



Staff Report

Agenda Item: **AUDITING CONTRACT** – Discussion and consideration of possibly awarding a contract with Colby & Powell, PLC for Professional Auditing Services for fiscal year ending June 30, 2008 with a possible extension in subsequent years through fiscal year ending June 30, 2012.

Staff Contact: Carlton Woodruff, Finance Director

Meeting Date: June 24, 2008

Background:

For the past five fiscal years the Accounting Firm of Cronstrom, Osuch & Company has provided the Town of Clarkdale with audit services. In May of 2008 the Town of Clarkdale advertised a “Request for Proposals for Professional Audit Services” and six firms responded with competitive proposals. The proposal request asked for offers to provide professional audit services for the fiscal year ending June 30, 2008, with an option of auditing its financial statements for each of the four subsequent years. The complete “Request for Proposal” is attached.

The following are the criteria used by staff in the ranking decisions regarding the proposals:

1. Experience, expertise, reliability of the team being presented and their experience with similar projects.
2. Firm qualifications, experience, expertise and references in similar types of engagements, specifically related to municipal public sector auditing.
3. Completeness of proposal, including documentation relating to the approach and work activities to complete the Assessment/Scope of Work.
4. Proposed fee

The proposed pricing is as follows:

FIRM	2008 FEE	2009 FEE	2010 FEE	2011 FEE	2012 FEE	TOTAL
Colby & Powell	19,980.00	21,000.00	21,000.00	21,500.00	21,500.00	104,980.00
Hinton, Burdick, Hall & Spilker	23,000.00	24,000.00	25,000.00	26,000.00	27,000.00	125,000.00
Henry & Horne	24,500.00	25,600.00	26,700.00	27,800.00	28,900.00	133,500.00
Heinfeld, Meech & Co.	24,500.00	25,978.00	27,701.00	29,272.00	31,150.00	138,601.00
Lumbard & Associates	25,686.00	23,060.00	24,400.00	24,270.00	25,935.00	123,351.00
Cranstrom, Osuch & Company	25,800.00	27,290.00	27,885.00	28,780.00	29,375.00	139,130.00

All proposals are from qualified bidders that are able to provide the service the Town requires. Bidders will be notified of the results this week. The contract becomes effective when the Council accepts the proposal and the Town Finance Director gives written notice of the award to the successful bidder.

Recommendation:

To award the contract to Colby & Powell, PLC for Professional Auditing Services for fiscal year ending June 30, 2008 with a possible extension in subsequent years through fiscal year ending June 30, 2012.



Town of Clarkdale Clarkdale, Arizona

NOTICE OF REQUEST FOR PROPOSALS

PROPOSAL DUE DATE & TIME:

June 05, 2008 at 2:00 p.m.

STREET ADDRESS:

Attention: Carlton Woodruff
Finance Director
890 Main Street
Clarkdale, AZ 86324

MAILING ADDRESS:

Attention: Carlton Woodruff
Finance Director
P.O. Box 308
Clarkdale, AZ 86324

TELEPHONE: (928) 639-2455

FAX: (928) 639-2459

Sealed proposals for the commodity or service specified will be received by the Finance Director, Town of Clarkdale, 890 Main Street, Clarkdale, Arizona 86324, until the time and date cited above.

Proposals must be in the actual possession of the Finance Director on or prior to the exact time and date indicated above. Late proposals will not be considered under any circumstances.

Proposals must be submitted in a sealed envelope. The proposal invitation number and Vendor's name and address should clearly be indicated on the envelope. All proposals must be completed in ink or typewritten and the proposal should be returned intact by time and date cited above. Additional instructions for preparing your proposal are provided on the following pages.

Commodity and/or Service

PROFESSIONAL AUDITING SERVICES

Contract Type and Period

Sealed Proposal

Date: April 28, 2008

Carlton Woodruff, Finance Director

NOTE: There will be a Pre-Proposal Conference at Town of Clarkdale Finance Department Conference Room, 890 Main Street, Clarkdale, Arizona on May 29, 2008 at 10:00 a.m. Questions regarding this proposal should be directed to Carlton Woodruff, Finance Director at (928) 639-2455.

THIS PROPOSAL IS OFFERED BY:

NAME OF COMPANY

STREET OR P.O. BOX

CITY, STATE AND ZIP CODE

**IMPORTANT
PROPOSAL CHECKLIST**

- 1. The proposal has been signed in the Proposer's Offer Section. (Proposals not signed in this section will not be considered.)

- 2. Any required drawings or descriptive literature have been included.

- 3. Any addendum(s) have been included/noted in Offer Section.

- 4. The mailing envelope/package has been addressed to:

STREET ADDRESS: Attention: Carlton Woodruff Finance Director 890 Main Street Clarkdale, AZ 86324	MAILING ADDRESS: Attention: Carlton Woodruff Finance Director P.O. Box 308 Clarkdale, AZ 86324
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- 5. Proposal package/envelope has been identified with proposal title.

- 6. The proposal is mailed in time to be received and stamped in by Finance Director no later than specified time on designated date. (Otherwise the proposal cannot be considered.)

- 7. One original and three (3) copies have been included.

ADVERTISEMENT FOR PROPOSAL
PROFESSIONAL AUDITING SERVICES

The Town of Clarkdale, Arizona is extending a Request for Proposals for a Professional Auditing Services.

Sealed proposals will be received by the Finance Director, Town of Clarkdale, 890 Main Street, Clarkdale, Arizona 86324 until 2:00 p.m. on June 05, 2008.

Specifications and proposal instructions may be obtained from the Town of Clarkdale Finance Director, 890 Main Street, Clarkdale, Arizona, telephone (928) 639-2455.

NOTE: There will be a Pre-Proposal Conference at the Town of Clarkdale Town Hall Conference Room, 890 Main Street, Clarkdale, Arizona on May 29, 2008 at 10:00 a.m. Questions regarding this proposal should be directed to the Finance Director at telephone (928) 639-2455.

The Town of Clarkdale reserves the right to accept or reject any or all proposals or parts thereto.

TABLE OF CONTENTS

	<u>PAGE</u>
COVER	1
PROPOSAL CHECK LIST	2
ADVERTISEMENT	3
TABLE OF CONTENTS	4
INSTRUCTIONS TO VENDORS	5 - 6
SPECIAL INSTRUCTIONS TO OFFERORS	7 - 11
INTRODUCTION AND BACKGROUND	12 - 13
SCOPE OF WORK	14 - 17
STANDARD TERMS AND CONDITIONS	18 - 25
SPECIAL TERMS AND CONDITIONS	26 - 32
PROPOSER'S OFFER	33 - 34
DEVIATION FORM	35
NON COLLUSION FORM	36
SAMPLE MEMORANDUM OF AGREEMENT	37 - 38
APPENDIX A	39 - 45

INSTRUCTIONS TO VENDORS

1. Preparation of Solicitation:

- a. All responsive offers shall be on the forms provided in this solicitation. It is permissible to copy these forms as required. Telegraphic offers or mailgrams will not be considered.
- b. The Offer document of the solicitation must be submitted with an original ink signature by the person authorized to sign the offer. Unsigned offers will be considered non-responsive and rejected.
- c. Erasures, interlineations or other modifications in the offer must be initialed by a person authorized to sign the offer section of the solicitation.
- d. In case of error in the extension of prices in the offer, the unit price will govern. No offer shall be altered, amended or withdrawn after the specified time and date for opening offers.
- e. Periods of time, stated as a number of days, shall be calendar days.
- f. It is the responsibility of all Offerors to examine the entire solicitation and seek clarification of any item or requirement that may not be clear to them and to check all responses for accuracy before submitting an offer.
- g. No responsibility will be attached to a Town employee for premature opening of an offer not properly addressed and identified in accordance with the solicitation documents.
- h. A late submittal notification will be sent to the Offeror. Late offer submittals will not be considered under any circumstances.
- i. Envelopes with insufficient postage may not be accepted by the Town of Clarkdale.

2. **Prospective Offerors Conference:** A prospective Offerors conference will be held on May 29th at 10 am. The purpose of this conference will be to clarify the contents of this solicitation in order to prevent any misunderstandings of the Town's position. Any doubt as to the requirements of this solicitation or any apparent omission or discrepancy should be presented to the Town at this conference. The Town will then determine the appropriate action necessary, if any, and issue a written amendment to the solicitation. Oral statements or instructions will not constitute an amendment to this solicitation.

3. **Withdrawal of Bid/Proposal:** At any time prior to the specified time and date set for bid/proposal opening, an Offeror (or his designated representative) may withdraw his offer.

4. **Amendment of Solicitation:** Receipt of a solicitation amendment must be acknowledged by the Offeror in the submittal.

5. Award of Contract:

- a. Unless the Offeror states otherwise, the Buyer reserves the right to award by individual line item, by group of line items, or as a total, whichever is deemed most advantageous to the Town. If the Offeror's offer is an 'All or nothing' offer, it must be so indicated on the Offer Sheet.
- b. The Town of Clarkdale, notwithstanding any other provisions of this solicitation (including attached documents), expressly reserves the right to:
 1. Waive any insignificant defect or informality in any offer or solicitation procedure;
 2. Reject any or all offers; or
 3. Cancel the solicitation.

- c. An offer in response to a solicitation is an offer to contract with the Town based upon the terms, conditions and specifications contained in the Town's solicitation. Offers do not become contracts unless, and until, they are accepted by the Town of Clarkdale. A contract is formed when the Town Finance Director gives written notice of award(s) to successful Offeror(s). In the absence of a provision to the contrary in the solicitation, the contract has its inception in the award as distinguished from a formal signing of a separate contract. For that reason, all of the terms and conditions of the procurement contract are contained in the solicitation.
6. **Vendor Registration:** Prior to the award of a contract, the successful Offeror should have a completed Vendor Registration Form on file with the Town Finance Director.

SPECIAL INSTRUCTIONS TO OFFERORS PROFESSIONAL AUDITING SERVICES

1. Instructions for Proposals

The Town of Clarkdale intends to enter into an agreement for a Professional Auditing Services.

It is the responsibility of the firms offering proposals to make necessary surveys, inquiries, etc., which will enable them to respond to this request. It shall be assumed that persons submitting proposals have made such investigations and are fully informed of the extent and nature of this Request for Proposal (RFP).

