

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.

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. Conflicts in language between

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this Contract and any other agreement between **CITY** and **CONTRACTOR** on this same matter shall be construed consistent with the terms of this Contract. 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:

CITY

Chief Financial Officer
Attn: Laura Rader, Purchasing & Contracts Administrator
Purchasing and Contracts Department
201 North Carson Street, Suite 2
Carson City, Nevada 89701
Telephone: 775-283-7362
Fax: 775-887-2286
Lrader@carson.org

CITY'S LEGAL COUNSEL

Carson City District Attorney

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

By: _____
Jason Link, Chief Financial Officer

By: _____
Deputy District Attorney

Dated _____

Dated _____

CONTRACTOR will not be given authorization to begin work until this Contract has been signed by Purchasing and Contracts

BY: Laura Rader, CPPB
Purchasing & Contracts Administrator

By: _____

Dated _____

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Contract No.XXXX-XXX

Title: _____

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: (Authorized Signer)

TITLE: XXXXX

FIRM: (Company Name)

Address: XXXXX

City: XXXXXXXX **State:** XX **Zip Code:** XXXXX

Telephone: 775-XXX-XXXX/FAX: 775-XXX-XXXX

E-mail Address: XXXXXXXXXXX

(Signature of Contractor)

DATED _____

STATE OF _____)

)ss

County of _____)

Signed and sworn (or affirmed before me on this _____ day of _____, 20__.

(Signature of Notary)

(Notary Stamp)

INDEPENDENT CONTRACTOR AGREEMENT
Contract No. XXXX-XXX

Title: _____

CONTRACT ACCEPTANCE AND EXECUTION:

The Board of Supervisors for Carson City, Nevada at their publicly noticed meeting of (Month) XX, 2018 approved the acceptance of the attached Contract hereinbefore identified as **CONTRACT No. XXXX-XXX**. 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 Xth day of (Month), 2018.

ATTEST:

SUSAN MERRIWETHER, CLERK-RECORDER

DATED this Xth day of (Month), 2018.



MASTER



P B T K
**PIERCY BOWLER
 TAYLOR & KERN**
 Certified Public Accountants
 Business Advisors



PROPOSAL PREPARED FOR:
The City of Carson City

SOQ 1718-136

EXTERNAL AUDIT SERVICES
 FOR THE YEARS ENDING June 30
 2018-2020

PBTK CONTACT:
 L. Ralph Piercy

(702) 384-1120
rbowler@pbtck.com

6100 Elton Avenue
 Suite 1000
 Las Vegas, Nevada 89107

Due Feb 1, 2018



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**SOQ 1718-136
INTRODUCTORY COVER LETTER**

February 1, 2018

Laura Rader, CPPB
Purchasing and Contracts Administrator
Purchasing and Contracts
201 N. Carson Street, Suite 2
Carson City, NV 89701

Dear Ms. Rader:

Thank you for the opportunity to submit our proposal to provide annual financial statement and single audit and agreed-upon procedures services as described in your request for statement of qualifications for the City of Carson City, Nevada (the City) for the years ending June 30, 2018 through June 30, 2020. We believe we are the City's best choice for these services because we are the only Nevada-based firm that truly maintains technical resources and excellence at least on the level of the large national firms while providing superior professional service with a personal touch that only a less bureaucratic firm can achieve. In addition, we would consider the City to be among our top-tier clients, and accordingly, the City would receive priority in scheduling, staffing and other resource requirements to meet timely its objectives. We would strive every day to exceed management's service quality expectations. In addition, the undersigned, Reno-based shareholder would be onsite for the majority of fieldwork.

As you may know, we currently have several government audit engagements in northern Nevada serviced from a combination of our Reno, Las Vegas, and Salt Lake City offices.

