

## AUDIT SERVICES AGREEMENT

THIS AGREEMENT (hereinafter the "Agreement") is made this 21s day of May, 2010 (the "Effective Date") by and between the Tahoe Regional Planning Agency, a bi-state regional planning Agency created by Public Law 96-551 (1980) (hereinafter the "TRPA"), and Mayer Hoffman McCann P.C. (hereinafter the "Auditor") TRPA and the Auditor are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties."

### RECITALS

- A. The Auditor desires to perform and assume responsibility and obligations for the services and provision of products, as hereinafter described on the terms and conditions set forth herein.
- B. TRPA desires to contract for such services and products as hereinafter described on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, TRPA and the Auditor agree as follows:

### OPERATIVE PROVISIONS

#### SECTION I

##### ENGAGEMENT AND SERVICES OF THE AUDITOR

- 1. Engagement of Auditor. TRPA hereby engages the Auditor, subject to the terms and conditions set forth in this Agreement, to perform the services and provide products as set forth in Exhibit "A" (the "Services and Products"). The Auditor agrees to perform the Services and provide Products in accordance with the terms and conditions of this Agreement.
- 2. Performance of the Auditor. The Auditor accepts the relationship of trust and confidence established between TRPA and the Auditor by the terms of this Agreement. The Auditor covenants with TRPA to furnish its best skill, judgment and efforts, and to cooperate with TRPA and any other consultants or contractors engaged by TRPA in the provision of products and performance of the services. The Auditor covenants to use its best efforts to perform its duties and obligations under this Agreement in an efficient, expeditious, and economical manner, consistent with the best interests of TRPA.
- 3. The Auditor's Personnel. The Auditor shall provide adequate and experienced administrative and management personnel to perform the services.
- 4. The Auditor's Responsibilities for Costs and Expenses. The Auditor shall be responsible for all costs and expenses incurred relative to the Auditor, personnel of the Auditor, and subcontractors of the Auditor, in connection with the performance of the Services, including, without limitation, payment of salaries, fringe benefits contributions, payroll taxes, withholding taxes and other taxes or levies, office overhead expense, travel expenses, telephone and other telecommunication expenses, and document reproduction expenses.

#### SECTION II

##### RESPONSIBILITIES OF THE AUDITOR

- 1. Personnel. The Services shall be performed by the Auditor or under its supervision. The Auditor represents that it possesses the professional and technical personnel required to perform the Services. TRPA retains the Auditor on an independent contractor basis and the Auditor is not an

employee of TRPA. The personnel performing the Services on behalf of the Auditor shall at all times be under the Auditor's exclusive direction and control. The Auditor shall pay all expenses including, without limitation, salaries, fringe benefit contributions, payroll taxes, withholding taxes and other taxes or levies, and all other amounts due such personnel or due others as a result of the performance by such personnel of the Services in connection with their performance of the Services and other amounts due such personnel in connection with their performance of Services. The Auditor shall also be responsible for all reports and documentation required for its employees.

2. Cooperation/Project Administrator. The Auditor shall work closely and cooperate fully with TRPA's designated Project Administrator, and any other agencies which may have jurisdiction or interest in the Services. The Project Administrator will administer this Agreement. The Project Administrator, or his/her designee, shall be the principal officer of the TRPA, for liaison with the Auditor, and shall review and give approval to the details of the Services as they are performed. The TRPA designates Rhonda McFarlane as its Project Administrator, but reserves the right to appoint another person as Project Administrator upon written notice to the Auditor.
3. Project Manager. The Auditor shall designate and assign a project manager ("Project Manager"), who shall coordinate all phases of the Services. The Project Manager shall be available to the TRPA at all reasonable times. The Auditor designates Marcus D. Davis to be its Project Manager.
4. Time of Performance. The Products to be provided and Services to be performed by the Auditor under and pursuant to this Agreement shall be conducted in accordance with the timetables contained in Exhibit 'A'.
5. Report Materials. At the completion of the Services and upon delivery of Products, the Auditor shall deliver to the TRPA all documents, catalogs, quotes, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the Auditor, or prepared by others for the use and/or benefit of the Auditor, or otherwise provided to the Auditor by the TRPA or by others under this Agreement (the "Report Materials"). Any work product produced by the Auditor pursuant to this Agreement and any Report Materials provided for the use/or benefit of the Auditor shall be considered the property of the TRPA and shall be delivered to the TRPA upon the expiration or termination of this Agreement.