Proposals should give a complete and detailed outline of how services and equipment called for in the proposal will be carried out.

The proposals must be signed by an authorized officer of the firm who is empowered by corporate resolution to enter into an agreement with the Town of Clarkdale.

Interested Offerors are requested to submit their proposal to the Finance Director, Town of Clarkdale, PO Box 308, 890 Main Street, Clarkdale, Arizona 86324.

Proposals should be enclosed in a sealed envelope with the notation on the outside, "Professional Auditing Services". Proposals must be received by the due date and time. If proposals are mailed, the Offeror is responsible for ensuring that they arrive on time. Late proposals will not be considered.

2. Receipt and Registration of Proposals

Proposals and modifications shall be time-stamped upon receipt and held in a secure place until the established due date and time. Proposals shall be opened publicly but only the Proposer's company name will be read aloud. No prices or other parts of the offer shall be revealed at the time of the Proposal Opening. After the time and date established for receipt of proposals, a Register of Proposals shall be prepared which shall include the name of each Offeror. The Register of Proposals shall be open to public inspection but Offeror proposals shall not be open to public inspection until award of the contract. Proposals and modifications shall be shown only to Town of Clarkdale personnel having a legitimate interest in them.

3. Proposals and Contracts

Offerors are cautioned to verify their proposals before submission, as withdrawal of proposals submitted after time specified for opening of proposals may not be considered.

4. Addendums

In the event changes must be made to the Request for Proposal, an amendment(s) will be prepared and issued to all Offerors who have received the original Request for Proposal (RFP).

5. Confidential Data

Request for nondisclosure of data such as trade secrets and other proprietary data, must be made known to the Town in proposals submitted. The Town will determine its validity prior to entering negotiations. If the parties do not agree as to disclosure of data in the proposal, the Town shall inform the Offeror in writing what portion of the proposal will be disclosed and that, unless the Offeror withdraws the proposal or protests, the proposal will be so disclosed. The proposals shall be open to public inspection subject to any continuing prohibition on the disclosure of confidential data.

6. Clarification

Additional information or clarification of any of the instructions or information contained herein may be obtained from the Finance Director.

It is the intent of the Town of Clarkdale that this request permits competitive proposals. Any Proposer or Proposers finding any discrepancy in or omission from the specifications, in doubt as to their meaning, or feeling that the specifications, any language, etc., are discriminatory, shall notify the Town's Finance Director in writing not less than ten (10) days prior to the scheduled opening of proposals. Exceptions as taken in no way obligate the Town to change the Specifications. The Town's Finance Director will notify all Proposers in writing, by amendment duly issued, of any interpretations made of specifications on instructions.

The Town will assume no responsibility for oral instruction or suggestion. All official correspondence in regard to the specifications should be directed to and will be issued by the Town's Finance Director.

7. Contract Applicability

Offeror must substantially conform to the terms, conditions, specifications and other requirements found within the text of this specific proposal. All previous agreements, contracts, or other documents, which have been executed between the Offeror and the Town of Clarkdale are not applicable to this proposal or any resultant contract.

8. Conflict of Interest

The CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

The provisions of A.R.S. Section 38-501, et seq., and the Town of Clarkdale in regard to conflicts of interest of officers and employees are applicable to the RFP and upon proper disclosure, such conflicts would not prevent submission of a proposal. Provided, however, that if federal funding is used on the project the more strict provisions of federal conflict laws will apply.

9. Rejection of Proposal

The Town reserves the right to make award on the basis of accepting the proposal that is most advantageous to the Town based on service, price, materials or other evaluation factors as set forth herein; to waive any informalities in the proposal; or may reject all proposals.

10. Discussion with Responsible Offerors and Revisions to Proposal

Discussions may be conducted with responsible Offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing Offerors. The purposes of such discussions shall be to:

- A. Determine in greater detail such Offeror's qualifications;
- B. Explore with the Offeror the scope and nature of the project, the Offeror's proposed method of performance, and the relative utility of alternate methods of approach;

- C. Determining that the Offeror will make available the necessary personnel and facilities to perform within the required time; and
- D. Agreeing upon compensation, which is fair and reasonable, taking into account the estimated value of the required services, and the scope, complexity and nature of such services.

II. Award of Contract

If compensation, contract requirements and contract documents can be agreed upon with the best qualified Offeror, the contract shall be awarded to that Offeror.

If compensation, contract requirements, or contract documents cannot be agreed upon with the best qualified Offeror, a written record stating the reasons therefore shall be placed in the file and Offeror shall be advised of the termination of negotiations which shall be confirmed by written notice within seven (7) working days.

Upon failure to negotiate a contract with the best qualified Offeror, the Town may enter into negotiations with the next most qualified Offeror. If compensation, contract requirements and contract documents can be agreed upon, then the contract shall be awarded to that Offeror. If negotiations fail, negotiations shall be terminated as described above and commenced with the next most qualified Offeror.

Should the Town be unable to negotiate a contract with any of the Offerors initially selected as the best qualified Offerors, offers may be resolicited or additional offers may be selected based on original, acceptable submissions in the order of their respective qualification ranking and negotiations may continue as described in this section until an agreement is reached and the contract awarded.

The discretion as to whether or not a proposal is awarded, or to reject all proposals, rests with the Town Council. Award shall be made to the responsible Offeror whose proposal is determined in writing to be the most advantageous to the Town taking into consideration price and the evaluation factors set forth in the Request for Proposals.

The Town may award a contract based on initial proposals received, without discussion of such proposals. Accordingly, each proposal should be submitted on the Proposer's most favorable terms.

12. Condition of Award

By submitting a proposal, the Offeror understands and agrees to promote and offer to the Town of Clarkdale only those products, equipment and/or services as stated in and allowed for under resultant contract(s). Violation of this condition is grounds for terminating the contract(s).

13. Evaluation

The following are the criteria, which will be used by the Town's proposal evaluation committee in its decision regarding the Offeror selection.

Evaluation criteria, in order of importance:

1. Experience, expertise, reliability of the team being presented and their experience with similar projects.
2. Firm qualifications, experience, expertise and references in similar types of engagements, specifically related to municipal public sector auditing.
3. Completeness of proposal, including documentation relating to the approach and work activities to complete the Assessment / Scope of Work.
4. Proposed fee.

14. Proposal organization

The proposal should be organized according to the evaluation criteria listed above.

14.1 Experience, expertise, reliability of the team being presented and their experience with similar projects.

- 14.1.1 The Offeror shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Arizona. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Indicate how the assigned personnel comply with yellow book CPE requirements.
- 14.1.2 The Offeror should provide an organizational chart showing the staffing and lines of authority for the key personnel to be utilized. The relationship of the project leader to management and to support personnel should be clearly illustrated.

14.2 Firm qualifications, experience, expertise and references in similar types of engagements, specifically related to municipal and/or public sector audits.

- 14.2.1 The Offeror should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.
- 14.2.2 If the Offeror is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.
- 14.2.3 An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Arizona.
- 14.2.4 The Offeror shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
- 14.2.5 The Offeror must provide an affirmative statement that is independent of the Town of Clarkdale as defined by auditing standards generally accepted in the United States and the U.S. General Accounting Office's Government Auditing Standards (as revised in 1994).
- 14.2.6 Provide a reference list of five current and/or former clients that the Town may contact regarding Offeror's performance. List shall include client name, agency, address, phone number, as well as what work was performed and when. It should be noted that we are not limited to this list.

14.3 Completeness of proposal, including documentation relating to the approach and work activities to complete the Review / Scope of Work.

This section should confirm Offeror's understanding of the RFP. The narrative portion and the materials presented in response to this RFP must contain, at a minimum, the following information:

- 14.3.1 Offeror should clearly outline their recommended approach on a point-by-point basis in meeting the responsibilities and requirements of each of the elements and deliverables that the Town has outlined in the scope of work herein.
- 14.3.2 Offeror's will be required to provide the following information on their audit approach:
 - 14.3.2.1.1 Level of staff and number of hours to be assigned to each proposed segment of the engagement.
 - 14.3.2.1.2 Approach to be taken to gain and document an understanding of the Town's internal control structure.
 - 14.3.2.1.3 Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - 14.3.2.1.4 Approach to be taken in drawing audit samples for purposes of tests of compliance.
 - 14.3.2.1.5 The Offeror should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town.

14.4 Proposed fee.

See Proposers Offer section.

15. Oral Presentations

After all proposals have been evaluated, the Town's evaluation committee may require representatives of one or more of the Proposer's to appear before the committee in Clarkdale, Arizona, for the purpose of making a final evaluation and recommendation.

**INTRODUCTION / BACKGROUND
PROFESSIONAL AUDITING SERVICES**

A. Name and Telephone Number of Contact Persons and Location of Offices

The auditor's principal contact with the Town will be Carlton Woodruff, Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Town to the auditor. The Finance Office is located at 890 Main Street, Clarkdale, Arizona 86324.

B. Background Information

The Town serves a population of approximately 4,000. The Town's fiscal year begins on July 1 and ends on June 30. The Town provides a full range of municipal services to its citizens including police protection, construction and maintenance of streets and infrastructure, and recreational activities. In addition, the Town provides water, sewer, trash, and cemetery as enterprise-type activities. The Town has approximately 60 employees.

The Town is organized into 7 departments. The accounting and financial reporting functions of the Town are centralized in the Finance Department within the Administration Department.

C. Fund Structure

The Town uses the following fund types and account groups in its financial reporting:

<u>Fund Type or Account Group</u>	<u>Number of Individual Funds</u>	<u>Number with Legally Adopted Annual Budgets</u>
General	<u>1</u>	<u>1</u>
Special revenue	<u>5</u>	<u>5</u>
Enterprise	<u>4</u>	<u>4</u>
CIP Fund	<u>1</u>	<u>1</u>

D. Budgetary Basis of Accounting

The Town prepares its budgets on a basis consistent with accounting principles generally accepted in the United States.