We believe that our detailed response to the request for proposal demonstrates that:

- We have extensive experience in local government accounting and auditing in Nevada and Utah.
- We are the largest Nevada-owned firm performing audits and advisory services for local governments and governmental agencies in Nevada;
- We understand the service requirements evidences by currently being the independent auditors for the Cities of Reno, Las Vegas, North Las Vegas, Henderson, and Boulder City, and also Douglas County;
- We are committed to provide the City with technical excellence and superior service. Our principals and managers will be onsite throughout the engagement, not just a day or two at the beginning and end.

As you read our proposal, you will see that we have the necessary experience, technical expertise and other resources required for an engagement of this magnitude. Also, please ask us about our ability to prepare your CAFR and ease the substantial burden from your staff by using our automated, proprietary practice aid like many of our clients.

Thank you in advance for your consideration.



L. Ralph Piercy, Audit Shareholder

B. Relevant Experience

PBTK – THE RIGHT CHOICE FOR TECHNICAL EXCELLENCE AND SUPERIOR SERVICE

“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of several alternatives ...” - Will A. Foster

This is not only our motto, but also the objective of everything we do. We have the experience, technical expertise and other resources typically only found in large national firms, and provide superior service with a personal touch that only a less bureaucratic firm can achieve.

Piercy Bowler Taylor & Kern (referred to herein as “PBTK” or “the Firm”) has offices in Reno, Las Vegas, and Salt Lake City and is the largest Nevada-owned accounting firm in Nevada. Our Las Vegas office is the second largest office of any firm in the Las Vegas area. Currently, we have a staff of approximately 75, including approximately 30 CPAs and approximately 30 auditors trained in performing single audits for government and not-for-profit entities. We currently have eight audit principals, some with over 40 years of experience in government audit engagements. As a result, we have extensive experience in virtually every aspect of governmental accounting and auditing engagements.

Our proposed carefully selected engagement team possesses the necessary technical skills, governmental and single audit experience to provide the City with superior service. The proposed engagement team includes six licensed Nevada CPAs, including four shareholding audit principals.

FIRM QUALIFICATIONS AND EXPERIENCE

Talent, Experience and Technical Resources. Technical excellence and superior service is the objective of everything we do and we back these ideals with talented and experienced professionals. Our goal is to put more knowledge and experience on each assignment than our competitors, unlike most national firms that plan to push tasks to the lowest staff level or smaller firms that have not made adequate investment in resources.

In other words, our business strategy is to be the best with quality assurance processes designed to achieve that result. As opposed to the typical “pyramid” personnel structure of the large national firms, ours looks more like a cylinder. Instead of having a large number of inexperienced staff per principal, we have a similar number of personnel in three level categories, principals (our highest technical designation) and managers, mid-managers (referred to as “senior associates”) and less experienced staff (referred to as “associates”).

Howard B. Levy, our Director of Technical Services, is one example of our investment in technical resources. Mr. Levy co-authored a risk-based audit manual commercially marketed to and used by many firms throughout the United States and elsewhere in the world. He has also served on standard-setting committees of the AICPA and provided technical consulting services to the United States Government Accountability Office (GAO), among others.

Our human resources policies are designed find, hire, and retain the best and the brightest. Periodic performance evaluations of associates through principals, competitive compensation, accelerated advancement for high achievers, matching technical talents and personal characteristics to engagement requirements, and timely continuing professional education and on-the-job training are key elements of these policies.

The primary focuses of our accounting and auditing practice for more than 20 years has been government, not-for-profit, construction, and gaming industries in Nevada and Utah. Prospective clients are screened to ensure that the principals meet our high standards of integrity and business ethics. We believe that the image of our Firm is reflected in the image of our individual clients.