Any text work product shall be submitted to TRPA together with a copy in a digital format that is compatible with either: 1) Microsoft Word for Windows, or 2) Excel for Windows. Any graphic work product submitted to TRPA in digital format must be submitted in one of the following formats: 1) Adobe Illustrator; 2) EPS (encapsulated postscript); 3) Adobe Photoshop files; 4) Tiff files; 5) Pict files; or, 6) ARC/Info graphic files. Any graphic work product prepared for TRPA shall, whenever feasible, also be submitted with a copy in digital format compatible with one of the six formats outlined above.

6. TRPA Policy. The Auditor shall discuss and review all matters relating to the provision of Products and Services with the Project Administrator in advance of all critical decision points in order to ensure that the Services proceed and Products are delivered in a manner consistent with the goals and policies of the TRPA.
7. Conformance to Applicable Requirements. All aspects of the provision of Products and Services by the Auditor shall at all times conform to applicable city, county, state, and Federal requirements and be subject to approval of the Project Administrator and TRPA.
8. Indemnification. The Auditor shall indemnify, defend and hold harmless the TRPA, its officers, employees, and agents against, and will hold and save them and each of them, harmless from any and all actions, claims, penalties, obligations, liabilities, or damages that may be asserted or claimed by any person, firm, entity, corporation, political subdivision, or other organization arising out of or in connection with the provision of Products and Services by the Auditor, or arising out of the operations or activities of the Auditor, its agents, employees, or subcontractors provided for herein in connection therewith:

- A. The Auditor will defend any action or actions filed in connection with any of said claims, damages, penalties, obligations, or liabilities and will pay all costs and expenses, including attorney's fees, with an attorney of TRPA's own choosing, incurred in connection therewith.
  - B. The Auditor will promptly pay any judgment rendered against the Auditor and/or the TRPA covering such claims, damages, penalties, obligations, and liabilities arising out of or in connection with such Products and Services, operations, or activities of the Auditor hereunder, and the Auditor agrees to save and hold the TRPA harmless there from.
  - C. In the event the TRPA is made a party to any action or proceeding filed or persecuted against the Auditor for such damages or other claims arising out of or in connection with the products, work, operations, or activities of the Auditor hereunder, the Auditor agrees to pay to the TRPA any and all costs and expenses incurred by TRPA in such actions or proceedings, together with reasonable attorneys' fees for an attorney of TRPA's own choosing.
9. Standard of Care; Licenses. The Auditor represents and warrants that it and all personnel engaged in providing Products and performing Services are and shall be fully qualified and are authorized or permitted under state and local law to perform such Services. The Auditor shall provide Products and perform the Services in a skillful and competent manner. The Auditor shall be responsible to TRPA for any errors or omissions in the execution of its duties hereunder. The Auditor represents and warrants that it and all personnel engaged in providing Products and performing the Services have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. The Auditor further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.
10. Insurance. Without limiting the Auditor's indemnification of the TRPA, the Auditor shall obtain and provide and maintain at its own expense during the term of this Agreement a policy or policies of liability insurance of the type and amounts described below and satisfactory to the TRPA, in its sole discretion. Such policies shall be signed by a person authorized by that insurer to bind coverage on its behalf and must be filed with the TRPA prior to exercising any right or performing the Services. Said policies shall add as insured's the TRPA, its elected officials, officers and employees, and agents for all liability arising from the Auditor's Services as described herein.
- A. Prior to the commencement of providing the Products and Services, the Auditor shall provide to the TRPA certificates of insurance with original endorsements and copies of policies, if requested by the TRPA, of the following insurance, with Best's Class A - or better carriers:
    - (1) Workers' compensation insurance covering all employees and principals of the Auditor, in a minimum amount of \$1 million per accident, effective per the laws of the State of California;
    - (2) Commercial general liability insurance covering third party liability risks, including without limitation contractual liability, in a minimum amount of \$1 million combined single limit per occurrence for bodily injury, personal injury, and property damage. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate shall apply separately to this project, or the general aggregate limit shall be twice the occurrence limit;
    - (3) Commercial auto liability and property insurance covering any owned and rented vehicles of the Auditor in a minimum amount of \$1 million combined single limit per accident for bodily injury and property damage.
    - (4) Professional liability insurance covering errors and omissions on the part of the Auditor, in a minimum amount of \$1 million each occurrence and in the aggregate on an occurrence form.