E. Pension Plans

The Town participates in the following pension plans:

<u>Plan</u>	<u>Multiple-Employer</u>	<u>Single Employer</u>
	Cost	Defined
	<u>Sharing Agent</u>	<u>Benefit</u>
Arizona State Retirement	<u>X</u>	<u> </u>
Arizona Public Safety Personnel	<u>X</u>	<u> </u>

F. Component Units

The financial reporting entity of the Town includes all the funds of the primary government. Although the blended component unit, the Clarkdale Municipal Property Corporation (the Corporation), is a legally separate entity, the Town is financially accountable for the Corporation and therefore, it's financial position and results of operations are reported as part of the Town's funds. However, the MPC is reported in a separate column in the government-wide financial statements of the Town to emphasize they are a legally separate entity and to differentiate their financial position and results of operations from those of the primary government.

G. Magnitude of Finance Operations

The Administration Department is headed by Gayle Mabery, Town Manager. The Finance Department within the Administration Department consists of five employees, including 1 Finance Director, 1 Accounting Supervisor, 1 Accounts Payable Clerk, and 2 Utility Billing Clerks.

H. Availability of Prior Audit Reports

Interested Proposers who wish to review prior years' audit reports and management letters may review these by contacting the Finance Director at (928) 639-2455. The Town will use its best efforts to make prior audit reports and supporting working papers available to Proposers to aid their response to this request for proposals.

**SCOPE OF WORK
PROFESSIONAL AUDITING SERVICES**

A. General Information

The Town of Clarkdale is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2008, with the option of auditing its financial statements for each of the 4 subsequent fiscal years. These audits are to be performed in accordance with auditing standards generally accepted in the United States, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (as revised in 1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as well as the following additional requirements:

- I) the State of Arizona Uniform Expenditure Reporting System requirements;

In addition, the Town's independent auditors may conduct, at the request of the Town, other special audits or consulting services for selected departments or programs.

B. Scope of Work to be Performed

The Town desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with accounting principles generally accepted in the United States.

The auditor is not required to audit the combining and individual non-major fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual non-major fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by auditing standards generally accepted in the United States.

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

C. Auditing Standards to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States 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 (as revised in 1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

D. Reports to be Issued

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

1. A report on the fair presentation of the Town's financial statements in conformity with accounting principles generally accepted in the United States, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards "in-relation-to" the audited financial statements.
2. A report on the fair presentation of the financial statements of the Municipal Property Corporation of the Town in conformity with accounting principles generally accepted in the United States.
3. A report on compliance and on internal control over financial reporting based on an audit of financial statements generally accepted government auditing standards.
4. A report on compliance and internal control over compliance applicable to each major federal program.
5. A report on compliance with the Local Transportation Assistance Fund expenditure requirements, ARS 28-2602(G).
6. A report on compliance with the uniform expenditure reporting system requirements, ARS 41-1279.07.

In the required report(s) on compliance and internal controls, the auditor 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. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.

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 Finance Director of the Town.

Auditors shall assure themselves that the Town is informed of each of the following:

1. The auditor's responsibility under auditing standards generally accepted in the United States
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants

8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Special Considerations

1. The schedule of expenditures of federal awards and related auditor's report, as well as the reports on the compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees: Town of Clarkdale, United States Department of Housing and Urban Development, U.S. General Accounting Office (GAO), Parties designated by the federal or state governments or by the Town as part of an audit quality review process, and auditors of entities of which the Town is a sub-recipient of grant funds.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

G. Schedule for the June 30, 2008, Fiscal Year Audit

Entrance conference with Finance Director and key personnel August 15, 2008.

Note: The purpose of this meeting will be to discuss the interim work to be performed. This meeting will also be used to establish overall liaison for the audit, to make arrangements for work space and other needs of the auditor.

Detailed Audit Plan	August 29, 2008
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Note: The auditor will provide the Town with both a detailed audit plan and a list of all schedules to be prepared by the Town.

Completion of audit field work	September 26, 2008
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Exit conference with Finance Director	September 26, 2008
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Note: The purpose of this meeting will be to summarize the results of the fieldwork, review significant findings and review the draft financial report.

Draft financial statements	October 10, 2008
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ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

B. Electronic Data Processing (EDP) Assistance

Information Technology Division personnel will be available to provide systems documentation and explanations.

C. Statements and Schedules to be prepared by the Staff of the Town of Clarkdale

Town staff will prepare the trial balances and all required statements and schedules for the auditor in accordance with the above schedule.

D. Work Area, Telephones, Photocopying and FAX Machines

The Town will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities and FAX machines.

**TOWN OF CLARKDALE
STANDARD TERMS AND CONDITIONS**

The following terms and conditions are an explicit part of the solicitation and any resultant contract. Any exceptions thereto must be specific and in writing.

1. **CERTIFICATION.** By signature in the Offer section of the solicitation, the Vendor certifies that:
 - A. The Vendor has not paid nor agreed to pay any person, other than a bona fide employee, a fee or a brokerage resulting from the award of any contract resultant from this solicitation.
 - B. The prices in this solicitation have been arrived at independently without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices, with any other Vendor, or potential Vendor.
 - C. The Vendor shall not discriminate against any employee, or applicant for employment in violation of Federal Executive Order 11246 and State Executive Order No. 75.5 and A.R.S. Section 31-1461 et. seq.
2. **CONTRACT MODIFICATION.** No modification of this contract shall bind Buyer unless a formal Contract Amendment is executed between Buyer and Vendor.
3. **SHIPMENT UNDER RESERVATION PROHIBITED.** Vendor is not authorized to ship the goods under reservation and no tender of a bill of lading will operate as a tender of the goods.
4. **PACKING AND SHIPPING.** Vendor shall be responsible for industry standard packing, which conforms to requirements of carrier's tariffs and ICC regulations. Containers must be clearly marked as to lot number, destination, address and purchase order number.
5. **NO REPLACEMENT OF DEFECTIVE TENDER.** Every tender of goods must fully comply with all provisions of this contract as to time of delivery, quantity, assortment, quality and the like. If a tender is made which does not fully conform, this shall constitute a breach and Vendor shall not have the right to substitute a conforming tender.
6. **DEFAULT IN ONE INSTALLMENT TO CONSTITUTE TOTAL BREACH.** Each installment or lot of this contract is dependent on every other installment or lot and a delivery of non-conforming goods or a default of any nature under one installment or lot will impair the value of the whole contract and constitutes a breach of the contract as a whole.
7. **GRATUITIES.** The Buyer may, by written notice to the Vendor, cancel this Contract if it is found by Buyer that gratuities, in form of entertainment, gifts or otherwise were offered or given by the Vendor or any agent or representative of the Vendor, to any officer or employee of the Town of Clarkdale with a view toward securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performing of such order. In the event this Contract is canceled by Buyer pursuant to this provision, Buyer shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Vendor the amount of the gratuity.
8. **WARRANTIES.** Vendor warrants that all goods delivered under this contract will conform to the requirements of this contract (including all applicable descriptions, specifications, drawings, and samples), and will be free from defects in material and workmanship and will be free from defects in design and fit for the intended purposes. Any inspection or acceptance of the goods by Buyer shall not alter or affect the obligations of vendor or the right of Buyer under the foregoing warranties.

9. **ASSIGNMENT - DELEGATION.** No right or interest in this contract shall be assigned by Vendor without the written permission of Buyer, and no delegation of any duty of Vendor shall be made without permission of Buyer. Any attempted assignment of delegation shall be wholly void and totally ineffective for all purposes unless made in conformity with this paragraph.
10. **ASSIGNMENT - CLAIMS.** Vendor and the Town of Clarkdale recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact borne by the Town of Clarkdale. Therefore, Vendor hereby assigns to the Town of Clarkdale any and all claims for such overcharges.
11. **ADVERTISING.** Vendor shall not advertise or publish, without Buyer's prior consent, the fact that Buyer has entered into this contract, except to the extent necessary to comply with proper requests for information as provided by appropriate statutes.
12. **DELIVERY ORDERS.** The Town of Clarkdale shall issue a Purchase Order for the goods or services covered by this contract. All such Purchase Orders will reference the contract number as indicated on the solicitation.
13. **TITLE AND RISK OF LOSS.** The title and risk of loss of the goods shall not pass to Buyer until Buyer actually receives the goods at the point of delivery.
14. **INSPECTION.** All goods are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Contract will be held at Vendor's risk and may be returned to the Vendor. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping or other like expenses are the responsibility of the Vendor.
15. **LIENS.** All goods delivered and labor performed under this Contract shall be free of all liens, and if Buyer requests, a formal release of all liens will be delivered to Buyer.
16. **REMEDIES AND APPLICABLE LAW.** This Contract shall be governed by the law of the State of Arizona, and Buyer and Vendor shall have all remedies afforded each by the Uniform Commercial Code, as adopted in the State of Arizona, except as otherwise provided in this contract or in statutes pertaining specifically to the State. This contract shall be governed by the law of the State of Arizona, and suits pertaining to this Contract may be brought only in the courts of the State of Arizona.
17. **CONFLICT OF INTEREST.** Pursuant to A.R.S. Section 38-511, a municipality may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the municipality is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.
18. **FORCE MAJEURE.** Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; floods; lockouts, injunctions-intervention-acts, or failures or refusal to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence. The force majeure shall be deemed to commence when the party declaring force majeure notifies the other party of

the existence of the force majeure and shall be deemed to continue as long as results or effects of the force majeure prevent the party from resuming performance in accordance with this Agreement.

Force majeure shall not include the following occurrences:

- A. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, an oversold condition of the market, inefficiencies, or similar occurrences.
 - B. Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this Force Majeure term and condition. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.
 - (1) If either party is delayed at any time in the progress of the work by force majeure, then the delayed party shall notify the other party in writing of such delay within forty-eight (48) hours commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be hand delivered or mailed Certified-Return Receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that the results or effects of such delay prevent the delayed party from performing in accordance with this contract.
19. **RIGHT TO ASSURANCE.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, he may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation of the Contract.
20. **INTERPRETATION - PAROLE EVIDENCE.** This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this agreement. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in the Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to objection. Whenever a term defined by the Uniform Commercial Code is used in this contract, the definition contained in the Code is to control.
21. **COMPLIANCE OF LAWS.** The final contract must be in compliance with all Federal, Arizona and Town of Clarkdale laws and regulations and is subject to termination by the Town, termination for non-availability of funding and for prepayment, without penalty. In addition, all agreements are subject to review by the Town Attorney.
22. **CHOICE OF LAW.** The parties hereby agree that Agreement was negotiated, made and entered into in Arizona and under the laws of Arizona.
23. **DISPUTE RESOLUTION.** All claims, disputes and other matters in question between Owner and Contractor arising out of, or relating to the Contract Documents, or the breach thereof will be decided by binding, unappealable arbitration, if the claim for compensation, costs and expenses or damages is equal or less than \$50,000.