Government Audit Staff. The Firm currently has 19 principals, many established and practicing in Nevada for periods up to 45 years and are listed as follows:



L. Ralph Piercy	Angela Go	Michael W. Kern	Thomas Green
Scott W. Taylor	James Andrus	James W. Wilcox	Ryan Whitman
Thomas M. Donohue	Richard H. Bowler	Jeffrey B. Edwards	Troy Crowther
Martha Ford	William M. Nelson	Howard B. Levy	David Porter
Mark Hashimoto	Lisa Cross	Michael L. Rosten	

The Firm and/or its individual principals have the following affiliations, among others:

American Institute of Certified Public Accountants (AICPA)	The Center for Public Company Audit Firms
The Public Company Accounting Oversight Board (PCAOB)	The AICPA Center for Audit Quality (CAQ)
The Government Finance Officers Association (GFOA)	The Nevada Society of Certified Public Accountants (NSCPA)
The Government Audit Quality Center (GAQC)	

Members of the Firm have conducted seminars, undertaken speaking engagements for numerous organizations, and have served on committees concerned with governmental accounting and auditing for the AICPA, the NSCPA and the GFOA.

Number and Nature of Professional Staff (full time and part time). Each principal and member of our professional staff is required to participate in a minimum of 40 hours of continuing professional education each year. As required by government auditing standards, those individuals directly involved with planning and supervising government audits are required to receive specialized training (24 hours every 2 years) relating to the government environment and government auditing.

Our current audit personnel complement and those who participate in government audits are as follows:

<u>Current personnel complement</u>		<u>Governmental audit staff</u>	
Principals	19	Principals	11
Managers	6	Managers	5
Associates	40	Associates	<u>23</u>
Administrative / IT staff	<u>10</u>		
	<u><u>75</u></u>		<u><u>39</u></u>

Quality control policies and procedures. Our quality control policies and procedures were thoroughly reevaluated in 2009 to ensure conformance with the then recently issued Statement on Quality Control Standards No. 7, *A Firm's System of Quality Control (SQCS 7)* of the American Institute of Certified Public Accountants. SQCS 7 defines six separate elements of quality control that must be addressed in a firm's quality control policies and procedures, which we have addressed, including:

Leadership responsibilities for quality	Relevant ethical requirements
Acceptance and continuance of client relationships	Human resources
Engagement performance	Policies and procedures monitoring

To assure the ongoing effectiveness of our quality control policies and procedures, we have implemented monitoring processes under the direction of our Director of Technical Services (DTS).

An engagement quality review (EQR) is completed when mandated by law (eg. SEC issuers) and other audits that are conducted under PCAOB auditing standards, or is otherwise required by our other internal policies. For instance, audits of municipalities that have plans to raise new capital and have outstanding bonds typically require an EQR, performed by a qualified principal having no other significant responsibility for the engagement. The EQR provides an objective evaluation of the significant judgments the engagement team made and the conclusions they reached in formulating our report.

As required under SQCS 7, the Firm maintains and complies with practice monitoring policies and procedures to reasonably assurance th



our other quality control policies and procedures are relevant, adequate, suitably designed and effectively complied with whenever applicable in our practice.

External quality control review. PBTk is a member of both the Governmental Audit Quality Center and the Center for Public Company Audit Firms of the AICPA, and a registered firm with the Public Companies Accounting Oversight Board. Accordingly, the Firm is subject to the most intensive practice monitoring (peer review and inspection) programs. The Firm’s latest triannual peer review was completed in June 2016. We are proud to report that for the entire history of the Firm we received reports that our quality control system over our accounting and auditing practice provided us with reasonable assurance of compliance with all applicable professional standards. In addition, our latest PCAOB inspection completed during 2016, did not identify any audit performance issues or other adverse findings in its report. Copies of both the latest peer review report and the PCAOB inspection report are posted on our website (www.pbt.com.) The peer review included several government engagements as required by our membership in the Government Audit Quality Center.