- B. Said policy or policies shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, or reduced in coverage or in limits except after thirty (30) days prior notice has been given in writing to the TRPA. The Auditor shall give to the TRPA prompt and timely notice of claim made or suit instituted arising out of the Auditor's operation hereunder. The Auditor shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and performance of the Services.
- C. The Auditor shall include subcontracting Auditors, if any, as insured's under its policies, or shall furnish separate certificates and endorsements for each subcontractor. All coverage for each subcontractor shall be subject to the requirements stated herein.
11. Prohibition Against Assignment.
- A. The Auditor shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly by operation of law, without the prior written consent of the TRPA. Any attempt to do so without the prior written consent of the TRPA shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation, or transfer.
- B. The sale, assignment, transfer, or other disposition of any of the issued and outstanding capital stock of the Auditor, if the Auditor is a corporation or of the interest of any general partner or joint venturer or syndicate member or co-tenant of the Auditor, if the Auditor is a partnership or a joint venture, or a syndicate or a co-tenancy, which shall result in changing the control of the Auditor, shall be deemed an assignment of this Agreement. For purposes of this paragraph, "control" means the ownership of fifty percent (50%) or more of the voting power of the corporation or fifty percent (50%) or more of the voting power of a partnership, joint venture, syndicate, or co-tenancy.
12. Progress. The Auditor is responsible to keep the Project Administrator and/or his/her duly authorized designee informed on a regular basis regarding the status and progress of the Products and the Services, activities performed and planned, and any meetings that have been scheduled or are desired relative to the provision of Products and Services or relative to this Agreement.
13. Confidentiality. No news releases, including photographs, public announcements, or confirmations of the same, of any part of the subject matter of this Agreement or any phase of the provision of Products and Services shall be made without prior written consent of the TRPA. The information which results from provision of Products and Services in this Agreement is to be kept confidential unless the release of information is authorized by TRPA.
14. Scheduling. The Auditor shall generally have no obligation to work any particular schedule, provided the Auditor will coordinate with the TRPA in achieving the results sought under the terms of this Agreement.
15. No Set Hours/Right to Contract. The Auditor's obligation hereunder is to complete the Services and to meet any deadlines set forth therein for the provision of Products. Except as provided herein, the Auditor has no obligation to work any particular hours or days or any particular number of hours or days. In this regard, the Auditor retains the right to contract for similar Services with any other entity, public or private.
16. Results. The TRPA agrees that it will have no right to control or direct the details, manner, or means by which the Auditor accomplishes the results of the Services performed hereunder.