Nothing herein contained shall be so construed as to preclude the Contractor from commencing a legal action in relation to claims in excess of \$50,000, but the Contractor's sole legal remedy in relation to claims of \$50,000 or less shall be binding, unappealable arbitration as prescribed.

All arbitration of claims shall be conducted in Clarkdale, Arizona, in accordance with the Uniform Rules of Procedure for Arbitration adopted by the Arizona Supreme Court (Uniform Rules), except for any rules therein allowing or concerning appeal. Where necessary to allow arbitration to proceed, the Owner and Contractor shall execute an Agreement of Reference consistent with the provisions of this paragraph and the Uniform Rules as modified by this paragraph.

If any provision of the Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

Should either party to the Agreement bring an action to enforce any provision of the Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs in connection therewith.

Except as otherwise specifically provided in the Contract Documents, no action or failure to act by the Owner, Engineer or Contractor shall constitute a waiver of any right or duty afforded any of them under the Contract Documents, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder.

24. **QUANTITIES.** As shown in the bid form are estimates only based upon available information. The Town reserves the right to adjust the quantities as necessary to meet its need.
25. **FUNDS APPROPRIATION.** If funds are not appropriated to continue this agreement and for the payment of charges hereunder, the Town may terminate this agreement at the end of the fiscal period. The Town agrees to give written notice of termination to the contractor at least thirty (30) days prior to the end of its current fiscal period and will pay to the contractor all charges incurred through the end of such period.
26. **BID/PROPOSAL AND/OR PERFORMANCE BONDS SHALL BE REQUIRED AS SPECIFIED.** Vendors failing to supply a bond as specified in the solicitation will be considered non-responsive and their offer will not be considered. Unless otherwise specified in the solicitation, performance bonds can be requested from successful bidders at the sole discretion of Town of Clarkdale. Vendor failing to supply performance bond as required will forfeit his offer, bond, if any, and the award. Performance bonds shall be furnished within fifteen (15) calendar days of the notification of award; date of U.S. Postmark will be accepted as date of delivery of performance bond.
27. **PATENTS.** Seller agrees to defend Buyer at seller's own expense, in all suits, actions or proceedings in which buyer is made a defendant for actual or alleged infringement of any United States of America or foreign letters patent resulting from buyer's use of the goods purchased as a result of this solicitation. Seller further agrees to pay and discharge any and all judgments or decrees, which may be rendered in any such suit, action or proceedings against Buyer.

Seller agrees to indemnify and hold harmless the Buyer from any and all license, royalty and proprietary fees or costs, including legal costs, which may arise out of Buyer's purchase and use of goods supplied by the seller. Vendor will indemnify Buyer against all claims for damages to persons or property resulting from defects in materials or workmanship. It is expressly agreed by seller that these covenants are irrevocable and perpetual.

28. **BID PRICE.** Price offered shall be made F.O.B. Clarkdale, delivered to the designated delivery points within the metropolitan area. Items will be delivered at the location designated by the Town.
29. **NO-COLLUSION.** The Vendor will be required to complete, notarize and submit as part of this solicitation package the attached "No-Collusion Affidavit". Failure of the Vendor to submit a properly executed affidavit may be grounds for rejection of the offer.
30. **CONTRACT AWARD.** If contract award is over \$30,000.00, it will be at the discretion of the Town Council as to whether or not to make award, to whom, or to reject offers.
31. **STANDARDS.** The specifications attached herein this solicitation shall be considered minimum acceptable to Town standards. Offers for lower standard materials, products or services will be justification for rejection of offer(s) by the Town.
32. **INFORMATION ON ITEMS.** Supplies and materials offered shall be of current design and meet specifications. Offeror must identify the manufacturer of each product being offered. Offeror should supply all information necessary for the Town to determine (a) whether the product offered meets the requirements of the specifications, and (b) exactly what the Offeror proposes to furnish. The Offeror must certify that the material offered meets all technical specifications of the solicitation documents. Offeror may be requested to furnish samples of items proposed at no cost to the Town. The Town reserves the right to call for samples from any Offeror to assist in the evaluation. The Town shall be the sole judge of whether the samples submitted meet the specifications.
33. **CLARIFICATION OF REQUIREMENTS.** It is the intent and purpose of the Town of Clarkdale that this request permits competitive bidding. It shall be the Offeror's responsibility to advise the Town Finance Director if any language, requirements, etc., or any combinations thereof, inadvertently restricts or limits competition, and/or are not clearly stated and easily understood. Such notification must be submitted in writing and must be received by the Town Finance Director not later than ten (10) days prior to the solicitation opening date. A review of such notifications will be made.
34. **OBLIGATION OF OFFEROR.** At the time of the opening of submittals, each Offeror will be presumed to have studied in detail the work scope and work sites and to have read and to be thoroughly familiar with the specifications and contract documents, including all amendments(s). The failure or omission of any Offeror to examine form, instrument, document or site shall in no way relieve any Offeror of any obligations in respect to their offer.
35. **QUALIFICATIONS OF OFFERORS.** The Town may make such investigations as it deems necessary to determine the ability of any Offerors to perform the work, and the Offeror shall furnish to the Town all such information and data for this solicitation as the Town may request. The Town reserves the right to reject any offers if the evidence submitted by, or investigation of, such Offeror fails to satisfy the Town that such Offeror is properly qualified to carry out the obligations of the contract and to complete the work contemplated therein. Conditional offers will not be accepted.
36. **BID MODIFICATION.** The Town shall not permit any bid to be modified once the sealed bid has been publicly opened by the Town at the bid opening. Modifications proposed after the bid opening to make a product conform to the specifications will not be considered.
37. **PREPARATION OF SPECIFICATIONS BY PERSONS OTHER THAN TOWN PERSONNEL.** All specifications shall seek to promote overall economy for the purposes intended and encourage competition and not be unduly restrictive in satisfying the Town's need. No person preparing

specifications shall receive any direct or indirect benefit from the utilization of specifications, other than fees paid for the preparation of specifications.

38. **COST OF OFFER PREPARATION.** The Town will not reimburse the cost of developing, presenting or providing any response to this solicitation. Offers submitted for consideration should be prepared simply and economically, providing adequate information in a straightforward and concise manner.
39. **SILENCE OF SPECIFICATIONS.** The apparent silence of these specifications and any supplemental specifications as to any details or the omission from it of any detailed description concerning any point shall be regarded as meaning that only the best commercial practices are to prevail. All workmanship shall be made on the basis of this statement.
40. **LICENSES.** Contractor shall maintain in current status all Federal, State and local licenses and permits required for the operation of the business conducted by the Contractor as applicable to this contract.
41. **INDEMNIFICATION.** To the fullest extent permitted by law, the Contractor shall defend, indemnify and hold harmless the Town of Clarkdale, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings) relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of the Contractor, its employees, agents, or any tier of subcontractors in the performance of this Contract. Contractor's duty to defend, hold harmless and indemnify the Town of Clarkdale, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use resulting there from, caused by any acts, errors, mistakes, omissions, work or services in the performance of this contract including any employee of the Contractor or any tier of subcontractor or any other person for whose acts, errors, mistakes, omissions, work or services for which the Contractor may be legally liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

42. **VENDOR RESPONSIBILITY.** If, in the judgment of the Town, the offer or the Offeror is not responsible, it shall be considered sufficient grounds for rejection of the entire offer.

Any Offeror shall furnish upon request, two (2) copies of the Offeror's most recent financial statement and/or other evidence of his qualifications as may be requested by the Town. If an Offeror fails to furnish in a timely manner the information requested, it shall be considered sufficient grounds for rejection of such Offeror's entire offer.

43. **CLARIFICATIONS.** The Town reserves the right to obtain Offeror clarifications where necessary to arrive at full and complete understanding of Offeror's product, service, and/or solicitation response.
44. **PROTESTS.** A protest must be in writing and filed with the Purchasing Office. A protest of a solicitation must be received before the solicitation opening date. A protest of a proposed award must be filed before the Town Council Meeting that the recommendation will be voted upon. If the award is less than \$30,000, Town Council approval is not needed and protests must be submitted with ten (10) days after the protestor knows or should have known the basis of the protest. The Town shall determine whether to issue a written response or hold an administrative hearing. The Town shall also determine whether to continue the council agenda item to a future Town Council Meeting, as applicable.

A protest must include:

- The name, address and telephone number of the protestor;
- The signature of the protestor or its representative;
- Identifications of the project and the solicitation or contract number;
- A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- The form of relief requested.

45. **APPROVALS.** All work shall be done to the satisfaction of and be approved by the Finance Director, or his/her representative. All work, except final acceptance, shall be considered accepted by the Town if the Contractor is not otherwise advised in writing within sixty (60) days after the last item is submitted.
46. **LAWS AND REGULATIONS.** The vendor's attention is directed to the fact that all applicable State laws, municipal ordinances, and the rules and regulations of all having jurisdiction over services performed for the project shall apply to the contract throughout, and they will be deemed to be included in the contract the same as though herein written out in full.
47. **NON-EXCLUSIVENESS OF CONTRACT.** It is not agreed that the Contractor shall have the exclusive right, during the term of this contract and all renewals thereof, to provide the product(s) and/or services as described herein.
48. **SIGNATURE.** Bidders/Proposers are required to sign offer in the Offer Section of the solicitations. Bidders/Proposers failing to sign offer will be considered non-responsive and their offer will not be considered.
49. **PUBLIC RECORD.** All offers submitted in response to this solicitation and all offer evaluation related records shall become property of the Town and shall become a matter of public record for review, subsequent to publication of the proposed award by the Town Clerk's Office of the agenda for the Town Council Meeting or award by the appropriate approving authority.