Qualifying experience. Our Firm has had considerable experience in providing services to state and local government organizations throughout Nevada and Utah. Six of our more significant government audit clients (ranked by total hours) that are similar to the City or have similar operating characteristics, to varying degrees, for which we currently perform audit services and related references follow:

<u>Client / Relative Size</u>	<u>Scope of Work</u>	<u>Date</u>	<u>Engagement Principal</u>	<u>Total Hours</u>	<u>Client Reference</u>
City of Las Vegas, Nevada	FS Audit/Federal Compliance audit	FY 6/30/17 and prior 5 years	Thomas Donohue	1,400	Gary Ameling 702-229-6280
City of Henderson, Nevada	FS Audit/Federal Compliance audit	Y/E 6/30/17 and prior 7 years	Thomas Donohue	1,250	Richard Derrick (702) 267-1708
City of North Las Vegas, Nevada	FS Audit/Federal Compliance audit	Y/E 6/30/17 and prior 18 years	Angela Go	1,100	Jon Lee 702-633-1007
City of Reno, Nevada	FS Audit/Federal Compliance Audit	Y/E 6/30/11 and prior six years	L. Ralph Piercy	1,000	Lynette Hamilton 775-334-2142
Boulder City, Nevada	FS Audit/Federal Compliance Audit	Y/E 6/30/17 and 5 prior years	Richard Bowler	800	Doug Honey 702-293-9252
Sandy City, Utah	FS Audit/Federal Compliance audit	Y/E 6/30/17 and prior 8 years	James Andrus	600	Helen Kurtz (801) 568-7142

The foregoing, among others, are all recipients of the GFOA certificate of achievement for excellence in financial reporting, and we have been involved in reviewing and certifying information in official statements for their bond issues as well as assisting them with the conversion to GASB 34 and adoption of GASB 54 and GASB 68.

C. Resumes of Key Audit Team Leaders

Staffing philosophy and affirmative active. It is PBTk’s philosophy to provide our clients with technical excellence and superior service. To accomplish this objective, we carefully assign personnel to audit engagements based on relevant experience and skills, and our engagement principals are extensively involved during all phases of the engagement. As a reflection of our Firm’s commitment to affirmative action, please note that the engagement manager (a principal planned to function as the engagement manager) is a female of Asian descent. In addition, two other key members of the engagement team are women, one of Asian and one of Mexican descent.

Key engagement personnel. The following personnel will be assigned on a full-time basis to your engagement. Each assigned professional is familiar with the requirements of Nevada Revised Statute (NRS) 350, *Municipal Obligations* and NRS 354, *Local Financial Administration* and was carefully selected based upon our analysis of that individual’s qualifications to meet the City’s needs:

Level

Principal-in-Charge
 Consulting Principal
 Engagement Quality Reviewer
 Principal functioning as Senior Manager
 Senior Associates

Name(s)

L. Ralph Piercy, CPA
 Thomas M Donohue, CPA
 Richard H. Bowler, CPA
 Angela Go, CPA
 Ariane Tesdal, CPA and Tingting Wong, CPA

Summaries of the qualifications and experience of the supervisory personnel listed above are as follows:



L. Ralph Piercy, CPA, CGMA (Consulting Principal). Mr. Piercy, one of the Firm’s founders, has been with the Firm since its inception and has been extensively involved in all areas of the Firm’s accounting and auditing practice, specializing in government and gaming audit engagements.

Mr. Piercy’s experience includes single audits in accordance with *Government Auditing Standards* and compliance with standards relative to federal awards. His experience also includes preparation of the Comprehensive Annual Financial Report (CAFR) for a variety of governmental organizations, including compiling data for the statistical section.

Mr. Piercy serves on the Nevada State Board of Accountancy, is a member of the American Institute of Certified Public Accountants (AICPA) and the Nevada Society of CPAs, and is licensed to practice in the states of Nevada, California, and other states. Mr. Piercy graduated from the University of Nevada, Las Vegas, with a BS in Business Administration (accounting emphasis).

Mr. Piercy has been involved with following government entities (partial listing):

- | | |
|------------------------------|--|
| City of North Las Vegas, NV* | Park City Municipal Corporation, UT* |
| City of Reno, NV* | Las Vegas Convention and Visitors Authority* |
| Sandy City, UT* | City of Las Vegas, NV* |

*Recipient of the GFOA’s Certificate of Achievement for Excellence in Financial Reporting.