SECTION III  
RESPONSIBILITIES OF TRPA

1. Compensation. In consideration of the provision of Products and performance by the Auditor of the Services, the TRPA shall pay to the Auditor the amount/amounts as quoted and set forth in Exhibit "B" (the "Compensation").
2. Extra Work. The Auditor shall not receive additional Compensation for any extra work or Products provided unless such extra work or provision of Products has been authorized by the TRPA as an amendment to this Agreement prior to the commencement of the extra work. The TRPA shall pay the Auditor for extra work and/or products in accordance with the schedule set forth on Exhibit "B".
3. Invoicing. The Auditor shall submit invoices to the TRPA on a monthly or on such other basis as set forth in Exhibit "B." Each invoice will be itemized, identify the project name or number, indicate the balance left on the contract net of the current invoice expenses, include the dates of work performed, and when applicable the percentage of completion for each task.
4. Payment to Auditor. TRPA shall make payments to the Auditor within thirty (30) days following the date of receipt of the invoice unless TRPA disputes the amount of the Compensation the Auditor claims it is owed under this Agreement. Payments shall be made on the basis of estimated task costs set forth in Exhibit "B."
5. Withholding.
  - A. Disputed Sums. The TRPA may withhold payment of any portion of the Compensation if payment is disputed until resolution of the dispute with the Auditor. Such withholding by the TRPA shall not be deemed to constitute a failure to pay by the TRPA. The Auditor shall not discontinue the provision of Products or performance of Services for a period of thirty (30) days from the date Compensation is withheld hereunder. The Auditor shall have an immediate right to appeal to the TRPA with respect to withheld amounts. The determination of the TRPA with respect to such matters shall be final. The Auditor shall not be entitled to receive interest on any portions of the Compensation withheld which are thereafter deemed to be properly payable.
  - B. Retention. The TRPA shall have the right to retain an amount equal to ten percent (10%) of the Compensation ("Retention"). The Retention shall be released to the Auditor upon final approval and acceptance of the Products and Services by TRPA. The TRPA shall have the right, without further liability to the Auditor, to utilize the Retention to satisfy obligations of the TRPA relative to the Services in the event the Auditor does not complete the Services satisfactory to the TRPA.

SECTION IV  
TERMINATION

1. Termination. TRPA may terminate this agreement upon thirty (30) days prior written notice to the Auditor. If the Agreement is so terminated, the Auditor shall be compensated for all completed services rendered up to and including the day of termination.
2. Termination Upon Event of Default. TRPA may immediately terminate this Agreement upon an Event of Default, defined below. Upon a termination of this Agreement, the TRPA shall pay to the Auditor the part of the Compensation which would otherwise be payable to the Auditor with respect to the Services which had been completed as of the date of termination, less the amount of all previous payments with respect to the Compensation.

3. Events of Default. Each of the following events shall constitute an "Event of Default":
  - A. The Auditor fails to observe, perform, or comply with any material term, covenant, agreement, or condition of this Agreement which is to be observed, performed, or complied with by the Auditor, of such failure to continue uncured for three (3) calendar days after the TRPA gives the Auditor notice of any failure and specified the nature of such failure.
  - B. The Auditor commits any fraud, misrepresentation, breach of fiduciary duty, willful misconduct, or intentional or breach of any provision of this Agreement.
4. Budget Contingency Clause
  - A. Limitation of TRPA Liability. The maximum amount to be encumbered under this Agreement for the fiscal year ending June 30, 2010, June 30, 2011, and June 30, 2012 shall not exceed \$57,200, 57,200 and \$58,950.
  - B. It is mutually agreed that if the TRPA Budget of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the TRPA shall have no liability to pay any funds whatsoever to the Auditor or to furnish any other considerations under this Agreement and the Auditor shall not be obligated to perform any provisions of this Agreement.
  - C. If funding for any fiscal year is reduced or deleted by the TRPA Budget for purposes of this program, the TRPA shall have the option to either cancel this Agreement with no liability occurring to the TRPA, or offer an Agreement amendment to the Auditor to reflect the reduced amount.