Request for nondisclosure of data such as trade secrets and other proprietary data, must be made known to the Town in proposals submitted.

The Town will NOT insure confidentiality of any portion of the solicitation documents that are submitted in the event that a public record request is made.

The Town will provide 48 hours notice before releasing materials identified by the Offeror/Bidder as confidential or proprietary in order that the Offeror/Bidder can obtain a court order blocking the release of the information.

The Town will protect the confidential and proprietary documents it has in its possession and will not release this information to unauthorized personnel unless ordered to do so by the appropriate authority.

50. **CHANGE ORDERS.** Change orders may be written to the contract for addition or deletion of services or equipment. Change orders will be processed in accordance with Town change order procedures.
51. **CONDUCT.** Contractor's employees, officers and subcontractors shall not identify themselves as being employees of the Town of Clarkdale. Employees shall conduct themselves in such a manner as to avoid embarrassment to the Town of Clarkdale, and shall be courteous to the public.

52. **DRIVER'S LICENSE.** Employees driving the Contractor's vehicles shall at all times possess and carry a license issued by the State of Arizona to operate the appropriate vehicle(s) and/or equipment.
53. **ORDERING INSTRUCTIONS.** Authorization for purchases under the terms and conditions of this contract will be made only upon issuance of a purchase document signed by an authorized agent. The purchase order will specify the items ordered, delivery instructions and any other pertinent information required. All Town and vendor documents must reference the resultant contract number.
54. **CONTRACT TERMINATION.** This contract may be discontinued without default by either party by providing a written sixty (60) day notice of termination to the other party.
55. **COOPERATIVE USE OF CONTRACT.** In addition to the Town of Clarkdale and with approval of the contracted vendor, this contract may be extended for use by other municipalities, school districts and government agencies of the State. Any such usage by other entities must be in accordance with the ordinance, charter and/or procurement rules and regulations of the respective political entity.
56. **AWARD OF CONTRACT CONTINGENT ON SALE AND DELIVERY OF BONDS.** As the sole source for payment of the amounts due under the contract, the Town will sell bonds and deposit the bond funds in a special fund to be used thereafter to pay progress payments and incidental expenses. To guard against the possibility that the Town will be unable to sell or deliver the bonds for any reason, the award of the contract and the performance by the Town of its obligations under the contract is conditioned upon the actual sale and delivery of the Town's bonds in an amount which is sufficient to produce the amount required to meet the payments due under the contract. The Town reserves the right to rescind the award of the contract and terminate the contract, if executed, without incurring expenses or liability for such termination or rescission if it is unable to provide funding through the sale of its bonds for any reason. Notwithstanding an award of the contract, the contractor or vendor should not perform any work or incur any expense pursuant to the contract until such time as the contractor or vendor has received notice from the Town that bond funds are held by the Town in an amount sufficient to pay the amounts due under the contract.
57. **IMMIGRATION REFORM AND CONTROL ACT.** The contractor shall comply with the Immigration Reform and Control Act of 1986 (IRCA). Contractor understands and acknowledges the applicability of the IRCA to contractor. Contractor agrees to comply with the IRCA in performance of any resultant contract and to permit Town inspection of their personnel records to verify such compliance.

**SPECIAL TERMS AND CONDITIONS
PROFESSIONAL AUDITING SERVICES**

1. Change Orders

The Town, without invalidating the Contract, may order extra work or make changes by alternating, adding to, or deducting from the work, the Contract sum being adjusted accordingly. All such work shall be executed under the conditions of the original Contract, except that any claims for extension of time caused thereby shall be adjusted by at the time of ordering such change. No changes in the work covered in the approved contract documents shall be made without having prior written consent of the Town, and written acceptance by the Offeror of the terms and conditions of the change.

Change orders shall be executed in accordance with procedure required by the Town and no work involving the change shall be done by the Contractor until a copy of the approved change order has been received by him. Verbal change orders may be authorized by the Town only where loss of life or property appears imminent. Such changes shall further be reduced to writing within ten (10) days of the verbal order being given.

2. Non-Compliance

Acceptance of the work of this Offeror upon completion of the project shall not preclude the Town from requiring strict compliance with the contract Documents -- that this Offeror complete or correct upon discovery any faulty, incomplete or incorrect work not discovered at the time of acceptance.

3. Claims

Payment of any claim shall not preclude the Owner from making claim for adjustment on any item found not to have been in accordance with general condition and specifications.

4. Term of Contract

The contract shall be for a period of One (1) year from date of Notice to Proceed. The Town of Clarkdale has the option to renew the contract for four additional one-year periods if mutually agreeable. If the contract is renewed, the total length of the contract shall not exceed five (5) years from the original date of award contract. Any of the one-year contracts may be extended by thirty-one (31) days. If the Town intends to renew the contract, the Contractor will be given sixty (60) days advance notice of the intention to renew. The Contractor will be provided and updated audit schedule for each year the Town exercises a renewal option.

5. Assignment

This contract shall not be assignable except at the written consent of the parties hereto; and it shall extend to and be binding upon the heirs, executors, administrators, successors, and assignees of the parties hereto.

6. Insurance

The Contractor agrees to:

- (1) Obtain insurance coverage of the types and amount required in this section and keep such insurance coverage in force throughout the life of the contract. The Contractor will provide satisfactory certificates of the required coverage to the Management Services Department – Risk Management Division before beginning work. All policies will contain an endorsement providing that written notice be given to the Town at least thirty (30) calendar days prior to termination, cancellation, or reduction in coverage in any policy. Insurance policies shall remain in force until all work has been completed and the project has been accepted by the Town of Clarkdale. If a policy does expire during the life of the contract, a renewal certificate of the required coverage must be sent to the Town of Clarkdale not less than five (5) days prior to expiration date. Proof of insurance shall be provided by means of a Certificate of Insurance. The Certificate shall

identify the policies in effect on behalf of the Contractor, their policy period(s), and limits of liability. Each certificate shall include the job site and project number. Coverage shown on the Certificate of Insurance must coincide with the requirements in the text of the contract documents.

Information required to be on the certificate of insurance may be typed on the reverse of the insurance certificates and countersigned by an authorized representative of the insurance company.

- (2) Without limiting any obligations or liabilities of Contractor, Contractor shall purchase and maintain at its own expense insurance policies approved by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B++6 or above, or by an equivalent qualified unlicensed insurer approved by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to Town of Clarkdale. Failure to maintain insurance as specified may result in termination of the contract at the Town of Clarkdale's option. In addition, the Town of Clarkdale will be included as an additional insured except for Workers Compensation and Professional Liability. The Contractor's General, Automobile, and Excess Liability insurance policies are primary over any insurance available to the Town and as to any claims resulting from the contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.
- (3) "The Contractor agrees to indemnify, defend, and save harmless the Town of Clarkdale, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively; from all losses, claims, suits, actions, payments and judgments, demands, expenses, attorney's fees, defense costs, or actions of any kind and nature resulting from personal injury to any person, including employees of the Contractor or of any Subcontractor employed by the Contractor (including bodily injury and death) or damages to any property, arising or alleged to have arisen out of the negligent performance of the Contractor for the work to be performed hereunder, except any such injury or damages arising out of the sole negligence of the Town, its officers, agents or employees. IT IS THE INTENTION OF THE PARTIES to this contract that the Town of Clarkdale, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property. The amount and type of insurance coverage requirements set forth in the contract will in no way be construed as limiting the scope of indemnity in this paragraph."
- (4) If any of the insurance policies are not renewed prior to expiration, payments to the Contractor will be withheld until these requirements have been met, or at the option of the Town, the Town may pay the Renewal Premium and withhold such payments from any monies due the Contractor.
- (5) All certificates of insurance shall be approved by the Town of Clarkdale Finance Director or his/her designee prior to the inception of any work.
- (6) Failure of the Contractor to take out and/or maintain or the taking out and/or maintenance of any required insurance, shall not relieve the Contractor from any liability under the contract, nor shall the insurance requirements be construed to conflict with or otherwise limit the obligations of the Contractor concerning indemnification.
- (7) In the event that claims in excess of the insured amounts provided herein, are filed by reason of any operations under the contract, the amount of excess of such claims, or any portion thereof, may be withheld from payment due or to become due the Contractor until such time as the

Contractor shall furnish such additional security covering such claims as may be determined by the Town of Clarkdale.

- (8) The Contractor shall purchase from and maintain insurance in a company or companies lawfully authorized to do business in Arizona. Such insurance shall protect the Contractor **from claims set forth below** which may arise out of or result from the Contractor's operations under the Contract and for which the Contractor may be legally liable, whether such operations be by the Contractor or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Coverage under the policy will be at least as broad as Insurance Services Office, Inc., policy form CG00011093 or equivalent thereof, including but not limited to **severability of interest and waiver of subrogation clauses**.
- (a) Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Work to be performed;
 - (b) Claims for damages because of bodily injury, occupational sickness or disease, or death of the Contractor's employees;
 - (c) Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Contractor's employees;
 - (d) Claims for damages insured by usual personal injury liability coverage;
 - (e) Claims for damages, other than to Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
 - (f) Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; Coverage will be at least as broad as Insurance Service Office, Inc., coverage Code "I" "any auto" policy form CA00011293 or equivalent thereof. Such insurance shall include coverage for loading and off loading hazards.
- If any hazardous material, as defined by any local, state or federal authorities are to be transported, MCS 90 endorsement shall be included;
- (g) Claims for bodily injury or property damage arising out of completed operations;
 - (h) Claims involving contractual liability insurance applicable to the Contractor's obligations under the Indemnification Agreement;
 - (i) Claims for injury or damages in connection with one's professional services;
 - (j) Claims involving construction projects while they are in progress.
- (9) The Commercial General Liability insurance required by Subparagraph 8 shall be written for not less than \$2,000,000 dollars limits of liability or 10% of the contract cost, whichever coverage is greater. For the purposes of General Liability Coverage, any combination between general and excess liability alone amounting to a minimum of \$2,000,000, or 10% of the contract cost per occurrence and an aggregate of \$4,000,000 in coverage will be acceptable. Coverage's, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of final payment and termination of any coverage required to be maintained after final payment.