Thomas M. Donohue, CPA, CIA (Consulting Principal). Mr. Donohue has been with the Firm for 19 years and has been extensively involved in all areas of the Firm’s accounting and auditing practice, specializing in government and gaming audit engagements.

Mr. Donohue’s experience includes single audits in accordance with *Government Auditing Standards* and compliance with standards relative to federal awards. His experience also includes preparation of the Comprehensive Annual Financial Report (CAFR) for a variety of governmental organizations, including compiling data for the statistical section.

Mr. Donohue is a member of the American Institute of Certified Public Accountants (AICPA), the Nevada and California Societies of Certified Public Accountants and the Institute of Internal Auditors (IIA) and is a certified public accountant licensed to practice in the states of Nevada, California and Minnesota.

Mr. Donohue graduated from the University of Nevada, Las Vegas, with a BS in Business Administration (accounting emphasis). He has also been a guest lecturer on accounting and auditing topics for Crowe Horwath International. Mr. Donohue has been involved with following governmental and not-for-profit entities, among others:

- | | |
|----------------------------------|----------------------------------|
| City of Henderson, NV* | Las Vegas Valley Water District* |
| City of North Las Vegas, NV* | Southern Nevada Water Authority* |
| Southern Nevada Health District* | City of Las Vegas, NV* |
| City of Boulder City, NV* | |

*Recipient of the GFOA’s Certificate of Achievement for Excellence in Financial Reporting.



Richard H. Bowler, CPA (Engagement Quality Reviewer). Mr. Bowler is one of the Firms founding Principals. Richard is a Certified Public Accountant in Nevada, Utah and Arizona with over 45 years of experience, and is the Firm's practice leader for serving government and not-for-profit clients. Mr. Bowler will serve as the quality review principal for the proposed engagements.

Mr. Bowler was one of the founding members of the board of directors of the Las Vegas chapter of Big Brothers and Big Sisters of Southern Nevada. In this capacity, he assisted with hiring the first executive director, establishing fiscal policies, and establishing procedures for interviewing of big brother/sister candidates.

His extensive volunteer service over many years has included membership on the board of directors and the executive board of Citizens for Responsible Government and the Nevada Opera Theatre. Mr. Bowler is on the Advisory Board of the Boulder Dam Area Council, Boy Scouts of America, has served as its treasurer and is currently a member of the investment committee.

Professionally, Mr. Bowler is a member of the Government Finance Officers Association, the Association of Government Accountants, and the American Institute of Certified Public Accountants. He is a member, and former President, of the Nevada Society of Certified Public Accountants, has served as a member of the Local Government Advisory Committee to the Nevada State Department of Taxation and taught "Governmental Accounting" at the University of Nevada, Las Vegas. He is a graduate of Brigham Young University and holds an MBA from the University of Nevada, Las Vegas.

Mr. Bowler has been involved with the following government and not-for-profit entities, among others:

- | | |
|---|--|
| Clark County Department of Aviation* | City of Boulder City, Nevada* |
| Colorado River Commission* | Nevada Society of Certified Public Accountants |
| Las Vegas – Clark County Library District* | Nevada Legal Services |
| City of North Las Vegas, Nevada* | Meadows School |
| City of Henderson, Nevada* | City of Reno, Nevada |
| Las Vegas Convention and Visitors Authority | Nevada State Education Association |

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.



Angela Go (Manager). Angela Go is a Principal in the Firm (but will be functioning as a Senior Manager on the Carson City engagement) in the audit department and has been with Piercy Bowler Taylor & Kern since September 2006. Ms. Go is involved in audit, review, compilation, and other attest services for a wide-range of clients in the government, not-for-profit and casino resort industries.

Ms. Go graduated from the University of Phoenix, Las Vegas, with a BS in Business Administration (accounting emphasis) – Cum Laude.