## SECTION V

### GENERAL PROVISIONS

1. Nondiscrimination by the Auditor. The Auditor represents and agrees that the Auditor, its affiliates, subsidiaries, or holding companies do not and will not discriminate against any subcontractor, Auditor, employee, or applicant for employment because of race, religion, color, sex, handicap, national origin, ancestry, creed, physical disability (including HIV and AIDS), medical condition, age, marital status, denial of family and medical care leave, and denial of pregnancy disability leave. Such nondiscrimination shall include, but not be limited to, the following: employment, upgrading, demotion, transfers, recruitment, recruitment advertising, layoff, termination, rates of pay, or other forms of compensation, and selection for training, including apprenticeship.
2. Conflicts of Interest.
  - A. The Auditor or its employees may be subject to the provisions of Article III (a)(5) of the Tahoe Regional Planning Compact (P.L. 96-551, 94 Stat. 3233, Cal. Gov't Code Section 66801, N.R.S. 277.200), which requires disclosure of any defined economic interest and prohibits such persons from attempting to influence Agency decisions affecting certain economic interests.
  - B. The Auditor or its employees may be subject to the provisions of the California Political Reform Act of 1974 (the "Act"), that (1) requires such persons to disclose financial interests that may foreseeably be materially affected by the work performed under this Agreement, and (2) prohibits such persons from making or participating in making decisions that will foreseeably financially affect such interests.
  - C. If subject to the Compact or the Act, the Auditor shall conform to all requirements of the Compact or the Act, as required. Failure to do so constitutes a material breach and is grounds for termination by this Agreement by the TRPA.

3. Assignments and Subcontractors. The Auditor shall not subcontract any portion of the Services or provision of Products except as expressly stated herein, without prior written consent of the TRPA. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.
4. Notices. All notices required hereunder shall be given in writing to the following addresses or such other addresses as the parties may designate by written notice:

To the TRPA: Tahoe Regional Planning Agency  
Attn: Rhonda McFarlane  
  
128 Market Street  
PO Box 5310  
Stateline, Nevada 89449-5310

To the Auditor: Mayer, Hoffman, McCann P.C.  
Marcus D. Davis  
2301 Dupont Drive, Suite 200  
Irvine, CA 92612

Notice shall be deemed received as follows, depending upon the method of transmittal by facsimile, as of the date and time sent; by messenger, as of the date delivered; and by U.S. Mail, certified, upon receipt requested, as of 72 hours after deposit in the U.S. Mail.

5. Authority to Enter Agreement. The Auditor warrants that it has all requisite power and authority to conduct its business and to execute and deliver, and to perform all of its obligations under this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to enter into this Agreement so as to bind each respective Party to perform the conditions contemplated herein. If the Auditor is a corporation or partnership, the Auditor also warrants that it is duly organized, validly existing in good standing under the laws of the State of California, and will continue to be so during the term of this Agreement.
6. Severability/Illegality. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect. The illegality of any provision of this Agreement shall not affect the remainder of this Agreement.
7. Time is of the Essence. Time is of the essence in this Agreement, and all parties agree to execute all documents and to proceed with due diligence to complete all covenants and conditions set forth herein.
8. Attorneys' Fees and Costs. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any provisions of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.
9. Governing Law and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of Nevada. Any lawsuit brought to enforce this Agreement shall be brought in the appropriate court in Nevada.
10. Waiver. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any of the provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be deemed a waiver and no waiver shall be binding unless executed in writing by the party making the waiver. No waiver, benefit, privilege, or service

voluntarily given or performed by other parties shall give the other party any contractual right by custom, estoppel, or otherwise.

11. Days. Any term in this Agreement referencing time, days, or period of performance shall be deemed to be calendar days and not workdays.
12. Entire Agreement. This Agreement contains the entire agreement of the TRPA and the Auditor and supersedes any prior or written statements or agreements between the TRPA and the Auditor. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both parties.
13. Binding on Assigns. Each and all of the covenants and conditions of this Agreement shall be binding on and shall inure to the benefit of the successors and assigns of the respective parties.
14. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which collectively shall constitute one instrument.
15. Captions. The captions of the various articles and paragraphs of this Agreement are for the convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement or of any part or parts of this Agreement.
16. Construction. In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party, it being agreed that the parties or their agents have all participated in the preparation of this Agreement.
17. Cooperation/Further Acts. The parties shall fully cooperate with one another in attaining the purposes of this Agreement and, in connection therewith, shall take any such additional further acts and steps and sign any such additional documents as may be necessary, appropriate, and convenient as related thereto.
18. Survival. The obligations of the Auditor under this Agreement including, without limitation, the obligations set forth in Section II, Paragraph 8 (Indemnification), and Section II, Paragraph 10 (Insurance), as they relate to the Services, shall survive the termination or expiration of this Agreement.
19. Incorporation of Recitals and Exhibits.