Workers' Compensation:

The Contractor shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

In case any work is subcontracted, the Contractor will require the Subcontractor to provide Workers' Compensation and Employer's Liability to at least the same extent as required of the Contractor.

Automobile Liability: The Contractor shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$2,000,000 each occurrence on Contractor's owned, hired, and non-owned vehicles assigned to or used in the performance of the Contractor's work or services under this Contract. Coverage will be at least as broad as Insurance Services Office, Inc. coverage code "1" "any auto" policy form CA00011293 or equivalent thereof. If any hazardous material, as defined by any local, state or federal authority, is either the subject of, or transported during, the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage.

- (10) **Professional Liability:** Contractor shall maintain Professional Liability insurance covering errors and omissions arising out of the work or services performed by contractor, or anyone employed by contractor, or anyone for whose acts, mistakes, errors and omissions contractor is legally liable, which a liability insurance limit of \$1,000,000 each claim and \$1,000,000 all claims. In the event the Professional Liability insurance policy is written on a "claims made" basis, coverage shall extend for three (3) years past completion and acceptance of the work or services, and contractor shall be required to submit Certificates of Insurance evidencing proper coverage is in effect as required above.
- (11) *Certificates of insurance acceptable to the Town of Clarkdale shall be filed with the Town of Clarkdale prior to commencement of the Work. These certificates and the insurance policies required by Paragraph 8 and 9 shall contain a provision that coverage afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Town. If any of the foregoing insurance coverage's are required to remain in force after final payment and are reasonably available, an additional certificate evidencing continuation of such coverage shall be submitted with the final Application for Payment. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness in accordance with the Contractor's information and belief. Town reserves the right to request and to receive, within 10 working days, certified copies of any of the required insurance policies and/or endorsements. Town shall not be obligated, however, to review same or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or deemed a waiver of Town's right to insist on, strict fulfillment of Contractor's obligation under the agreement.*
- (12) **Additional Insured:** All insurance coverage and self-insured retention or deductible portions, except Workers Compensation insurance and Professional Liability insurance if applicable, shall name to the fullest extent permitted by Law for claims arising out of the performance of the contract, Town of Clarkdale, its agents, representatives, officers, directors, officials and employees as Additional Insured.

The Commercial General Liability additional insured endorsement shall be as broad as the Insurance Services, Inc.'s (ISO) Additional Insured, Form B, CG 20101001, and shall include coverage for Contractor's operations and products, and completed operations.

- (13) Any and all deductibles or self-insured retentions in the insurance policies purchased by the Contractor shall be assumed by and be for the account of, and at the sole risk of the Contractor. The amounts of any self-insured retentions should be noted on the Certificate of Insurance. Self-insured retentions in excess of \$10,000 will be accepted only with permission of the Finance Director or his/her designee.

7. Cancellation/Termination

- A. The Town reserves the right to cancel the whole or any part of this contract due to failure of the Contractor to carry out any term, promise, or condition of the contract. The Town will issue a written ten (10) day notice of default to the Contractor for acting or failing to act including, but not limited to, in any of the following situations:
- (1) In the opinion of the Town, the Contractor provides material that does not meet the requirements of the contract;
 - (2) In the opinion of the Town, the Contractor fails to perform adequately the services required in the contract;
 - (3) In the opinion of the Town, the Contractor attempts to impose on the Town material, products, service, or workmanship which is of an unacceptable quality;
 - (4) The Contractor fails to complete the required work or furnish the required materials within the time stipulated in the contract;
 - (5) In the opinion of the Town, the Contractor fails to make progress in the performance of the requirements of the contract and/or gives the Town a positive indication that the Contractor will not or cannot perform to the requirements of the contract;
 - (6) If the Contractor fails to provide adequate insurance coverage.
 - (7) Have a conflict of interest.
 - (8) Violates federal, state or local laws and regulations.
- B. Upon receipt of a termination notice, the Contractor shall:
- (1) Promptly discontinue all services affected (unless the notice directs otherwise); and
 - (2) Deliver or otherwise make available to the Town all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by the Contractor in performing the contract, whether completed or in progress.
- C. If termination for convenience is effected by the Town, an equitable adjustment shall include a reasonable profit for services or other work performed. An equitable adjustment for any termination shall provide for payment to the Contractor for services rendered and expenses incurred prior to the

termination, in addition to termination settlement costs reasonably incurred by the Contractor relating to commitments which had become firm prior to the termination.

- D. Upon termination pursuant to the above Paragraph, the Town may take over the work and prosecute the same to completion by agreement with another party or otherwise.
- E. If, after termination for failure of the Contractor to fulfill contractual obligation, it is determined that the Contractor had not so failed, the termination shall be deemed to have been effected for the convenience of the Town. In such event, adjustment of the price provided for in the contract shall be made as provided above.
- F. The rights and remedies of the Town and the Contractor provided in this clause are in addition to any other rights and remedies provided by law or under the contract.

8. Remedies

The Town may resort to any single or combination of the following remedies in addition to any other remedies provided by law:

- A. Cancel any contract for any of the above stated reasons.
- B. Reserve all rights or claims to damage for breach of any covenants of the contract.
- C. Perform any test or analysis on materials as to whether they conform in all respects to the specifications of the contract. If the results indicate non-compliance with the specifications, any actual expense of testing will be borne by the Contractor.
- D. In case of default, the Town reserves the right to purchase in the open market, or to complete the required work, at the expense of the Contractor. The Town may recover any actual excess costs by:
 - (1) Deduction from an unpaid balance.
 - (2) Collection against the surety and/or performance bond, or:
 - (3) Any combination of the aforementioned remedies or any other remedies as provided by law.

9. Contract Documents

The order of precedence in contract documents is as follows:

- Memorandum of Agreement
- Addenda to Request for Proposal
- Town's Request for Proposal
- Contractor's Proposal

10. Terms and Payment

Payment under the contract will be made in the manner provided by the law and agreed upon between the Town and Consultant. Invoices shall be prepared and submitted in accordance with the instructions provided on the purchase order. Invoices shall contain the following information:

Purchase order number, description of services, report or project and extended totals.

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Proposal Price. Interim billing shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

11. Disputes

In cases of disputes as to whether or not an item or service quoted or delivered meets specifications, any dispute concerning a claim or controversy arising under this contract, which is not disposed of by the parties, shall be settled by the Town Council and judgment upon the award or decision rendered by the Town Council may be entered in the appropriate Arizona court system. Every effort will be made by both parties to settle disputes at the project manager level before it is presented to the Town Council.

Clarification Procedures. The Town shall have a maximum of fifteen (15) calendar days from the receipt of written correspondence from the Contractor in which to respond in writing to the clarification, proposed solution or any other situation requiring a written response from the Town. If the Town believes the contents of such correspondence do not conform to the requirements of this agreement or otherwise disagrees with such correspondence, it shall so notify Contractor in writing within the above stated fifteen (15) days, the content of the correspondence shall be deemed accepted. The Contractor adheres to the same procedures when it receives written correspondence from the Town.

12. Contract Administration

This contract shall be jointly administered by an authorized representative of the Administration Department and the Finance Department. All disputes and/or questions regarding this contract shall be referred to an administrator for resolution.

13. Key Personnel

It is essential that the Contractor provide adequate experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The Contractor must agree to assign specific individuals to the key positions.

A. The Contractor agrees that, once assigned to work under this contract, key personnel shall not be removed or replaced without written notice to the Town and approval by the Town. Any replacements must meet yellow book CPE requirements.

B. If key personnel are not available for work under this contract for a continuous period exceeding 30 calendar days, or are expected to devote substantially less effort to the work than initially anticipated, the Contractor shall immediately notify the Town, and shall, subject to the concurrence of the Town, replace each person with personnel of substantially equal ability and qualifications.

C. The Contractor agrees to provide evidence that key personnel comply with Yellow Book CPE requirements on an annual basis prior to performing any services.

14. Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Proposal Price. Interim billing shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

**PROPOSER'S OFFER
PROFESSIONAL AUDITING SERVICES**

I. SUBMITTALS

- A. In order to be considered, Proposer must complete and submit their proposal to the Town of Clarkdale, Finance Director, 890 Main Street, Clarkdale, Arizona 86324, by no later than the opening date and time stated. Please identify as a sealed proposal in accordance with the Request for Proposals.
- B. The Town will not be responsible for any Proposer's errors or omissions.
- C. This offer shall be irrevocable for a period of ninety (90) days from the proposal opening date.
- D. It is the responsibility of the awarded contractor(s) to ensure that invoices submitted to the Town reflect the contracts payment terms.

II. CERTIFICATIONS

- A. Proposer certifies it is a: Proprietorship __; Partnership __; Corporation __; Municipality __.
- B. Arizona Sales/Use Tax No. _____
- C. Contractor's License No. _____
- D. Town of Clarkdale Sales Tax No. _____
- E. EIN or Social Security No. _____
- F. Proposer acknowledges receipt of the following Addendum (s):

<u>Addenda No.</u>	<u>Date</u>
_____	_____
_____	_____

- G. Proposer certifies that he has read, understands, and will fully and faithfully comply with this Request for Proposal, its attachments and any referenced documents.

III. PROPOSER'S OFFER

Respond to the information outlined in this solicitation and provide the original plus three (3) copies of your proposal.

IV. PRICING

Provide your cost proposal in Appendix A per the specifications outlined in the RFP.

V. PROPOSER'S SIGNATURE

Proposers are required to sign below. Proposer's failing to sign proposal will be considered non-responsive and then will not be considered.

AUTHORIZED SIGNATURE _____

PRINTED NAME AND TITLE _____

TELEPHONE _____

FAX NUMBER

NAME OF FIRM

ADDRESS OF FIRM

- b. Upon such termination or abandonment, the Contractor shall deliver to the Town all drawings, notes, calculations, sketches and other materials entirely or partially completed, together with all unused materials supplied by the Town.
- c. The Contractor shall appraise the work he has completed and submit his appraisal to the Town for evaluation.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names this _____ day of _____, 2008.