Her experience includes single audits in accordance with *Government Auditing Standards* and compliance with OMB Circulars relative to federal awards, and includes the following governmental and not-for-profit clients:

- | | |
|---|----------------------------------|
| City of North Las Vegas, Nevada* | Southern Nevada Water Authority* |
| Las Vegas Convention & Visitor's Authority* | University Medical Center |
| Las Vegas Valley Water District* | |

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.



Ariane Tesdal, CPA, MBA (Senior Associate), is a Senior Associate in the audit department and has been with Piercy Bowler Taylor & Kern since June 2015. Ms. Tesdal is involved in audit, review, compilation, and other attest services for a wide-range of clients in the government, not-for-profit and casino resort industries.

Ms. Tesdal graduated from the University of Montana, with a Masters of Accountancy and Business Administration. Her experience includes single audits in accordance with *Government Auditing Standards* and compliance with federal award requirements, and includes the following governmental and not-for-profit clients:

Douglas County, Nevada*

Community Counseling of Southern Nevada

Las Vegas Convention & Visitor's Authority*

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.



Tingting Wong, CPA has been with Piercy Bowler Taylor & Kern since September 2016 as part of the audit department. She completes audit, review, compilation, and other attest services for a wide range of government and private clients. She is also involved in the internal audit function regarding compliance with the Minimum Internal Control Standards instituted by the Nevada Gaming Control Board.

Her experience includes single audits in accordance with *Government Auditing Standards* and compliance with federal award requirements, and includes the following governmental and not-for-profit clients:

City of North Las Vegas *

Las Vegas Convention & Visitor's Authority*

*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

D. Certifications of Team Members

All audit team members designated as assigned to your engagement (not including the associate level) are Certified Public Accountants licensed to practice in the state of Nevada.

E. References

Please see table on page 4.

F. Audit Methodology, Computer Assisted Audit Techniques and Communication Methods

Effective communication. The most important factor in a successful audit is the interaction between the audit team and the client. Effective communication among management, our engagement team and those charged with governance and financial oversight through all stages of the engagement is critical to performing a risk-based audit effectively and efficiently. To be effective, communication must be open, non-adversarial, and timely. There should be no surprises, especially near a deadline.

Throughout the audits, we would hold progress conferences with key finance department personnel to discuss the progress of the audit and any matters that might require additional audit procedures. Once our fieldwork is complete, however, we would arrange a formal conference at which we would review with your personnel draft financial statements, notes thereto and our accountants' report. In addition, we would have available a draft of our required communications letter, which would discuss suggested improvements to your internal control, recommendations to help improve operational efficiency and other comments. We would review the letter with your personnel and seek their input prior to finalizing our comments.

We would also be present to answer any questions during the presentation of the CAFR or the Single Audit Report to any City oversight bodies.

Unlike many of our competitors that attempt to push most work to lower level staff, we believe that our clients pay for the expertise of our principals and managers. Accordingly, our principals and managers are actively involved throughout the engagement and frequently onsite. We have found that engagement performance decisions, including necessary adjustments to the nature and scope of procedures, are made timely, efficiently, and effectively when our principals and managers are onsite with our senior associates during critical stages of the assignment.

Risk-based Audit Approach. For the entire 26-year history of the Firm (decades ahead of the pack), we have utilized a rather sophisticated, risk-based auditing methodology grounded in statistical sampling theory. Howard B. Levy, our Director of Technical Services, is one of the original co-authors of the related commercially-marketed audit manuals used by the Firm and others domestically and internationally. Our highly customized proprietary practice aids incorporate this methodology. We have always integrated control testing when efficiencies could be achieved or effectiveness could be improved, while most other firms were simply "beating up" the balance sheet.

Engagement Planning. In the planning phase of the engagement, we gain a comprehensive understanding of the client's organization, management style and abilities, business activities, and industry influences. Inquires of management and financial statement variance analysis are used to assess risks and to identify areas requiring attention in developing audit scope details, including the determination of the right combination of tests of controls and primary and corroborative substantive procedures needed to gather sufficient evidence to enable us to express positive assurance that the financial statements are not materially misstated.