The "Recitals" constitute a material part hereof, and are hereby incorporated by reference herein as

The "Exhibits" constitute a material part hereof, and are hereby incorporated by reference herein as though fully set forth.
20. References: All references to the Auditor shall include all personnel, employees, agents, and subcontractors of the Auditor.
21. No Funds to Unqualified Aliens. Under law, no funds received under this Agreement shall be paid to any alien who is "not a qualified alien" within the meaning of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("Act"). The Auditor shall be responsible to ensure that no funds the Auditor receives from TRPA are paid to any employee or subcontractor in violation of this Act.
22. Certification Regarding Lobbying. The Auditor certifies that no funds received under this Agreement have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any State or Federal Agency, a Member of the State Legislature or United States Congress, an officer or employee of a Member of the Legislature or Congress, or an employee of a Member of the Legislature or Congress.
23. Certification Regarding Debarment and Suspension. The Auditor certifies to the best of its knowledge and belief that it and its principals:



- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or Agency;
- B. Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or Local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State or Local) with commission of any of the offenses enumerated in paragraph (24)(b) of this Agreement; and

Have not within a three-year period preceding this Agreement had one or more public transactions (Federal, State or Local) terminated for cause of default.


IN WITNESS WHEREOF, the parties hereto have accepted and made and executed this Agreement upon the terms, conditions, and provisions set forth above as of the Effective Date.

TAHOE REGIONAL PLANNING AGENCY

BY:   
JOANNE MARCHETTA  
EXECUTIVE DIRECTOR

Date: May 21, 2010

MAYER HOFFMAN MCCANN P.C.

BY:   
MARCUS D. DAVIS  
SHAREHOLDER

Date: May 21, 2010

## **Exhibit A Scope of Work**

The TRPA desires the AUDITORS to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The AUDITORS are not required to audit the combining and account group financial statements and supporting schedules. However, the AUDITORS are to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements.

The AUDITORS are not required to audit the schedule of expenditures of Federal awards. However, the AUDITORS are to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

### **A. Auditing Standards To Be Followed**

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

### **B. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the AUDITORS shall issue:

1. Preparation of the financial statements and audit opinions on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
  - Tahoe Regional Planning Agency
  - El Dorado County Local Transportation Fund
  - El Dorado County State Transit Assistance Fund
  - Placer County Local Transportation Fund
2. A summary of findings and questioned costs. (Single Audit)
3. A schedule of findings and questioned costs. (Single Audit)
4. An "in-relation-to" report on the schedule of expenditures of Federal awards.
5. An "in-relation-to" report on the combining and individual fund and account group financial statements and supporting schedules.
6. A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. (Single Audit)
  - Tahoe Regional Planning Agency
  - El Dorado County Local Transportation Fund
  - El Dorado County State Transit Assistance Fund
  - Placer County Local Transportation Fund
7. A report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
8. In the required reports on internal controls, the AUDITORS shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect

the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

9. Reportable conditions that are also material weaknesses shall be identified as such in the report.
10. Non-reportable conditions discovered by the AUDITORS shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.
11. The reports on compliance shall include *all* instances of noncompliance.
12. *Irregularities and illegal acts.* AUDITORS shall be required to make an immediate, *written* report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
  1. Joanne Marchetta, Executive Director
  2. Nicole Rinke, Agency Counsel
  3. Rhonda McFarlane, Finance Director
13. Reporting to the Finance Director. AUDITORS shall assure themselves that the Finance Director is informed of each of the following:
  1. The AUDITORS responsibility under generally accepted auditing standards
  2. Significant accounting policies and new accounting pronouncements
  3. Management judgments and accounting estimates
  4. Significant audit adjustments
  5. Disagreements with management
  6. Consultation with other accountants
  7. Difficulties encountered in performing the audit
  8. Major issues discussed with management prior to retention
  9. Difficulties encountered in performing the audit
14. The auditor's proposal is submitted April 22, 2010 is hereby incorporated and made part of this agreement.