Town of Clarkdale

Contractor:

By: _____
Mayor

By: _____

Title

Attest: _____
Town Clerk

(SEAL)

Approved as to Form:

Town Attorney

ATTEST: _____

FY 2010/2011			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Comprehensive Annual Financial Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2011/2012			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Comprehensive Annual Financial Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

APPENDIX A, continued Schedule of Professional Fees

FY 2007/2008			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Town Of Clarkdale Municipal Property Corporation			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2008/2009			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Town of Clarkdale Municipal Property Corporation, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			

Total			
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FY 2009/2010			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Town of Clarkdale Municipal Property Corporation, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2010/2011			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Town of Clarkdale Municipal Property Corporation, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2011/2012			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Town of Clarkdale Municipal Property Corporation, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

APPENDIX A, continued Schedule of Professional Fees

FY 2007/2008			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Single Audit Reports (A-133)			
Partners			
Managers			
Supervisory Staff			
Staff			

Other (Specify)			
Total			

FY 2008/2009			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Single Audit Reports (A-133), cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2009/2010			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Single Audit Reports (A-133), cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2010/2011			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Single Audit Reports (A-133), cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2011/2012			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Single Audit Reports (A-133), cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

APPENDIX A, continued Schedule of Professional Fees

FY 2007/2008			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Local Transportation Assistance Fund Report			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2008/2009			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Local Transportation Assistance Fund Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2009/2010			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Local Transportation Assistance Fund Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2010/2011			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Local Transportation Assistance Fund Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			

Total			
-------	--	--	--

FY 2011/2012			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Local Transportation Assistance Fund Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

APPENDIX A, continued Schedule of Professional Fees

FY 2007/2008			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Annual Expenditure Limitation Report			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2008/2009			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Annual Expenditure Limitation Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2009/2010			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Annual Expenditure Limitation Report, cont.			
Partners			
Managers			

Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2010/2011			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Annual Expenditure Limitation Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

FY 2011/2012			
Description	Number of Hours	Quoted Hourly Rate (\$)	Total (\$)
Annual Expenditure Limitation Report, cont.			
Partners			
Managers			
Supervisory Staff			
Staff			
Other (Specify)			
Total			

APPENDIX A, continued
Total All-Inclusive Maximum Price

Description	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	Total (\$)
Comprehensive Annual Financial Report						
Town of Clarkdale Municipal Property Corporation						
Single Audit Reports (A-133)						
Local Transportation Assistance Fund Report						
Annual Expenditure Limitation Report						
Total						



**COLBY &
POWELL, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

June 3, 2008

Town of Clarkdale, Arizona
ATTN: Carlton Woodruff
890 Main Street
Clarkdale, AZ 86324

Thank you for the opportunity to submit this audit proposal to the Town of Clarkdale, Arizona. This letter describes the professional services Colby & Powell, PLC offers to meet the requirements of your request for proposal.

We propose to conduct audits of the financial statements of the Town of Clarkdale, Arizona for the year ended June 30, 2008, 2009, 2010, 2011, and 2012. This offer is to perform financial and compliance audits in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, reporting under GASB 34; and the Single Audit Act Amendments of 1996 and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

The Firm's experience and commitment to continuing education and personal service uniquely qualify us to perform this engagement. Our experience in the field of auditing includes almost thirty years of audits of local governments throughout the State of Arizona. We employ a structured continuing professional education training program in the firm to keep ourselves informed of current changes in auditing and accounting requirements. The quality of our audit services is evidenced by the unqualified opinion on our most recent peer review. We are qualified to perform these audit services and believe the audits will be a beneficial experience for your Town.

We are not affiliated in any way, neither past nor present, with the Town of Clarkdale, it's governing council, staff, or member agencies. We meet the required independence standards with respect to the performance of your audit services.

We believe that the accompanying detail proposal adequately responds to your request. However, should you have any questions concerning this proposal or require additional information please contact me at the number listed above. You may also contact me by e-mail at sgraff@colbyco.com.

Sincerely,

Scott J. Graff, CPA

I. AUDIT TEAM EXPERIENCE

All members of the audit staff have extensive experience providing auditing services to governmental entities. The managing partner, engagement partner, and audit manager assigned to the audit of the Town of Clarkdale, Arizona are licensed Arizona certified public accountants.

In accordance with *Government Auditing Standards*, and the AICPA, all of the personnel listed have received at least 80 hours of continuing education every two years of which at least 24 hours of continuing education subjects relate directly to governmental and nonprofit auditing.

Scott T. Powell, CPA (Managing Partner)

Scott attended Eastern Arizona College and is a 1982 graduate of Arizona State University with a Bachelor of Science degree in accounting. While attending school, he worked with the Arizona Department of Revenue in the Income Tax Audit Section, and interned as a staff member with Rosenham and Colby, CPA's. Scott continued his professional career as a staff accountant with Rosenhan & Colby, CPA's and its successor firm, David M. Colby, CPA, during which time he had significant experience in auditing nonprofit, governmental, and commercial entities. In January 1989, He joined with David M. Colby (retired) to form Colby & Company, CPA's, the predecessor firm to Colby & Powell, PLC

Scott has audited and provided services to a diversity of clients including local government units, health and welfare organizations, homeowners associations, and construction contractors. He has also spent considerable time assisting clients with their tax, accounting, and consulting needs

Scott's community activities include many years involvement with the Boy Scouts of America. He has served that organization as a Chartered Organization Representative, Assistant District Commissioner, Varsity Scout Coach, and currently volunteers as a Venturing Crew Leader.

Scott is a member of the American Institute of Certified Public Accountants (AICPA) and the Arizona Society of Certified Public Accountants (ASCPA) and has served on the Governmental Accounting Standards Committee of the Arizona Society of Certified Public Accountants.

Scott Graff, CPA (Engagement Partner)

Scott Graff received his Bachelor of Science degree in accounting from Southern Utah University in 1998. Since joining the firm he has provided services on numerous audits of various cities, towns, clubs, and homeowner associations, as well as for profit and nonprofit organizations. He has led teams on engagements which have included accounting, tax, and consulting services. His primary focus is the performance of audits of nonprofit and governmental entities. Scott has planned and performed audits and has assisted in writing the financial statements on over 60 different audit engagements consisting of 10 municipalities similar in size to the Town of Clarkdale, Arizona. These audits commonly receive funding from various grants and contracts that require the audit to be in accordance with *Government Auditing Standards* and the requirements applicable to the Single Audit Act and OMB Circular A-133.

I. AUDIT TEAM EXPERIENCE - CONTINUED

Scott has spoken professionally to town councils, boards of directors, and finance committees on various accounting and auditing issues. Through these communications he has resolved many questions and concerns regarding accounting and auditing areas that are common among these various organizations.

Scott has experience in the consultation with various governments that have had difficulty in complying with new governmental accounting standards. Scott's work with these governments have helped them achieve compliance with the accounting standards necessary for successful audits.

Scott is a member of the American Institute of Certified Public Accountants (AICPA), and the Arizona Society of Certified Public Accountants (ASCPA).

Matt Bingham, CPA (Audit Manager)

Matt Bingham is an accounting graduate of Arizona State University's W.P. Carey School of Business. Since joining the firm Matt has performed and assisted with over 50 audit and review engagements. Matt has an extensive knowledge of the audit and accounting standards and their application to your audit.

Matt has developed an expertise in the audits of governmental and nonprofit entities and has concentrated a majority of his continuing education to the planning and performing of these types of audits as well as the related financial reporting. His experience with our governmental and nonprofit audits has helped Matt understand and recognize problem areas and suggest ways to improve those areas for the organization's benefit.

Many of the audits that Matt has performed have required the use of *Government Auditing Standards* and the Single Audit Act under the OMB Circular A-133. Through his involvement with the auditing of various federal programs, Matt has acquired skills necessary for the testing of compliance and internal control over compliance.

Prior to joining Colby & Powell, PLC, Matt worked as an accountant for the Town of Guadalupe, Arizona. Matt's duties at the Town of Guadalupe provided him with a vast knowledge of the flow of information through the accounting system, as well as the processes of reconciling accounts including reimbursable grants and restricted contributions. Matt has a strong knowledge of various accounting software programs and databases and was instrumental in writing a billing system for one of the Town's enterprises.

Matt is a member of the American Institute of Certified Public Accountants (AICPA), and the Arizona Society of Certified Public Accountants (ASCPA).

I. AUDIT TEAM EXPERIENCE - CONTINUED

Mark Hagedorn (Senior Auditor)

Mark is an accounting graduate of Brigham Young University-Idaho. Mark is currently working on his CPA license in the State of Arizona. Mark has assisted in audits, reviews and compilations for governmental and nonprofit organizations and has knowledge of accounting software programs. Since joining the firm Mark has performed and assisted with over 30 audit and review engagements. Mark has an extensive knowledge of the audit and accounting standards which has been essential in assisting our clients through their audit and financial reporting process.

Mark has developed an expertise over internal control systems and has been instrumental in our firm in assisting in the planning of our audits. Mark has assisted in the testing of controls over internal controls as well as the testing of internal control design and effectiveness. Mark excels in helping entity personnel understand the objectives of the audit and works well with them to achieve the objectives that are outlined in the audit plan.

Mark has worked on various audit engagements that are governmental or nonprofit. Many of these audits commonly receive funding from various grants and contracts that require the audit to be in accordance with *Governmental Auditing Standards* and the requirements applicable to Single Audit and OMB Circular A-133.

II. FIRM QUALIFICATIONS AND EXPERIENCE

OUR FIRM

The single most important factor in our firm's success over the past 30 years has been our commitment to high standards of quality and professionalism. Providing quality service to our clients is our primary objective, and we have developed review procedures and communications that ensure the highest standards of performance.

Colby & Powell, PLC's goal as an audit firm is not only to provide our audit clients with an audit that will be accepted by all funding sources and regulatory agencies, but to help our clients improve their accounting system and internal control by offering suggestions during the course of the audit and reporting these suggestions to management and the governing body

Our firm has undergone its fifth tri-annual peer review required by the American Institute of Certified Public Accountants. The peer review program is dedicated to ensuring that participating firms have quality control systems in place over their accounting and auditing practices. This program includes a review of our nonprofit clients. We were pleased to receive an unqualified opinion on our latest peer review.