In the planning phase, we also evaluate significant management estimates that are identified in the client's financial statements and "deconstruct" the financial statements generally into eight operating cycles (revenue, conversion, expenditure, payroll, accruals / prepaid expenses, financial management (both treasury and fund balance / net asset functions), productive assets, and presentation and disclosure).

For cycles that we deem to be significant (as defined by the professional literature), we develop a client specific audit plan outline organized into six testing categories: (1) control tests, (2) tests of non-industry or client-specific matters, (3) tests involving the use of statistical sampling, (4) tests using third party confirmations, (5) other custom designed tests of details, and (6) substantive analytics. We also develop a list of "focus" procedures for cycles we deem to be less significant.

Our planning process also includes an entity-level control evaluation, including identification and documentation of "tone at the top," t141

financial reporting process, information system general controls, and related risks associated with the control environment, management activities and segregation of duties, information processes, and monitoring processes.

We also evaluate overall inherent risk factors, including fraud risks. A critical aspect of the planning phase of an audit is determining quantitative materiality thresholds based on the perceived needs of the expected financial statements users.

Financial Statement Line-item Testing. For each opinion unit, every financial statement line item and related disclosures are tested, including in relation to other cycle accounts, based on perceived risk of material misstatement (the combination of Inherent Risk (IR) and Control Risk (CR)) and materiality by assertion. This phase of our audit process can be described simply as (1) determine what assertions are implicit in the financial statement amounts and disclosures and (2) gather sufficient evidence to conclude whether or not the assertions taken as a whole are fairly stated in all material respects.

We classify assertions into four major categories: (1) Existence, (2) Completeness, (3) Valuation, and (4) Disclosure and Presentation. There may be more than one assertion associated with any particularly financial statement line item that might warrant detailed testing. For example, implicit in the accounts receivable line item is that the amount represents valid claims against customers (Existence) and that the amount, net of allowances, is collectible (Valuation).

We use several different types of tests to gather evidence about the assertions, but first we make an overall inherent risk assessment by line item and assertion. In other words, based on the nature of the line item, its balance, volume and type of transactions, we evaluate the likelihood of material misstatement. For those where the inherent risk of misstatement is significant, we design and perform control testing, except if the controls are known to be unreliable or when we elect for efficiency purposes to take an all substantive approach. Our control tests first identify the key controls that are in place and, if operating effectively, would detect or prevent the misstatements. Then through document testing, inquiry of the client's personnel, and direct observation of the functioning controls, we test the operating effectiveness of such key controls. The nature and extent of additional tests of details are influenced by the outcome of the control tests. We never rely entirely on control tests alone when perceived inherent risk is significant. Some testing of details and / or primary predictive analytics will be performed and the particulars of each may vary from year to year so that our audit procedures are "non-predictive" by the client's personnel.

Extent of use of IT software in the engagement. Within the last decade, a considerable number of institutions, both large and small, have come to rely on advanced computer technology as a means for processing large volumes of accounting transactions on a daily basis. Because of this impact and the need to comply with applicable auditing standards, which require that the data processing system must be considered in the course of an audit whenever accounting applications are significant, an analysis of the City's automated accounting systems will be integrated into our audit plan and programs.