**Exhibit B  
Compensation**

For the services set forth under Exhibit A, AUDITORS shall be paid the compensation not to exceed the amounts set forth below:

- a. TRPA Agency Audit and Management Report \$45,200 for FY 2010, \$45,200 for FY 2011 and \$46,500 for FY 2012.
- b. El Dorado County Local Transportation Fund Audit \$4,000 for FY 2010, \$4,000 for FY 2011, and \$4,150 for FY2012.
- c. El Dorado County State Transit Assistant Fund \$4,000 for FY 2010, \$4,000 for FY 2011, and \$4,150 for FY2012.
- d. Placer County Local Transportation Fund Audit \$4,000 for FY 2010, \$4,000 for FY 2011, and \$4,150 for FY2012.

Final Agency payment of said fees and expenses shall be due and payable upon the delivery of the Audit reports.

Upon mutual agreement the terms of this agreement may be extended for two one-year periods.

**Summary of Audit Proposals - Top 3 Proposers  
FY 2010**

	Present Auditors C.G. Uhlenberg	Mayer, Hoffman, McCann	Caporicci & Larson	Gallina LLP
<b>Hours</b>				
TRPA	464	376	473.2	272
TTD	219	90	185.9	134
STATA	267	78	185.9	70
TDA Audits	51	96	268	111
<b>Total Hours</b>	<b>1001</b>	<b>640</b>	<b>1113</b>	<b>587</b>
<b>Fees</b>				
TRPA	47,080	46,900	32,000	41,890
TTD	22,060	11,000	12,500	19,920
STATA	27,620	9,600	12,500	9,860
TDA Audits	5,670	12,000	6,000	15,330
<b>Total Fees</b>	<b>102,430</b>	<b>79,500</b>	<b>63,000</b>	<b>87,000</b>
Average Fee/Hr	102	124	57	148
TRPA + TDA	52,750	58,900	38,000	57,220
Less: SCR		-1,700		
<b>Net Cost</b>		<b>57,200</b>		

Gallina did not quote a single audit for STATA.

MHM's first proposal I split the single audit in three and assumed TRPA & TTD had 3 major programs & MHM's second proposal is a flat fee not to exceed. There would have to be significant new funding so TRPA will not use the auditors for the State Controller's Report. Sheldon Chevon & Associates can do t

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**FY 2011**

	Present Auditors C.G. Uhlenberg	Mayer, Hoffman, McCann	Caporicci & Larson	Gallina LLP
<b>Hours</b>				
TRPA	464	376	473.2	272
TTD	219	90	185.9	134
STATA	267	78	185.9	70
TDA Audits	51	96	268	111
<b>Total Hours</b>	<b>1001</b>	<b>640</b>	<b>1113</b>	<b>587</b>
<b>Fees</b>				
TRPA	48,492	46,900	32,000	41,890
TTD	22,722	11,000	12,500	19,920
STATA	28,449	9,600	12,500	9,860
TDA Audits	5,841	12,000	6,000	15,330
<b>Total Fees</b>	<b>105,504</b>	<b>79,500</b>	<b>63,000</b>	<b>87,000</b>
	105	124	57	148
	54,333	58,900	38,000	57,220
		-1,700		
		<b>57,200</b>		