II. FIRM QUALIFICATIONS AND EXPERIENCE - CONTINUED

While the range of services provided by most accounting firms has expanded significantly, audits continue to be the dominant component of our practice. We reject the idea that an audit is a commodity. In the course of carrying out an audit, your auditing firm should generate information and develop insights that will result in improved controls and safeguards leading ultimately to greater efficiencies and clear, concise, and understandable financial reporting that is respected by the financial community. Our professionals combine competence with judgment, maturity, and creativity—all prerequisites for a quality audit.

Our audit will be conducted in accordance with generally accepted auditing standards and will include tests of your accounting records and other procedures we consider necessary to express an unqualified opinion on the financial statements.

If, for any reason, we are unable to render an unqualified opinion, we will discuss the reasons with you and the alternative report that would be issued.

Our goal will be to perform our audit with as little interruption to your daily work as possible. One important aspect of our audit will be interviewing management and key office personnel. We will schedule these at your convenience and, whenever possible, written questionnaires will be used.

We will present the financial statements, our audit report, and our letter of recommendations to the Town Council and answer any questions that the Council might have.

Our firm is an Arizona licensed Certified Public Accounting firm offering accounting, auditing, taxation, and consulting services. The services provided by Colby & Powell, PLC. are rendered by thirteen dedicated professionals and support staff. Our Firm is large enough to provide quality services in order to meet the highest professional standards of quality yet small enough to be responsive to your needs and provide personalized service. Firm partners associated with the audit take a hands-on approach including obtaining an in-depth knowledge of your town government.

The professional staff includes three partners, one audit manager, two senior auditors, three staff auditors, three para-professional accountants, and one secretary-receptionist for a total staff of thirteen. All audit staff members have accounting degrees, and all key staff members are certified public accountants. We do not discriminate in employment of any persons based upon race, color, creed, national origin, sex, age or physical handicap.

During the past 30 years, the firm's partners have developed a special emphasis in governmental accounting and auditing. Since 1978, the firm or its principals have performed hundreds of audits for Arizona cities and towns. Performing these audits has required that the firm develop training programs to keep the partners and staff knowledgeable about current accounting and audit requirements for governments like yours.

II. FIRM QUALIFICATIONS AND EXPERIENCE - CONTINUED

Our firm meets the independence standards under the AICPA Code of Professional Ethics with respect to the Town of Clarkdale, Arizona.

Our recent audit experience related to your financial audits include the following entities in Arizona:

EXPERIENCE

Town of Pima
Town of Miami
Town of Patagonia
Town of Quartzsite
Town of Mammoth
City of Holbrook

Town of Kearny
City of Benson
Town of Duncan
Town of Superior
Town of Guadalupe
Town of Thatcher

REFERENCES

Fern Larson, City Manager
City of Holbrook, Arizona
928-524-6225
(Audit Services Since 2005)

Dan Fields, Town Manager
Town of Quartzsite, Arizona
928-927-4333
(Audit Services Since 2002)

Mark Johnson, Interim Town Manager
Town of Guadalupe, Arizona
480-505-5374
(Audit Services Since 2003)

Gerald Schmidt, Town Manager
Town of Pima, Arizona
928-485-2611
(Audit Services Since 1995)

Alan Baker, Town Manager
Town of Duncan, Arizona
928-359-2791
(Audit Services Since 1999)



HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

May 28, 2008

Carlton Woodruff
Finance Director
Town of Clarkdale
890 Main Street
Clarkdale, AZ 86234

MEMBERS:

CHAD B. ATKINSON
KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
TODD B. FELTNER
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

It is with great pleasure that we present this Summary of Qualifications and Firm Profile for the Town of Clarkdale, Arizona. Please take time to review the enclosed information in detail.

We believe that, in addition to technical services, we can provide commitment, concern, attention and resources to help you cope with the many challenges of the Town. We are dedicated to providing you with prompt and effective services that are not only responsive to, but anticipate your needs.

We provide services of the highest quality and value. Our assigned audit teams consist of a Partner and/or Manager and Senior staff who are highly trained and have sufficient expertise to meet or exceed your highest expectations. I personally manage the work we do, and see that members of our team are continuously accessible and responsive to your needs.

We have included a Value Proposition at page 2 which provides you with a short list of reasons why HintonBurdick is the right fit for the Town of Clarkdale. We have also included a firm profile and selected references.

You will be one of our most valued and important clients, and I personally commit to you that you will always receive top quality service at very reasonable fees. HintonBurdick CPAs and Advisors currently provide services for more than 55 local governments. Our specialization in governmental auditing has allowed us to develop techniques and procedures which are highly efficient and enable us to provide more effective audit services at reasonable rates.

Our clients frequently tell us that the character and personality of our staff is one of our biggest strengths and they enjoy working with them. Because of our staff and our proactive approach to solving problems for local governments we have become one of the largest providers of governmental audits in the areas we serve.

Very truly yours,

Michael K. Spilker, CPA
HintonBurdick CPAs & Advisors

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VALUE PROPOSITION

- Services performed by a highly trained, experienced governmental auditing staff. The individuals who work in our audit department specialize in local government audits and perform approximately 55 of these type of audits all year round not just as “filler work” in the off – tax season.
- Our assigned audit teams consist of a Partner and/or Manager and Senior who have from 8 to 23 years of experience. We do not assign a team of lower level staff who need to be “trained” by your staff.
- Our trained specialists provide services to meet your specific needs. You will receive more value for the dollar spent. All of our staff that will work on your engagement receive 80 hours of audit and accounting continuing education every two years.
- The character and personality of our staff is one of our biggest strengths. We always receive positive feedback from client’s they work with.
- Staff size allows assignment of resources to complete the on-site audit work in the shortest possible time to minimize day-to-day disruption.
- We audit using the latest audit software technology, which has enabled us to keep our audit prices competitive despite the added reporting requirements of GASB 34 and the increased audit procedures introduced by SAS 99 and the new “Risk Standards”. We have streamlined these processes to make the burden of the new GASB34 reporting model virtually non-existent for our clients.
- Extensive experience with assisting and training local governments with their financial accounting and fiscal responsibilities. We hold educational seminars every year that provide training to elected officials and government accounting staff on accounting, internal control, and compliance issues.
- Receive constructive, practical recommendations for strengthening over-all management and internal controls of the Town. Audit techniques consistently identify areas of significant cost savings for our clients.
- Staff are trained and experienced in performing single audits.
- Experience in performing utility rate studies, impact fee studies and other analysis.
- Experience with assisting local governments obtain the GFOA Certificate of Achievement for Excellence in financial Reporting.

THE FIRM

HintonBurdick is Southern Utah's largest Certified Public Accounting firm dedicated to providing high-quality services to a wide variety of public and private entities. Founded in 1975 under the name of Carter and Kemp, HintonBurdick has since established a reputation for quality service to its varied clientele. In addition to the tax, audit, and accounting work traditionally associated with Certified Public Accounting firms, a broad spectrum of consulting, analysis, and negotiation services are offered.

The business and regulatory environment is constantly changing. HintonBurdick is committed to staying on the leading edge and helping our clients cope with change in a positive manner. Our system of quality control meets the highest industry standards. HintonBurdick is an active member of the American Institute of Certified Public Accountants, Utah Association of Certified Public Accountants, Governmental Finance Officers Association, and participates in the American Institute of Certified Public Accountants' quality review program. Our facilities, equipment, software, and training are state-of-the-art. A commitment to being technologically current has enabled us to provide the highest level of professional service at the lowest possible price.

HintonBurdick meets the independence requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*, as well as the continuing education and external quality control review requirements contained in the *Government Auditing Standards*. HintonBurdick is an equal opportunity employer, properly licensed to practice as Certified Public Accountants in the States of Arizona, Utah, and Nevada, and does not discriminate against any individual for any reason.

We understand that while management is responsible for the success of the company, independent accounting professionals can provide valuable resources to support management efforts. HintonBurdick considers itself "on call" twenty-four hours a day and well suited to handle the changing needs of its growing clientele. An on-going dedication to proactive, quality service has built the practice and maintains the growth of HintonBurdick.

EXTERNAL QUALITY CONTROL REVIEW

HintonBurdick has undergone two external quality control reviews conducted by the Utah State Auditors office within the last six years. Both of the reviews were conducted at our request, specifically for governmental audits, and resulted in no findings or recommendations.

A copy of our most recent independent peer review report is attached. This review also included governmental audit engagements.

AUDIT SERVICES

Because it is a common service, an audit is sometimes viewed as a commodity to be acquired at the lowest price. Many entities have learned by sad experience that this is a dangerous practice. We believe, and have demonstrated repeatedly, that the annual audit should complement and enhance management, in addition to providing the desired assurances of a thorough, professional examination of the records.

We utilize the latest procedures in our audit tests, as well as using the latest technology to reduce costs and errors. We are constantly alert during our examination, and it is not uncommon for us to discover situations during the audit which result in savings to entities of thousands of dollars, often much greater than our fee. In addition to auditing financial results, we look at the overall performance and operations of the entity. **We develop constructive, practical suggestions for the improvement of internal accounting controls and procedures, as well as for the strengthening of overall management, and will formally communicate these suggestions in a management letter.**

Our St. George, Cedar City, Hurricane, Richfield and Mesquite offices employ approximately 78 associates, which includes numerous professional staff trained to audit both manual and computerized accounting systems. We will service the needs of the Town of Clarkdale from our St. George office which has 9 partners, 6 managers, 6 supervising seniors, 5 senior accountants and 9 staff accountants.

HintonBurdick is currently engaged or has recently performed audits for **more than 55 governmental clients** that we feel provides us with auditing experience for governmental entities in accordance with the provisions set forth in Generally Accepted Auditing Standards, Government Auditing Standards, issued by the Comptroller General of the United States (the "Yellow Book"), and OMB Circular A-133 and the Single Audit Act Amendments of 1996.

We have assisted St. George City, the City of Williams, AZ, and the City of Somerton, AZ in obtaining the GFOA Certificate of Achievement in Financial Reporting for several years.

We also have experience performing external reviews for numerous courts throughout Arizona in accordance with the Arizona Supreme Court Minimum Accounting Standards. We have streamlined this process which has allowed us to perform these services at much lower rates than our competitors. We have also been engaged by the Arizona Supreme Court to perform several Probation Department Audits throughout the State of Arizona.