We use technology to make our audit process more effective and efficient and to protect the confidentiality of our clients' information. Some of the ways we use technology follows:

- **Remote access.** The Firm utilizes remote access technology (Citrix) to maximize efficiency during fieldwork. This technology affords us the opportunity to access the full resources of the Firm's servers (including email) while conducting on-site audit work. To fully utilize our remote access system, we require at least one high-speed internet connection in the area designated as the "audit room."
- **"Paperless" audit software.** The Firm has been using highly customized CaseWare audit documentation software for approximately 18 years. Because of our "paperless" audit approach, we request that all audit documentation be provided in an electronic format to the extent possible. Although the on-site engagement team is equipped with portable scanners, it is generally more efficient to receive documents electronically.
- **Computer assisted audit techniques / statistical sampling software.** The Firm currently utilizes IDEA Data Analysis Software, which allows us to receive, process and manipulate for audit purposes (data mining) extremely large amounts of data efficiently. The same software suite has a powerful statistical sampling module that allows us to easily pull samples as circumstances may dictate.
- **Online accounting / auditing research tools.** The Firm subscribes to various online accounting and auditing research tools, mc42

notably *PwC's Inform* and *CCH's Accounting Research Manager*®. These online research tools afford access to our engagement teams on-site during audit work so that potentially complex accounting issues are contemporaneously researched.

- **Information protection.** PBTK is committed to protecting your information systems and the related confidential and proprietary information.

Continuous operating effectiveness of IT security controls is assured through monitoring by our IT department. Our director of IT has been with the Firm since 1997, and has been heavily involved in the design and implementation of our current audit software (CaseWare), as well as our remote access system (Citrix). He attends continuing education courses and security conferences to maintain current knowledge of new computer threats and increased security measures. He also has completed and maintains the following certifications:

Certified Novell Administration (CNA)
Microsoft Certified Systems Engineer (MCSE)

Certified Novell Engineer (CNE)
Certified Comp TIA A+ Technician

G. Current Rates and Charges

Please see section H to follow.

H. Estimated Manpower and Expense Matrix

The work will be divided between two audit teams, one for the financial statement audit and the other for the federal grant compliance audit and the agreed-upon procedures, although all audit work and results will be coordinated to prevent duplication and assure consistency, where applicable. Consequently, both teams will be able to complete their procedures concurrently.

To complete the engagement, personnel will be assigned as follows:

Financial Statement Audit	<u>Principals</u>	<u>Manager</u>	<u>Seniors</u>	<u>Associates</u>	<u>Total</u>
Required hours					
Planning	20	30	40	20	110
Interim fieldwork	20	20	100	100	240
Final fieldwork	30	60	120	200	410
Report and financial statement preparation	30	50	40	35	150
	<u>100</u>	<u>160</u>	<u>470</u>	<u>355</u>	<u>915</u>
Hourly billing rates					
At standard	\$400	\$250	\$175	\$125	\$213
Courtesy discount	(200)	(125)	(85)	(75)	(120)
	<u>\$200</u>	<u>\$125</u>	<u>\$90</u>	<u>\$50</u>	<u>\$93</u>
Fee for Financial Statement Audit	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$27,000</u>	<u>\$17,750</u>	<u>\$84,750</u>
Federal Grant Compliance Audit					
Required hours					
Planning	1	3	5	4	13
Interim fieldwork	1	2	11	20	34
Final fieldwork	2	7	14	41	64
Report preparation	1	6	5	7	19
	<u>5</u>	<u>18</u>	<u>35</u>	<u>72</u>	<u>130</u>
Fee for Federal Grant Compliance Audit	<u>\$1,000</u>	<u>\$2,250</u>	<u>\$3,150</u>	<u>\$3,600</u>	<u>\$10,000</u>
Agreed-upon Procedures					
Required hours	<u>2</u>	<u>8</u>	<u>15</u>	<u>25</u>	<u>50</u>
Fee for Agreed-upon Procedures	<u>\$400</u>	<u>\$1,000</u>	<u>\$1,350</u>	<u>\$1,250</u>	<u>\$4,000</u>
Total Annual fees	<u>\$21,400</u>	<u>\$23,250</u>	<u>\$31,500</u>	<u>\$22,600</u>	<u>\$98,750</u>

We do not charge for travel and subsistence within the State of Nevada or other out-of-pocket costs.

Hours budgeted for the federal grant compliance audit are based on the assumption, as represented in your request for statement of qualifications, that only two major programs would require compliance testing.