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**FY 2012**

	Present Auditors C.G. Uhlenberg	Mayer, Hoffman, McCann	Caporicci & Larson	Gallina LLP
<b>Hours</b>				
TRPA	464	376	473.2	272
TTD	219	90	185.9	134
STATA	267	78	185.9	70
TDA Audits	51	96	268	111
<b>Total Hours</b>	<b>1001</b>	<b>640</b>	<b>1113</b>	<b>587</b>
<b>Fees</b>				
TRPA	49,947	48,250	32,000	41,890
TTD	23,403	11,350	12,500	19,920
STATA	29,302	9,900	12,500	9,860
TDA Audits	6,015	12,450	6,000	15,330
<b>Total Fees</b>	<b>108,667</b>	<b>81,950</b>	<b>63,000</b>	<b>87,000</b>
	109	128	57	148
	55,962	60,700	38,000	57,220
		-1,750		
		<b>58,950</b>		

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April 2010 - REQUEST FOR PROPOSALS FOR FINANCIAL AUDIT SERVICES  
**Distribution List**

- 1) Jeff Ira, Partner No interview  
C. G. Uhlenberg LLP  
333 Twin Dolphin Drive, Suite 230  
Redwood City, CA 94538  
[Jeff@cqucpa.com](mailto:Jeff@cqucpa.com)
- 2) Nicola Neilon, CPA No interview  
Casey, Neilon & Associates  
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- 3) Gary M. Caporicci Interview Selection  
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- 4) Tami Kirchner No submission  
Macias, Gini & O'Connell  
3000 S Street, Suite 300  
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[tkirchner@mqocpa.com](mailto:tkirchner@mqocpa.com)
- 5) Peggy VandeVooren Declined 4-21-10  
GILBERT ASSOCIATES, INC.  
*Sacramento Headquarters:*  
2880 Gateway Oaks Drive, Suite 100  
Sacramento, CA 95833-4332  
[peggy@gilbertcpa.com](mailto:peggy@gilbertcpa.com)
- 6) Marilee Smith Declined 4-19-10  
Smith & Newell CPAs  
1425 Butte House Road  
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- 7) Brad Constantine Interview Selection  
Gallina LLP  
925 Highland Pointe Drive  
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[bconstantine@gallina.com](mailto:bconstantine@gallina.com)
- 8) Larry Mace Declined 4-13-10  
Grant Thornton  
100 West Liberty Street, Suite 770  
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[lmace@GT.com](mailto:lmace@GT.com)
- 9) Sheldon Chavan No Interview  
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900 E. Hamilton Ave, Suite 100  
Campbell, CA 95008  
[sheldon@cnallp.com](mailto:sheldon@cnallp.com)

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C

10) Marc Davis  
Mayer, Hoffman, McCann, P.C.  
2301 Dupont Drive, Suite 200  
Irvine, CA 92612  
MDDavis@CBIZ.com

Interview Selection

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## **Auditor Interview Questions**

1 Although we've reviewed your RFP, we'd like you to briefly tell us yourself and your firm and why you would be the best firm to serve our needs.

2 Who do you plan to have doing field work at TRPA, TTD & STATA?

3 How long do you plan to be in the field?

4 How do you ensure good communication among your own staff assigned to our account?

5 Tell us something important to know about transportation funding? Can you give us some examples where transportation agencies encountered problems with their grantor for compliance or reporting issues.

6 What other problems have you encountered with grant funding?

7 Can you briefly summarize the audit requirements for ARRA funding.

8 Give us an example of a situation where you believe you added tremendous value to your client?

9 Give us examples of reportable conditions you have had to report out for clients your have served. How did materiality impact the condition?

10 What's your philosophy on selecting items to include in the management letters?

11 What would you see as the proper accounting for a capital asset donation?

12 TRPA has not reflected its building fund as a Enterprise fund. Please give us your opinion on the appropriateness of having the building fund be an enterprise fund.

13 Compare and contrast the Code of Federal Regulations for Government entities vs. the Non-for profits for grant expenditures/expenses.

14 TTD uses TRPA's ICAP rate. What's your opinion on the need for TTD to have their own ICAP rate?

Does your fee include occasional telephone calls to discuss accounting issues pertinent to the  
15 Agency?

16 Are any of your assigned clients using Springbrook Financial Software?

17 TRPA's chart of accounts is quite complex. Do you have any ideas for simplifying the chart of accounts or principles you recommend when designing a new chart of accounts?